



# MID-YEAR BUDGET REVIEW

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2002-2003



OFFICE OF THE CITY MANAGER  
JANUARY 2003

2002-2003

MID-YEAR  
BUDGET  
REVIEW

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2002-2003

MID-YEAR  
BUDGET  
REVIEW



LETTER OF  
TRANSMITTAL



January 31, 2003

**HONORABLE MAYOR AND CITY COUNCIL:**

Transmitted herein is the Mid-Year Operating and Capital Budget Review Report for Fiscal Year 2002-2003. This report is scheduled to be reviewed by Council at the February 11, 2003 City Council meeting.

The Budget is the City's annual financial plan predicated on the best information available at the time it is prepared. As with any budget, changing conditions create the need to modify the original plan. Through its budget policies, the Council designates mid-year as the appropriate time to perform a comprehensive review of the current fiscal year's budget, and the Mid-Year Budget Review as the appropriate vehicle for consideration of any revisions to the budget. As the City Council is well aware, there have been significant changes to the City's revenue picture over the last six months, and this Mid-Year Report addresses those changes.

This Mid-Year Budget Review report, although concentrating heavily on the status of the General Fund, also identifies and discusses those other City funds with significant expenditure and/or revenue variances through December 2002. The report also includes discussions of the financial status of each Capital Program. The report includes the following separate sections:

**OPERATING BUDGET REVIEW**

- A review by revenue category of the mid-year collection status of General Fund revenues.
- A review of the mid-year status of General Fund expenditures, including a discussion of the departments or City-wide appropriations with significant variances, and documentation on the changes to the Contingency Reserve through December 2002.
- A review of the mid-year status of revenue collections and expenditures for selected special funds that have significant variances.
- Recommendations for mid-year appropriation and revenue estimate revisions in a number of funds, including the General Fund.
- Adjustments to the appropriation ordinance and funding sources resolution in a number of funds to provide technical adjustments and/or transfer funding between expenditure categories.

## CAPITAL BUDGET REVIEW

- A review of the financial status of each Capital Program.
- Recommendations for various revenue and expenditure adjustments.

## OTHER ITEMS

- Council referrals.
- Financial statements for all budgeted City fund groups for the first six months of the year, as prepared by the City's Finance Department.

## OVERVIEW

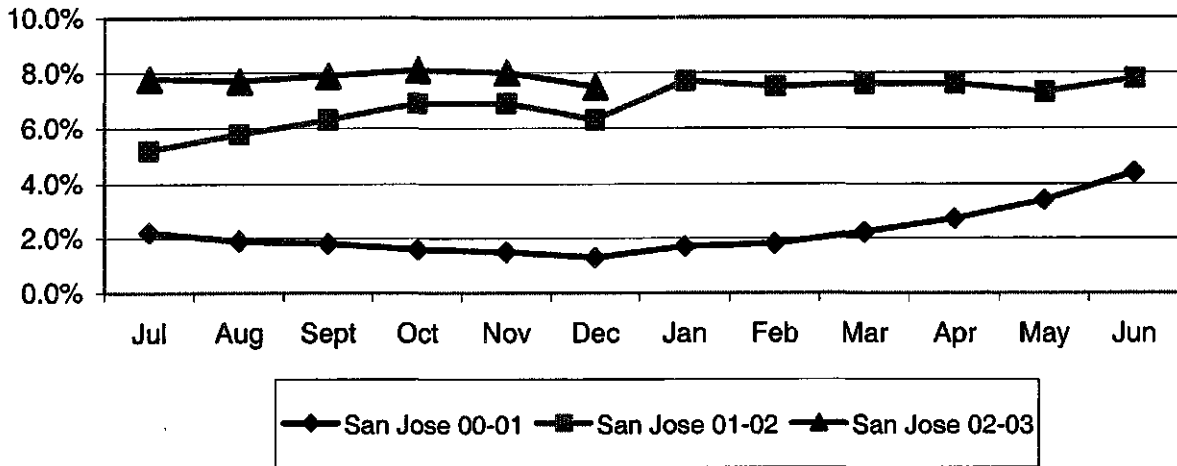
### The City and the Economic Environment

As has been described in the past few months through Monthly Financial Reports (MFRs), the depth and breadth of the local economic downturn has taken a major toll on City revenue collections. In the most recent example of how significant the impact has been, last quarter's Sales Tax receipts (reflecting July through September economic activity) were down 9.6% from a prior year quarter that was itself down by 19.8% from the 2000-2001 level. This was the sixth consecutive down quarter, following a ten year period where no quarterly Sales Tax total ever was down from its prior year equivalent. All of our other economically sensitive revenue sources also continue to experience significant drops: Transient Occupancy Tax (TOT), Construction Excise Tax, Building and Structure Tax, Airport revenues, Commercial Solid Waste related fees and taxes, and various development-related, cost-recovery fees. Conditions and collections continue to worsen, and it is still an open question whether we have seen the worst of this downturn, or how just how much further away the bottom may be.

Just as the City benefitted greatly from the long stretch of strong local economic performance in the 1990s, we are now suffering the results of a Silicon Valley recession which is the worst in decades, and much more severe than almost anywhere else in the rest of the State or nation. Locally, the unemployment rate as well as the number of wage and salary jobs remain the strongest indicators of the weakness of the local economy. While the December Santa Clara County unemployment rate of 7.5% was down slightly from November's revised rate of 8.0%, it was still well above both the State and national rates (6.3% and 5.7%, respectively) and above the rate of one year ago (6.3%). It is also worth noting just how far the rate has risen in two years: Santa Clara County's unemployment rate in December 2000 was 1.3%.

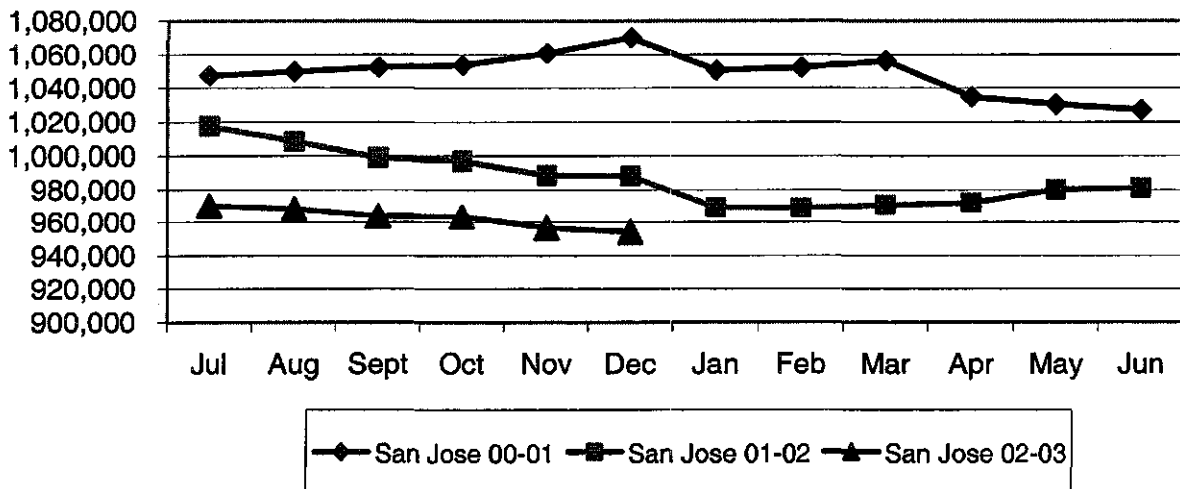
**OVERVIEW**  
 (CONT'D.)

**San José Metropolitan Statistical Area  
 (Santa Clara County)  
 Unemployment Rate Comparison**



Data on the number of jobs in the area continues to be equally discouraging. Generally, unemployment rates are good indicators of the situation for those that choose to remain in Silicon Valley, however, the number of jobs better reflects net employment loss. The total number of wage and salary jobs in the County for December was estimated at 954,200 (down by 2,600 from the revised November level of 956,800). This loss continues a steady downward trend that started in June 2001. Estimates for the total of lost jobs during the downturn are in the 34,000 range.

**San José Metropolitan Statistical Area  
 (Santa Clara County)  
 Total Wage and Salary Jobs Comparison**



**OVERVIEW**

(CONT'D.)

**The City and the Economic Environment** (Cont'd.)

In summary, not only is there no sign of a local economic recovery anytime soon, it is not even clear that the worst of the downturn has been reached. Locally most of the City's primary business sectors are still reporting stagnant revenues, construction activity continues to be down significantly from the levels of the last several years, and traffic through the Airport and into local hotels and convention facilities shows no real sign of increasing significantly. Nationally as well, weak economic signs abound. The December 2002 retail sales activity was viewed as the worst performance in 30 years. The Stock Market continues to struggle, the Conference Board's Consumer Confidence Index dropped this month, and the report released this week on the most recent quarterly economic performance showed a significant drop-off from the prior several quarters (to an anemic 0.7%). It appears that the ever-stronger threat of war is impacting both consumers' and business' short-term economic outlook, slowing spending across the board.

It is clear that, at least for the remainder of this year, and all of next fiscal year, the City needs to base its fiscal planning on an assumption of a continuation of current economic conditions, and a continuation of weak revenue collections.

**The City and the State Budget Crisis**

Adding to this dismal picture, on Friday, January 10, the Governor released his Proposed Budget for the 2003-2004 fiscal year. Facing the prospect of an approximate \$35.0 billion shortfall over the next 18 months, the Governor's proposed budget contains a mixture of proposals, some which would take effect immediately and some intended to go into effect next year. Unfortunately, this budget contains proposals that would be devastating for the City of San José, resulting in a cumulative estimated \$57.2 million reduction in the City's General Fund, and effectively ending the Redevelopment Agency's ability to issue debt.

Validating our long-standing worst fears, and in direct contradiction to previous promises not to balance the State's budget on the backs of local government, the Governor has proposed to completely eliminate the State backfill of Vehicle License Fees beginning in February. That one action alone would reduce City revenues by an estimated \$17.7 million in the current fiscal year, and \$36.1 million next year and annually thereafter. In addition, the budget contains proposals that would cut State Library Funds by \$413,000, eliminate the Jail Booking Fee Reimbursement (\$2.5 million), and suspend indefinitely Proposition 42 Street Maintenance funding (\$2.0 million annually). These actions taken together would cost the City General Fund approximately \$18.1 million this fiscal year and approximately \$39.1 million in 2003-2004, for a cumulative impact of \$57.2 million. Added to the previously projected shortfall in the General Fund for next year of \$63.0 million, the City now faces the prospect of having to close a \$120.2 million funding gap. Putting this amount into perspective, that gap is approximately 16.6% of the entire General Fund, and 31.7% of the non-public safety General Fund budget.

**OVERVIEW**

(CONT'D.)

**Strategy for Mid-Year Operating Budget Adjustments**

In response to deteriorating economic conditions, actions to date by the City Council and Administration have followed the conservative fiscal practice model that has served the City well in the past. Downward revenue adjustments of \$15.0 million to the Adopted General Fund Budget were recommended and approved in October as part of the City Manager's 2001-2002 Annual Report.<sup>1</sup> Three reserves (one of \$10.9 million to address future deficits established through the Annual Report, the Reserve for Economic Uncertainty of \$15.7 million, and the General Fund Contingency Reserve) were not utilized during the recent budget process and remain intact. Finally, as reported in earlier MFRs, the Administration has maintained a hiring freeze in place since November 2001, and implemented new cost/position management plans which assigned departmental reduction savings targets for 2002-2003 totaling approximately \$8.7 million.

Given the latest revenue performance reports, and the Governor's Proposed Budget, we are now faced with the clear need to take additional, and more drastic steps to protect our fiscal integrity. A number of actions are proposed in this Mid-Year Budget Review. First, we are recommending downward revisions to revenue estimates in the General Fund and a number of other funds (Airport, Convention and Cultural Affairs, Transient Occupancy Tax (TOT), Construction Excise Tax, Building and Structures Tax) to bring them into balance with the more recent and lower revenue projections. Second, appropriation revisions recommended are being strictly limited to those necessary to fix budgetary overruns or clean-up technical issues. Program augmentation requests were not considered this year. In the General Fund, for example, significant augmentations are needed to cover projected cost overruns in the Workers' Compensation Claims and Sick Leave Payments Upon Retirement appropriations. Finally, actions to offset the downward revenue adjustments are proposed. In the General Fund this includes reducing departmental appropriations in the amounts mandated by the cost/position management plans; and eliminating funding in the Police Department budget for unnecessary vehicle purchases (as recommended by the City Auditor). Actions in the other funds reduce fund balances, cut expenditure budgets, and reduce funding for recipients of the TOT Fund.

In addition to these actions, the Administration is considering a number of additional steps to reduce both operating and capital expenditures. Recommendations regarding these additional measures will be brought to City Council for discussion in the next several weeks, consistent with the Mayor's proposals detailed in his Proposed Budget Strategy memo issued Friday, January 31.

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<sup>1</sup> The downward adjustments were offset by higher than anticipated year-ending fund balance, and unanticipated revenue that will be available from the sale of surplus property.



## OVERVIEW

(CONT'D.)

### Capital Program Overview

The Capital Improvement Program is made up of 16 separate capital programs that support the various infrastructure needs of the City. Each program has its own sources of revenues, with varying degrees of reliance on the economy. To a large extent, the programs that are dependent on economically sensitive revenues continue to be negatively impacted by the prolonged economic slowdown facing the City. The capital programs that rely on other revenue sources, such as bond proceeds and user fees, have not experienced large variances.

The majority of the Traffic Capital Budget is supported by the two largest construction-related taxes, the Building and Structure Construction Tax and the Construction Excise Tax. Over the past 18 months, these taxes have experienced significant declines. The Building and Structure Tax dropped 45% in 2001-2002 and has fallen an additional 13% in 2002-2003. The Construction Excise Tax has performed slightly better, with a 28% drop in 2001-2002, followed by a 9% drop through the first half of this fiscal year. Through December, however, almost 40% of the collections for both of these taxes were received in August. Without this unusually strong month, collections would be significantly lower this fiscal year.

With this County suffering the largest drop in construction activity in the State, and the surplus capacity which has developed locally in commercial and industrial real estate, it is expected that construction-related taxes will demonstrate continued weak performance for a number of quarters to come. As a result, downward adjustments to the Construction Excise Tax and the Building and Structure Construction Tax as well as the Municipal Water Major Facilities Fee and the Residential Construction Tax are proposed in this report.

The Airport Capital Program has also been negatively impacted by the current economic downturn as well as the post-September 11<sup>th</sup> declines in air travel. As a result, the Passenger Facility Charge (PFC) revenues will also need to be adjusted downwards based on updated passenger activity projections.

While virtually all of the economically sensitive revenues continue to experience declines, the Construction and Conveyance (C & C) Tax that supports a number of the capital programs has been a rare bright spot, having actually grown this year to date, and is clearly exceeding expectations. In 2001-2002, C & C collections dropped 17% from the prior year level. In 2002-2003, however, collections have increased 16% through the first half of the year. This positive growth reflects the increase in real estate transfers that is responsible for nearly 97% of this tax revenue.

Section II of this report provides a more detailed discussion of the financial status of each of the capital programs.

## STATUS OF THE GENERAL FUND

### Revenues

General Fund revenues and transfers through December totaled \$287.8 million, or 45.2% of budgeted estimates. This amount was \$11.6 million, or 4.2% more than the amount received last year at this time. However, this apparent improvement is misleading. A portion of the increase was actually the result of \$2.9 million booked in error to the General Fund, an error which has been reversed and booked appropriately to another fund in January 2003. The rest of the apparent growth is actually only the early receipts of Secured Property Tax revenue received in January last year. Adjusting for the error and the early Secured Property Tax payment, General Fund revenue actually declined by 4.9% or \$13.4 million during the first six months of the year.

Projections using current trends make clear that General Fund revenue estimates, even as adjusted in October, are too high and need to be adjusted downward again. Even though the City understood early that the local recession would outlast that of the State or nation, and that the depth and severity of the recession would also challenge Silicon Valley's resilience, we clearly underestimated the severity of the situation. As a result, in order to keep the General Fund in balance for this fiscal year, \$5.9 million of additional net downward adjustments are recommended as a part of this report.

### Expenditures

General Fund expenditures through December totaled \$339.1 million. This is an increase of \$13.6 million, or 4.2%, from the December 2001 level of \$325.5 million. Encumbrances totaling \$60.9 million were \$3.6 million (6.3%) above the December 2001 level of \$57.3 million. Expenditures and encumbrances through December constitute 51.6% of the total 2002-2003 modified budgeted use of funds amount (excluding reserves) of \$775.5 million. This expenditure level is slightly higher than that experienced last year at this time (48.6%).

With the exception of the Employee Services Department, Fire Department, Parks, Recreation, and Neighborhood Services Department, and the Workers' Compensation Claims, and Insurance appropriations in City-Wide Expenses, cumulative departmental and non-departmental expenditures are tracking well within approved budgeted levels through December. Discussion of those appropriations with year-to-date significant variances may be found later in Section I, "Discussion of Significant General Fund Variances".

General Fund Capital expenditures through December tracked at expected levels at 25.6% expended, with an additional 32.2% encumbered. Though total committed funds represent over 50.0% of the budget, it is currently expected that a portion of these funds will not be fully expended by year-end.

**GENERAL FUND ADJUSTMENT RECOMMENDATIONS**

As discussed above, in light of the City's financial circumstances, recommendations for expenditure actions are strictly limited to those actions supported by additional revenue (e.g., grants), and/or those actions necessary to fulfill a Council direction or prevent a budget overrun. In addition, as discussed above, a number of actions are being proposed to bring revenue estimates into closer alignment with projected year-end outcomes. In the area of development fee revenues, the Administration is recommending expenditure reductions or utilizing fee reserves to offset the projected revenue shortfalls in those programs.

**Recommended Actions**

The General Fund appropriation and revenue estimate adjustments recommended in this report are summarized in the chart below.

<b>Proposed General Fund Adjustment Recommendations</b>		
<b><u>Proposed Adjustments</u></b>		
- Revenue Estimate Adjustments	(5,919,039)	
- Mid-Year Augmentations/Reductions	7,637,250	
- Grants/Reimbursements/Other Adjustments	3,435,524	
- Development Fee Program	(1,155,710)	
<b>Total Proposed Adjustments</b>		<b>(11,276,475)</b>
 <b><u>Proposed Offsetting Solutions</u></b>		
- Departmental Cost/Position Management Plan Saving	(7,557,570)	
- Reduced Police Vehicle Expenditure Requirements	(1,163,195)	
- Transfer of Vehicle Fund Balance	1,400,000	
- Development Fee Program	(1,155,710)	
<b>Total Proposed Offsetting Solutions</b>		<b>(11,276,475)</b>

As shown in the preceding chart, expenditure and revenue estimate adjustments proposed result in a net negative impact to the General of \$11.3 million. Offsetting solution actions of an equal amount have also been proposed. The net change to the General Fund of the adoption of the revenue and expenditure adjustments would be a net \$2.4 million reduction in the total General Fund budget.

The following is a brief description of the revenue adjustments, both upward and downward, that are recommended:

**Revenue Estimate Adjustments** (-\$5.9 million) – The revenue estimates adjustment reflect the net result of decreases to the Sales Tax (-\$3.3 million), Transient Occupancy Tax (-\$938,000),

**GENERAL FUND ADJUSTMENT RECOMMENDATIONS**

(CONT'D.)

**Recommended Actions** (Cont'd.)

Franchise Fees (-\$2.3 million), Utility Tax (-\$2.7 million), as well as Use of Money and Property (-\$1.9 million) categories, partially offset by an increase to Property Tax estimate (\$5.2 million). Based on current analysis, these changes would bring the budget back into alignment with year-end expectations.

**Mid-Year Augmentations/Reductions** (\$7.6 million) – The actions in this category provide for increases or decreases to the General Fund budget, some of which are supported by offsetting increases in revenue as described later under “Grants/Reimbursements/Other Adjustments” section immediately following this discussion. Such augmentations and reductions include, but are not limited, to the following:

- **Grants/Reimbursements** (\$2.6 million) – An increase to the Police Department budget related to additional overtime at the Airport and additional security-related services with offsetting revenue from the Airport (\$2.3 million); additional fee activity expenditures related to the Parks, Recreation, and Neighborhood Services Department with offsetting revenue from fee activity classes (\$510,000); a decrease to the Fiber Optics Program with offsetting revenue adjustment (-\$303,000); and appropriation increases related to various local, state, and/or federal agency grants and reimbursements to support departmental programs described elsewhere in this report.
- **Required Adjustments** (\$4.8 million) – Workers’ Compensation Claims payments (\$2.4 million); senior staff home loan assistance (\$750,000); Police evidence warehouse relocation costs (\$600,000) partially offset by a revenue increase; Sick Leave Payments Upon Retirement (\$500,000); Insurance Premiums (\$245,000); paramedic training for 15 Firefighters (\$145,000).
- **Reserves** (-\$1.0 million) – Use of the Fire Training Reserve to cover the cost of sending 15 Firefighters to paramedic school (\$145,000) and use of the Future Capital Projects/FF&E Reserve to purchase and install kennel cages and casework at the new Animal Shelter (\$864,000).
- **Upgrades/Augmentations** (\$1.3 million) – Animal Care and Services Cages and Kennel System (\$864,000); augmented parking citations processing fees and activity with an offsetting revenue increase (\$212,000); funding to assist with the identification of additional revenue strategies (\$80,000); Methane Monitoring and Control (\$75,000); and Redevelopment Agency Attorney Enhancement (\$45,000) with an offsetting revenue increase.

**GENERAL FUND ADJUSTMENT RECOMMENDATIONS**

(CONT'D.)

**Recommended Actions** (Cont'd.)

**Grants/Reimbursements/Other Adjustments** (\$3.4 million) – The actions in this category recognize revenue already received or the anticipated level of grants/reimbursements revenue from various sources that partially offset the above Mid-Year Augmentations/Reductions:

- **Grants/Reimbursements** (\$2.7 million) – An increase in the reimbursement from the Airport Department related to additional Police Department overtime at the Airport and additional security-related services (\$2.3 million); additional fee activity revenue related to the Parks, Recreation, and Neighborhood Services Department fee activity classes (\$510,000); a decrease to revenue from the Fiber Optics Program (-\$303,000); upward revenue adjustments related to various local, state, and/or federal agency grants and reimbursements to support departmental programs described elsewhere in this report.
- **Required Adjustments** (\$250,000) – Reimbursement from the Redevelopment Agency for a portion of relocation costs associated with the Police evidence warehouse (\$250,000).
- **Upgrades/Augmentations** (\$489,000) – An increase to revenue related to parking citations augmented activity and processing fees (\$444,000); and reimbursement from the Redevelopment Agency for additional attorney services (\$45,000).

**Development-Related Fee Adjustments** (-\$1.2 million) – Includes recommended downward expenditure adjustments to the Public Works Fee Program, the Building Fee Reserve, and the Fire Fee Reserve to capture savings anticipated by year-end, associated with the City's major, development-related fee programs to partially offset lower than anticipated revenue.

**Proposed Offsetting Solution Actions**

The following actions are recommended to offset the additional funding and revenue losses described above. The proposals are described in more detail in the Budget Augmentations/Reduction and Clean-up Adjustments summary in Section III of this document:

**Departmental Cost/Position Management Plan Savings** (-\$7.6 million) – This action would remove from departmental appropriations the reduction amounts mandated by the cost/position management plans.

## GENERAL FUND ADJUSTMENT RECOMMENDATIONS

(CONT'D.)

### Proposed Offsetting Solution Actions (Cont'd.)

**Reduced Police Vehicle Expenditure Requirements** (-\$1.2 million) – This recommendation would decrease the Police Department's Non-Personal/Equipment appropriation for vehicle replacement. This is a portion of the amount of savings identified in the City Auditor's recent review of the vehicle replacement program, and verified by the Budget Office. A savings of at least \$1.2 million is available from the marked fleet. There will be no impact on the availability of public safety vehicles from this action.

**Transfer of Vehicle Fund Balance** (\$1.4 million) – This report includes a recommendation to transfer \$1.4 million from the Vehicle Maintenance and Operations Fund related to a recommendation that also resulted from the City Auditor's recent review of the vehicle replacement program. This was funding placed in the Vehicle Maintenance and Operations Fund last year to accelerate vehicle purchases.

**Development-Related Fee Adjustments** (-\$1.2 million) – Includes recommended downward expenditure adjustments to the Public Works Fee Program, the Building Fee Reserve, and the Fire Fee Reserve to capture savings anticipated by year-end, associated with the City's major, development-related fee programs to partially offset lower than anticipated revenue.

## STATUS OF SELECTED SPECIAL FUNDS

In a later section of the report, detailed status reports are provided for all of the City's large special funds, along with discussion concerning smaller special funds with significant variance issues through December. Following is a brief summary of the major findings:

### Airport Revenue Fund

Overall, operating revenue collections in the Airport Revenue Fund continue to be negatively impacted by the combined impact of the economy and the September 11 events. Through December, operating revenues tracked approximately 8.0% below anticipated budget levels reflecting reduced activity levels. Terminal concessions, airfield, parking and roadway, and general and non-aviation revenues are all below expected budget levels. The decrease is slightly offset by increases in terminal rentals and petroleum product revenues. As a result of the decrease in revenue collections, a net decrease to Airport revenue estimates for 2002-2003 of approximately \$4.0 million is recommended in this report. These adjustments can be made using prior year surplus funds so that no significant reductions to operational activities will be required.

**STATUS OF SELECTED SPECIAL FUNDS**

(CONT'D.)

**Benefit Funds**

The Benefit Funds group consists of the Benefit Fund, Dental Insurance Fund, Life Insurance, Fund and Unemployment Insurance Funds. In the Benefit Fund, a scheduled rate increase of 19.0% for Kaiser Permanente (effective in January 2003) will increase revenues and costs to the fund in the second half of the fiscal year, with resulting adjustments to revenues and expenditures recommended in this report. In the Unemployment Insurance Fund, the high unemployment rate in Santa Clara County and the increase in the weekly benefit amount, as provided by California Senate Bill 40, will also increase costs to the City. Effective January 2003, the maximum weekly benefit amount increased by 12.0% over the prior amount. This report recommends upward adjustments to the Payment of Unemployment Claims Category and to the Claims Reserve, offset by revenue from Transfers from City funds, to cover fiscal impacts from the new legislation. The additional costs can be absorbed within the departments' existing budgets.

**Convention and Cultural Affairs Fund**

Overall, revenues tracked well below expected levels in all categories in the Convention and Cultural Affairs Fund due to the current economic conditions. Previously scheduled events are smaller in scale with fewer exhibitors and attendees. The electrical services project, originally envisioned to generate revenue by delivering electrical service in-house, has been delayed due to economic conditions and concerns by service contractors. The fund is also absorbing significant decreases in Transient Occupancy Tax revenue and in Parking revenue. Included in this report are recommendations for the corresponding downward adjustments to revenue estimates: \$1.3 million in Earned Revenue and approximately \$2.0 million in transfers from the Transient Occupancy Tax Fund and the General Purpose Parking Fund. Expenditure and contingency reserve reduction actions (totaling \$2.2 million) are recommended to offset a portion of the decrease. A decrease to the ending fund balance in this fund (\$1.1 million) is proposed to offset the remainder.

**General Purpose Parking Fund**

Revenues in the General Purpose Parking Fund tracked below anticipated levels due to the continued slowdown in the economy and estimated office vacancy rates of approximately 20.0%. Revenues have also been impacted by the following factors: delays in the implementation of parking fee increases, expansion of the Downtown Retail Validation Program to all merchants and restaurants in the downtown, and unforeseen temporary closure of parking lots due to maintenance activities and special events. As a result of these factors, downward revenue adjustments of \$1.7 million are recommended as a part of this report. Expenditures in this fund also tracked lower than anticipated. This trend is driven by savings in the Department's Non-Personal/Equipment appropriation. In addition, as mentioned previously, savings are expected in the annual transfer of net Convention Center parking revenues to the Convention and Cultural Affairs Fund. A \$1.2 million decrease to the ending fund balance is recommended to reflect the net impact of the revenue and expenditure adjustments included in this report.

## STATUS OF SELECTED SPECIAL FUNDS

(CONT'D.)

### Transient Occupancy Tax Fund

Revenues in the Transient Occupancy Tax (TOT) Fund tracked significantly below the anticipated levels through mid-year. The hospitality industry continues to suffer due to the economic slowdown and events that have caused an overall hesitancy to travel. Although average occupancy rates for the first half of the fiscal year registered a slight improvement over last year's level (51.08% compared to 50.69% for the same period last year), room rates dropped from last year's levels, from an average of \$129.93 to \$121.01. As a result of these trends, a 20% reduction to the budgeted revenue estimate in this fund (\$2.6 million) is recommended in this report.

This reduction will have a significant impact on the three recipients of the TOT proceeds: Convention and Visitor's Bureau, Fine Arts Grants Program, and the Convention and Cultural Affairs Fund. Included in this report are recommendations for reduction in the Convention and Cultural Affairs Fund (\$1.3 million), the Convention and Visitors Bureau (\$650,000), and the Fine Arts Program (\$326,000). A reduction of \$324,000 in the ending fund balance is, however, recommended in this report to partially mitigate the impact on existing Fine Arts Programs of the reduced funding levels, which might otherwise result in endangering some of the smaller programs.

## OPERATING FUNDS CLEAN-UP ADJUSTMENTS

Included in Section III of this report are multiple clean-up and technical correction actions for a variety of operating funds. The current practice is to use the Mid-Year Budget Review as the vehicle to accomplish the corrective actions that accumulated through the first six months of monitoring the budget. Included are actions to provide funds for Council-approved negotiated salary and benefit increases; and net zero actions to move funding between appropriation categories (e.g., between personal services and non-personal/equipment) or between departments to reflect actual expenditure patterns.

Clean-Up Adjustments include the appropriation actions necessary to accomplish the following for the operating funds:

- **Salary Program Adjustments** – Supplemental appropriations to distribute from the Salary Reserve in various funds, including the General Fund, Council-approved negotiated salary and benefit increases. A total of \$4.3 million is being distributed by the various funds as part of this document, including \$3.0 million in the General Fund.



**OPERATING FUNDS CLEAN-UP ADJUSTMENTS**

(CONT'D.)

- **Net Zero Movements Between Revenue and Expenditure Appropriations** – Technical revisions to locate correctly budget amounts by department, fund or budget category.
- **Net Zero Adjustments within a Special Fund** – Implements previously approved funding changes within a fund or addresses funding needs to cover existing obligations (e.g., increased lease costs, contractual services costs).

**CAPITAL PROGRAM STATUS**

The 2002-2003 Adopted Capital Budget totaled \$1.76 billion. Appropriation amendments approved by Council through December 2002 have resulted in a net increase to that budget of \$46.5 million, reflecting both upward and downward adjustments. To date, the largest upward adjustment was the result of additional fund balance (\$61.1 million) carried over from 2001-2002 and recognized as part of the Annual Report actions. However, almost half of that additional fund balance (\$27.1 million) was rebudgeted to 2002-2003 to complete capital projects. The largest decrease to the Capital Budget was the net reduction of \$40 million to the Bailey Avenue/Route 101 Improvements Project reflecting the transfer of this scaled down project to the Valley Transportation Authority (VTA).

Also included were a number of new projects or projects with changes in cost and/or scope approved earlier in the year, as well as technical adjustments to funding sources. The following list summarizes the significant changes to the 2002-2003 Adopted Capital Budget.

**SIGNIFICANT CHANGES TO THE 2002-2003 CAPITAL BUDGET**

<u>Project</u>	<u>Increase</u>
Transfer of Funding for Civic Center Parking Garages From Parking Fund to Civic Center Fund	\$ 19,000,000
Short-Term Loan to the Civic Center Fund from the Sewage Treatment Plant Connection Fee Fund (Repayment of loan is a recommended mid-year action)	12,500,000
Bailey Avenue Improvements Project (Eliminates original project)	(44,966,000)
VTA: Bailey/101 Improvements Project (Establishes City contribution to VTA for revised project)	4,050,000
Reserve - VTA: Bailey/101 Improvements Project (Establishes a reserve for potential cost overruns)	950,000

HONORABLE MAYOR AND COUNCIL

January 31, 2003

Subject: Mid-Year Budget Review

**CAPITAL PROGRAM STATUS**

(CONT'D.)

A summary of appropriation amendments for all capital programs through December 31, 2002 is shown on the following chart.

	<b>Adopted 2002-2003 Budget</b>	<b>Increase (Decrease)</b>	<b>Revised 2002-2003 Budget</b>
Airport	\$ 687,518,336	\$ 30,275,063	\$ 717,793,399
Civic Center	252,249,000	36,372,814	288,621,814
Communications	2,967,852	365,438	3,333,290
Developer Assisted Projects	4,646,716	427,502	5,074,218
Fire	25,169,332	1,378,420	26,547,752
General Fund Capital	37,350,304	3,773,000	41,123,304
Library	77,358,268	2,114,345	79,472,613
Muni Improv (Fiber Optics)	722,139	29,174	751,313
Parking	71,937,000	(19,041,859)	52,895,141
Parks	175,258,520	15,319,563	190,578,083
Police	16,729,000	-	16,729,000
Sanitary Sewers	65,848,584	2,015,055	67,863,639
Service Yards	22,113,193	550,563	22,663,756
Storm	3,406,809	760,221	4,167,030
Traffic	134,814,379	(26,569,668)	108,244,711
Water Pollution Control	162,530,295	(606,244)	161,924,051
Water Utilities	15,380,899	(667,041)	14,713,858
<b>TOTAL</b>	<b>\$ 1,756,000,626</b>	<b>\$ 46,496,346</b>	<b>\$ 1,802,496,972</b>

**Capital Budget Revenues**

Section II of this report contains an update on the financial status of each Capital Program, including a discussion of the major revenue sources. As has been reported in the Monthly Financial Reports, the prolonged economic slowdown has primarily impacted the Traffic and Airport Capital Programs. The Traffic Capital Program is supported by the two largest construction-related taxes that have continued to decline through the first six months of the fiscal year. The Airport Capital Program is supported, in part, from Passenger Facility Charges that are tracking lower than expected. On the positive side, Construction and Conveyance Taxes, which support many of the capital programs, continue to exceed expectations with growth experienced through the first six months of this fiscal year. In addition, several of the capital programs receive bond proceeds that are not subject to the potentially large variances that can be experienced with the economically sensitive revenue categories.

**CAPITAL PROGRAM STATUS**

(CONT'D.)

**Capital Budget Revenues** (Cont'd.)

As mentioned earlier, Building and Structure Construction Taxes and Construction Excise Taxes continue to track below last year's already weak collection patterns. Through December, Construction Excise Taxes totaled \$5.9 million, a decrease of 8.7% from the prior year, and Building and Structure Construction Tax receipts totaled \$3.8 million, a drop of 12.6%. The 2002-2003 Adopted Budget built in declines of 8.2% and 8.1% respectively. While the actual revenue declines appear close to the budgeted levels, almost 40% of the collections for both of these taxes were received in a single month (August). Without this unusually strong month, collections would be significantly lower this fiscal year. Given the current economic conditions that have led to a surplus in commercial and industrial real estate, continued weak performance is anticipated. As a result, downward adjustments to these revenue estimates and corresponding reductions to the ending fund balances and project expenditures are being recommended as part of this report. Both of these taxes support the Traffic Capital Program.

Residential Construction Taxes and the Municipal Water Major Facility Fees have also experienced significant declines through December. Receipts in the Residential Construction Tax category have fallen 28% from the prior year and it is expected that collections will end the \$73,000 below the Adopted Budget estimate of \$153,000. Municipal Water Major Facility Fees totaled only \$15,000 through December, or 6% of the budgeted revenue estimate of \$250,000. Downward adjustments to both of these revenue categories are recommended in this document.

In the Airport Capital Program, Passenger Facility Charge (PFC) revenues are tracking below estimated levels through December due to the delay in the anticipated recovery of pre-September 2001 operational activity levels. A downward adjustment of \$2.9 million to the PFC revenue estimate is recommended in this document to reflect updated passenger activity projections based on activity in October and November 2002 and industry forecasts.

Construction and Conveyance Tax (C & C) revenues are tracking above anticipated levels through December with growth of 16% from the prior year. The Adopted Budget assumed a significant decline (39%) in collections. Since nearly 97% of the C & C taxes are comprised of conveyance receipts, property transfers are the main driver in this revenue category. The number of property transfers for all types of residences in the first half of this fiscal year increased 10% from the prior year. The median home price was also up 5% in December 2002 when compared with the December 2001 figure. While collections have been very strong through December, the receipts in January showed the first decline of the year with a drop of 13% from the January 2002 level. Given the strong performance in the first half of the year, however, collections are expected to at least meet the budgeted revenue estimate of \$16 million by year-end.

January 31, 2003

Subject: **Mid-Year Budget Review**

## CAPITAL PROGRAM ADJUSTMENTS

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

- As a result of the prolonged economic downturn, several construction-related revenue estimates are being reduced including the following: Building and Structure Construction Tax (\$1.95 million), Construction Excise Tax (\$2.76 million), Residential Construction Tax (\$73,000), and the Municipal Water Major Facilities Fee (\$200,000).
- Several actions are recommended in the Parks Construction and Conveyance Tax (C & C) Funds to address current year funding needs. These include funding for the Sonora Turnkey Park, the Penitencia Creek Trail-King Road Crossing, the Vietnamese Cultural Heritage Garden, and the Ryland Park Renovation. These additions are funded from available fund balances or reserves.
- In the Fire Capital Program, funding is recommended to cover the City's contribution to the FEMA 2002 Assistance to Firefighters Grant for portable radio repeaters, to fund the installation of mechanical sirens on all front line fire engines and trucks, to augment the Tools and Equipment allocation to fund the purchase of a second set of turnouts for firefighters and to fund underground fuel tank renovations. These additions are funded from the fund balance in the Fire Construction and Conveyance Tax Fund.
- In the Traffic Capital Program, it is recommended that \$1.5 million of the state-supported allocation for street maintenance be placed in reserve based on the Governor's proposal to eliminate the funding for the Traffic Congestion Relief Program. This action will impact the City's ability to meet street maintenance commitments in the current year. In addition, funding of \$850,000 from the Smart Intersections allocation is recommended to be shifted to the Traffic Signals budget to address a shortfall in that area. This reallocation of resources better meets the City's overall traffic flow needs by funding the higher-priority traffic signals that were scheduled for the current year.
- In the Airport Capital Program, a decrease of \$2.9 million to the Passenger Facility Charge (PFC) revenue estimate is recommended based on current activity projections. There are also a number of appropriation adjustments proposed in the Airport Capital Funds to reflect updated project costs and schedules as well as the transfers between funds. These adjustments include additions of \$750,000 to fund preliminary engineering for the Taxiway Y Reconstruction project and \$725,000 for the Novell property site development and reductions of \$4.4 million for the Taxiway L Widening project that will be combined with the Taxiway Y Reconstruction project and \$5.3 million for the Taxiway Z Extension project that can now be funded from the security reserve.

CONCLUSION

Although the City Council's conservative fiscal and program policy actions over the past years positioned the City to strongly withstand the impacts of an economic downturn of moderate proportions, the magnitude and duration of the current situation are well beyond what nearly all experts projected. Add to that the fact that the Governor's Budget threatens to double an already dire situation, and the City faces the makings of the largest fiscal challenge in its history. In recognition of the seriousness of the situation facing us, the Administration is recommending a number of Mid-Year actions that begin to align the budget with current year-end expectations, and has begun review of a number of additional actions that would slow or stop current expenditures significantly. Business as usual simply will not suffice in this fiscal environment. We intend to bring options to Council for discussion as soon as this review is complete, incorporating all of the strategies announced in the Mayor's Budget Strategy memo.

Despite the seriousness of the situation, we remain confident that our combined efforts will produce an appropriate plan to preserve the City's strong financial status, and minimize to the extent possible impacts on vital public services. We look forward to working with the Council in this effort.

As always, any major developments which become obvious through continued monitoring of financial data over the next six months will be brought to the City Council's attention in future Monthly Financial Reports.

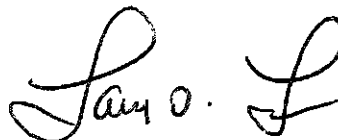
  
DEL D. BORGS DORF  
City Manager

CONCLUSION

(CONT'D.)

I hereby certify that there will be available for appropriation in the designated funds and in the amounts as listed below in fiscal year 2002-2003 monies in excess of those heretofore appropriated therefrom:

Airport Capital Improvement	\$ 1,908,000
Airport Revenue Bond Improvement	385,308
Construction Excise Tax	5,166,000
Benefit	1,668,000
Housing & Homeless	985,251
Municipal Golf Course	188,732
Unemployment Insurance	399,009
Workforce Investment Act	130,000



LARRY D. LISENBEE  
Budget Director

2002-2003

MID-YEAR  
BUDGET  
REVIEW

SECTION

I

**OPERATING BUDGET  
STATUS REPORT**

**2002-2003  
MID-YEAR BUDGET REVIEW  
Section I**

**I. OPERATION BUDGET STATUS REPORT**

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

- A. **General Fund Source and Use of Funds** – Included is a Mid-Year Status Report Source and Use of Funds showing overall modifications to the 2002-2003 budget, actual revenues and expenditures through December 31, 2002, and proposed changes recommended as part of this document.
  
- B. **Status of General Fund Revenues** - For the General Fund, the mid-year status of revenue collections is discussed at the revenue category level in this section.
  
- C. **Status of General Fund Expenditures** - The status of overall General Fund expenditures is provided. Included is a discussion of those departments with significant variances and documentation on the changes to the Contingency Reserve through December 2002.
  
- D. **Status of Selected Special Funds** – A review of the mid-year status of revenue collections and expenditures for selected special funds with significant issues or variances is provided.



**2002-2003 GENERAL FUND  
MID-YEAR STATUS REPORT  
(December 31, 2002)**

<u>SOURCE OF FUNDS</u>	<u>2002-2003 ADOPTED BUDGET</u>	<u>CURRENT- YEAR MODIFICATIONS</u>	<u>CARRYOVER ENCUMBRANCES</u>	<u>CURRENT MODIFIED BUDGET</u>	<u>ACTUALS THROUGH DECEMBER</u>	<u>PRIOR-YEAR ACTUALS THROUGH DECEMBER</u>	<u>2002-2003 PROPOSED CHANGES</u>
<b>FUND BALANCE</b>							
Beginning Fund Balance	0	28,476,408	0	28,476,408	28,476,408	64,112,892	0
Encumbrances	0	0	45,333,976	45,333,976	45,333,976	36,345,049	0
Carryover	<u>162,194,925</u>	<u>0</u>	<u>0</u>	<u>162,194,925</u>	<u>162,194,925</u>	<u>150,203,097</u>	<u>0</u>
<b>SUBTOTAL</b>	<u>162,194,925</u>	<u>28,476,408</u>	<u>45,333,976</u>	<u>236,005,309</u>	<u>236,005,309</u>	<u>250,661,038</u>	<u>0</u>
<b>GENERAL REVENUE</b>							
Property Tax	86,278,000	0	0	86,278,000	42,243,609	20,606,379	5,166,000
Sales Tax	148,848,538	(11,296,423)	0	137,552,115	46,165,751	54,649,339	(3,273,047)
Transient Occupancy Tax	8,400,000	(762,397)	0	7,637,603	2,024,466	2,438,907	(937,603)
Franchise Fees	33,857,000	210,658	0	34,067,658	13,368,737	10,646,650	(2,314,000)
Utility Tax	70,673,000	(2,570,611)	0	68,102,389	28,104,074	25,568,139	(2,673,389)
Licenses & Permits	62,459,320	(413,160)	0	62,046,160	31,860,960	31,168,652	(1,340,380)
Fines, Forfeitures & Penalties	11,075,500	0	0	11,075,500	5,206,495	5,213,626	440,500
Revenue From Money/Property	13,094,500	0	0	13,094,500	5,391,619	8,911,849	(1,887,000)
Revenue From Local Agencies	39,271,731	2,356,820	0	41,628,551	20,382,557	19,401,282	543,410
Revenue From State Government	58,204,087	288,616	0	58,492,703	21,613,958	23,727,462	125,356
Revenue From Federal Government	1,776,489	713,906	0	2,490,395	1,082,346	343,389	0
Departmental Charges	20,528,881	2,375,891	0	22,904,772	11,395,768	10,316,461	254,475
Other Revenue	<u>14,495,183</u>	<u>(2,555,404)</u>	<u>0</u>	<u>11,939,779</u>	<u>11,453,060</u>	<u>14,550,830</u>	<u>(303,391)</u>
<b>SUBTOTAL</b>	<u>568,962,229</u>	<u>(11,652,104)</u>	<u>0</u>	<u>557,310,125</u>	<u>240,293,400</u>	<u>227,542,965</u>	<u>(6,199,069)</u>
<b>TRANSFERS AND REIMBURSEMENTS</b>							
Overhead Reimbursements	29,709,480	0	0	29,709,480	25,213,287	21,659,308	0
Transfers	18,076,159	13,288,079	0	31,364,238	14,427,839	19,649,393	3,809,465
Reimbursements for Services	<u>18,235,000</u>	<u>17,000</u>	<u>0</u>	<u>18,252,000</u>	<u>7,851,025</u>	<u>7,340,932</u>	<u>0</u>
<b>SUBTOTAL</b>	<u>66,020,639</u>	<u>13,305,079</u>	<u>0</u>	<u>79,325,718</u>	<u>47,492,151</u>	<u>48,649,633</u>	<u>3,809,465</u>
<b>TOTAL SOURCE OF FUNDS</b>	<u><u>797,177,793</u></u>	<u><u>30,129,383</u></u>	<u><u>45,333,976</u></u>	<u><u>872,641,152</u></u>	<u><u>523,790,860</u></u>	<u><u>526,853,636</u></u>	<u><u>(2,389,604)</u></u>

**2001-2003 GENERAL FUND  
MID-YEAR STATUS REPORT  
(December 31, 2002)**

<u>USE OF FUNDS</u>	<u>2002-2003 ADOPTED BUDGET</u>	<u>CURRENT- YEAR MODIFICATIONS</u>	<u>CARRYOVER ENCUMBRANCES</u>	<u>CURRENT MODIFIED BUDGET</u>	<u>ACTUALS THROUGH DECEMBER</u>	<u>PRIOR-YEAR ACTUALS THROUGH DECEMBER</u>	<u>2002-2003 PROPOSED CHANGES</u>
<b>DEPARTMENTAL</b>							
City Attorney	11,149,524	0	1,090,998	12,240,522	5,009,229	4,943,696	(3,337)
City Auditor	2,385,056	(15,456)	15,060	2,384,660	1,112,193	1,062,438	(38,847)
City Clerk	1,529,411	0	3,940	1,533,351	662,508	617,198	38,685
City Manager	6,912,376	40,000	240,831	7,193,207	3,637,211	3,507,610	(100,988)
Civil Service Commission	22,508	0	0	22,508	7,603	8,660	0
Economic Development	2,042,718	83,825	2,507	2,129,050	710,670	739,597	6,587
Emergency Services	347,550	0	5,266	352,816	159,964	158,691	3,026
Employee Services	7,334,788	97,000	183,487	7,615,275	3,333,332	2,092,243	(132,452)
Environmental Services	1,756,614	69,209	488,712	2,314,535	392,770	517,747	(49,828)
Equality Assurance	0	0	3,637	3,637	(4,688)	610,677	0
Finance	8,367,526	(80,000)	259,106	8,546,632	3,657,144	4,352,457	(157,228)
Fire	108,216,633	491,822	712,021	109,420,476	54,015,303	49,898,517	492,634
General Services	21,813,719	(18,000)	601,169	22,396,888	11,183,419	10,284,395	(175,023)
Housing	281,207	135,380	0	416,587	111,818	0	(416,587)
Independent Police Auditor	647,866	0	5,079	652,945	284,262	283,693	2,244
Information Technology	17,413,766	65,520	388,940	17,868,226	7,700,116	6,985,510	(206,618)
Library	22,440,762	279,821	343,998	23,064,581	10,387,447	10,187,685	(223,903)
Mayor and City Council	7,602,284	(33,671)	57,045	7,625,658	3,053,130	2,701,856	31,808
Parks, Recreation & Neighb. Svces	62,580,908	78,490	2,158,209	64,817,607	30,429,816	29,454,009	(866,871)
Planning, Building & Code Enforce.	31,143,643	159,718	812,476	32,115,837	14,446,753	14,865,288	(13,278)
Planning Commission	37,035	0	368	37,403	16,626	5,589	0
Police	216,394,450	489,889	1,345,632	218,229,971	100,756,804	92,909,717	(278,593)
Public Works	8,895,644	(120,000)	335,490	9,111,134	4,511,600	4,950,373	(640,333)
Redevelopment Agency	1,770,239	0	0	1,770,239	868,966	715,803	10,994
Transportation	35,041,153	300,000	1,284,763	36,625,916	18,763,573	18,743,825	(346,182)
<b>SUBTOTAL</b>	<b>576,127,380</b>	<b>2,023,547</b>	<b>10,338,734</b>	<b>588,489,661</b>	<b>275,207,569</b>	<b>260,597,274</b>	<b>(3,064,090)</b>
<b>NON-DEPARTMENTAL</b>							
City-Wide Expenses	92,251,877	12,615,975	8,820,719	113,688,571	44,058,573	43,739,250	5,538,168
Capital Contributions	37,121,304	3,773,000	26,174,523	67,068,827	17,136,925	13,627,053	75,000
Transfers	6,007,294	222,000	0	6,229,294	2,717,534	7,584,459	0
Earmarked Reserves	61,120,763	11,697,361	0	72,818,124	0	0	(4,938,682)
Contingency Reserve	24,549,175	(202,500)	0	24,346,675	0	0	0
Ending Fund Balance	0	0	0	0	0	0	0
<b>TOTAL USE OF FUNDS</b>	<b>797,177,793</b>	<b>30,129,383</b>	<b>45,333,976</b>	<b>872,641,152</b>	<b>339,120,601</b>	<b>325,548,036</b>	<b>(2,389,604)</b>

**2002-2003  
MID-YEAR BUDGET REVIEW  
Section I**

**STATUS OF GENERAL FUND REVENUES**

**Overview**

*Current Year Performance*

Overall City financial trends and performance through December remained relatively unchanged, with no improvement from the status described in earlier Monthly Financial Reports (MFRs). General Fund revenue performance continues to be significantly impacted by the fall-off in the local economy, especially evident in the technology sector. As experienced over the first six months of the fiscal year, the City's economically-sensitive revenues have been and continue to suffer as a result.

The year-to-date revenue performance is particularly troubling since it is in comparison with a year that also experienced significant drops primarily due to the recession and the September 11 events. As reported in the November MFR, General Sales Tax receipts in the most recent quarter dropped 9.6% from the prior year level. This performance was disappointing since it drives off a prior year quarter that was already down 19.8%, and is also the sixth consecutive quarter of decline. That performance brought collections down to the level last experienced four years ago in 1998-1999.

The City's other significant economically sensitive revenues also continued to demonstrate a similar pattern through December. Year-to-date Transient Occupancy Tax (TOT) collections fell approximately 10.2% from the prior year which was itself down sharply. City development-related fees also continued their sharp decline: Construction

Excise Tax receipts (down 8.7%), and Building and Structure Taxes (down 12.6%). Additional discussion related to other City revenues is detailed in Sections II and III of this report.

In summary, the economy has fallen to levels below even our most conservative estimates. As a result, with the current General Fund revenue estimates (reduced in October), the City will not end the year within the overall revenue budget unless adjustments are made. Thus, included in this report are recommended downward revisions to a number of General Fund revenue estimates.

*Comparison to Prior Year*

General Fund revenues and transfers through December totaled \$287.8 million, or 45.2% of budgeted estimates. This amount was \$11.6 million, or 4.2% more than the amount received last year at this time. However, this apparent improvement is driven by \$2.9 million booked in error to the General Fund, an error reversed and booked appropriately to another fund in January 2003, and by early receipt of Secured Property Tax revenue. When adjusted for the error and the early Secured Property Tax payment, General Fund revenue actually declined by 4.9% or \$13.4 million.

The decline in General Fund collections over the prior year is primarily driven by decreases in the following revenue categories: Sales Tax; TOT; Fines, Forfeitures, and Penalties; Use of Money and Property; Revenue from the State of California; Other Revenue; as well as Transfers

**2002-2003  
MID-YEAR BUDGET REVIEW  
Section I**

**STATUS OF GENERAL FUND REVENUES  
(CONT'D.)**

**Overview (Cont'd.)**

and Reimbursements. Declines in those categories were only partially offset by increases in the following revenue categories: Property Tax; Franchise Fees; Utility Tax; Licenses and Permits; Revenue from Local Agencies; Revenue from the Federal Government; and Departmental Charges.

*Recommended Adjustments*

Based on information available through December, City Council actions are recommended to change revenue estimates based on year-end anticipated collection levels and to account for a small amount of additional revenue available for offsetting expenditures.

Recommended actions can be summarized in the following chart:

<b>Category</b>	<b>\$ in millions</b>
Property Tax	\$ 5.17
Sales Tax	(3.27)
Transient Occupancy Tax	(0.94)
Franchise Fees	(2.31)
Utility Tax	(2.67)
Licenses and Permits	(1.34)
Fines, Forfeitures & Penalties	0.44
Use of Money and Property	(1.89)
Revenue from Local Agencies	0.54
Revenue from the State of California	0.13
Departmental Charges	0.25
Other Revenue	(0.30)
Transfers and Reimbursements	<u>3.81</u>
<b>Total</b>	<b>\$ (2.38)</b>

Most of the recommended revenue adjustments reflect changes to revenue categories based on year-to-date performance. The remaining recommended changes are related to the availability of new grants and reimbursements (\$2.7 million) and are recommended for use to fund activities in those areas.

The following discussion highlights General Fund activities through December.

**2002-2003  
MID-YEAR BUDGET REVIEW  
Section I**

**STATUS OF GENERAL FUND REVENUES  
(CONT'D.)**

**PROPERTY TAX**

<b>Revenue Status</b>				
<b>2002-2003</b>		<b>2001-2002</b>		<b>2002-2003</b>
<u>Current Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$86,278,000	\$42,243,609	49.0%	23.3%	\$5,166,000

The 2002-2003 **Current Secured Property Tax** budget estimate is \$70.2 million. This amount was based on an estimated growth rate of 4.0% from the anticipated 2001-2002 year-end receipt level. Comparing to the actual prior year-end receipt level, the current budgeted growth is 3.3%.

Through December, actual **Current Secured Property Tax** collections of \$29.4 million were significantly higher than the prior year collection level of \$7.3 million. This is, however, almost entirely the result of earlier booking of **Property Tax** receipts this year, when compared to last year. While tax roll adjustments are still occurring and will continue to take place until the end of May, the latest information from the County of Santa Clara Controller-Treasurer's Office indicates that the City will likely exceed its budgeted estimate of \$70.2 million by approximately \$2.6 million. Included in this report is a recommended upward adjustment of \$2.6 million to the **Current Secured Property Tax** estimate.

The 2002-2003 **Current and Prior Unsecured Property Taxes** budget estimate is \$11.3

million. Comparing to the actual year-end receipt level, the current estimate allows for a decline of 17.7%. The latest information from the County of Santa Clara Controller-Treasurer's Office indicates that the City will likely exceed its budgeted estimate of \$11.3 million by at least \$2.4 million. Included in this report is a recommended upward adjustment of \$2.4 million to the **Current and Prior Unsecured Property Tax** estimate.

Year-to-date **Current SB 813 Property Tax** receipts (retroactive collections back to the point of sale for reassessments of value due to property resales) of \$796,000 were 33.3% below the prior year. Last year, the holiday season and a timing issue with the booking of the December payment caused year-to-date performance through December to be less than anticipated. The same issue related to timing occurred this year, thus producing a cause for concern. Collections in this category are typically a leading indicator of sales activity. An

**2002-2003  
MID-YEAR BUDGET REVIEW  
Section I**

**STATUS OF GENERAL FUND REVENUES  
(CONT'D.)**

**PROPERTY TAX  
(CONT'D.)**

approximate four to six month lag from the time when reassessments are made to the point at which collections are booked reflects the current recession and related drops in real estate activity in the prior year. The latest information from the County of Santa Clara Controller-Treasurer's Office, however, indicates that the City will likely exceed its budgeted estimate of

\$3.6 million by approximately \$210,000. Since the current budget allowed for a significant drop based on the prior year-end performance level, the latest information from the County is actually good news. Included in this report is a recommended upward adjustment of \$210,000 to the Current SB 813 Property Tax estimate.

**SALES TAX**

**Revenue Status**

2002-2003		2001-2002		2002-2003
<u>Current Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$137,552,115	\$46,165,751	33.6%	39.6%	(\$3,273,047)

The most recent quarter of **General Sales Tax** receipts received in December (July through September activity) fell 9.6% from the same quarter in the prior year. As reported in the November MFR, this performance is worse than anticipated. A downward adjustment to the 2002-2003 General Sales Tax estimate of \$11.4 million was approved by City Council as a part of the Annual Report, to bring that estimate in line with actual 2001-2002 collections and to reduce expectations to flat performance for the year. The first quarter General Sales Tax performance is clearly below the rate that is

necessary to achieve that revised budget expectation. In fact, performance during the remaining three quarters would have to average 2.5% growth to achieve that budget. Given recent trends, that outcome seems very unlikely.

As a continuing reminder of how hard Silicon Valley has been hit, the City's decline was considerably greater than that experienced by the San Francisco Bay Area (down 3.1%) and in comparison with the State as a whole, where collections actually grew by 3.0%. Neighboring cities in Santa Clara County also experienced

**2002-2003  
MID-YEAR BUDGET REVIEW  
Section I**

**STATUS OF GENERAL FUND REVENUES  
(CONT'D.)**

**SALES TAX  
(CONT'D.)**

fall-offs in their General Sales Tax receipts: Palo Alto (down 17.3%), Campbell (down 15.1%), Milpitas (down 15.0%), Santa Clara (down 10.2%), Cupertino (down 10.1%), Mountain View (down 8.8%), Gilroy (down 8.2%), Saratoga (down 8.0%), Morgan Hill (down 8.0%), and Sunnyvale (down 5.0%).

Preliminary information from MBIA MuniServices, the City's Sales Tax consultants, indicates that the decline in the City's Sales Tax receipts for the most recent quarter can be attributed to poor performance in most economic sectors, but was led again by another sharp decline in the Business-to-Business category (down 25.4%). The following categories also suffered significant drops: Miscellaneous (down 16.1%); Food Products (down 5.0%); Transportation (down 2.8%); Construction (down 2.7%); and General Retail (down 2.3%).

Specific areas within these economic categories are informative of General Sales Tax performance. Within the Business-to-Business category, the greatest declines were related to electronic equipment (down 35.6%), light industry (down 31.0%), leasing (down 27.2%), business services (down 27.1%), and office equipment (down 3.7%). Within the Food

Products category, the greatest decline was in restaurants (down 5.5%). Within the Transportation sector, the greatest decline was in service stations (down 8.0%) and auto parts/repair (down 6.1%). The following lists the largest General Sales Tax sectors and their percentage of the total for the 2002-2003 first quarter (July through September economic activity): Business-to-Business at 29.1%; General Retail at 24.9%; Transportation at 22.1%; Food Products 13.1%; and Construction at 10.0%.

With three full quarters of revenue yet to be received, it is still too early to draw definitive conclusions regarding the status for the year. However, to restore a presumption of flat performance for the remainder of the year, this report recommends a downward adjustment of \$3.3 million. The next quarterly payment will be received in mid-March and will reflect October through December economic activity.

The 2002-2003 **Proposition 172 Half-Cent Sales Tax** budget estimate is \$4.8 million. Year-to-date receipts of \$2.2 million are 19.4% above the prior year. This category is still expected to meet and even slightly exceed budgeted expectations.

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**STATUS OF GENERAL FUND REVENUES  
(CONT'D.)**

**TRANSIENT OCCUPANCY TAX**

Revenue Status				
2002-2003		2001-2002		2002-2003
<u>Current Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$7,637,603	\$2,024,466	26.5%	35.8%	(\$937,603)

The 2002-2003 budget estimate for the General Fund **Transient Occupancy Tax (TOT)** allocation (4.0% of the 10.0% total tax) budget estimate is \$7.6 million. This estimate assumed a 12.0% increase from a presumed 2001-2002 year-end receipt level of \$6.8 million. As 2001-2002 receipts ended the year well below that estimate, an adjustment was approved through the Annual Report, bringing the revenue estimate to its current level which maintained the 12.0% growth assumption.

December collections of \$2.0 million were 17.0% below the last year's level of \$2.4 million. Although the drop is somewhat overstated due to prior year accruals (the actual decline through December, excluding accruals, was 10.2%), the fall-off in collections is obviously far more than anticipated.

Revenues are tracking well below budgeted levels because there has been no appreciable let

up in the local economic recession. Overall occupancy rates for the first half of the fiscal year averaged 51.08% compared with 50.69% last year. Overall room rates have fallen from last year's average of \$129.93 to \$121.01, and overall activity is only 88.4% of last year for the same period.

Consequently, this report recommends a downward adjustment of \$938,000 to the current estimate. This level is based on a projection that this revenue source will end the year flat compared to last year's level. A commensurate downward adjustment is also recommended in the Transient Occupancy Tax Fund, impacting Arts Groups, the Convention and Visitor Bureau, and the Conventions, Arts, and Entertainment Department. Additional discussion may be found in the "Status of Selected Special Funds" section of this report.



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**STATUS OF GENERAL FUND REVENUES  
(CONT'D.)**

**FRANCHISE FEES**

<b>Revenue Status</b>				
<b>2002-2003</b>		<b>2001-2002</b>		<b>2002-2003</b>
<u>Current Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$34,067,658	\$13,368,737	39.2%	30.9%	(\$2,314,000)

Franchise Fees contains the following categories: **Electricity, Gas, Commercial Solid Waste, Cable Television, City-Generated Vehicle Tow and Water.**

The annual reconciliation report from Pacific Gas and Electric (PG&E) concerning **Electricity and Gas** gross receipts and the resulting amount of franchise fees owed for calendar year 2002 will not be received until April. Though payments to date are above the prior year in these two categories, they represent only a percentage of prior year totals. No actual usage data has been received. While firm conclusions cannot be drawn concerning the status of these two revenue accounts until that report is received, preliminary analysis indicates that the Gas Franchise Fee may not meet the current budget estimate of \$4.8 million. A downward adjustment of \$2.3 million is recommended as a part of this report, primarily to recognize the impact of the volatility of gas prices in the past two years.

As reported in previous MFRs, collections from **Commercial Solid Waste (CSW) Franchise**

**Fees** tracked below the prior year level by 5.4%. CSW Franchise Fees are based on total solid waste volume collected. Due to the 2001-2002 year-end performance of this Franchise Fee and analysis related to the year-end collection level, a downward adjustment to the 2002-2003 revenue estimate was already recommended and approved by City Council as part of the Annual Report. The most recent projections from the Environmental Services Department (ESD) indicate that this revenue is likely to meet the revised budget level of \$9.1 million. The performance of this revenue reflects the economic climate as well as additional waste diversion being experienced in the Food Waste Program and the Construction and Demolition Diversion Program. ESD and Budget Office staff continue to review and analyze how the recession, increased diversion/recycling efforts, and/or the shift in the AB 939 fee adopted in November 2002 may impact these fees by year-end. Based on the review and analysis, appropriate recommendations may be made before year-end.

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**STATUS OF GENERAL FUND REVENUES  
(CONT'D.)**

**FRANCHISE FEES  
(CONT'D.)**

**Cable Television Franchise Fees** of \$1.2 million represent only one quarter's collection through December, due to the typical quarter lag in receipts. Year-to-date receipts reflect a 5.9% increase over the prior year compared to a budgeted growth rate of 3.0%. Fees from this category are expected to meet the budget estimate of \$4.58 million.

**City-Generated Vehicle Tow Fees** of \$591,000 are currently tracking within the 2002-2003 budget estimate of \$1.08 million.

**Water Franchise Fee** revenue, totaling \$74,000 through December, is currently tracking within the 2002-2003 budget estimate of \$157,000.

**UTILITY TAX**

**Revenue Status**

2002-2003		2001-2002		2002-2003
<u>Current Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$68,102,389	\$28,104,074	41.3%	38.2%	(\$2,673,389)

Utility Tax contains the following categories: **Electric, Gas, Water and Telephone.**

**Electric Utility Tax** receipts of \$16.1 million tracked above the prior year level of \$14.3 million by 12.6%. This performance is entirely due to the fact that the prior year's December receipt was not booked until January, overstating growth. Adjusting for this difference in timing, receipts were approximately 3.7% below the estimated prior year level. This particular revenue source has been experiencing a downward trend all year. Preliminary information related to usage

provided by Pacific Gas & Electric (PG&E) indicates a decline as well with overall usage dropping approximately 3.1% since July compared to the prior year. In addition, preliminary information from PG&E indicates that no additional rate increases are expected for the remainder of the fiscal year. Based on December year-to-date performance, therefore, a downward adjustment of \$2.0 million to the Electric Utility Tax estimate is recommended as a part of this report.

**Gas Utility Tax** receipts of \$1.8 million performed significantly above the prior year

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**STATUS OF GENERAL FUND REVENUES  
(CONT'D.)**

**UTILITY TAX  
(CONT'D.)**

level of \$566,000, reflecting the impact of an upward trend in gas rates from last year's downward trend that stabilized extraordinarily high rates from 2000-2001. The current budget estimate of \$5.9 million in Gas Utility Tax allows for a slight increase for growth (2.0%) in revenue receipts. Since current receipts through December are significantly greater than the prior year, an upward adjustment of \$383,000 to the Gas Utility Tax estimate is recommended as a part of this report.

**Water Utility Tax** receipts of \$2.6 million through December exceeded the prior year level of \$2.5 million by 3.8%. The current budget estimate of \$5.9 million allows for growth of 3.4% over the prior year. Information from the San Jose Water Company indicates that a rate increase went into effect January 1, 2003. To reflect the anticipated impact, an upward

adjustment of \$177,000 to the Water Utility Tax estimate is recommended as a part of this report. It should be noted that this category can be substantially impacted by the amount of precipitation received, particularly in the spring. Consumption levels over the next several months along with the expected rate increase will determine if additional adjustments to the revenue estimate are necessary before the end of the year.

**Telephone Utility Taxes** receipts of \$7.5 million were flat through December while the current budget anticipates growth over the prior year. If receipts for the next six months continue at the same pace as the first half of the year, revenue will not make the current budget estimate of \$20.7 million. As a result, downward adjustment of \$1.2 million is recommended as a part of this report.

**LICENSES AND PERMITS**

**Revenue Status**

		2002-2003		2001-2002	2002-2003
<u>Current Estimate</u>	<u>Y.T.D Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>		<u>Proposed Changes</u>
\$62,046,160	\$31,860,960	51.4%	52.6%		(\$1,340,380)

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(CONT'D.)**

**LICENSES AND PERMITS  
(CONT'D.)**

Licenses and Permits includes the following six major groups of revenue: **Business License Tax, Cardroom Business Tax, Disposal Facility Tax, Fire Permits, Building Permits and Miscellaneous Other Licenses and Permits.**

**Business License Tax and Cardroom Business Tax** – Current year-end projections indicate that revenues in Business License Tax will meet or slightly exceed the budgeted estimate of \$11.45 million by year-end. Based on receipts from the first half of the year, current year-end projections indicate that Cardroom Business Tax will also meet the budgeted estimate of \$7.5 million. Staff will continue to monitor both revenue sources closely, paying particularly close attention to the Cardroom Business Tax as related court cases continue to unfold and are resolved.

**Disposal Facility Tax (DFT)** – Receipts through December of \$6.2 million tracked slightly above (2.6%) the prior year level. Revenues in this category have been falling over the past four years, in part, due to the increase in the use of materials for Alternate Daily Cover (ADC [i.e., solid waste such as shredded tires, sludge, green waste, etc., used to cover active landfills]), which is not subject to the tax. To attempt to offset the impact of the ADC on revenue collections, the exemption was removed per approval by the City Council. It appears that market reactions to the removal of the ADC exemption, however, are driving a continued level of deterioration to this revenue source.

Apparently, a portion of the yard trimmings that typically went to City landfills in the past is now being transported to other locations (e.g., biomass facilities for energy production). The Environmental Services Department (ESD) will continue to monitor landfill activity. ESD is preparing a report for City Council later this fiscal year to discuss how the changes to the exemption definition are affecting the DFT revenue. Staff also continues to review and analyze how badly the recession and/or increased diversion/recycling efforts will negatively impact the DFT by year-end.

**Building Permits** – Building Permit receipts of \$7.2 million were 5.1% above the prior year level of \$6.9 million. The 2002-2003 estimate was built assuming a continuation of the activity levels of last year, with the higher fee levels approved by City Council. It is clear that collections will fall short of the budgeted level in both the new residential building permits and residential plan checks for remodels. The Department has held a few vacancies and managed its staffing and overtime in balancing revenues and costs to address any performance concerns. Utilizing the Building Program Fee Reserve, the Administration recommends a downward adjustment of \$500,000 to the revenue estimate. Further downward revisions to the revenues and expenditures in this fee program are expected by the end of the year as additional information is available regarding the performance of this development-related category.

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**LICENSES AND PERMITS  
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**Fire Permits** – Fire Permit collections of \$3.3 million were slightly higher than the prior year level of \$3.2 million. However, revenues from development-related plan check activities were 23.4% below current year estimated levels and below the prior year level by 8.1%. The 2002-2003 revenue estimates were built assuming a continuation of 2001-2002 activity levels, with the higher fee levels approved by the City Council. Collections through December reflect activity levels that are below those anticipated in the budget. Included in this report is a recommended downward adjustment of \$400,000 to the revenue estimate and the Fire Fee Reserve to incorporate the estimated year-

end shortfall in the Fire Fee revenue estimate. Further revisions to revenues and expenditures may be expected by year-end as additional information is available regarding the performance of this development-related category.

**Miscellaneous Other Licenses and Permits** – Revenues in this category are tracking within anticipated levels through December. This report includes a technical adjustment, reducing revenue related to the Rental Dispute Mediation (\$440,380) program and moving it to the Housing Department HOME Investment Partnership Fund.

**FINES, FORFEITURES, AND PENALTIES**

Revenue Status				
	2002-2003		2001-2002	2002-2003
<u>Current Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$11,075,500	\$5,206,495	47.0%	45.2%	\$440,500

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**FINES, FORFEITURES, AND PENALTIES  
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Fines, Forfeitures, and Penalties includes the following groups of revenue: **Parking Fines**, the City's share of **Vehicle Code Fines**, **Administrative Citation Fines and Penalties**, and **Cardroom and Business Tax Penalties**.

Overall, receipts through December were flat compared to the prior year. This performance is primarily due to lower collections in Vehicle Code Fines, as well as Administrative Citation Fines and Penalties partially offset by higher collections for Parking Fines, Business Tax Penalties, and Other Penalties. Overall, revenue in this category appears to be tracking at or slightly above budgeted levels.

An upward adjustment of \$444,000 related to Administrative Citation Fines is recommended as a part of this report. As a result of heightened citation activity from the addition of parking compliance resources, an increase in Administrative Citation Fines revenue can be expected. Additional discussion may be found in Section III, "Augmentations/Reductions and Clean-Up Adjustments", of this report. This report also includes a technical adjustment, reducing revenue related to the Rental Dispute Mediation (\$3,500) program and moving it to the Housing Department HOME Investment Partnership Fund.

**REVENUE FROM THE USE OF MONEY AND PROPERTY**

<b>Revenue Status</b>				
<b>2002-2003</b>		<b>2001-2002</b>		<b>2002-2003</b>
<u>Current Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$13,094,500	\$5,391,619	41.2%	47.0%	(\$1,887,000)

The largest source of revenue in this category is **General Fund Interest Earnings**. Overall, receipts of \$5.4 million through December were an extraordinary 39.5% below the prior year level of \$8.9 million, reflecting lower cash balances in many funds, including the General

Fund, and lower yield, resulting in lower interest earnings for all funds. The General Fund cash balance for December was down to \$176.0 million, compared to the prior year's \$196.2 million, a decline of 10.3% or \$20.2

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**REVENUE FROM THE USE OF MONEY AND PROPERTY  
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million. The Adopted Budget for General Fund interest earnings was built anticipating a significant drop in the average cash balance for the year, but the December drop exceeded that presumption. (We assumed a drop to an average of \$185.0 million.) Clearly, December's cash balance performance for most

funds was below expectations and of concern. As a result, a recommended downward adjustment of \$1.9 million to this revenue estimate is included in this report. This revenue source will continue to be closely monitored to observe how actual balances, interest rates, and earnings compare to the budgeted assumptions.

**REVENUE FROM LOCAL AGENCIES**

**Revenue Status**

2002-2003		2001-2002		2002-2003
<u>Current Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$41,628,551	\$20,382,557	49.0%	41.2%	\$543,410

Revenue from Local Agencies includes the following local government entities: the **Redevelopment Agency**, the **Water Pollution Control Plant and Municipal Water System**, and the **Central Fire District**.

**Redevelopment Agency** (Agency) reimbursements (budgeted at \$14.2 million) tracked above the prior year level, but below anticipated levels. As of December, only \$4.2 million (29.6% of budget) was received from the Agency. The collection level is below expectations because the City has not yet received its reimbursement from the Agency for City capital expenditures of \$3.0 million, an

amount equal to that which enables the City to fund the San José BEST program; and reimbursements for the Parks, Recreation, and Neighborhood Services Department, Office of Economic Development, Planning, Building and Code Enforcement Department, and Transportation Department also tracked lower than anticipated. The City continues to work with the Agency to reconcile the accounting regarding all reimbursements for services to date. Given the Governor's current proposed budget, it also is unclear whether the Agency will be in a position to reimburse the City fully for budgeted future services by year-end. In the past, it was anticipated that if Agency

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**REVENUE FROM LOCAL AGENCIES  
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reimbursement revenues fell slightly short of the budgeted estimate, it would be offset by salary savings in applicable departments. Staff will continue to monitor activity at the State level and how it impacts the City, including reimbursement to the City for Agency-related expenses.

The Redevelopment Agency also reimburses the City for the Convention Center lease payment budgeted at \$12.7 million for 2002-2003. As expected, over half of this reimbursement revenue was received through December. It is anticipated that the full amount of the estimate will be received by year-end.

Payments are received from the **Water Pollution Control Plant** and the **Municipal Water System** enterprise funds in lieu of various taxes and fees, which the City would receive if these operations were privately owned. Year-to-date collections of \$2.2 million are approximately 67.1% of the budgeted \$3.3 million. It is anticipated that the entire budgeted payments will be received by year-end.

Through December, the payments from the **Central Fire District** for fire services provided by the City are tracking within the budgeted estimate of \$4.1 million. The latest information from the Central Fire District indicates that the entire revenue estimate should be anticipated by the end of the year.

The following upward adjustments are recommended to the Revenue from Local Agencies category:

- \$250,000 from the Redevelopment Agency to partially offset the cost of relocating two Police evidence warehouses;
- \$175,000 from the Redevelopment Agency to increase the retainer for Office of the City Attorney services;
- \$48,690 from the County of Santa Clara to Parks, Recreation, and Neighborhood Services Department (PRNS) to provide a cost-of-living adjustment for the Senior Nutrition Program;
- \$44,720 from the Redevelopment Agency for Office of the City Attorney services to provide an additional Senior Deputy City Attorney; and
- \$25,000 from the Health Trust for a Good Samaritan grant to provide translation services in five different languages for printed fire and life safety literature.



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**REVENUE FROM THE STATE OF CALIFORNIA**

<b>Revenue Status</b>				
<b>2002-2003</b>		<b>2001-2002</b>		<b>2002-2003</b>
<u>Current Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$58,492,703	\$21,613,958	37.0%	39.2%	\$125,356

The majority of revenue in this category is generated from **Motor Vehicle In-Lieu Fees (MVLFF)**. The 2002-2003 adopted revenue estimate for MVLFF is \$52.5 million and was based on an anticipated growth rate of approximately 3.0% over the prior year collection level. Actual collections of \$51.3 million for last year only require the 2002-2003 adopted estimate to grow by 2.4%.

Actual MVLFF collections of \$21.1 million through December represent growth of 2.6% from the prior year. This growth is well below the growth rates experienced over the past few years: 5.3% in 2001-2002, 9.8% growth in 2000-2001, 11.0% growth in 1999-2000, 9.5% growth in 1998-1999, and 10.0% growth in 1997-1998. MVLFF revenue growth is clearly softening due to the impact of economic conditions in the state. MVLFF revenue is still anticipated to meet the budget estimate by year-end unless State budget actions intervene.

As has been reported to City Council, the current year estimated loss of MVLFF to the City, should the Governor's budget proposal move forward, is approximately \$17.7 million.

The bulk of revenue from **Airplane In-Lieu Fees** was received in October. Through December, receipts of \$932,000 were approximately one-third below the prior year level. If trends continue with the next payment, a downward adjustment to this revenue may be necessary.

The following adjustments are recommended to the Revenue from the State of California category:

- \$85,187 for implementation of the Tobacco Control Program by the Police Department;
- \$26,218 for the Local Enforcement Agency Grant to be used for testing, supplies, and training by the Planning, Building, and Code Enforcement Department;
- \$26,163 for the Senior Companion Grant, a program providing services to frail homebound seniors by the Parks, Recreation, and Neighborhood Services Department;

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**REVENUE FROM THE STATE OF CALIFORNIA  
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- \$9,048 for services provided by the Fire Department Strike Team related to its participation in the wild fire in northern California; and
- \$21,260 downward technical adjustment related to the Regional Auto Theft Task Force, reconciling the budget with current expectations.

**REVENUE FROM THE FEDERAL GOVERNMENT**

<b>Revenue Status</b>				
<b>2002-2003</b>		<b>2001-2002</b>		<b>2002-2003</b>
<u>Current Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$2,490,395	\$1,082,346	43.5%	9.8%	\$0

Almost all of the revenue in this category is received from federal grant programs. It is currently assumed that the budgeted grant proceeds will be collected by the end of the year because grant payment schedules are in effect.

The following lists the largest grants in this category: National Safe Schools – Healthy

Students Initiative (\$736,000); Office of Emergency Services, Federal Emergency Management Association Assistance to Firefighters Grant (\$492,000); Washington Neighborhood Weed and Seed grant (\$338,000); and the Universal Hiring Program grant for continued partial funding of sworn positions in the Police Department (\$300,000).

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**DEPARTMENTAL CHARGES**

<b>Revenue Status</b>				
<b>2002-2003</b>		<b>2001-2002</b>		<b>2002-2003</b>
<u>Current Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$22,904,772	\$11,395,768	49.8%	44.0%	\$254,475

Contained in this revenue category are the various **Fees and Charges** levied to recover costs of services by several City departments. The mid-year status of collections in over 150 different fee types in this category was reviewed. Though overall year-to-date performance through December may indicate otherwise, staff analysis indicates that overall departmental fee revenue may not meet budgeted estimates by year-end.

- **Police** – Departmental fee revenue of \$800,000 tracked at estimated levels through December, though receipts were 5.3% below the prior year level. This comparative performance is primarily due to payments in the prior year received earlier. The full amount of POST reimbursement is still expected by year-end. Overall revenue levels are expected to meet or be slightly below budget by year-end.
- **Public Works** – Departmental fee revenue of \$2.9 million was slightly below the prior year level (down 1.1%) and well below estimated levels through December. Receipts were nearly identical to the prior year level, however with the implementation

of several new fees this fiscal year and a general fee increase, revenues are 10.7% below the estimated level. The utility excavation, planned development permits, and grading permits/plan check categories continue to be the primary cause for the underperformance, but revenues for nearly all Public Works categories are below estimated levels. While activity levels were projected to remain the same as 2001-2002, a revenue increase of 6.5% was budgeted based on the projected 2001-2002 year-end collection level. The additional revenue was anticipated to come from the fee increase and the implementation of several new fees. It is clear that collections will fall short of the budgeted level. In response, the Department has implemented an expenditure reduction plan in an effort to align revenues and expenditures. The department has redeployed several positions budgeted in the fee program to work on various capital and bond funded projects. Utilizing the General Fund savings projected from these positions, the Administration recommends a downward adjustment of \$256,000 to the revenue estimate and the fee program budget.

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**DEPARTMENTAL CHARGES  
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- **Transportation** – Departmental fee revenue of approximately \$289,000 tracked 38.2% below the prior year level and was only 32.8% of the budgeted estimate (\$882,000). This performance was primarily driven by a decrease in Residential and Non-residential Signal Review activities, resulting from the general slump in development activity. Residential permit parking tracked higher than the previous year, but performed below expectations. Although new permit areas were created, overall permit purchases per household are somewhat lower than projected. If trends continue, this revenue source will end the year below budgeted estimates.
- **Library** – Overall, departmental fee revenue tracked within anticipated levels through December and are expected to at least meet the budgeted estimate.
- **Planning, Building and Code Enforcement** - Planning revenues of \$1.6 million tracked 4.4% above the prior year level. In line with the other development-related fee areas, the 2002-2003 estimate was built assuming a continuation of the activity levels of last year, with the higher fee levels approved by City Council. With the exception of non-residential permits and zonings (environmental clearance, site development, planned development rezonings and rezonings, and conditional use permits) that have remained very depressed, remaining revenues are either at or above anticipated levels. No adjustments to the revenue estimates are recommended at this time. The Budget Office will continue to work with the Department to analyze the drop in non-residential activity along with the increased activity related to residential activity to determine if the latter's level will continue and be sufficient to offset any shortfalls. Planning's fee reserve, which is currently at \$800,000 and departmental savings could be used to offset shortfalls in this development-related category should they occur.
- **Parks, Recreation and Neighborhood Services (PRNS)** – Overall, departmental fee revenue of approximately \$4.4 million was slightly above budgeted levels through December, primarily due to higher collections from the Fee Classes. An upward adjustment of approximately \$510,000 is recommended as a part of this report, recognizing the increase in activity.
- **Miscellaneous Departmental Charges** – This category now includes the Solid Waste Enforcement Fee. Through December, collections in this category, including the fee, were tracking within budgeted levels.

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(CONT'D.)**

**OTHER REVENUE**

<b>Revenue Status</b>				
<b>2002-2003</b>		<b>2001-2002</b>		<b>2002-2003</b>
<u>Current Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$11,939,779	\$11,453,060	95.9%	60.7%	(\$303,391)

The Other Revenue category contains a number of unrelated revenue sources. The following details the largest revenues budgeted: **Arena Rental, Parking, Suite, and Naming; SB 90 reimbursements from the State; Investment Program reimbursements; utility company reimbursements for Fiber Optics Infrastructure; Sidewalk Repair Activity; and Banking Services.**

Revenues are below the prior year level primarily due to the absence of one-time revenue received from the County last year as part of a settlement for various legal issues, the absence of the Solid Waste Enforcement Fee revenue (now reflected in Departmental Charges), and the absence of SB 90 reimbursements from the State that were stopped per State action in September. This loss in collections was partially offset by higher than anticipated receipts related to the following: slightly higher reimbursement from the Arena Authority; higher investment costs reimbursement; the presence of \$817,000 from a Packard grant (which will be transferred to the Revenue from Local Agencies category); and the inappropriate booking in the General Fund

of \$2.9 million from the Bureau of Reclamation (which was transferred to the appropriate special funds in January 2003).

**Arena Rental, Parking, Suite, and Naming** revenue is tracking high due to early receipt of this revenue; the entire budgeted amount is expected by year-end.

**SB 90** reimbursements from the State tracked at the budgeted level with the reimbursement of the entire \$2.5 million associated with jail booking fees that was approved by the State this year. Due to earlier State action in September, a downward adjustment of \$750,000 was approved in the Annual Report to reflect the loss of revenue for other previously allowable costs that could be reimbursed by the State.

**Fiber Optics Infrastructure** reimbursements from utility companies tracked 12.3% below the prior year and below budgeted expectations due to lower activity levels. Included in this report are recommendations to decrease the revenue estimate and corresponding Public Works Department appropriation for this activity by \$303,000.

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**STATUS OF GENERAL FUND REVENUES  
(CONT'D.)**

**OTHER REVENUE  
(CONT'D.)**

**Sidewalk Repair Activity** revenue is received when the City performs sidewalk repair services for non-owner occupied residences and the property owners reimburse the City for those costs. Through December, Sidewalk Repair revenue was only 25.3% of the budget estimate. Though this weather-dependent activity is expected to accelerate somewhat in the spring, revenue is not currently expected to reach the current estimate of \$850,000. Any drop in

revenue, however, should be offset by an equal drop in the level of sidewalk repair expenditures.

**Banking Services** revenue of \$196,000 tracked 14.6% above the prior year level of \$171,000. Preliminary information indicates that this revenue source will meet the budgeted estimate of \$700,000.

**TRANSFERS AND REIMBURSEMENTS**

<b>Revenue Status</b>				
<b>2002-2003</b>		<b>2001-2002</b>		<b>2002-2003</b>
<u>Current Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$79,325,718	\$47,492,151	59.9%	63.0%	\$3,809,465

The following are sources of revenue in this category: reimbursements to the General Fund for **Overhead** costs, revenue received as **Transfers** from other City funds, and **Reimbursements** for services rendered.

**Overhead Reimbursements** – Overhead associated with operating funds is currently estimated at \$16.8 million. Overhead associated with special and capital funds is currently estimated at \$12.9 million. Overall, revenue from this category is expected to meet or

slightly exceed the budgeted estimate. This report also includes a technical adjustment in this category, increasing revenue related to the Rental Dispute Mediation (\$27,293) program as a result of moving it to the HOME Investment Partnership Fund.

**Transfers** – This category includes approximately \$31.4 million in various transfers. Transfers of \$14.4 million were \$5.2 million or 26.6% below the prior year. This lower than prior year performance is almost

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**STATUS OF GENERAL FUND REVENUES  
(CONT'D.)**

**OTHER REVENUE  
(CONT'D.)**

**Transfers – (Cont'd.)**

entirely due to the loss of one-time transfer revenue from the Construction Excise Tax Fund (\$1.5 million), the Healthy Neighborhoods Venture Fund for general liability reimbursement (\$1.5 million), and the Sewer Service and Use Charge Fund (\$2.1 million). All transfers are occurring as expected. Consistent with expectations, a total 46.0% of the budgeted revenue estimate was posted through December. The following Mid-Year adjustments are recommended for this category:

- \$2,254,704 to recognize net additional reimbursement from the Airport for Police Department overtime;
- \$1.4 million to recognize the transfer from the Vehicle Fund resulting from the Auditor's vehicle audit;

- \$112,468 to recognize an additional transfer from the Convention and Cultural Affairs Fund to meet their cost/position management plan savings target; and
- \$15,000 to recognize additional reimbursement from the San José Municipal Water Fund for audit services.

**Reimbursements for Services** – Almost all of the revenue in this category is generated from the three **Gas Tax Funds**. Collections of \$7.9 million tracked slightly above the prior year level of \$7.3 million. This higher collection level is partially due to higher receipts from the three Gas Tax Funds (\$501,000).

**CONCLUSION**

A comprehensive review of all General Fund revenue accounts was performed based upon receipts through the first six months of the year. As described, a number of revenue categories are tracking below estimated levels, particularly those associated with development-related activity. In the General Fund, even with the revenue estimate revisions approved in October to modify the 2002-2003 Adopted Budget, the City may end the year short of budgeted levels without further downward adjustments.

As a result, the Administration is recommending a series of downward adjustments to bring revenue estimates into closer alignment with their currently anticipated year-end totals. In addition, a number of adjustments are recommended that are associated with various grants and reimbursements to offset increases in expenditures as described elsewhere in this report.

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**STATUS OF GENERAL FUND EXPENDITURES**

**Overview**

General Fund expenditures through December totaled \$339.1 million. This is an increase of \$13.6 million, or 4.2%, from the December 2001 level of \$325.5 million. Encumbrances totaling \$60.9 million were \$3.6 million (6.3%) above the December 2001 level of \$57.3 million. Expenditures and encumbrances through December constitute 51.6% of the total 2002-2003 modified budgeted use of funds

amount (excluding reserves) of \$775.5 million. This expenditure level is slightly higher than that experienced in last year's budget at this time (48.6%). However, it is within budgeted levels for the current year.

The following chart is a breakdown of the year-to-date expenditures (excluding encumbrances) by category.

**2002-2003 General Fund Expenditures through December  
(\$ in thousands)**

Category	Current Budget	Y.T.D. Actual	% of Budget	Prior Year % of Budget
<i>Personal Services</i>	485,256	236,235	48.7%	48.5%
<i>Non-Personal/Equipment</i>	100,485	37,447	37.3%	34.8%
<i>Other Departmental</i>	2,748	1,525	55.5%	42.2%
<i>City-Wide Expenses</i>	113,689	44,059	38.8%	36.0%
<i>Capital Contributions</i>	67,069	17,137	25.6%	15.9%
<i>Transfers</i>	6,229	2,718	43.6%	66.2%
<i>Reserves</i>	97,165	-	0.0%	0.0%
<b>Total</b>	<b>872,641</b>	<b>339,121</b>	<b>38.9%</b>	<b>36.5%</b>

With the exception of the Employee Services Department, Fire Department, Parks, Recreation, and Neighborhood Services Department, and Workers' Compensation Claims as well as Insurance appropriations in City-Wide Expenses, cumulative departmental and non-departmental expenditures are tracking within approved budgeted levels through December. Discussion of those appropriations with year-to-date significant variances may be

found later in the "Discussion of Significant General Fund Variances" section.

*Departmental Expenditures*

Personal Services costs represent the largest single expense category for the City. These costs accounted for almost 70% of the expenditures to date. Through December, Personal Services expenditures for all City



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**STATUS OF GENERAL FUND EXPENDITURES  
(CONT'D.)**

**Overview (Cont'd.)**

Departmental Expenditures (Cont'd.)

departments totaled 48.7% of the current modified budget, slightly higher than last year's level of 48.5%. It is important to note, however, that the Personal Services budget does not yet include funding in the amount of \$3.03 million from the General Fund Salary Reserve that is recommended for distribution in this report. The Salary Reserve contains the funds that were set aside to cover the additional costs associated with negotiated salary and benefit increases that became effective after the adoption of the 2002-2003 Operating Budget. With the Salary Reserve funding factored into the budget, the Personal Services allocation was 48.4% expended through December, a percentage in line with budgeted expectations.

Non-Personal/Equipment expenditures are also tracking within anticipated levels with 37.3% expended through December. In addition to the funds actually expended, an additional \$23.6 million was encumbered, bringing the total amount of funding committed to \$61.0 million, or 60.7% of the budget. It is anticipated that departments will expend almost all of their Non-Personal/Equipment allocations by the end of the year, but will remain within budget.

Other Departmental expenditures include the San José LEARNS and Fee Activity Programs in the Parks, Recreation, and Neighborhood Services Department (PRNS) and the Library Grant Program. Cumulative expenditures in

these programs are tracking slightly above anticipated levels at 55.5% expended due to higher than activity related to the Fee Activity Programs in PRNS.

Non-Departmental Expenditures

Close to 40% of the City-Wide Expenses budget was expended through December. With encumbrances, however, the total amount of funding committed equals 52.6% of the budget.

Within City-Wide Expenses, the Economic and Neighborhood Development, Public Safety and Recreation & Cultural Services City Service Area categories represent a large portion of funding that covers a variety of projects throughout the City. These three categories are 65.0%, 47.8%, and 60.9% committed to date, respectively. Some appropriations appear higher because many of the contractual obligations are paid or committed at the beginning of the year. However, year-end savings should result from various projects that are not yet completed. This is due, in part, to the multi-year nature of some of the larger projects.

The next City-Wide Expenses category, Strategic Support, was 40.0% committed through December. The Workers' Compensation Claims appropriation tracked significantly above anticipated levels at 55.1% expended through December primarily due to a substantial increase in the cost per claim.

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**STATUS OF GENERAL FUND EXPENDITURES  
(CONT'D.)**

**Overview (Cont'd.)**

*Non-Departmental Expenditures (Cont'd.)*

Although the Sick Leave Payments Upon Retirement appropriation tracked within anticipated levels, information provided by the Retirement Department on upcoming retirements reflects an increased number of long time employees retiring with high sick leave balances. In addition, Insurance tracked significantly above anticipated levels. Included in this mid-year document is a recommendation to allocate an additional \$2.4 million to the Workers' Compensation Claims appropriation; \$500,000 to the Sick Leave Payments Upon Retirement appropriation; and \$245,000 to

Insurance to address projected shortfalls in these appropriations. The other expenditure items within this category are tracking within anticipated levels through December.

The remaining City-Wide Expenses categories, Environmental & Utility Services and Transportation, tracked at 80.0% and 68.5% committed, respectively. The commitment in these two categories appears higher because many of the contractual obligations are paid or committed at the beginning of the year. It is anticipated that these categories will remain within budgeted levels throughout the year.

**Discussion of Significant General Fund Variances**

<u>Expenditure Status (\$ in thousands)</u>		
<u>Department</u>	<u>2002-2003 Budget</u>	<u>Y.T.D. Actual</u>
<b>Employee Services</b>	\$7,615	\$3,333

Through December, Employee Services Department Personal Services expenditures tracked slightly above anticipated levels and are now projected to end the year above budgeted levels. Departmental expenditures for Personal Services totaled \$2.8 million, or 49.0% of the budget (compared to the par level of 48.1%). As discussed in previous Monthly Financial Reports, the Department is almost fully staffed and, therefore, not achieving budgeted salary

savings levels. In addition, staff has been assigned to work on activities that otherwise would have been contracted out. Non-personal/Equipment expenditures tracked well within budgeted levels. Included in this report is a recommendation to transfer anticipated savings in the Department's Non-personal/Equipment appropriation to Personal Services to offset the higher than anticipated expenditures.

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**STATUS OF GENERAL FUND EXPENDITURES  
(CONT'D.)**

**Discussion of Significant General Fund Variances (Cont'd.)**

<u>Expenditure Status (\$ in thousands)</u>		
<u>Department</u>	<u>2002-2003 Budget</u>	<u>Y.T.D. Actual</u>
<b>Fire</b>	<b>\$109,420</b>	<b>\$54,015</b>

Fire Department Personal Services expenditures were at higher than anticipated levels through December, totaling \$51.1 million, or 50.5% of budget (compared to a par level of 48.1%). This increased expenditure level reflects the combined impact of a higher than required number of non-paramedic firefighter count and a change in the method of paramedic staffing deployment. The Department currently has a total of 196 filled paramedics (124 front-line and 72 support), the highest level in the Department's history. The front-line total is, however, still 23 short of the 147 that are necessary to staff all apparatus fully. Last year, to address the paramedic staffing requirements and stay within budget, the Department filled front-line paramedic duty requirements by deploying both front-line and support paramedic personnel. This process has been suspended since July, resulting in the Department's Personal Services tracking significantly higher than expected.

The Department continues to work with the City Manager's Office on various strategies to reduce this gap. Coinciding with the end of the Wildland Fire Season in early November, personnel from four brush patrol and one water

tender companies were redeployed to provide coverage for Fire Engineer and Paramedic vacancies and reduce overtime usage. This action is expected to continue until the start of the Wildland Fire Season in mid-May. Another action implemented is the acceleration of accreditation process for 13 Firefighter Paramedics. This action has already resulted in increasing the number of front-line Paramedics by nine, with the remaining coming on line by the end of March. In addition, the Department has also redeployed sworn personnel on administrative duties to the line for minimum staffing coverage. These actions, coupled with projected savings from retirees, are expected to reduce the year-end shortfall to \$3.1 million. The Administration will continue to update the City Council on the status of the Fire Department's Personal Services appropriation in future Monthly Financial Reports.

The Department's Non-Personal/Equipment budget was 52.5% committed through December. While expenditures tracked at a higher than projected level, it is anticipated that the Department will remain within its Non-Personal/Equipment budget by year-end.

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**STATUS OF GENERAL FUND EXPENDITURES  
(CONT'D.)**

**Discussion of Significant General Fund Variances (Cont'd.)**

<u>Expenditure Status (\$ in thousands)</u>		
<u>Department</u>	<u>2002-2003 Budget</u>	<u>Y.T.D. Actual</u>
<b>Parks, Recreation, &amp; Neighborhood Services</b>	\$48,510	\$23,207

Parks, Recreation, and Neighborhood Services Department Personal Services expenditures through December were higher than anticipated (approximately 50.3%, compared to par level of 48.1%). As reported in previous Monthly Financial Reports, the higher than anticipated expenditure level appears to reflect higher than budgeted expenditures for part-time staff and overtime to fill behind the vacant positions that seem to more than offset a relatively high level of vacancies. The use of part-time staff and overtime is at least partially driven by seasonality, particularly at the beginning of the fiscal year with summer time programs still in full swing. This Personal Services performance, however, is a slight improvement over the

previous months as well as compared to the prior year level of 52.8%. Primarily due to the slightly improved performance, the Department is confident that it will return both expenditures to budgeted levels and achieve the savings required by the mandated cost/position management plan process (\$1.3 million), particularly since the Department met last year's expenditures savings target of \$1.6 million. Non-Personal/Equipment expenditures also still appear higher than anticipated through December, but improved compared to prior months. The Department fully expects to stay within Non-Personal/Equipment budgeted levels by year-end.

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**STATUS OF GENERAL FUND EXPENDITURES  
(CONT'D.)**

**Discussion of Significant General Fund Variances (Cont'd.)**

<u>Expenditure Status (\$ in thousands)</u>		
<u>Department</u>	<u>2002-2003 Budget</u>	<u>Y.T.D. Actual</u>
<b>Police</b>	\$218,230	\$100,757

On an overall basis, through December, Police Department expenditures tracked below estimated levels. Although the Department's Personal Services expenditures were tracking at higher than expected levels (48.4% compared to 48.1% par level), this is entirely the result of increased overtime usage for Airport security activities.

As part of the continuation of the Sworn Recruitment and Training Program, 34 Officers that were part of the July 2002 Academy are currently in field training and are expected to be street-ready in May 2003. In addition, a new academy with 42 recruits began in January 2003. These graduates are expected to be street-ready in October 2003. Current projections indicate that funding provided for this program along with vacancy savings are sufficient to cover program costs. The Administration will continue to update the City Council on the status of the Police Department's Personal Services appropriation in future Monthly Financial Reports.

Police overtime expenditures through December were above expected levels at \$5.02 million or 61.1% of the budgeted level (compared to the estimated level of 48.1%). As mentioned, this increased overtime can be entirely attributed to

staffing requirements for passenger security at the Airport. This level of staffing is expected to continue through the end of the year, with year-end expenditures for passenger security projected at about \$3.3 million. A recommendation to increase reimbursements from the Airport is included in this report to cover the expected costs associated with increased overtime through February 2003 (\$2.3 million). Additional reimbursements will be addressed in June 2003 when 2002-2003 year-end data on expenditures is available to reflect year-end expenditures accurately.

The compensatory time balance at the end of December 2002 was 209,463 hours for sworn personnel. This level represents a decrease of 1,261 hours (0.6%) from the June 2002 balance of 210,724 hours and an increase of 4,691 hours (2.3%) from the December 2001 balance of 204,772 hours.

Among sworn personnel, 165 employees had a cumulative total of 10,290 hours of compensatory time in excess of 240 hours. Per the Memorandum of Agreement with the Police Officers' Association, the Department will require these employees to reduce their totals to 240 hours by March 31, 2003.

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**STATUS OF GENERAL FUND EXPENDITURES  
(CONT'D.)**

**Discussion of Significant General Fund Variances (Cont'd.)**

A total of 38.1% of the Department's Non-Personal/Equipment budget was expended or encumbered through December. While expenditures tracked lower than projected, it is anticipated that the Department will spend most of its Non-Personal/Equipment allocation by year-end.

Included in this report is a recommended adjustment to the Department's Non-Personal/Equipment appropriation. With the

transfer of responsibility for security service at the Airport's C-12 Vehicle gate from the Police Department to the Airport Department, the 2002-2003 budget allocation in the Police Department for this activity is reduced. This reduction will partially offset the recommended Department augmentation for overtime related to Airport passenger security. Additional discussion regarding these recommended changes may be found in Section III, "General Fund Augmentation/Reduction Summary".

**Contingency Reserve**

Through December, the General Fund Contingency Reserve was down by \$202,500 from the 2002-2003 Adopted Budget level of \$24,549,175 (to \$24,346,675). This reflects three revisions to the Contingency Reserve that were approved during the first six months of the year:

- A decrease of \$27,500 to provide matching funds for an Office of Criminal Justice Planning "Domestic Violence" grant.

- A decrease of \$35,000 to provide for studies required to amend the General Plan related to the Almaden Youth Association Agreement.
- A decrease of \$140,000 to provide additional funds related to the Campaign Review and Ethics Board.

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**STATUS OF SELECTED SPECIAL FUNDS**

The large majority of special funds are tracking within estimated levels. A number of the special funds, however, have been seriously impacted by the current economic conditions – the most significant impacts occurring to the Airport, Convention and Cultural Affairs, and Transient Occupancy Tax Funds. Following are status reports for those and other selected special operating funds that have significant variances or issues of concern through the first six months of the year. As a result, therefore, several actions are recommended as part of this report to address variances that have been identified to date, bringing expenditures back in line with revised revenue estimate projections. These funds will continue to be monitored to ensure they stay at appropriate levels through the end of the year.

**Airport Operating Funds Overview**

**Airport Activity**

The combined impact of the national recession, the slowdown in the local economy as well as the continuing effects of the September 11 events, continues to negatively affect activities at the Norman Y. Mineta San José International Airport (SJC). Although the Airport reported a slight increase for December compared to the prior year, passenger activity continues to be tracking slightly below 1999 levels.

Through December, SJC enplaned and deplaned slightly over 5.6 million passengers, 8.9% less than the prior year. The Airport served approximately 934,275 passengers in December 2002. This was a 7.1% increase from last December. A portion of this increase is attributed to the Thanksgiving holiday travel period, which fell into December. Although Terminal C passenger activity increased by 16.6% over December 2001, activity for the

fiscal year was lower by 6.7%. For Terminal A, December passenger activity increased by 2.3% but overall continues to be lower by 10.1% for the fiscal year. Air carriers reporting significantly reduced fiscal year passenger totals are American, United, Continental, and Delta; down 21.1%, 25.1%, 14.4%, and 26.7% respectively. However, several carriers have experienced fiscal year passenger growth, including Northwest (17.7%), Mexicana (8.7%), Horizon (87.0%), and Skywest (154.2%). Skywest's fiscal year totals continue to be greatly impacted by the airline's increased role as United's regional carrier to Los Angeles as part of United's expanded Express service. Southwest continues to experience growth over last fiscal year (2.8%). Beginning January 12, 2003, Southwest Airlines began its non-stop service between Baltimore/Washington International Airport and SJC. The daily flight utilizes a Boeing 737-700 aircraft with seating for approximately 130 passengers.

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**STATUS OF SELECTED SPECIAL FUNDS  
(CONT'D.)**

**Airport Operating Funds Overview  
(Cont'd.)**

**Airport Revenues**

Overall operating revenue collections in the Airport Revenue Fund through December 2002 are tracking below budgeted levels by 8%. Terminal concessions, airfield, parking and roadway, and general and non-aviation, all are below year-to-date estimates due to reduced activity. The decrease was slightly offset by increases in terminal rentals and petroleum product revenues. As a result of the decrease in revenue collections, a net reduction to Airport revenue estimates of approximately \$4.0 million is recommended. This action reflects a downward adjustment to the following revenue categories: Landing Fees (\$1.0 million), Airfield Area (\$1.0 million), Terminal Concessions (\$2.5 million), and Parking (\$3.0 million). Offsetting the decrease to the Airport revenue estimates is an increase to the Other Cost Center revenue category for \$3.5 million in order to account for the reimbursement of expenses from the Transportation Security Administration (TSA) for providing law enforcement officers at the Airport's passenger screening checkpoints. It is anticipated that these adjustments can be made using prior year surplus funds so that no significant reductions to operational activities will be required. A financial summary of the **Airport Revenue Fund** is described below.

Passenger Facility Charge (PFC) Fees, which are recorded directly in the Airport PFC Fund, are performing lower than anticipated due to the decrease in passenger activity. As a result, a

decrease to the PFC revenue estimate of approximately \$2.9 million is recommended.

**Airport Expenditures**

Airport operating expenditures in the Airport Maintenance and Operation Fund are tracking below budgeted levels in both personal and non-personal/equipment services. Through December, the Airport had 57 vacancies, with 31 positions defunded for 2002-2003. The Airport continues to review all vacant positions to achieve cost savings while providing necessary services. Non-personal/equipment expenditures through December, excluding encumbrances totaled \$13.3 million (32.0% of the modified budget amount), and are tracking well below anticipated levels. Airport encumbrances through December totaled \$17.0 million, bringing total committed expenditures to 72.8% of the modified budget total. As with its personal services budget, the Airport continues to manage its non-personal/equipment expenditures, including contracts, supplies and other costs, in order to realize savings.

Airport Police overtime has greatly exceeded budgeted levels due to functions associated with the additional security mandates for checkpoint security staffing. These costs are substantially funded from a grant allocation by the TSA. Reimbursement to the General Fund by the Airport for Police overtime costs through February 14, 2003 has been recommended in this document. An additional reimbursement for the balance of the year will be recommended



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**STATUS OF SELECTED SPECIAL FUNDS  
(CONT'D.)**

**Airport Operating Funds Overview  
(Cont'd.)**

**Airport Expenditures (Cont'd.)**

during the annual budget clean-up process. A complete financial summary of the **Airport Maintenance and Operation Fund** is included below. The Airport Mid-Year Operating Budget recommendations includes three significant proposals:

- *Jet Bridges and Baggage Carousel Systems* - The Airport is recommending to shift the contractual service for the maintenance and repair of the Airport's jet bridges and baggage carousel systems to in-house staff. The Airport and General Services Departments recently completed an RFQ process for this service and as a result of rising costs, have recommended performing the work in-house to save costs as well as improve service levels. Approval of this action would result in a net zero appropriation adjustment for 2002-2003

from non-personal/equipment to personal services to provide for temporary assistance for cross training purposes. It is anticipated that the Airport will realize annualized savings of approximately \$500,000 by providing this service with its own existing department workforce.

- *Ballot Measure* - A total of \$1.8 million is recommended to fund costs associated with a March 2003 special election, in which the City will place an amendment to the Airport Traffic Relief Act on the ballot for voter approval.
- *Police Overtime* - As described above, a further \$2.4 million is recommended for Police overtime. The recommended adjustments will be funded from the Airport's Operating Contingency Reserve and Security Program Reserve.

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**STATUS OF SELECTED SPECIAL FUNDS  
(CONT'D.)**

**Airport Maintenance and Operation Fund**

	2002-2003 Adopted Budget	Change	2002-2003 Current Modified	2002-2003 YTD Actual	2002-2003 % of Budget	2001-2002 % of Budget
<i>Beginning Fund Balance</i>	3,388,600	(480,167)	2,908,433	N/A	N/A	N/A
<i>Encumbrance Reserve</i>	5,942,210	67,576	6,009,786	N/A	N/A	N/A
<i>Revenues</i>	90,925,953	0	90,925,953	42,255,527	46.5%	49.7%
<b>TOTAL SOURCES</b>	100,256,763	(412,591)	99,844,172	42,255,527		
<i>Expenditures</i>	75,772,212	6,072,786	81,844,998	34,781,496	42.5%	41.7%
<i>Encumbrance Reserve</i>	5,942,210	(5,942,210)	0	N/A	N/A	N/A
<i>Other Reserves</i>	13,759,873	(63,000)	13,696,873	N/A		
<i>Ending Fund Balance – Reserved Per Master Trust Agreement</i>	2,002,312	(480,167)	1,522,145	N/A	N/A	N/A
<i>Ending Fund Balance – Other Reserves</i>	2,780,156	0	2,780,156	N/A	N/A	N/A
<b>TOTAL USES</b>	100,256,763	(412,591)	99,844,172	34,781,496		

**Fund Status**

Revenues – Revenues for this fund consist primarily of cash transfers from the Airport Revenue Fund. Although the decline in passenger and airline activity have impacted overall revenues, the transfer into the Airport Maintenance and Operation Fund continues to occur as budgeted.

Expenditures – Overall, expenditures in this fund are tracking below estimated levels through December. Expenditures primarily represent operating costs for the Airport, direct charges from various City departments that provide support services to the Airport, and

transfers to the General Fund for Police and Fire services. Airport Personal Services through December are tracking below budgeted levels due to vacancy savings. Non-personal/equipment expenditures for the Airport are well below anticipated budgeted levels primarily due to savings in contractual services for parking and vehicle gate security. Savings are due to the Federal Aviation Administration's revision to security mandates at gates and parking lots, which has reduced the amount of service needed. The Airport is recommending three significant Mid-Year Operating Budget proposals. As described earlier, the Airport is recommending to shift the contractual service for the maintenance and repair of the jet bridges

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**STATUS OF SELECTED SPECIAL FUNDS  
(CONT'D.)**

**Airport Maintenance and Operation Fund  
(Cont'd.)**

**Fund Status – (Cont'd.)**

**Expenditures – (Cont'd.)**

and baggage carousel systems to in-house staff. As a result, a net zero appropriation adjustment from non-personal/equipment to personal services is proposed to reflect this change in service delivery. On an annualized basis, this shift is expected to generate \$500,000 in savings. In 2002-2003, full savings are not anticipated because a portion of the contractual services costs will remain to provide specialized training for the in-house staff during this transition period. Funding of \$1.8 million is being recommended to provide for the costs associated with a March 2003 special election, in which the City will place an amendment to

Chapter 24.04, Part 4 of the Municipal Code (entitled "Airport Traffic Relief Act) on the ballot for voter approval. In addition, an increase to the General Fund Transfer for Police Services of \$2.4 million is being recommended. The adjustment will provide for Police overtime associated with functions related to the additional security mandates for checkpoint security staffing. It is recommended that these additions be funded from the Operating Contingency Reserve and the Security Program Reserve.

**Fund Balance** – No adjustment to the ending fund balance in the Airport Maintenance and Operation Fund is recommended at this time.

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(CONT'D.)**

**Airport Revenue Fund**

	2002-2003 Adopted Budget	Change	2002-2003 Current Modified	2002-2003 YTD Actual	2002-2003 % of Budget	2001-2002 % of Budget
<i>Beginning Fund Balance</i>	12,384,539	8,940,199	21,324,738	N/A	N/A	N/A
<i>Revenues</i>	102,075,524	964	102,076,488	45,376,287	44.5%	40.5%
<b>TOTAL SOURCES</b>	114,460,063	8,941,163	123,401,226	45,376,287		
<i>Expenditures</i>	114,460,063	50,416	114,510,479	50,860,503	44.4%	39.5%
<i>Unrestricted Ending Fund Balance</i>	0	8,890,747	8,890,747	N/A	N/A	N/A
<b>TOTAL USES</b>	114,460,063	8,941,163	123,401,226	50,860,503		

**Fund Status**

Revenues – The terrorist attack of September 11, 2001 and the recession’s impact on business travel continues to affect the revenue generating activities at the Airport. Operating revenues through December 2002 are tracking approximately 8% below the projected budgeted levels. A net reduction of \$4.0 million in revenues is being recommended in this document to reflect the current reduced level of activity anticipated to continue through much of 2002-2003. Approximately \$7.5 million will be reduced from the following revenue categories: landing fees (8%), airfield area (17%), terminal concessions (12%), and parking and roadway (8%). Offsetting this reduction is an increase to the Other Cost Center revenue category for \$3.5 million in order to recognize the reimbursement of expenditures from the Transportation

Security Administration for providing law enforcement officers at the Airport’s passenger screening checkpoints. Year-to-date revenues also includes a transfer from the Airport Capital Improvement Fund of \$5.8 million, which is a requirement of the Master Trust Agreement to transfer Airport Improvement Program (AIP) grant money for the payment of debt service on the Series 2001A bonds.

Expenditures – Expenditures in this fund consist entirely of transfers to other funds. Transfers are made on a monthly basis in accordance with the Master Trust Agreement. At this time, only technical adjustments to the transfers are being recommended to reflect a correction to an action taken during the Annual Report process. Budget adjustments required to address additional operating expenditures are being

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Section I**

**STATUS OF SELECTED SPECIAL FUNDS  
(CONT'D.)**

**Airport Revenue Fund  
(Cont'd.)**

**Fund Status (Cont'd.)**

Expenditures – (Cont'd.)

recommended for funding entirely within their respective funds. It is still anticipated that the Airport will transfer the current budgeted amounts for Airport operations, capital projects, and bond payments.

Fund Balance – A net reduction of \$4.0 million in Ending Fund Balance is recommended as a result of decreased passenger and airline activity, partially offset by an increase due to security reimbursements from the Transportation Security Administration.

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Section I**

**STATUS OF SELECTED SPECIAL FUNDS  
(CONT'D.)**

**Benefit Funds**

	2002-2003 Adopted Budget	Change	2002-2003 Current Modified	2002-2003 YTD Actual	2002-2003 % of Budget	2001-2002 % of Budget
<i>Beginning Fund Balance</i>	3,514,624	(40,711)	3,473,913	N/A	N/A	N/A
<i>Encumbrance Reserve</i>	68,489	(41,415)	27,074	N/A	N/A	N/A
<i>Other Reserves</i>	1,508,000	0	1,508,000	N/A	N/A	N/A
<i>Revenues</i>	48,638,000	(100,000)	48,538,000	23,027,880	47.4%	47.1%
<b>TOTAL SOURCES</b>	53,729,113	(182,126)	53,546,987	23,027,880		
<i>Expenditures</i>	49,553,860	(72,926)	49,480,934	21,096,144	42.6%	42.6%
<i>Encumbrance Reserve</i>	68,489	(68,489)	0	N/A	N/A	N/A
<i>Other Reserves</i>	1,714,000	0	1,714,000	N/A	N/A	N/A
<i>Unrestricted Ending Fund Balance</i>	2,392,764	(40,711)	2,352,053	N/A	N/A	N/A
<b>TOTAL USES</b>	53,729,113	(182,126)	53,546,987	21,096,144		

**Fund Status**

The Benefit Funds consist of the Dental Insurance, Life Insurance, Unemployment Insurance, and Benefit Fund. These funds account for the provision and financing of benefits to City employees, retirees, and their dependents.

Unemployment Insurance Fund – Overall, revenues and expenditures are tracking slightly higher than par level. Due to high unemployment rate in Santa Clara County, combined with California Senate Bill 40, effective January 2003, the current maximum weekly benefit amount has increased by 12% (from \$330 to \$370 per week). As a result,

claims expenditure is projected to end the year above budgeted levels. Included in this report are recommendations for an upward adjustment (\$272,000) to the Payment of Claims, and an increase in the Claims Reserve (\$127,000), with a corresponding offsetting increase in revenues from Transfers from City funds for unemployment insurance (\$399,000).

Benefit Fund – Revenues in the fund represent the amount that departments are charged in their personal services budget to provide benefits to employees. Health coverage is the largest of the benefits, but also included are Municipal Employees Federation (MEF) legal assistance, Operating Engineers Local #3 (OE#3) vision care, FICA-Medicare payments, part-time and

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Section I**

**STATUS OF SELECTED SPECIAL FUNDS  
(CONT'D.)**

**Benefit Funds  
(Cont'd.)**

**Fund Status (Cont'd.)**

*Benefit Fund – (Cont'd.)*

contractual employee deferred compensation contributions and Employee Assistance Program counseling. Although appearing to track within budgeted levels, recent scheduled health rate increases of 19% for Kaiser, were effective in January. It is anticipated that without the adjustments recommended in this report, both revenues and expenditures would exceed the budget by year-end.

Expenditures represent the payments to the various service providers for the benefits provided. Overall, expenditures are running at the expected levels. However, as with the revenues, health rate increases effective in January will increase the expenditures in this fund for the second half of the year. The higher health rates are slightly offset by vacancies throughout the City. An upward offsetting

adjustments to both the revenue and expenditure estimates for the Health Plan (\$1,700,000) categories are recommended in this report.

Upward offsetting adjustment to revenues and expenditures are recommended in this report for MEF Legal (\$8,000) and the PTC 457 categories (\$10,000). The adjustment for MEF Legal is needed due to an increased premium, and the adjustment for the PTC 457 Program is needed due to higher than expected part-time employee participation. Funding is also recommended in this report in the amount of \$20,000 for consultant services to assist with the development of requests for proposals which included the transition from Lifeguard to the Blue Shield HMO Plan. In addition, consultant services will be utilized for training and technical assistance. A corresponding decrease to the Ending Fund Balance is recommended to offset the additional costs for the consultant services.

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**STATUS OF SELECTED SPECIAL FUNDS  
(CONT'D.)**

**Convention and Cultural Affairs Fund**

	2002-2003 Adopted Budget	Change	2002-2003 Current Modified	2002-2003 YTD Actual	2002-2003 % of Budget	2001-2002 % of Budget
<i>Beginning Fund Balance</i>	4,846,671	1,066,409	5,913,080	N/A	N/A	N/A
<i>Encumbrance Reserves</i>	361,549	127,998	489,547	N/A	N/A	N/A
<i>Revenues</i>	19,184,482	(23,858)	19,160,624	7,118,232	37.2%	35.7%
<b>TOTAL SOURCES</b>	24,392,702	1,170,549	25,563,251	7,118,232		
<i>Expenditures</i>	21,015,386	763,593	21,778,979	11,018,113	50.6%	42.8%
<i>Encumbrance Reserves</i>	361,549	(361,549)	0	N/A	N/A	N/A
<i>Other Reserves</i>	400,000	0	400,000	N/A	N/A	N/A
<i>Unrestricted Ending Fund Balance</i>	2,615,767	768,505	3,384,272	N/A	N/A	N/A
<b>TOTAL USES</b>	24,392,702	1,170,549	25,563,251	11,018,113		

**Fund Status**

*Revenues* – On an overall basis, revenues in the Convention and Cultural Affairs Fund are tracking significantly below expected levels in almost all categories due to current economic conditions. Previously scheduled large events have been scaled down and fewer exhibitors have participated. Attendance at events and concession revenue have declined due to fewer exhibitors and company cost cutting measures. In addition, the implementation of the electrical service project has been pushed back due to economic conditions and concerns expressed by service contractors. As a result of this action, approximately \$1 million in revenues from this

project has been delayed. Through December, revenues in the following categories are tracking below anticipated levels: telecommunications (16%), food services (25%), utilities (29%) and electrical (37%). Consequently, downward adjustment of \$1,300,000 to earned revenue is recommended in this report. In addition, revised revenue estimates in the Transient Occupancy Tax Fund and the General Purpose Parking Fund will result in a \$1,300,000 reduction in interfund transfers from the Transient Occupancy Tax Fund and a \$650,000 reduction from the General Purpose Parking Fund. Details of these reduced transfers are included in Section III of this report, "Special/Capital Funds Augmentation/Reduction Summary".



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**STATUS OF SELECTED SPECIAL FUNDS  
(CONT'D.)**

**Convention and Cultural Affairs Fund  
(Cont'd.)**

**Fund Status – (Cont'd.)**

Expenditures - Overall, expenditures through December in the Convention and Cultural Affairs Fund are tracking below anticipated levels. Several actions are recommended as part of this report to bring expenditures back in line with revised revenue estimate projections while providing necessary services. These actions include a \$2,100,000 reduction in expenditures in the following: electrical service project (\$800,000), savings from vacant positions (\$350,000), use of contractual labor (\$430,000), communication expenditures (\$110,000), and gas and other utilities (\$410,000). In addition, a \$100,000 reduction in operating contingency is

also recommended. The Department is currently working on an ongoing cost saving plan that will further reduce operating costs without significantly impacting customer service. Additional non-personal savings are expected to further reduce expenditures by year-end.

Fund Balance - Due to the lower than expected revenues and transfers from the Transient Occupancy Tax Fund and the General Purpose Parking Fund that are only partially offset by lower expenditures, a \$1,050,000 reduction in the unrestricted ending fund balance is recommended in this report.

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**STATUS OF SELECTED SPECIAL FUNDS  
(CONT'D.)**

**General Purpose Parking Fund**

	2002-2003 Adopted Budget	Change	2002-2003 Current Modified	2002-2003 YTD Actual	2002-2003 % of Budget	2001-2002 % of Budget
<i>Beginning Fund Balance</i>	7,095,841	(386,226)	6,709,615	N/A	N/A	N/A
<i>Encumbrance Reserve</i>	1,445,498	(205,134)	1,240,364	N/A	N/A	N/A
<i>Other Reserves</i>	8,995,705	0	8,995,705	N/A	N/A	N/A
<i>Revenues</i>	12,486,544	0	12,486,544	5,109,363	40.9%	63.4%
<b>TOTAL SOURCES</b>	30,023,588	(591,360)	29,432,228	5,109,363		
<i>Expenditures</i>	23,019,440	911,238	23,930,678	3,687,211	15.4%	22.4%
<i>Encumbrance Reserve</i>	1,445,498	(1,445,498)	0	N/A	N/A	N/A
<i>Other Reserves</i>	3,756,918	0	3,756,918	N/A	N/A	N/A
<i>Unrestricted Ending Fund Balance</i>	1,801,732	(57,100)	1,744,632	N/A	N/A	N/A
<b>TOTAL USES</b>	30,023,588	(591,360)	29,432,228	3,687,211		

**Fund Status**

Revenues – Revenues in the General Purpose Parking Fund come largely from fees charged at downtown garages, lots and parking meters. Revenue estimates for the current year are tracking somewhat higher than prior year performance. Year-to-date receipts totaled \$5.1 million, of which \$4.4 million was generated from meters and off-street parking. This is 22.1% higher than the revenues generated by meters and off-street parking for the same period last year. However, adopted estimates assumed performance for revenues from meters and off-street parking would be much higher, 46.3% above 2001-2002 actuals, due to parking fee increases and the opening of a new garage at

Fourth and San Fernando Streets. These estimates have been impacted by the slow economy. Office vacancy rates of approximately 20% in the downtown have contributed to sharp declines in monthly and transient parking activity of approximately 25%. Revenues have also been impacted by delays in implementing parking fee increases, by the expansion of the Downtown Retail Validation Program to all merchants and restaurants in the downtown, and by unforeseen temporary closure of parking lots due to maintenance activities and special events.

As a result of these factors, year-to-date receipts are tracking below anticipated levels at 40.9% of the current 2002-2003 estimate of \$12.5

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**STATUS OF SELECTED SPECIAL FUNDS  
(CONT'D.)**

**General Purpose Parking Fund  
(Cont'd.)**

**Fund Status (Cont'd.)**

Revenues – (Cont'd.)

million. Given the most recent data and staff analyses of parking activity anticipated in the third and fourth quarters, downward revenue adjustments in the amount of \$1.7 million are being recommended for this fund. It should be noted that the fund is still generating revenues that are more than sufficient to cover current operating costs, primarily due to disciplined management of Non-Personal/Equipment expenditures. Nevertheless, these revenues are also designed to support future expansion plans and capital improvements as well as operating costs. This revenue stream will need to be evaluated carefully given the impact of the economic downturn and policy decisions that are reducing parking receipts to determine the effect on the long-term goals of the program.

Expenditures – Overall, expenditures are tracking lower than anticipated. This trend is driven primarily by savings in the Department of Transportation's Non-Personal/Equipment appropriation. These savings have been achieved through management of contractual service costs. In addition, savings are expected in the annual transfer of Convention Center parking revenues to the Convention and Cultural Affairs Fund. Because the Convention and

Cultural Affairs Fund receives a transfer based on actual Convention Center parking revenues, the unexpected decrease in those revenues make it necessary to recommend a \$650,000 reduction to the adopted budget for this transfer (from \$1.4 million to \$788,000).

An augmentation of \$138,000 is recommended to cover insurance premium costs for parking facilities. The increase is necessary now that the Fourth Street Garage is open, and as a result of the general industry-wide increase in insurance premiums. The Personal Services and Non-Personal/Equipment appropriations for General Services are tracking high due to a large volume of calls for electricians' services at the downtown parking facilities. If current trends continue, the appropriations would end the year \$73,000 (63.8%) above budget. Parking program staff are working with General Services to monitor these costs closely. Additional funding may be necessary to complete required work in 2002-2003, in which case an appropriation action will be recommended at year-end.

Fund Balance – A \$1.2 million decrease to Ending Fund Balance is recommended as part of this report to reflect the net impact of the revenue and expenditure adjustments recommended.

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**STATUS OF SELECTED SPECIAL FUNDS  
(CONT'D.)**

**Transient Occupancy Tax Fund**

	2002-2003 Adopted Budget	Change	2002-2003 Current Modified	2002-2003 YTD Actual	2002-2003 % of Budget	2001-2002 % of Budget
<i>Beginning Fund Balance</i>	1,604,642	(79,268)	1,525,374	N/A	N/A	N/A
<i>Encumbrance Reserve</i>	47,096	185,655	232,751	N/A	N/A	N/A
<i>Other Reserves</i>	0	0	0	N/A	N/A	N/A
<i>Revenues</i>	12,750,000	0	12,750,000	3,059,297	24.0%	25.1%
<b>TOTAL SOURCES</b>	14,401,738	106,387	14,508,125	3,059,297		
<i>Expenditures</i>	13,178,008	39,193	13,217,201	5,632,957	42.6%	38.7%
<i>Encumbrance Reserve</i>	47,096	(47,096)	0	N/A	N/A	N/A
<i>Other Reserves</i>	0		0	N/A	N/A	N/A
<i>Unrestricted Ending Fund Balance</i>	1,176,634	114,290	1,290,924	N/A	N/A	N/A
<b>TOTAL USES</b>	14,401,738	106,387	14,508,125	5,632,957		

**Fund Status**

Revenues – Revenues in the Transient Occupancy Tax Fund are tracking well below budgeted levels, reflecting the impact of adverse economic conditions. The hospitality industry continues to suffer due to the weak economic conditions and events that have caused an overall hesitancy to travel. Overall, occupancy rates for the first half of the fiscal year averaged 51.08% compared to 50.69% last year. Room rates have likewise fallen from last year's average of \$129.93 to \$121.01. Overall activity is only 88.4% compared to the same period last year. With current revenue collections at \$1.45 million below the estimated level, a 20% reduction (\$2.6 million in estimated revenues is recommended in this report.)

Expenditures – Overall, expenditures through December in the Transient Occupancy Tax Fund are tracking as anticipated. However, due to the downward revenue adjustment, distribution to the three recipients of this fund, the Convention and Visitors Bureau, the Fine Arts Program and the Convention and Cultural Affairs Fund, will have to be adjusted accordingly. Applying the ordinance formula, a reduction of \$1,300,000 to the Convention and Cultural Affairs Fund and a reduction of \$650,000 to the Convention and Visitors Bureau is recommended in this report. A lower reduction in the Fine Arts Program of \$326,000 is recommended because some of the most impacted direct service activities (which includes grants that directly support arts and cultural activities such as Festival, Parade and Celebration Grants, Operating Grants,

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**STATUS OF SELECTED SPECIAL FUNDS  
(CONT'D.)**

**Transient Occupancy Tax Fund  
(Cont'd.)**


**Fund Status (Cont'd.)**

**Expenditures – (Cont'd.)**

Project and Program Grants, Community arts projects, curriculum-related youth arts programs and extracurricular youth arts programs), will effectively be shut down if the entire formula driven reduction of \$650,000 was imposed. A corresponding reduction in the Unrestricted Ending Fund Balance of \$324,000 is

recommended to absorb the difference for the remainder of the year. These organizations will need however, to begin planning now to absorb the entire impact of the revenue falloff next year.

**Fund Balance** – A \$324,000 reduction in fund balance is recommended to help minimize the short-term impact on the Fine Arts Program's reduced funding levels.



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SECTION

II

**CAPITAL BUDGET  
STATUS REPORT**



**2002-2003  
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Section II**

**II. STATUS OF CAPITAL BUDGET PROGRAMS**

At mid-year, the Budget Office conducts a comprehensive review of each capital program. This section of the report summarizes the financial status of each program, including a discussion of the major revenue sources and any major expenditure variances.

**2002-2003  
MID-YEAR BUDGET REVIEW  
Section II**

**STATUS OF CAPITAL BUDGET PROGRAMS**

**AIRPORT**

Financial Status

The Airport Capital Program is composed of four funds: The Airport Capital Improvement Fund, the Airport Revenue Bond Improvement Fund, the Airport Renewal and Replacement Fund and the Airport Passenger Facility Charge (PFC) Fund.

Revenues recorded into Airport capital funds include grant income, passenger facility charges (PFC's), and interest income, along with reimbursements to review and inspect tenant improvements. In addition, a combination of Airport operating revenue that include tenant rates and charges, as well as parking receipts, are transferred into the Airport Renewal and Replacement Fund to provide funding for capital projects.

These revenue sources are dependent upon a variety of factors. Grant income is positively related to the level of capital project activity for which reimbursements can be requested, while interest collections are dependent upon the cash balance in each fund. Tenant rates and charges, as well as PFC's are dependent upon the Airport's level of operational activity.

The Airport Capital Improvement Fund is primarily funded by grant revenue. Principally, these are federal grants administered by the Federal Aviation Administration under its Airport Improvement Program (AIP). Most grants provide an 80% reimbursement. The Airport's 20% share is primarily funded by the

Airport Passenger Facility Charge Fund or the Airport Renewal and Replacement Fund. Overall, grant income in the Airport Capital Improvement Fund is tracking at expected levels. Two additional Airport Improvement Program grants were received in September 2002 for the Noise Attenuation Treatment-Category IB Project (\$8.0 million) and for a Federal Aviation Security grant (\$7.0 million). A mid-year adjustment is recommended to increase the 2002-2003 grant revenue by \$1,908,000 for anticipated revenues from these grants that will be received this fiscal year. (Note: Grant revenue received is on a reimbursement basis, therefore, the Airport can only use the amount of revenue based on anticipated expenditures for 2002-2003.)

Additional recommended Mid-Year appropriation adjustments would establish funding for Noise Attenuation Treatment-Category IB and the Federal Aviation Security grant projects. Mid-Year actions also include the decrease in funding from the Airport Capital Improvement Fund for the Taxiway L Widening and Taxiway Z Extension projects. It has been determined that the Taxiway L Widening project would be more appropriately part of a larger project, which is Taxiway Y Reconstruction. Taxiway Z Extension project funding can now be provided from the security reserve established in the Airport Revenue Bond Improvement Fund. Funds remaining in both of appropriations are for expenditures incurred to date and for estimated design costs. A \$3.0 million increase to Ending Fund Balance is recommended as part of this report to reflect the net effect of the Mid-year adjustments to this fund.



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**STATUS OF CAPITAL BUDGET PROGRAMS  
(CONT'D.)**

**AIRPORT (CONT'D.)**

Financial Status (Cont'd.)

The Airport Revenue Bond Improvement Fund provides funding for major capital projects financed by bond issuances and other debt instruments. Revenues and expenditures are tracking within estimated levels through December. It is anticipated that the following projects will have significant savings by the end of 2002-2003 and will be recommended for rebudget to 2003-2004: Rental Car Garage (\$2.1 million) and Extend and Strengthen 30L (\$5.9 million).

The Airport Renewal and Replacement Fund revenue source primarily comes from operational revenues that are budgeted in the annual maintenance and operating budget, included in the calculation of the annual rates and charges, and funneled to this fund via the Airport Surplus Revenue Fund. Projects in this fund support capital projects that are not eligible for either grant or PFC funding. Revenues are within anticipated levels through December. Commitments through December in the Airport Replacement and Renewal Fund total \$15.0 million, or 47.7% of the modified budget, and are tracking at estimated budget levels. Appropriation adjustments of \$1.9 million are being recommended in this report to address particular urgent needs and to reprogram anticipated savings from existing projects. The proposed appropriation adjustments would establish funding for projects such as Novell Property Site Development-Design, Rosemary Garden Noise Study, and Taxiway Y

Reconstruction Design and would increase funding to existing projects such as the Food and Beverage Service Contract project and Equipment, Operating project. A \$1.9 million reduction in Ending Fund Balance is recommended to fund the various mid-year actions noted above. It is anticipated that the Noise Attenuation Testing-Category II/III project will realize savings of approximately \$310,000 by the end of 2002-2003, which will be recommended for rebudget to 2003-2004.

The Airport Passenger Facility Charge (PFC) Fund includes projects that have been approved by the FAA for funding from the Airport Passenger Facility Charge Fund, which is derived from a \$4.50 fee charged to departing passengers. Projects within this fund are determined in conjunction with the airlines that utilize the Airport facilities. PFC revenue collections have been lower than expected, due to the delay in the anticipated recovery of pre-September 2001 operational activity level. As a result, a mid-year adjustment is recommended to reduce the PFC revenue estimate by \$2.9 million.

A reduction to the appropriations for the Noise Attenuation-Category IB (\$8.0 million) and Interim Air Cargo Ramp Expansion (\$2.4 million) projects are also being recommended. The decrease to the Noise Attenuation-Category IB project is the result of the transfer of a portion of the project budget to the Airport Capital Improvement Fund. The Interim Air Cargo Expansion project could not be implemented within the two years from the date of approval and authority to use PFC funds for

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**STATUS OF CAPITAL BUDGET PROGRAMS  
(CONT'D.)**

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**AIRPORT (CONT'D.)**

Financial Status (Cont'd.)

the design and construction of the project. The PFC application is being amended to modify the scope for design work only. The construction costs for this project will be funded from the Airport Revenue Bond Improvement Fund. Despite this anticipated reduction in revenue, the PFC Fund will be able to accommodate all budgeted expenditures, which include work on the Acoustical Treatment Program, upgrades to Airport security systems, construction of a grade separation at Airport Boulevard and Skyport Drive, design of the Interim Air Cargo Ramp Expansion and final work on the new interim Federal Inspection Service facility. It is anticipated that the following projects will have significant savings by the end of 2002-2003 and will be requested for rebudget to 2003-2004: Noise Attenuation Treatment-Category IB (\$5.0 million) and Noise Attenuation Treatment-Category II/III (\$400,000).

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**CIVIC CENTER**

Financial Status

The construction of the new Civic Center is funded by lease revenue bond proceeds. Bonds totaling \$275 million have been issued this fiscal year to fully fund this project. However, a

portion of these proceeds was allocated to the Civic Center Parking Fund (\$13.63 million) for land acquisition and consultant costs. The Civic Center Construction Fund will be reimbursed once the bonds for the Off-site Parking Garage are issued this summer. With interest earnings of \$545,000 through December, earnings are expected to fall below the budgeted estimate of \$3.5 million by year-end. The lower level of expected earnings reflects both a drop in the level of interest rates and a later than anticipated bond issuance. The Civic Center Construction Fund also received a line of credit of \$12.5 million from the Sewage Treatment Plant Connection Fee Fund in October 2002 to provide sufficient cash for encumbrance activity until bonds were issued. Because the bonds have been issued and the line of credit is no longer necessary, budget actions eliminating this temporary funding source are recommended in this document.

With the exception of the reimbursement to the Redevelopment Agency for land acquisition costs, overall expenditures are tracking within estimated levels through December. The land acquisition costs for the Civic Center project of \$41.9 million exceeded the budgeted amount of \$41.5 million. Savings, however, in the land acquisition costs for the Civic Center Parking site are sufficient to offset this overage. Actions to transfer funds from the Civic Center Parking Fund to the Civic Center Construction Fund are recommended in this document.

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Section II**

**STATUS OF CAPITAL BUDGET PROGRAMS  
(CONT'D.)**

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**COMMUNICATIONS**

Financial Status

The Communications Program is funded from Construction and Conveyance (C & C) Taxes. As discussed in detail in the Park and Community Facilities Development Capital Program, through December C & C Tax receipts have exceeded expectations due to increased activity in the local real estate market. The 2002-2003 Adopted Capital budget estimate was built on the assumption that C & C collections would fall significantly (39%) from the prior year receipts. Through December 2002, C & C receipts have actually increased 16% from the prior year. However, January receipts have now been received and show declines for the first time this fiscal year. While it is anticipated that this negative collection trend may continue, it is still estimated that tax receipts will at least meet budgeted levels at year-end based on the strong performance to date.

Expenditures are tracking within budgeted levels through December.

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**DEVELOPER ASSISTED PROJECTS**

Financial Status

The Developer Assisted Projects program includes the Underground Utility Fund and the Residential Construction Tax Contribution Fund, which are used primarily to receive money from and/or provide payments to developers and utility companies.

The Underground Utility Fund (Fund 416) is supported by In-Lieu fees paid by developers. Through the first half of the year, collections have totaled \$316,000, behind pace for achieving the adopted estimate of \$750,000. In January 2003, however, a fee increase for the Underground Utility Fee was approved by City Council and it is anticipated that revenues will now be able to meet the budgeted estimate by year-end. Expenditures in the Underground Utility Administration appropriation have nearly exceeded the budget through December. This is due to the fact that a significant amount of staff time was dedicated to assessing the feasibility of the fee adjustment approved by Council in January. An increase of \$50,000, to be taken from ending fund balance, is recommended to provide funding for the additional staff costs described above. Expenditures in all other categories are below anticipated levels and will finish the year at or below budgeted levels.

The Residential Construction Tax Contribution Fund (Fund 420) generates its revenue from the Residential Construction Tax. The current economic climate has negatively impacted this fund as reflected by the 28% drop in year-to-date tax receipts from the prior year and 89% drop from the 2000-2001 level. Year-end revenue is projected to fall short of the adopted estimate (\$153,000) by \$73,000. A downward adjustment to the revenue estimate and a corresponding drop to the ending fund balance are recommended to reflect this lower collection level. An increase to the Residential Program Administration appropriation in the amount of \$34,650, to be taken from ending fund balance, is recommended in this report. This

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**STATUS OF CAPITAL BUDGET PROGRAMS  
(CONT'D.)**

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**DEVELOPER ASSISTED PROJECTS  
(CONT'D.)**

Financial Status (Cont'd.)

appropriation was underbudgeted in the 2002-2003 Adopted Capital Budget and this adjustment is therefore necessary. Expenditures in all other categories are expected to finish the year at or below budgeted levels.

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**FIRE**

Financial Status

The Fire Capital Program is funded largely from Construction and Conveyance (C & C) taxes and proceeds from the Neighborhood Security Act Bond Measure. The General Fund is also used to supplement some of the Fire Department's most critical capital needs, such as the replacement of fire apparatus.

As discussed in detail in the Park and Community Facilities Development Capital Program, through December, C& C Tax receipts have exceeded expectations due to increased activity in the local real estate market. The 2002-2003 Adopted Capital Budget estimate was built on the assumption that C & C collections would fall significantly (39%) from the prior year receipts. Through December 2002, C & C receipts have actually increased 16% from the prior year. However, January receipts have now been received and show declines for the first time this fiscal year. While it is anticipated that this negative collection

trend may continue, it is still estimated that tax receipts will at least meet budgeted levels at year-end based on the strong performance to date.

On March 5, 2002, the voters in San Jose approved Measure O, the "9-1-1, Fire, Police, Paramedic and Neighborhood Security Act", a \$159 million general obligation bond for Police and Fire capital improvements. The 2002-2003 Adopted Capital Budget anticipated \$22.7 million in bonds would be issued to support various Fire projects over a two-year period. At the beginning of the fiscal year, those bonds were issued as planned.

Expenditures are tracking within anticipated levels through December.

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**LIBRARY**

Financial Status

The Library Capital Program is funded primarily from Construction and Conveyance (C & C) Taxes, proceeds from the Library Bond Measure, and Library Benefit Assessment District proceeds.

As discussed in detail in the Park and Community Facilities Development Capital Program, C & C Tax receipts have exceeded expectations due to increased activity in the local real estate market. The 2002-2003 Adopted Capital Budget estimate was built on the assumption that C & C collections would

**2002-2003  
MID-YEAR BUDGET REVIEW  
Section II**

**STATUS OF CAPITAL BUDGET PROGRAMS  
(CONT'D.)**

**LIBRARY (CONT'D.)**

Financial Status

fall significantly (39%) from the prior year receipts. Through December 2002, C & C receipts have actually increased 16% from the prior year. However, January receipts have now been received and show declines for the first time this fiscal year. While it is anticipated that this negative collection trend may continue, it is still estimated that tax receipts will at least meet budgeted levels at year-end based on the strong performance to date.

On November 7, 2000, City voters approved Measure O, a \$212 million general obligation bond for library improvements. The 2002-2003 Adopted Capital Budget anticipated \$51.0 million in bonds would be issued to support various projects over a two-year period. The actual bonds issued to date total \$30.0 million and cover anticipated expenditures for 2002-2003 only. Bonds will be issued again at the end of the current fiscal year or early next fiscal year to address the expenditure needs in 2003-2004. Construction for the Alum Rock Branch project will be awarded in the summer, therefore 2002-2003 budgeted funds will be rebudgeted to the next fiscal year. However, it is anticipated the project will still be completed on time.

In the Benefit Assessment District revenues and expenditures are tracking within estimated levels through December.

**PARK AND COMMUNITY  
FACILITIES DEVELOPMENT**

Financial Status

The Park and Community Facilities Development Capital program is funded primarily through Construction and Conveyance (C & C) Tax revenue and proceeds from the Parks Bond Measure. In addition to these revenues, the Parks Capital program is also supported by grants from federal and state government, developer contributions and fees.

As previously reported in the Monthly Financial Reports, Construction and Conveyance collections through December 2002 have exceeded expectations due to increased activity in the local real estate market. Since nearly 97% of the total C & C taxes are comprised of Conveyance Receipts, property transfers are the main driver in this revenue category. The number of property transfers for all types of residences in the first half of fiscal year 2002-2003 has increased by 9.93% compared to the first six months of the fiscal year 2001-2002. The median home price is also up by 5% from \$474,925 in December 2001, to \$499,500 in December 2002.

The 2002-2003 Adopted Capital Budget estimate of \$16 million was built on the assumption that C & C collections would fall significantly (39%) from the collection level of 2001-2002. However, through the first half of the fiscal year collections have actually

**2002-2003  
MID-YEAR BUDGET REVIEW  
Section II**

**STATUS OF CAPITAL BUDGET PROGRAMS  
(CONT'D.)**

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**PARK AND COMMUNITY  
FACILITIES DEVELOPMENT  
(CONT'D.)**

Financial Status (Cont'd.)

increased. Through December, receipts totaled \$9.9 million, an increase of 15.6% from the prior year collection level. However, in January 2003, receipts declined by 13% from collections received in January 2002. This drop represents the first decline this tax has experienced this fiscal year. It is anticipated this negative trend may continue as a result of prolonged economic downturn. Due to the volatile nature of this tax revenue, staff will continue to monitor receipts closely and exercise caution when projecting these receipts.

On November 7, 2000, City voters approved Measure P, a \$228 million general obligation bond for park and recreational improvements. The 2002-2003 Adopted Capital Budget anticipated \$86.3 million in bonds would be issued to support various projects over a two-year period. The actual bonds issued to date total \$46.7 million and cover anticipated expenditures for 2002-2003 only. Bonds will be issued again at the end of the current fiscal year or early next fiscal year to address the expenditure needs in 2003-2004. On the expenditure side, it is anticipated that a few projects may be delayed and those programmed funds will be rebudgeted to the next fiscal year.

In the other funds that support the Park and Community Facilities Development Capital Program, revenues and expenditures are tracking

within estimated levels through December. A number of minor adjustments are recommended in this document to reflect expenditure changes and associated reimbursements anticipated for various capital projects.

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**PARKING**

Financial Status

The Parking Capital Program is funded from the General Purpose Parking Fund and from the Civic Center Parking Fund.

Revenues in the General Purpose Parking Fund come primarily from fees charged at downtown garages, lots and parking meters. A significant portion of those revenues is transferred to the Parking Capital Program to fund capital improvements. It is anticipated that the funding set aside for capital projects in the General Purpose Parking Fund in the 2002-2003 Adopted Budget will be available for those purposes. It should be noted, however, that revenues from parking garages, lots and meters in the downtown area are tracking well below budgeted estimates. More discussion is provided in the section on Selected Special Funds.

Through December, capital project expenditures in the General Purpose Parking Fund are tracking lower than anticipated. During the first half of the year, 18.5% of the funds budgeted for projects were expended or encumbered. However, most of the budgeted funds will be expended or encumbered by the end of the year.

**2002-2003  
MID-YEAR BUDGET REVIEW  
Section II**

**STATUS OF CAPITAL BUDGET PROGRAMS  
(CONT'D.)**

PARKING (CONT'D.)

Financial Status (Cont'd.)

Schedule delays are anticipated in the following projects: Parking Guidance System and Revenue Control Equipment. New schedules call for these projects to be awarded by June 2003, rather than in early spring, due to stakeholder review of the design of each project and extensive review of the Request for Proposals related to both projects.

The Civic Center Parking Fund is funded by lease revenue bonds. To fully fund the project with bond proceeds, it is anticipated that a bond issuance in the amount of \$37 million will be completed this summer. As noted in the Civic Center Program section, \$13.63 million of bond proceeds for the Civic Center project have been recorded in this fund to cover land acquisition and consultant costs. With interest earnings of \$109,000 through December, earnings are projected to fall short of the budgeted estimate of \$1.06 million due primarily to a later than anticipated bond issuance date.

Expenditures are tracking at or below estimated levels through December. The land acquisition costs for the Civic Center Parking project are budgeted at \$13.1 million. To date, land acquisition expenditures have totaled \$5.75 million. This amount does not reflect the purchase of all of the parcels identified for this project. However, the total purchase price estimated for all parcels as outlined in the Transfer Agreement with the Redevelopment

Agency is expected to generate savings that are sufficient to offset the overage in land acquisition costs associated with the Civic Center Construction project. Actions to transfer funds from the Land Acquisition allocation in the Civic Center Parking Fund to the Civic Center Construction Fund are recommended in this document to address the overage in the Civic Center Construction Fund.

POLICE

Financial Status

The Police Capital Program is funded almost entirely from proceeds from the Neighborhood Security Act Bond Measure proceeds. About \$0.7 million in General Fund monies is provided to complete projects in the Police Administration Building.

On March 5, 2002, the voters in San Jose approved Measure O, the "9-1-1, Fire, Police, Paramedic and Neighborhood Security Act", a \$159 million general obligation bond for Police and Fire capital improvements. The 2002-2003 Adopted Capital Budget anticipated \$16.7 million in bonds would be issued to support various projects in the Police Department over a two-year period. At the beginning of the fiscal year, those bonds were issued as planned.

Through December, expenditures in this Program were tracking within anticipated levels.

**2002-2003  
MID-YEAR BUDGET REVIEW  
Section II**

**STATUS OF CAPITAL BUDGET PROGRAMS  
(CONT'D.)**

**SANITARY SEWER**

Financial Status

The Sanitary Sewer Capital Program has two major funding sources: the Sewer Service and Use Charge Capital Improvement Fund and the Sanitary Sewer Connection Fee Fund. These funds are supported primarily through transfers from the Sewer Service and Use Charge Fund, joint participation revenues, loan repayments, connection fee revenues, and interest.

The Sewer Service and Use Charge Capital Improvement Fund is funded primarily through transfers from the Sewer Service and Use Charge Fund and interest earnings. Transfers through December have totaled \$10.7 million, or 66% of the budgeted amount (\$16.0 million), and are expected to occur as planned. Through the first six months, interest earnings are tracking above estimated levels at \$547,000, or 55% of the budgeted amount. On the expenditure side, the Public Works Department anticipates savings of \$18 million related to the 60-Inch Brick Interceptor project. These expenditure savings will be rebudgeted for 2003-2004 and used to award the project. Overall, with interest income above anticipated levels and expected expenditure savings, this fund should end the year with an ending fund balance that is higher than budgeted.

The Sanitary Sewer Connection Fee Fund is primarily supported by joint participation revenues and connection fees. In addition, this fund has outstanding loans due from the Civic Center project. Joint participation revenues are expected to end the year approximately \$1.3 million below the budgeted level. These revenues reflect cost-sharing of actual expenditures incurred during the fiscal year. Because savings are anticipated in the 60-Inch Brick Interceptor project (\$18 million) and the San Tomas Expressway Trunk project (\$3 million), the reimbursements for these costs should also be lower. However, these expenditure savings and the associated joint participation revenues are expected to be rebudgeted for 2003-2004. Through December, collections of Sanitary Sewer Connection Fees totaled \$636,000 or 90% of the budgeted amount (\$703,000) due to higher than anticipated activity levels. Additionally, loan repayments for the Civic Center project totaling \$3.9 million have not been received; however, the full amount is expected to be collected by year-end. Interest income totaled \$75,000 through December, well above the budgeted estimate for 2002-2003 (\$23,000). It is anticipated that interest earnings will exceed the budget by at least \$130,000. Overall, the ending fund balance should end the year higher than budgeted due to the higher interest earnings and connection fees coupled with the expenditure savings discussed above that will more than offset the reduction in joint participation revenues.



**2002-2003  
MID-YEAR BUDGET REVIEW  
Section II**

**STATUS OF CAPITAL BUDGET PROGRAMS  
(CONT'D.)**

**SERVICE YARDS**

Financial Status

The Service Yards Capital Program is supported by the Construction and Conveyance Tax Fund and from the Central Service Yard Acquisition and Development Fund.

As discussed in detail in the Park and Community Facilities Development Capital Program, through December C & C Tax receipts have exceeded expectations due to increased activity in the local real estate market. The 2002-2003 Adopted Capital Budget estimate was built on the assumption that C & C collections would fall significantly (39%) from the prior year receipts. Through December 2002, C & C receipts have actually increased 16% from the prior year. However, January receipts have now been received and show declines for the first time this fiscal year. While it is anticipated that this negative collection trend may continue, it is still estimated that tax receipts will at least meet budgeted levels at year-end based on the strong performance to date. Expenditures are tracking well within estimated levels through December.

In the Central Service Yard Acquisition and Development Fund, bond proceeds of \$10 million were budgeted for the Central Service Yard Phase II project. At this point, it is not anticipated that these bonds will be issued this

year. Further review of the overall plan for the City's service yards is necessary before the Central Service Yard project can move forward. There will be no expenditures in this fund until this review is completed.

**STORM SEWER**

Financial Status

The Storm Sewer Capital Program is funded by the Storm Sewer Capital Fund and the Storm Drainage Fee Fund.

In the Storm Sewer Capital Fund, transfers from the Storm Sewer Operating Fund have totaled \$833,000 or 67% of the budgeted amount of \$1,250,000. The full amount is expected to be transferred by year-end. Through December, interest earnings are tracking above projected levels at \$41,000, which represents 58% of the budgeted amount (\$70,000).

In the Storm Drainage Fee Fund, Storm Drainage Fees generate the majority of revenues for this fund. Through December, these collections totaled \$276,000, which is 78% of the estimated revenues for fiscal year 2002-2003 (\$351,000) due to higher than anticipated activity. Overall, revenues in this fund should end the year above the budgeted level of \$355,000 by year-end.

**2002-2003  
MID-YEAR BUDGET REVIEW  
Section II**

**STATUS OF CAPITAL BUDGET PROGRAMS  
(CONT'D.)**

**TRAFFIC**

Financial Status

The Traffic Capital Program is funded in large part by Building and Structure Construction Taxes and Construction Excise Taxes. As a result of the pronounced weakness in commercial and industrial building, year-to-date receipts in both of these categories are continuing the decline that began last year. The Santa Clara County construction industry has suffered the greatest drop in the State as the result of the economic slowdown. As a result, over the past 18 months, these taxes have experienced significant declines.

Building and Structure receipts fell by 45% in 2001-2002, and by another 13% in the first half of 2002-2003. Construction Excise Taxes are slightly less dependent on industrial construction and slightly more exposed to residential construction. As a result, these receipts performed somewhat "better," registering a 28% decline in 2001-2002 coupled with a 9% decline through December of this year. It should be noted, however, that almost 40% of current year collections in both the taxes were received in a single, atypical month (August). Absent this unusually strong month, collections would be much lower this fiscal year. Due to the significant decreases in construction-related tax receipts, downward adjustments to budgeted revenue estimates are recommended as part of this report.

Building and Structure Construction Tax Fund.  
Building and Structure Construction Tax

receipts through December totaled \$3.79 million, a decrease of 12.6% from last year's year-to-date receipts of \$4.34 million. This rate of decline compares to an 8.1% drop budgeted for the category in the 2002-2003 Adopted Budget. Building and Structure Construction Tax receipts are now projected to end the year at \$6.9 million, a decrease of \$2.0 million from the adopted estimate of \$8.9 million. The recommended downward adjustments to the revenue estimates in this fund are proposed to be offset by reductions to the ending fund balance in the current year. Beginning in the third year of the current Capital Improvement Program, however, this action would generate negative fund balances. To address this, staff will propose a reallocation of resources and a deferral of a number of projects in the upcoming budget. Projects that are likely to have schedule extensions in the upcoming budget include: Berryessa Road: Route 101 to Route 680; Union Avenue at Los Gatos-Almaden Road; White Road: 500' South of Quimby; Winfield Boulevard at Alamitos Creek; and Zanker Road: River Oaks to Route 237. The proposals will also involve delaying current year spending on two of the projects: Berryessa Road: Route 101 to Route 680, and Union Avenue at Los Gatos-Almaden Road.

In addition to construction tax revenues, the Building and Structure Construction Tax Fund is supported by grants from the federal and state government, money from local agencies, and developer contributions. The largest source of grant revenue is the set of grants that support the Intelligent Transportation Systems (ITS) projects (\$3.6 million). These revenues come

**2002-2003  
MID-YEAR BUDGET REVIEW  
Section II**

**STATUS OF CAPITAL BUDGET PROGRAMS  
(CONT'D.)**

**TRAFFIC (CONT'D.)**

**Building and Structure Construction Tax Fund.**  
(Cont'd.)

primarily from the federal government's Congestion Mitigation and Air Quality Program (CMAQ) and Transportation Enhancement Act (TEA) grants. No revenues have been received year-to-date for this category. However, in the first half of the year, \$1.3 million has been expended on these projects and reimbursement is expected this fiscal year. By the end of the year, the Department expects to expend a total of \$3.0 million on these projects and to receive or accrue grant reimbursements in the amount of \$2.4 million for eligible costs. This represents 67% of estimated revenues. It is anticipated that the remainder of the grant revenues will be received in 2003-2004 after the reimbursable work is completed.

The State's Traffic Congestion Relief Program provides the second largest source of grant revenue in the Building and Structure Construction Tax Fund. In the current year, revenues of \$2 million were anticipated. The State has recently notified City staff that this program will likely be defunded as part of its budget balancing actions. As a result, revenue estimates may have to be reduced to \$513,000, the amount that has been received year-to-date. To protect against this loss of revenue, it is recommended that the associated appropriation be reduced by the amount included in the programmed State budget balancing actions (\$1,487,000), with an identical sum placed in reserve. The reserve will be maintained until

and unless it is clear that the revenues will actually be received from the State. This action will negatively impact the amount of street maintenance that can be performed, and staff is considering other funding strategies – such as a shift in funding away from certain projects toward street maintenance purposes – in order to mitigate partially the impact on City residents. This plan will be presented as part of the Proposed Budget.

It is estimated that the Traffic Signals appropriation will not be adequate to cover most of the signals projects that were anticipated for 2002-2003. However, most of the projects begun in prior years are expected to be finished this year. To partially address this shortfall, it is recommended that \$850,000 be shifted from the Smart Intersections allocation to the Traffic Signals budget to more effectively address traffic flow in the City by funding the higher priority traffic signals. Staff will advise Council as to the current year projects that can be completed as part of the CIP Quarterly Status Report (scheduled for release in February 2003).

**Construction Excise Tax Fund.** Tax receipts through December for the Construction Excise Tax Fund totaled \$5.87 million, which represents an 8.7% decline from last year's \$6.43 million received over the same period. The budgeted estimate for this category allows for an 8.2% drop in 2001-2002. Construction Excise Tax receipts are expected to reach only \$10.9 million by year-end, a shortfall of \$2.8 million from the budgeted amount (\$13.7 million). A downward adjustment to the revenue estimate is recommended in this report,

**2002-2003  
MID-YEAR BUDGET REVIEW  
Section II**

**STATUS OF CAPITAL BUDGET PROGRAMS  
(CONT'D.)**

**TRAFFIC (CONT'D.)**

Financial Status (Cont'd.)

Construction Excise Tax Fund. (Cont'd.)

but can be more than offset by additional reimbursements from Measure A/B tax revenues administered by the Valley Transportation Authority (VTA) (\$7.9 million). These revenues were received in January for street maintenance activities that had been completed in prior years. In the Construction Excise Tax Fund, Measure A/B receipts will form the largest single source of grant revenue after implementation of the January recommendations in this report.

The Traffic Capital Program is also supported in small part by the Major Collectors and Arterials Fund. This fund allocates developer contributions for specific purposes related to major collectors and arterials. Finally, the Traffic Capital Program receives significant funding from the General Fund. Activity in both of these portions of the Traffic Program is tracking within expected ranges.

In overall terms, expenditures in all four funds included in the Traffic Capital Program are tracking within generally expected levels. Although a small number of projects have schedule extensions, most construction projects that are programmed to award contracts in the current fiscal year are currently anticipated to do so before the end of 2002-2003. More detailed analysis can be found in the CIP Quarterly

Status Report. As mentioned above, however, to offset shortfalls in Building and Structure Construction Tax revenues, two projects will likely require current year expenditure delays. These projects are the Berryessa Road: Route 101 to Route 680 project, and Union Avenue at Los Gatos-Almaden Road project.

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**WATER POLLUTION CONTROL**

Financial Status

The Water Pollution Control Program is funded primarily through contributions from Tributary Agencies, interest, transfers from Sewer Service & Use Charge Fund and Connection Fee Fund, and United States Bureau of Reclamation (USBR) Grants.

Revenues from Tributary Agencies are tracking below year-to-date estimates, however it is expected that the budgeted amount will be received. Through six months, these revenues totaled \$2.2 million or 19% of the budgeted amount. Interest income accounts for a significant portion of funding for the Water Pollution Control program. Through December, interest revenues totaled \$2.4 million or 67% of the budgeted amount and are expected to exceed the budget by year-end.

Transfers from the Sewer Service & Use Charge Fund and the Sanitary Sewer Connection Fee Fund are occurring as scheduled and are expected to reach the budgeted amount for 2002-2003 (\$4.1 million). USBR Grant

**2002-2003  
MID-YEAR BUDGET REVIEW  
Section II**

**STATUS OF CAPITAL BUDGET PROGRAMS  
(CONT'D.)**

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**WATER POLLUTION CONTROL  
(CONT'D.)**

Financial Status (Cont'd.)

revenues are expected to be received as anticipated. Grant revenues for 2002-2003 are estimated at \$2.9 million.

Additionally, miscellaneous revenues of \$2.5 million were received through December. These include the return of City funds from a trustee. The trustee, as part of the series debt obligations had to establish a reserve in the event that we failed to meet a debt service payment. The reserve was established with the original proceeds of the bond sale and this was returned because the bonds have been repaid and the series is now closed.

Overall, revenues are expected to meet or exceed the budgeted estimate by year-end. Expenditures are currently anticipated to end the year below the budgeted levels due to expenditure savings related to the South Bay Water Recycling Extension project. These savings, however, will be carried over to 2003-2004 to complete this project.

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**WATER UTILITY SYSTEM**

Financial Status

The Water Utility System Capital Program is funded primarily through fees paid by developers for direct services, interest, and

transfers from the Consolidated Water Utility Fund.

Through December, fee collections in the Water Utility System Capital Fund totaled \$249,000 or 34% of the budgeted amount for 2002-2003 (\$720,000). These fee revenues are tracking below expected levels due to lower than anticipated Service Connection Fees. As previously described in the Monthly Financial Reports, Service Connection Fee revenues are tracking below estimated levels due to lower than anticipated development as a result of the economic slowdown. This shortfall is partially offset by higher than anticipated Meter Installation Fee revenues totaling \$133,000 through December compared to the budgeted amount (\$100,000). Additionally, interest earnings of \$154,000, have exceeded the annual budget estimate of \$68,000. Overall, the higher than expected Meter Installation Fee revenues and interest collections should offset the shortfall in Service Connection Fee revenues. Transfers from the Consolidated Water Utility Fund are occurring as scheduled.

Expenditure savings anticipated in 2002-2003 related to the North Coyote Valley Water project will result in a positive ending fund balance variance at the end of the year. These funds will be rebudgeted for 2003-2004 to complete this project.

The Major Facilities Fee Fund receives revenue from a connection fee charged to developers and according to state law, may be used only for the construction of new facilities to service future developments. Due to a sharp drop-off in

**2002-2003  
MID-YEAR BUDGET REVIEW  
Section II**

**STATUS OF CAPITAL BUDGET PROGRAMS  
(CONT'D.)**

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**WATER UTILITY SYSTEM  
(CONT'D.)**

Financial Status (Cont'd.)

development in the first half of the year, fee collections totaled only \$15,000 through six months or 6% of the budgeted amount for 2002-2003 (\$250,000). As a result, a downward revenue adjustment of \$200,000 is recommended in this document to account for this shortfall. Sufficient reserves and ending fund balance are available in this fund to cover this revenue adjustment.



2002-2003

MID-YEAR  
BUDGET  
REVIEW



SECTION

III

**BUDGET**  
AUGMENTATIONS/REDUCTIONS  
AND CLEAN-UP ADJUSTMENTS



**2002-2003  
MID-YEAR BUDGET REVIEW  
Section III**

**III. BUDGET AUGMENTATIONS/REDUCTIONS AND  
CLEAN-UP ADJUSTMENTS**

**Recommended Augmentation/Reduction Adjustments**

This section of the Mid-Year Budget Review summarizes proposed budget augmentations/reductions in all funds and includes a breakdown by General Fund and by Special/Capital Funds. Both the General Fund and Special/Capital Funds adjustments are divided into the following two parts:

- *Augmentation/Reduction Summary* – Briefly describes all proposed augmentations and reductions, except for those detailed in the cleanup adjustments.
- *Augmentation/Reduction Adjustment Actions* – Describes the funding source or appropriation adjustments that are required to enact the augmentations and reductions.

**Recommended Clean-up Adjustments**

The ongoing review and monitoring of the budget through six months of the fiscal year have indicated specific areas where clean-up appropriation actions are required. Revisions are typically required to implement City Council direction fully, to correct existing appropriations, or to provide adjustments necessary to continue City operations.

Tables are provided in this section of the report to summarize the recommended adjustments for the General Fund and Special/Capital Funds.

Two types of clean-up changes are included in multiple departments, in both the General Fund and Special/Capital Funds:

- Salary Program Adjustments – The 2002-2003 Salary Program provides supplemental appropriations to various departments and funds to reflect Council-approved and recently negotiated salary and benefit increases that became effective after the adoption of the 2002-2003 Operating Budget. The Salary Program includes Personal Services and Non-Personal/Equipment adjustments.
- Net-Zero Movements Between Appropriations – Revisions are proposed to correct situations where departments either used Non-Personal/Equipment funding to hire contractual employees or personal services monies for temporary agencies. In those cases, in order to provide sufficient funding in the proper appropriation category, a net-zero transfer of funding is recommended.



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Section III**

**Recommended Clean-up Adjustments** (Cont'd.)

Other changes in the Special/Capital Funds are attributed to the following:

- **Rebudget Adjustments not included in the Annual Report** – Revisions are proposed to correct appropriations for rebudgets and fund balance reconciliations that were not included in the 2001-2002 Annual Report Review (approved by Council on October 15, 2002) and are necessary to complete capital projects. Corresponding actions to these adjustments are proposed to the beginning and ending fund balances as appropriate.
- **CIP Action Team** – Adjustments are proposed based on the first six months of actual costs for the CIP Action Team staff. These costs are distributed across the Capital Programs based on the level of service provided to support each program.
- **Information Technology Staff** – Adjustments are proposed to fund the cost of 2.0 FTEs that support the CIP database to facilitate monitoring and reporting on the status of capital projects. These costs are distributed across the Capital Programs based on the level of service provided to support each program. Small funding increases are also recommended in the Traffic Program and the Developer Assisted Projects Program to ensure that budgets accurately reflect the costs of information technology services provided to these programs.
- **Other Miscellaneous Adjustments** – Includes funding source changes in various programs (e.g., the transfer from the General Fund to the Home Investment Partnership Program Fund to reflect the appropriate funding source related to the Rental Dispute Mediation Program, and the shift in responsibility for the Airport security service at the C-12 Vehicle Gate from the Police Department to the Airport).

## General Fund Augmentation/Reduction Summary

Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>BUDGET STRATEGIES</b>				
<i>Departmental Target</i>	CITY ATTORNEY		(\$130,425)	\$175,000
<i>Departmental Target</i>	CITY AUDITOR		(\$71,552)	
<i>Departmental Target</i>	CITY CLERK		(\$36,282)	
<i>Departmental Target</i>	CITY MANAGER		(\$207,365)	
<i>Departmental Target</i>	EMPLOYEE SERVICES		(\$170,000)	
<i>Departmental Target</i>	ENVIRON SVCS		(\$50,856)	
<i>Departmental Target</i>	FINANCE		(\$214,593)	
<i>Departmental Target</i>	FIRE		(\$69,000)	
<i>Departmental Target</i>	GENERAL SERVICES		(\$296,000)	
<i>Departmental Target</i>	INFORMATION TECHNOLOGY		(\$389,446)	
<i>Departmental Target</i>	LIBRARY		(\$652,240)	
<i>Departmental Target</i>	PARK MAINTENANCE		(\$386,287)	
<i>Departmental Target</i>	PBCE		(\$212,690)	
<i>Departmental Target</i>	POLICE		(\$2,080,002)	
<i>Departmental Target</i>	PRNS		(\$1,354,863)	

# General Fund Augmentation/Reduction Summary

Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>BUDGET STRATEGIES</b>				
<i>Departmental Target</i>	PUBLIC WORKS		(\$131,001)	
<i>Departmental Target</i>	TRANSPORTATION		(\$817,500)	
<i>Departmental Target - Transfer from CAE Fund</i>	CITY-WIDE			\$112,468
<i>Reduction: Excess Vehicle Replacement Funds</i>	POLICE		(\$1,163,195)	
Decreases the Police Department's Non-Personal/Equipment budget by \$1.2 million for the replacement of vehicles. Based upon the results of the City Auditor's recent review of the vehicle replacement program, a savings of at least \$1.2 million from the marked fleet is available for use in offsetting other actions described in this report.				
<i>Revenue: Decrease Franchise Fees</i>	CITY-WIDE			(\$2,314,000)
<i>Revenue: Decrease General Sales Tax</i>	CITY-WIDE			(\$3,273,047)
<i>Revenue: Decrease Transient Occupancy Tax</i>	CITY-WIDE			(\$937,603)
<i>Revenue: Decrease Use of Money &amp; Property</i>	CITY-WIDE			(\$1,887,000)
<i>Revenue: Decrease Utility Tax</i>	CITY-WIDE			(\$2,673,389)
<i>Revenue: Increase Property Tax</i>	CITY-WIDE			\$5,166,000
<i>Strategy: Transfer from Vehicle Fund</i>	FINANCE			\$1,400,000
Recognizes the transfer of \$1.4 million from the Vehicle Fund. In 2001-2002, \$1.4 million was transferred from the General Fund to accelerate the purchase of replacement vehicles. These funds are no longer necessary for that purpose.				
<b>TOTAL BUDGET STRATEGIES</b>			<b>(\$8,433,297)</b>	<b>(\$4,231,571)</b>

## DEVELOPMENT FEE PROGRAM

## General Fund Augmentation/Reduction Summary

Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>DEVELOPMENT FEE PROGRAM</b>				
<b><i>Building Fee Reserve</i></b>	EARMARKED RESERVES		(\$500,000)	(\$500,000)
Decreases the Building Fee Reserve by \$500,000 to offset an anticipated \$500,000 shortfall in Building Fee revenue.				
<b><i>Fire Fee Reserve</i></b>	EARMARKED RESERVES		(\$400,000)	(\$400,000)
Decreases the Fire Fee Reserve by \$400,000 to offset an anticipated \$400,000 shortfall in Fire Fee revenue.				
<b><i>Public Works Fee Program Reduction</i></b>	PUBLIC WORKS		(\$255,710)	(\$255,710)
Reduces Public Works Fee Program's Personal Services by \$255,710 and the associated fee program revenue estimate to recognize an anticipated shortfall in Public Works fee revenue. This reduction represents the accrued savings from the program's vacant positions and filled positions that have been redeployed to capital projects.				
<b>TOTAL DEVELOPMENT FEE PROGRAM</b>			<b>(\$1,155,710)</b>	<b>(\$1,155,710)</b>
<b>GRANT/REIMBURSEMENT</b>				
<b><i>Airport Police Overtime and Security Services</i></b>	POLICE		\$2,254,704	\$2,254,704
Provides reimbursement to the General Fund for increased Police overtime costs at the Airport. In addition, this action includes a decrease of \$128,296 to recognize the transfer of responsibility for security service at the Airport's C-12 Vehicle gate from the Police Department to the Airport Department.				
<b><i>Fee Activities Adjustment</i></b>	PRNS		\$510,185	\$510,185
Increases the PRNS fee activity appropriation for various fee activity programs due to higher participation rates. A corresponding increase to fee activity revenue is also recommended.				
<b><i>Fiber Optics Program Adjustment</i></b>	PUBLIC WORKS		(\$303,391)	(\$303,391)
Reduces personal services funding allocated to the Fiber Optics program to reflect delays in implementation by the utility companies.				
<b><i>Fire Department Strike Team Reimbursement</i></b>	FIRE		\$9,048	\$9,048
Provides funding for expenditures incurred by the Fire Department Strike Team for its participation in a wildland fire in northern California.				
<b><i>Health Trust Good Samaritan Grant</i></b>	FIRE		\$25,000	\$25,000
Provides funding from the Health Trust for translations of printed fire and life safety literature into five different languages.				

# General Fund Augmentation/Reduction Summary

Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANT/REIMBURSEMENT</b>				
<i>Local Enforcement Agency (LEA) Grant</i>	PBCE		\$20,000	\$26,218
Provides grant funding from the State for the LEA program to be used for testing, supplies and training.				
<i>San Jose Muni Water Audit</i>	CITY AUDITOR		\$15,000	\$15,000
Transfers funding from the San Jose Municipal Water Fund to the City Auditor's Non-Personal/Equipment budget to reimburse the City Auditor's office for the payment of outside audit services. In May 2002, the City Council directed the City Auditor to assist staff in negotiating a contract with San Jose Water Company to operate the San Jose Municipal Water System.				
<i>Senior Companion Grant</i>	PRNS		\$26,163	\$26,163
Provides funding from the Council On Aging, originally received from the State, to provide a program for frail homebound seniors.				
<i>Senior Nutrition Program</i>	PRNS		\$48,690	\$48,690
Increases the Senior Nutrition Program based on increases approved by Santa Clara County in the 2002-2003 Nutrition Agreement. This increase provides various cost-of-living adjustments for existing services and impacts eight nutrition sites.				
<i>Tobacco Control Program</i>	POLICE			\$85,187
Provides for the offsetting revenue to fund the implementation of the Tobacco Control Program by the Police Department.				
<b>TOTAL GRANT/REIMBURSEMENT</b>			<b>\$2,605,399</b>	<b>\$2,696,804</b>

## REQUIRED ADJUSTMENTS

<i>Annual Audit</i>	CITY-WIDE		\$35,598	
Provides additional funding for the 2002-2003 Annual Audit. This proposal addresses the shortfall between the budget and the contract amount.				
<i>Election Cost Overrun</i>	CITY CLERK		\$63,700	
Provides additional funding for the unanticipated costs associated with the November 2002 election. The Council District run-off was expected, however, the two ballot measures (Measure E and Measure F) were included after the budget was prepared.				
<i>Fire Department Paramedic School</i>	FIRE		\$145,000	
Allocates funding from the Fire Department's training reserve to cover the cost of sending 15 Firefighters to paramedic school. This action helps to address the imbalance of Firefighters and Firefighter/Paramedics.				

# General Fund Augmentation/Reduction Summary

Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED ADJUSTMENTS</b>				
<b><i>Insurance Premium Adjustment</i></b>	CITY-WIDE		\$244,524	
Increases the Insurance Premium appropriation due to higher than expected premiums.				
<b><i>Police Evidence Warehouse Relocation Costs</i></b>	CITY-WIDE		\$600,000	\$250,000
Provides funding to relocate two police evidence warehouses. Due to a Redevelopment Agency mixed use housing project, one of the City's police evidence warehouses will be demolished. It is more cost-effective to co-locate all police evidence in one central location. A portion of the costs (\$250,000) will be reimbursed by the Agency. In addition, funding in the amount of \$350,000 has been included in the State Drug Forfeiture Fund to complete this relocation.				
<b><i>Senior Staff Home Loan Assistance</i></b>	CITY-WIDE		\$750,000	
Increases funding for the Senior Staff Home Loan Assistance program. It is anticipated that three loans will be issued to Senior Staff in 2002-2003.				
<b><i>Sick Leave Payments Upon Retirement</i></b>	CITY-WIDE		\$500,000	
Increases funding for Sick Leave Payments Upon Retirement for employees. This action is recommended due to a higher number of employees and unused sick leave balances in 2002-2003.				
<b><i>Single Grant Compliance Audit</i></b>	CITY-WIDE		\$9,397	
Provides additional funding for the 2002-2003 Annual Audit. This proposal addresses the shortfall between the budget and the contract amount.				
<b><i>Victim/Witness Assistance Program</i></b>	POLICE		\$16,680	
Provides additional funding for the Victim/Witness Assistance Program. An \$8,340 correction to 2001-2002 encumbrance was not made (corresponding to 2001-2002 budget adjustment). Ongoing funding of \$8,340 is required to meet increased contractual costs.				
<b><i>Workers' Compensation Claims Payments</i></b>	CITY-WIDE		\$2,400,000	
Increases funding for workers' compensation claims payments. This action is recommended due to greater than anticipated medical costs in 2002-2003.				
<b>TOTAL REQUIRED ADJUSTMENTS</b>			<b>\$4,764,899</b>	<b>\$250,000</b>

## RESERVES

# General Fund Augmentation/Reduction Summary

Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>RESERVES</b>				
<i>Fire Training Reserve</i>	EARMARKED RESERVES		(\$145,000)	
Allocates funding from the Fire Department's training reserve to cover the cost of sending 15 Firefighters to paramedic school. This action helps to address the imbalance of Firefighters and Firefighter/Paramedics.				
<i>Future Capital Projects/FF&amp;E Reserve</i>	EARMARKED RESERVES		(\$864,000)	
Reduces the reserve set aside for furniture, fixtures and equipment for capital projects. The funds will be used for the new Animal Care and Services facility that is scheduled to open in the fall.				
<b>TOTAL RESERVES</b>			<b>(\$1,009,000)</b>	<b>\$0</b>
<b>UPGRADES/AUGMENTATIONS</b>				
<i>Animal Care and Services Cages &amp; Kennel System</i>	CITY-WIDE		\$864,000	
Provides funds to purchase and install stainless steel cages and kennel system in order to open the new animal shelter.				
<i>Methane Monitoring and Control</i>	CAPITAL		\$75,000	
Provides funding for unanticipated costs related to maintaining the five City-owned closed landfills. Funding is needed to address new regulatory requirements, unanticipated repairs and equipment replacement as well as predevelopment activities.				
<i>Parking Citations - Augmentation for Processing Fees</i>	CITY-WIDE		\$134,649	
Forms part of a package of actions associated with necessary increased parking compliance due to the recent increase in the Residential Parking Permit Program. The package increases citation revenue estimates due to the addition of 3.0 FTE parking compliance officers. Also augments appropriations to support the heightened activity and associated processing costs.				
<i>Parking Citations - Augmented Activity and Revenue</i>	TRANSPORTATION	3.00	\$77,583	\$444,000
Forms part of a package of actions associated with necessary increased parking compliance due to the recent increase in the Residential Parking Permit Program. The package increases citation revenue estimates due to the addition of 3.0 FTE parking compliance officers. Also augments appropriations to support the heightened activity and associated processing costs.				

**General Fund Augmentation/Reduction Summary**

**Mid-Year 2002-2003**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>UPGRADES/AUGMENTATIONS</b>				
<i>Redevelopment Agency Attorney Enhancement</i>	CITY ATTORNEY	1.00	\$44,720	\$44,720
Provides additional funding for the addition of a Senior Deputy City Attorney position. This position will be reimbursed by the Redevelopment Agency and will address the increased workload associated with Redevelopment Agency legal matters.				
<i>Revenue Enhancement Opportunities</i>	CITY MANAGER		\$80,000	
Provides funding to assist with the identification of additional revenue strategies that may be considered for 2003-2004.				
<b>TOTAL UPGRADES/AUGMENTATIONS</b>		<b>4.00</b>	<b>\$1,275,952</b>	<b>\$488,720</b>

**GENERAL FUND TOTALS**

<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
4.00	(\$1,951,757)	(\$1,951,757)



## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>GIFT TRUST FUND (139)</b>				
<i>Ending Fund Balance Adjustment</i>	PRNS		\$7,990	
Increases the ending fund balance to reflect revenue reductions and appropriation augmentations recommended in this report.				
<i>Happy Hollow Park and Zoo Improvements</i>	PRNS		\$3,000	
Increases the Happy Hollow Park and Zoo Improvements appropriation to reflect the actual cash balance of this appropriation.				
<i>Senior Games - San Jose Adjustment</i>	PRNS		(\$29,990)	(\$19,000)
Decreases the estimate for Earned Revenue in the amount of \$19,000 and reduces the Senior Games - San Jose appropriation by \$29,990 to reflect actual cash balances in this appropriation.				
<b>TOTAL GIFT TRUST FUND (139)</b>			<b>(\$19,000)</b>	<b>(\$19,000)</b>
 <b>UNEMPLOYMENT INSUR FD (157)</b>				
<i>Payment of Claims Increase</i>	EMPLOYEE SERVICES		\$399,009	\$399,009
Increases funding for payment of claims, and provides an increase in the Claims Reserve, with a corresponding offsetting increase in revenues for unemployment insurance. This adjustment is needed as a result of the high unemployment rate in Santa Clara County, combined with 12% increase in benefits. In addition, actual claims costs are higher due to lengthier claim periods and increases in the total number of claims among part-time, temporary, and seasonal employees.				
<b>TOTAL UNEMPLOYMENT INSUR FD (157)</b>			<b>\$399,009</b>	<b>\$399,009</b>

## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>BENEFITS FD (160)</b>				
<i>Administration Adjustment</i>	EMPLOYEE SERVICES		\$20,000	
Provides funding for consultant services to assist with the request for proposals which included the transition from Lifeguard to the Blue Shield HMO plan. In addition, consultant services will be utilized for training and technical assistance.				
<i>Ending Fund Balance Adjustment</i>	EMPLOYEE SERVICES		(\$20,000)	
Decreases the ending fund balance by \$20,000 to provide for the adjustment for administration.				
<i>Health Plan Adjustment</i>	EMPLOYEE SERVICES		\$1,700,000	\$1,700,000
Increases revenues and expenditures for the health plans. Kaiser increased the health rate by 19% effective January, thus without this adjustment, both revenues and expenditures would exceed budget by year end.				
<i>MEF Legal Adjustment</i>	EMPLOYEE SERVICES		\$8,000	\$8,000
Increases funding for MEF Legal due to a negotiated increase in the premium. A corresponding increase in revenue from interfund transfers will offset the additional costs.				
<i>PTC 457 Adjustment</i>	EMPLOYEE SERVICES		\$10,000	\$10,000
Increases funding due to higher than expected part-time employee participation. A corresponding increase in revenue from interfund transfers will offset the additional costs.				
<b>TOTAL BENEFITS FD (160)</b>			<b>\$1,718,000</b>	<b>\$1,718,000</b>
<b>WORKFORCE INVESTMENT ACT (290)</b>				
<i>Packard Grant - Nova</i>	ECONOMIC DEVELOPMENT		\$130,000	\$130,000
Increases the Welfare-To-Work Program appropriation to reflect increased grant funding from the Packard Foundation.				
<b>TOTAL WORKFORCE INVESTMENT ACT (290)</b>			<b>\$130,000</b>	<b>\$130,000</b>

## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
 <b>M.D. #1 LOS PASEOS (352)</b>				
<i>Ending Fund Balance Adjustment</i>	FINANCE		(\$783)	
Decreases the ending fund balance to provide funding for a Mid-Year adjustment to the workers' compensation claims appropriation.				
<i>Workers' Compensation Adjustment</i>	FINANCE		\$783	
Provides funding to cover the actual costs of workers' compensation claims against this fund.				
<b>TOTAL M.D. #1 LOS PASEOS (352)</b>			<b>\$0</b>	<b>\$0</b>
 <b>M.D. #10 OAKMD STRM PUMP STN (363)</b>				
<i>Ending Fund Balance Adjustment</i>	FINANCE		(\$715)	
Decreases the ending fund balance to provide funding for a Mid-Year adjustment to the workers' compensation claims appropriation.				
<i>Workers' Compensation Adjustment</i>	FINANCE		\$715	
Provides funding to cover the actual costs of workers' compensation claims against this fund.				
<b>TOTAL M.D. #10 OAKMD STRM PUMP STN (363)</b>			<b>\$0</b>	<b>\$0</b>
 <b>SUBDIVISION PARK TRUST FD (375)</b>				
<b>Parks/Comnty Fac Capital Pgm</b>				
<i>Reserve: Future PDO/PIFO Projects</i>	PRNS		(\$90,000)	
Reduces the Reserve for Future PDO/PIFO Projects to provide funding for the new Sonora Turnkey Park.				
<i>Sonora Turnkey Park</i>	PRNS		\$90,000	
Establishes an appropriation for this park. The City received \$90,000 from the developer for design review and inspection fees.				
<b>TOTAL SUBDIVISION PARK TRUST FD (375)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX FD PARKS CD3 (380)</b>				
<b>Parks/Commty Fac Capital Pgm</b>				
<i>Ending Fund Balance Adjustment</i>	PRNS		(\$76,000)	
Decreases the ending fund balance by \$76,000 to provide for the Ryland Park Renovation project.				
<i>Ryland Park Renovation</i>	PRNS		\$76,000	
Establishes an appropriation for this park. The City received \$26,000 from Pulte Homes for design review and inspection fees, and an additional \$50,000 from Legacy Development for Public Works development services.				
<b>TOTAL CONST/CONV TAX FD PARKS CD3 (380)</b>			<b>\$0</b>	<b>\$0</b>
 <b>CONST/CONV TAX PARKS (391)</b>				
<b>Parks/Commty Fac Capital Pgm</b>				
<i>Ending Fund Balance Adjustment</i>	PRNS		(\$240,000)	
Decreases the ending fund balance by \$240,000 to provide additional funding for the City's commitment to the Vietnamese Cultural Heritage Foundation for the Vietnamese Cultural Heritage Garden.				
<i>Penitencia Creek Trail-King Road Crossing</i>	PRNS		\$200,000	
Establishes a new appropriation for the King Road portion of the Penitencia Creek Trail. This project will provide funding to install a pedestrian stop light or signal. These funds are currently appropriated in the Reserve: Guadalupe River Trail-Hwy 880 to Bay.				
<i>Reserve: Guadalupe River Trail-Hwy 880 to Bay</i>	PRNS		(\$200,000)	
Decreases reserve to fund Penitencia Creek Trail-King Road Crossing project.				
<i>Vietnamese Cultural Heritage Garden</i>	PRNS		\$240,000	
Provides sufficient funding for the City's commitment to the Vietnamese Cultural Heritage Foundation to fund the City's design, construction management, and inspection costs associated with this project.				
<b>TOTAL CONST/CONV TAX PARKS (391)</b>			<b>\$0</b>	<b>\$0</b>

# Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX FIRE (392)</b>				
<b>Fire Capital Program</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	FIRE		(\$253,000)	
Decreases Ending Fund Balance to provide funding for various Mid-Year actions.				
<b><i>Mechanical Sirens</i></b>	FIRE		\$50,000	
Provides funding for the installation of mechanical sirens on all front line Fire Engines and Trucks. These devices allow emergency response personnel to travel through intersections more safely by sending a signal directly forward. This signal, compared with the standard electronic one, can more efficiently penetrate an intersection. The use of these sirens was first piloted in 2001-2002 and this funding will furnish a larger portion of the fleet while costs for entire fleet are developed.				
<b><i>Portable Radio Repeaters</i></b>	FIRE		\$34,000	
Establishes an appropriation to cover the City's contribution to the Federal Emergency Management Agency 2002 Assistance to Firefighters Grant for Portable Radio Repeaters. These repeaters will provide improved portable radio communication at all emergencies, especially in high-rise buildings.				
<b><i>Tools and Equipment</i></b>	FIRE		\$150,000	
Provides additional funding, enabling the Fire Department to purchase second sets of turnouts and storage racks for firefighters. This request, supported by City Council, will bring the Department closer to its goal of providing each firefighter with 2 sets of turnouts.				
<b><i>Underground Fuel Tank Renovation/Replacement</i></b>	FIRE		\$19,000	
Provides additional funding for fuel tank monitoring and investigations due to unanticipated requests from the Santa Clara Valley Water District and the Regional Water Quality Control Board at firestations.				
<b>TOTAL CONST/CONV TAX FIRE (392)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TX CW-SRVC YDS (395)</b>				
<b>Service Yards Capital Program</b>				
<i>Ending Fund Balance Adjustment</i>	GENERAL SERVICES		(\$16,000)	
Decreases the ending fund balance by \$16,000 to provide for the adjustment for the Underground Fuel Tank Renovation/Replacement.				
<i>Underground Fuel Tank Renovation/Replacement</i>	GENERAL SERVICES		\$16,000	
Provides additional funding for fuel tank monitoring and investigations due to unanticipated requests from the Santa Clara Valley Water District and the Regional Water Quality Control Board.				
<b>TOTAL CONST/CONV TX CW-SRVC YDS (395)</b>			<b>\$0</b>	<b>\$0</b>
 <b>UNDERGRND UTILITY FD (416)</b>				
<b>Devel Assisted Capital Program</b>				
<i>Ending Fund Balance Adjustment</i>	PUBLIC WORKS		(\$50,000)	
Decreases the ending fund balance by \$50,000 to fund administration of Underground Utility Fund.				
<i>Underground Utility Administration</i>	PUBLIC WORKS		\$50,000	
Increases funding for administration of the Underground Utility Program as increased staff time was incurred in the first half of this year assessing the feasibility of a fee adjustment.				
<b>TOTAL UNDERGRND UTILITY FD (416)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>STATE DRUG FORF FD (417)</b>				
<i>Ending Fund Balance Adjustment</i>	POLICE		(\$350,000)	
Decreases the ending fund balance by \$350,000 to provide funding for the relocation of the Property Warehouse.				
<i>Relocation of Property Warehouse</i>	POLICE		\$350,000	
Provides funding to relocate two police evidence warehouses. Due to a Redevelopment Agency mixed use housing project, one of the City's police evidence warehouses will be demolished. It is more cost-effective to co-locate all police evidence in one central location. Total cost of the relocation is \$950,000 and will be shared by the State Drug Forfeiture Fund and the General Fund.				
<b>TOTAL STATE DRUG FORF FD (417)</b>			<b>\$0</b>	<b>\$0</b>
 <b>RES CONST TAX CONTR FUND (420)</b>				
<b>Devel Assisted Capital Program</b>				
<i>Ending Fund Balance Adjustment</i>	PUBLIC WORKS		(\$73,000)	
Decreases the ending fund balance to offset the revenue estimate reduction recommended in this report.				
<i>Revenue Adjustment</i>	PUBLIC WORKS			(\$73,000)
Decreases the earned revenue estimate by \$73,000 to reflect lower than anticipated Residential Construction Tax collections. Revenue from the Residential Construction Tax is tracking significantly lower than anticipated due to the current economic climate and the reduction in the amount of development taking place within the City.				
<b>TOTAL RES CONST TAX CONTR FUND (420)</b>			<b>(\$73,000)</b>	<b>(\$73,000)</b>

## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
 <b>INT WASTE MGT FUND (423)</b>  				
<b><i>Ending Fund Balance Adjustment</i></b>	ENVIRON SVCS		(\$1,400,000)	
Decreases the ending fund balance to offset net revenue and expenditure actions recommended in this report.				
<b><i>Multi-Family Recycle Plus Contract Adjustments</i></b>	ENVIRON SVCS		\$400,000	
Increases the Multi-Family Recycle Plus appropriation to correct underestimated expenditures. Sufficient savings are anticipated in the Yard Trimmings/Street Sweeping appropriation to cover this overage.				
<b><i>Recycle Plus Customer Service Staffing</i></b>	ENVIRON SVCS		\$250,000	
Increases the Environmental Services Department Non-Personal/Equipment appropriation to cover unanticipated expenditures for additional Customer Service Representatives as a result of increased calls from City residents. An offsetting decrease in the Environmental Services Yard Trimmings/Street Sweeping appropriation is recommended in this document.				
<b><i>Revenue Adjustment</i></b>	ENVIRON SVCS			(\$1,400,000)
Reduces earned revenue estimates in the Integrated Waste Management Fund in the amount of \$1.4 million to reflect revenues that will not be received due to an accounting error. These revenues were incorrectly booked in 2001-2002 rather than in 2002-2003. Sufficient ending fund balance exists this year to offset this correction.				
<b><i>Single-Family Recycle Plus Contract Adjustments</i></b>	ENVIRON SVCS		\$400,000	
Increases the Single-Family Recycle Plus appropriation to correct underestimated expenditures. Sufficient savings are anticipated in the Yard Trimmings/Street Sweeping appropriation to cover this overage.				
<b><i>Yard Trimming Recycle Plus Contract Adjustments</i></b>	ENVIRON SVCS		(\$1,050,000)	
Decreases the Yard Trimmings/Street Sweeping appropriation to account for overestimated expenditures. Savings in this appropriation will be used to cover increased costs in the Environmental Services Non-Personal/Equipment appropriation and overages in the Single-Family Recycle Plus and Multi-Family Recycle Plus appropriations.				
<b><i>Sign Installation Work</i></b>	TRANSPORTATION		(\$129,000)	
Transfers funding from the Non-Personal/Equipment appropriation to the Personal Services appropriation for sign installation work. The transfer is necessary because work that was going to be contracted out will now be performed by City staff.				



## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>INT WASTE MGT FUND (423)</b>				
<i>Sign Installation Work</i>	TRANSPORTATION		\$129,000	
<p>Transfers funding from the Non-Personal/Equipment appropriation to the Personal Services appropriation for sign installation work. The transfer is necessary because work that was going to be contracted out will now be performed by City staff.</p>				
<b>TOTAL INT WASTE MGT FUND (423)</b>			(\$1,400,000)	(\$1,400,000)
 <b>CIVIC CTR CONST FD (425)</b>				
<b>Civic Center Capital Program</b>				
<i>Delete Credit Line from Sewage Trmnt. Plant Conn. Fee Fund</i>	PUBLIC WORKS			(\$12,500,000)
<p>Eliminates the line of credit from the Sewage Treatment Plant Connection Fee Fund that was approved by the City Council on October 1, 2002 to provide sufficient cash to fund potential encumbrance activity in the Civic Center Construction Fund until the receipt of bond proceeds. This line of credit was not used and is no longer necessary.</p>				
<i>Ending Fund Balance Adjustment</i>	PUBLIC WORKS		(\$12,500,000)	
<p>Reflects the elimination of the line of credit from the Sewage Treatment Plant Connection Fee Fund.</p>				
<i>Reimbursement to RDA for Land Acquisition</i>	PUBLIC WORKS		\$415,000	
<p>Increases the land acquisition allocation for the Civic Center project based on the actual reimbursement to the Redevelopment Agency. There are sufficient savings in the land acquisition allocation in the Civic Center Parking fund to offset this overage.</p>				
<i>Transfer from Civic Center Parking Fund</i>	PUBLIC WORKS			\$415,000
<p>Transfers savings from the Land Acquisition allocation in the Civic Center Parking Fund to cover the overage for land acquisition in the Civic Center Construction Fund. Overall, land acquisition costs associated with the Civic Center project are within budgeted levels.</p>				
<b>TOTAL CIVIC CTR CONST FD (425)</b>			(\$12,085,000)	(\$12,085,000)

## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>BUILDING &amp; STRUCT CONST TAX (429)</b>				
<b>Traffic Capital Program</b>				
<b><i>Building and Structure Construction Tax Shortfall</i></b>	TRANSPORTATION			(\$1,950,000)
Reduces revenue estimates for this development-related tax as a result of the prolonged economic downturn. Projections have been updated based on an analysis of actual year-to-date receipts that are tracking well below anticipated levels.				
<b><i>Ending Fund Balance Adjustment</i></b>	TRANSPORTATION		(\$2,080,000)	
Decreases the ending fund balance to offset actions recommended in this report.				
<b><i>Foxworthy Ave: Guadalupe River Bridge</i></b>	PUBLIC WORKS		\$130,000	
Provides additional funding for extra work required by the Santa Clara Valley Water District related to the demolition of the old bridge structure.				
<b><i>Increase Traffic Signals Allocation</i></b>	TRANSPORTATION		\$850,000	
Increases the Traffic Signals allocation by \$850,000 to address a funding shortfall in this area. This will enable the delivery of a number of the higher priority traffic signals that were programmed for initiation in the current year. This increase will be offset by a reduction to the Smart Intersections allocation.				
<b><i>Oakland Road: Fox to Montague</i></b>	PUBLIC WORKS		\$100,000	\$100,000
Recognizes developer contributions of \$100,000 and appropriates that amount for construction of a traffic signal within the Oakland Road: Fox to Montague project.				
<b><i>Reduce Smart Intersections Allocation</i></b>	TRANSPORTATION		(\$850,000)	
Reduces the Smart Intersections Allocation by \$850,000 to provide funding for higher priority traffic signals. This shift in resources will better meet the overall traffic flow needs of the City.				
<b><i>Route 880: Coleman Interchange Upgrade</i></b>	TRANSPORTATION		(\$1,500,000)	(\$1,500,000)
Implements a technical adjustment that reduces the Route 880: Coleman Interchange Upgrade project allocation and the Beginning Fund Balance. The project expenditure was recorded in 2001-2002 after fund balance reconciliations were finalized in the 2001-2002 Annual Report. The correction does not impact the total budget for this project.				

## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>BUILDING &amp; STRUCT CONST TAX (429)</b>				
<b>Traffic Capital Program</b>				
<i>VTA-ITS Enhancements</i>	TRANSPORTATION		\$77,000	\$77,000
<p>Recognizes additional grant revenue from the Valley Transportation Authority (VTA) for the Intelligent Transportation Systems (ITS)-Enhancements project. An increase to the associated appropriation is also recommended. The additional funding will pay for software, electrical service design, and inspection fees that were not part of the original estimate.</p>				
<b>TOTAL BUILDING &amp; STRUCT CONST TAX (429)</b>			<b>(\$3,273,000)</b>	<b>(\$3,273,000)</b>
<b>CIVIC CTR PRKNG FD (433)</b>				
<b>Parking Capital Program</b>				
<i>Reduce Transfer to RDA for Land Acquisition</i>	PUBLIC WORKS		(\$415,000)	
<p>Decreases the land acquisition allocation for the Civic Center Parking project based on the estimated reimbursement to the Redevelopment Agency (RDA) for site acquisition outlined in the transfer agreement with the RDA.</p>				
<i>Transfer to Civic Center Construction Fund</i>	PUBLIC WORKS		\$415,000	
<p>Transfers savings from the Land Acquisition allocation in the Civic Center Parking Fund to cover the overage for land acquisition in the Civic Center Construction Fund. Overall, land acquisition costs associated with the Civic Center project are within budgeted levels.</p>				
<b>TOTAL CIVIC CTR PRKNG FD (433)</b>			<b>\$0</b>	<b>\$0</b>
<b>LOW/MOD INC HSNB FD (443)</b>				
<i>Debt Service Increase for Series G and H Bonds</i>	HOUSING		\$700,000	
<p>Increases the Debt Service appropriation for series G and H bonds debt service.</p>				
<i>Reduce Loans, Grants and Site Acquisition Appropriation</i>	HOUSING		(\$700,000)	
<p>Reduces Loans, Grants and Site Acquisition appropriation to pay for the increases to the Debt Service appropriation for series G and H bonds debt service.</p>				
<b>TOTAL LOW/MOD INC HSNB FD (443)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>TRANSIENT OCCUPANCY TAX (461)</b>				
<i>Ending Fund Balance Adjustment</i>	CAE SVCS		(\$324,000)	
Decreases ending fund balance by \$324,000 to mitigate the impact upon the arts program of the formula-driven allocaton.				
<i>Revenue Adjustment</i>	CAE SVCS			(\$2,600,000)
Decreases revenues by \$2,600,000 to reflect anticipated collections for the Transient Occupancy Tax.				
<i>TOT Distribution to Arts Grants Adjustment</i>	CAE SVCS		(\$326,000)	
Decreases the allocation to the Arts Grants by \$326,000. In order to mitigate the impact upon the arts program of the formula-driven allocation, a reduction to the ending fund balance of \$324,000 has been included.				
<i>TOT Distribution to CAE Adjustment</i>	CAE SVCS		(\$1,300,000)	
Decreases the transfer to the Cultural Affairs Fund to reflect anticipated revenue collections.				
<i>TOT Distribution to CVB Adjustment</i>	CAE SVCS		(\$650,000)	
Decreases the allocation to the Convention and Visitors Bureau to reflect anticipated revenue collections.				
<b>TOTAL TRANSIENT OCCUPANCY TAX (461)</b>			<b>(\$2,600,000)</b>	<b>(\$2,600,000)</b>

## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONSTRUCTION EXCISE TAX FD (465)</b>				
<b>Traffic Capital Program</b>				
<b>Construction Excise Tax Shortfall</b>	TRANSPORTATION			(\$2,760,000)
Reduces revenue estimates for this development-related tax as a result of the prolonged economic downturn. Projections have been updated based on analysis of actual year-to-date receipts.				
<b>Ending Fund Balance Adjustment</b>	TRANSPORTATION		\$5,166,000	
Increases the ending fund balance to account for the net revenue and expenditure recommendations in this report.				
<b>Measure A/B Street Maintenance Revenues</b>	TRANSPORTATION			\$7,926,000
Recognizes additional grant reimbursements for street maintenance work completed prior to the current fiscal year.				
<b>Reserve: TCRP-Street Maintenance</b>	TRANSPORTATION		\$1,487,000	
Places funding for Street Maintenance from the Traffic Congestion Relief Program (TCRP) in reserve as a result of the Governor's proposal to unfund this program. In a related action, the appropriation has been taken down by the amount to be placed in reserve. As a result, money will not be spent until it is received from the state. This action impacts the City's ability to meet street maintenance commitments in the current year.				
<b>TCRP-Street Maintenance</b>	TRANSPORTATION		(\$1,487,000)	
Reduces appropriation as a result of Governor's proposal to unfund the Traffic Congestion Relief Program (TCRP), effective January 2003. The balance will be placed in reserve and will not be spent unless the revenue is received. This action impacts the City's ability to meet street maintenance commitments in the current year.				
<b>TOTAL CONSTRUCTION EXCISE TAX FD (465)</b>			<b>\$5,166,000</b>	<b>\$5,166,000</b>
 <b>MUNI WATER MAJOR FAC FEE (502)</b>				
<b>Water Utility Sys Capital Pgm</b>				
<b>Revenue Adjustment</b>	ENVIRON SVCS		(\$200,000)	(\$200,000)
Decreases Earned Revenue in the amount of \$200,000 for Major Facilities Fee revenues (\$200,000) that will not be received. Decreases in Major Facilities Fee revenues reflect the slow-down in economic development that has occurred in North San Jose and Evergreen areas.				
<b>TOTAL MUNI WATER MAJOR FAC FEE (502)</b>			<b>(\$200,000)</b>	<b>(\$200,000)</b>

## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SJ-SC TRMNT PLANT OPER FD (513)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	ENVIRON SVCS		(\$925,000)	
Decreases the ending fund balance to offset net revenue and expenditure actions recommended in this report.				
<b><i>Reserve for Workers' Compensation Claims</i></b>	ENVIRON SVCS		(\$225,000)	
Decreases the Reserve for Workers' Compensation Claims appropriation by \$225,000 to offset a corresponding increase in the Payment of Workers' Compensation appropriation to account for higher than anticipated claims costs.				
<b><i>Revenue Adjustment</i></b>	ENVIRON SVCS			(\$925,000)
Reduces Earned Revenue by \$925,000 in the Treatment Plant Operating Fund to reflect revenues that will not be received this fiscal year for Ultra Low Flow Toilet (ULFT) reimbursements. Starting this fiscal year, the City will no longer share the cost of the ULFT retrofits in single-family homes with the Santa Clara Valley Water District as a result of the District reaching their ULFT retrofit target.				
<b><i>Workers' Compensation Claims Adjustment</i></b>	FINANCE		\$225,000	
Increases the Payment of Workers' Compensation Claims appropriation by \$225,000 to provide funding for increased workers' compensation costs. Sufficient reserves exist to cover the anticipated overage. An offsetting decrease to the Reserve for Workers' Compensation Claims appropriation is recommended in this document.				
<b>TOTAL SJ-SC TRMNT PLANT OPER FD (513)</b>			(\$925,000)	(\$925,000)

**Special/Capital Funds Augmentation/Reduction Summary Mid-Year 2002-2003**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONSOL WATER UTILITY FD (515)</b>				
<b>Ending Fund Balance Adjustment</b>	ENVIRON SVCS		(\$15,000)	
Decreases the ending fund balance to reflect the appropriation augmentation recommended below.				
<b>Transfer to the General Fund - Reimb for City Auditor Svcs</b>	ENVIRON SVCS		\$15,000	
Transfers funding from the Water Utility Fund (Fund 515) to the City Auditor's General Fund Non-Personal/Equipment appropriation to reimburse the City Auditor's office for the payment of outside audit services. In May 2002, the City Council directed the City Auditor to assist staff in negotiating a contract with San Jose Water Company to operate the San Jose Municipal Water System.				
<b>TOTAL CONSOL WATER UTILITY FD (515)</b>			<b>\$0</b>	<b>\$0</b>
<b>MUNICIPAL GOLF COURSE FD (518)</b>				
<b>Los Largos Debt Service</b>	PRNS		\$188,732	\$188,732
Increases Debt Service Appropriation for Los Largos Series 2000B Lease Revenue Bonds, and recognizes Capitalization Interest Revenue.				
<b>TOTAL MUNICIPAL GOLF COURSE FD (518)</b>			<b>\$188,732</b>	<b>\$188,732</b>

## Special/Capital Funds Augmentation/Reduction Summary      Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
 <b>AIRPORT CAPITAL IMPVT FD (520)</b>  				
<b><i>Ending Fund Balance Adjustment</i></b>	AIRPORT		\$2,974,000	
Increases the ending fund balance by \$2,974,000 to reflect the net effect of the Mid-Year adjustments to this fund.				
<b><i>General Airport Support Security Grant</i></b>	AIRPORT		\$355,000	
Establishes a General Airport Support Security Grant appropriation to provide funding for specific Airport projects. Projects included in this approved grant application are the following: Live Scan Equipment; Radio/Cellular Telephone for Airport Response Center (ARC) and other emergency responding divisions; Upgrade Community Center Equipment; Telecom Airquip Equipment in the Airport Communications Center; and Fingerprint System, ID Badge System and Priority Customer Program.				
<b><i>Grant Income Adjustment</i></b>	AIRPORT			\$1,908,000
Increases the revenue estimate to recognize the anticipated receipt of grant reimbursements for the Airport Improvement Program (AIP) Grant for the Noise Attenuation-Category 1B project (\$1,692,000). In addition, approximately \$216,000 in reimbursements from a Federal Aviation Security grant, approved in September 2002, is also anticipated to be received in 2002-2003.				
<b><i>Noise Attenuation Treatment - Category 1B</i></b>	AIRPORT		\$8,000,000	
Increases the Noise Attenuation Treatment-Category 1B appropriation by \$8,000,000 to account for the receipt of an Airport Improvement Program (AIP) grant for this work. The adjustment was previously funded from the Airport Passenger Facility Charge Fund (529). The budget can now be transferred to the Airport Capital Improvement Fund where grant-eligible costs are recorded. A corresponding decrease to this project in Fund 529 is also recommended.				
<b><i>Parking Aviation Support Security Grant</i></b>	AIRPORT		\$140,000	
Establishes a Parking Aviation Support Security Grant appropriation to provide funding for specific Airport projects included in the approved grant application. Included in this appropriation action would be funding for the Blast Analysis and Red Lot Modification/Fencing projects.				
<b><i>Passenger Terminal Facility Security Grant</i></b>	AIRPORT		\$101,000	
Establishes a Parking Terminal Facility Security Grant appropriation to provide funding for specific Airport projects included in the approved grant application. Included in this appropriation action would be funding for the Terminal A Checkpoint Modifications and Terminal C Concourse Modifications projects.				



## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
 <b>AIRPORT CAPITAL IMPVT FD (520)</b>				
<i><b>Taxiway L Widening</b></i>	AIRPORT		(\$4,400,000)	
<p>Decreases the Taxiway L Widening appropriation by \$4.4 million. This project has been determined to be more appropriately part of a larger project, which is Taxiway Y Reconstruction. Additional design and construction costs for this project will be included in the Taxiway Y reconstruction cost. The remaining balance in the Taxiway L Widening appropriation will provide funding for expenditures incurred to date.</p>				
<i><b>Taxiway Z Extension</b></i>	AIRPORT		(\$5,262,000)	
<p>Decreases the Taxiway Z Extension appropriation by \$5,262,000, as the project can now be funded from the security reserve established in the Airport Revenue Bond Improvement Fund. It is anticipated that approval to use commercial paper to fund security-related projects will be obtained prior to the award of this contract in June 2003. Therefore, only the estimated design cost for this project is necessary from the Airport Capital Improvement Fund.</p>				
<b>TOTAL AIRPORT CAPITAL IMPVT FD (520)</b>			<b>\$1,908,000</b>	<b>\$1,908,000</b>
 <b>AIRPORT REVENUE FUND (521)</b>				
<i><b>Ending Fund Balance Adjustment</b></i>	AIRPORT		(\$4,000,000)	
<p>Decreases the ending fund balance by \$4 million, which primarily represents the necessary adjustments to revenue estimates as a result of reduced activity levels.</p>				
<i><b>Reduced Activity Levels</b></i>	AIRPORT			(\$7,500,000)
<p>Decreases the revenue estimates to reflect the known impacts of reduced activities at the Airport resulting from slower than anticipated recovery of the economy.</p>				
<i><b>Revenue Reimbursement for Checkpoint Security</b></i>	AIRPORT			\$3,500,000
<p>Increases to the earned revenue estimate are recommended to recognize the reimbursement of expenses from the Transportation Security Administration for providing law enforcement officers at the Airport's passenger screening checkpoints.</p>				
<b>TOTAL AIRPORT REVENUE FUND (521)</b>			<b>(\$4,000,000)</b>	<b>(\$4,000,000)</b>

## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT MAINT &amp; OPER FD (523)</b>				
<p><i><b>Airport Security and Traffic Relief Act Ballot Measure</b></i></p> <p>Provides funding of \$1.8 million for costs associated with a March 2003 special election, in which the City will place an amendment to the Airport Traffic Relief Act on the ballot for voter approval. The City Council approved the resolution for a special election on March 4, 2003, for the Airport Security and Traffic Relief Act (ASTRA).</p>	AIRPORT		\$1,800,000	
<p><i><b>Jetway Bridges &amp; Baggage Carousel Systems Maintenance Contract</b></i></p> <p>Reallocates Non-Personal/Equipment funding to personal services for jetway and baggage carousel systems maintenance by in-house staff.</p>	AIRPORT		(\$112,000)	
<p><i><b>Jetway Bridges &amp; Baggage Carousel Systems Maintenance Contract</b></i></p> <p>Transfers funding from the Non-Personal/Equipment to Personal Services appropriation to provide for the proposed transfer of responsibility for maintenance of the Airport's jet bridges and baggage carousel systems from an outside vendor to in-house staff. The ability to provide the service in-house will not only be a cost savings measure but will improve service delivery as well.</p>	AIRPORT		\$112,000	
<p><i><b>Operating Contingency Reduction</b></i></p> <p>Reduces the Operating Contingency by \$1.8 million to provide funding for the ASTRA Information Campaign proposal.</p>	AIRPORT		(\$1,800,000)	
<p><i><b>Security Program Reserve Reduction - Police Reimb for Overtime</b></i></p> <p>Decreases the Security Program Reserve by \$2,383,000 in order to provide funding for a corresponding adjustment to the Transfer to the General Fund for Police Reimbursement for the increase to Police overtime costs.</p>	AIRPORT		(\$2,383,000)	
<p><i><b>Transfer to the General Fund - Police Reimb for Overtime</b></i></p> <p>Increases transfer to the General Fund for Police overtime costs related to functions associated with the additional security mandates for checkpoint security staffing (\$2,383,000), which is the estimated reimbursement cost through February 14, 2003.</p>	AIRPORT		\$2,383,000	
<b>TOTAL AIRPORT MAINT &amp; OPER FD (523)</b>			<b>\$0</b>	<b>\$0</b>

**Special/Capital Funds Augmentation/Reduction Summary Mid-Year 2002-2003**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT REV BOND IMP FD (526)</b>				
<i>Ending Fund Balance Adjustment</i>	AIRPORT		\$385,308	
Increases the ending fund balance by \$385,308 to reflect the transfer from the Airport Renewal and Replacement Fund for the reimbursement of prior years' expenditures.				
<i>Transfer from the Airport Renewal and Replacement Fund</i>	AIRPORT			\$385,308
Increases transfers by \$385,308, which represents the corresponding adjustment from the Airport Renewal and Replacement Fund for the reimbursement of incorrect charges previously made in the Airport Revenue Bond Improvement Fund.				
<b>TOTAL AIRPORT REV BOND IMP FD (526)</b>			<b>\$385,308</b>	<b>\$385,308</b>

## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT RENEW &amp; REPL FD (527)</b>				
<b><i>Advanced Planning</i></b>	AIRPORT		\$90,000	
Increases the Advanced Planning appropriation by \$90,000 in order to fund initial consultant services necessary in preparation of a litigation case associated with the Noise Attenuation project contractors.				
<b><i>Airport Boulevard-Terminal Drive Improvements</i></b>	AIRPORT		\$31,000	
Increases the Airport Boulevard-Terminal Drive Improvements \$31,000 to fund the project's share of the consultant's program management cost through June 2003.				
<b><i>Alternative Fueling Station</i></b>	AIRPORT		\$39,000	
Increases the Alternative Fueling Station appropriation by \$39,000 to fund the project's share of the consultant's program management cost through June 2003.				
<b><i>Building Modifications</i></b>	AIRPORT		(\$130,000)	
Decreases the Building Modifications appropriation by \$130,000 as a result of savings from the Fire Station #20 project.				
<b><i>Consolidated Terminal Concept Design</i></b>	AIRPORT		(\$121,000)	
Decreases the Consolidated Terminal Concept Design appropriation by \$121,000. Airport is requesting that the project be deferred as the focus is currently on the implementation of security improvements.				
<b><i>Ending Fund Balance Adjustment</i></b>	AIRPORT		(\$1,861,308)	
Decreases the ending fund balance by \$1,861,308 to fund various Mid-Year actions.				
<b><i>Equipment, Operating</i></b>	AIRPORT		\$240,000	
Increases the Equipment, Operating appropriation by \$240,000 to fund the purchase of a new generator (\$200,000) that meets BAAQM District emission requirements and will serve both the Central Plant and the Interim Federal Inspection Service Facility. Funding will also provide for the purchase and installation of a 500-gallon vaulted fuel tank (\$40,000) for the Terminal A generator, in order to meet the requirement for an 8-hour minimum fueling capacity necessary to operate the generator.				

## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
 <b>AIRPORT RENEW &amp; REPL FD (527)</b> 				
<b><i>Food and Beverage Service Contract</i></b>	AIRPORT		\$230,000	
Increases the Food and Beverage (F&B) Service Contract appropriation by \$230,000 to reimburse HOST for structural and mechanical upgrades at the new Federal Inspection Service (FIS) Facility that were not included in the scope of concession improvements required under current agreement. This action will also provide for a technical adjustment to the budget reference for the agreement, which should have cited an increase to the F&B Contract appropriation rather than the FIS appropriation.				
<b><i>Land Improvements</i></b>	AIRPORT		\$53,000	
Increases the Land Improvements appropriation by \$53,000 to fund a payment due to San Jose Water Company for repair of a water main on Airport Boulevard, which was caused by a faulty valve in the Terminal A backflow prevention system.				
<b><i>Noise Attenuation Testing-Category II/III</i></b>	AIRPORT		(\$90,000)	
Decreases the Noise Attenuation Testing-Category II/III appropriation by \$90,000 to provide funding for a corresponding increase to the Advanced Planning appropriation.				
<b><i>Novell Property Site Development - Design</i></b>	AIRPORT		\$725,000	
Establishes funding for design and programming for the use of the Novell site. Potential uses include contractor laydown area, employee parking and rental car storage.				
<b><i>Remote Transmitter Receiver Relocation</i></b>	AIRPORT		\$26,000	
Increases the Remote Transmitter Receiver Relocation appropriation by \$26,000 to fund the project's share of the consultant's program management cost through June 2003.				
<b><i>Rosemary Garden Noise Study</i></b>	AIRPORT		\$50,000	
Establishes funding to provide for the Rosemary Garden Noise Study to determine the operational noise impacts in the Rosemary Garden neighborhood, including sources, potential mitigation and feasibility of implementation. The study would address the concerns raised by the neighborhood during the stakeholders input process associated with the Noise Exposure Map update and would determine eligibility of acoustical treatment for homes in this neighborhood.				
<b><i>Run-Up Area Relocation</i></b>	AIRPORT		(\$116,000)	
Decreases the Run-Up Area Relocation appropriation by \$116,000 as the cost to pave the area originally proposed for the general aviation aircraft run-up area will far exceed the 2002-2003 budget amount for this project. As a result, the project has been deferred until another run-up area can be identified.				

## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
 <b>AIRPORT RENEW &amp; REPL FD (527)</b> 				
<p><b><i>Runway 30R Extension</i></b></p> <p>Decreases the Runway 30R Extension appropriation by \$307,000, as funding is no longer needed from the Airport Renewal and Replacement Fund. The project was accepted in August 2002, and the project costs associated with the final engineer's report were funded from the Airport Revenue Bond Improvement Fund.</p>	AIRPORT		(\$307,000)	
<p><b><i>Taxiway Y Reconstruction</i></b></p> <p>Establishes funding to provide for preliminary engineering of the Taxiway Y Reconstruction project. The study for this project is currently underway and funding will provide for an expeditious transition from the study to preliminary engineering. The taxiway has been failing, causing delay in airport operations and affecting safe air carrier operations. In addition, maintenance cost of this taxiway has increased over the last few years.</p>	AIRPORT		\$750,000	
<p><b><i>Terminal Modifications A &amp; C</i></b></p> <p>Increases the Terminal Modifications A &amp; C appropriation by \$6,000 to provide for carpet replacement between the Federal Inspection Service Facility and the A2 Holdroom area.</p>	AIRPORT		\$6,000	
<p><b><i>Transfer to the Airport Revenue Bond Improvement Fund</i></b></p> <p>Establishes a transfer of funds of \$385,308 in order to provide for a reimbursement to the Airport Revenue Bond Improvement Fund (526) for prior years' program management costs and certain project costs. Charges were inadvertently expensed to Fund 526 which was funded by commercial paper (CP). Use of CP is very restrictive, and therefore an adjustment is necessary to transfer the incorrect expenditures to the Airport Renewal and Replacement Fund.</p>	AIRPORT		\$385,308	
<b>TOTAL AIRPORT RENEW &amp; REPL FD (527)</b>			\$0	\$0

## Special/Capital Funds Augmentation/Reduction Summary      Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT PASS FACIL CHG FD (529)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	AIRPORT		\$7,440,000	
Increases the ending fund balance by \$7,440,000 to reflect the net effect of the Mid-Year adjustments to this fund.				
<b><i>Interim Air Cargo Ramp Expansion</i></b>	AIRPORT		(\$2,360,000)	
Decreases the Interim Air Cargo Ramp Expansion appropriation by \$2,360,000. The project could not be implemented within two years from the date of approval and the authority to use Passenger Facility Charge (PFC) funds for the design and construction of the project expired on December 15, 2002. The PFC application for this project is being amended to modify the scope to include design work only. Construction costs will be funded from the Airport Revenue Bond Improvement Fund.				
<b><i>Noise Attenuation-Category 1B</i></b>	AIRPORT		(\$8,000,000)	
Decreases the Noise Attenuation-Category 1B appropriation by \$8,000,000 to correspond to a recommendation to increase the same appropriation in the Airport Capital Improvement Fund. This adjustment will transfer a part of the project budget to the Airport's grant fund, leaving an amount to match this Federal Aviation Administration contribution.				
<b><i>Passenger Facility Charge Proceeds</i></b>	AIRPORT			(\$2,900,000)
Decreases the Passenger Facility Charge (PFC) proceeds in order to recognize an updated projection on passenger activity based on the October and November 2002 activity and industry forecast.				
<b><i>Terminal Drive Improvement</i></b>	AIRPORT		\$20,000	
Increases the Terminal Drive Improvement appropriation by \$20,000 in order to provide additional funding for the project's share of the consultant's program management cost through June 2003.				
<b>TOTAL AIRPORT PASS FACIL CHG FD (529)</b>			(\$2,900,000)	(\$2,900,000)

## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>GENERAL PURPOSE PARKING FD (533)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	TRANSPORTATION		(\$1,212,694)	
Decreases the ending fund balance for the net effect of the revenue and appropriation adjustments recommended in this report.				
<b><i>Parking Revenue Adjustment</i></b>	TRANSPORTATION			(\$1,725,000)
Adjusts estimates for revenue from parking lots, garages and meters to account for the decline in parking collections.				
<b><i>Property Insurance Costs</i></b>	TRANSPORTATION		\$137,694	
Provides additional funding to cover premium increases on insurance for City-owned parking garages.				
<b><i>Reduced Transfer to Conv/Cult Facilities Fund</i></b>	TRANSPORTATION		(\$650,000)	
Reduces the amount of the expected transfer to the Convention and Cultural Affairs Fund for parking revenues at the Convention Center. Actual revenues have been lower than projections and necessitate this adjustment.				
<b>TOTAL GENERAL PURPOSE PARKING FD (533)</b>			(\$1,725,000)	(\$1,725,000)



## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
 <b>CONV/CULTL FACIL FD (536)</b>				
<b><i>Adobe Towers Public Art</i></b>	CAE SVCS		\$90,000	\$90,000
Increases the Office of Cultural Affairs Non-Personal/Equipment appropriation by \$90,000. The Office is administering the Public Art associated with the construction of the new Adobe tower. The City is to receive \$90,000 from Adobe Corp. in two installments.				
<b><i>Convention Center Revenue/Expenditure Adjustments</i></b>	CAE SVCS		(\$2,200,000)	(\$1,300,000)
Reduces revenue estimate due to the current economic conditions. Overall, conventions are smaller in scale with fewer exhibitors, and attendance at events has also been reduced due to company cost cutting measures. It is estimated that the Convention Center will generate \$1.3 million less than the adopted revenue estimate. Convention Center staff was able to reduce related expenses by about \$2.1 million.				
<b><i>Departmental Target - Transfer to General Fund</i></b>	CAE SVCS		\$112,468	
Transfers Conventions, Arts and Entertainment (CAE) Personal Services to the General Fund from the Office of Cultural Affairs as a part of the cost/position management plan target assigned to CAE.				
<b><i>Ending Fund Balance Adjustment</i></b>	CAE SVCS		(\$1,162,468)	
Decreases Ending Fund Balance both to offset revenue shortfalls and to transfer Conventions, Arts and Entertainment (CAE) Personal Services funding to the General Fund as a part of the cost/position management plan target assigned to CAE.				
<b><i>Increased Insurance Cost</i></b>	CAE SVCS		\$67,860	
Increases budgeted amount by \$67,860. Insurance rates for the Conventions, Arts & Entertainment Department increased dramatically this fiscal year, and exceeded the budgeted amount by \$67,860.				
<b><i>Reduced Transfer from the General Purpose Parking Fund</i></b>	CAE SVCS			(\$650,000)
Reduces the amount of the expected transfer from the Parking Fund to the Convention and Cultural Affairs Fund for parking revenues at the Convention Center. Actual revenues have been lower than projections due to the economic downturn and necessitate this adjustment.				

## Special/Capital Funds Augmentation/Reduction Summary      Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
 <b>CONV/CULTL FACIL FD (536)</b>				
<i>Transient Occupancy Tax Transfer Reduction</i>	CAE SVCS			(\$1,300,000)
<p>Reduces revenue transfer from Transient Occupancy Tax (TOT) due to current year-to-date collection levels. A \$2,600,000 downward adjustment to the 2002-2003 adopted TOT Fund revenue estimate is recommended at this time. This action would result in a \$1.3 million decrease in the associated year-to-date allocation to the Conventions, Arts, and Entertainment Department.</p>				
<i>Use of Operating Contingency for Insurance Increases</i>	CAE SVCS		(\$67,860)	
<p>Decreases Operating Contingency by \$67,860. Insurance rates for the Conventions, Arts &amp; Entertainment Department increased dramatically this fiscal year, and exceeded the budgeted amount by \$67,860.</p>				
<b>TOTAL CONV/CULTL FACIL FD (536)</b>			<b>(\$3,160,000)</b>	<b>(\$3,160,000)</b>
 <b>SEWAGE TRTMNT PLNT CONN FD (539)</b>				
<i>Eliminate Line of Credit to the Civic Center Construction Fund</i>	ENVIRON SVCS		(\$12,500,000)	
<p>Eliminates the line of credit to the Civic Center Construction Fund that was approved by the City Council on October 1, 2002 to provide sufficient cash to fund potential encumbrance activity in the Civic Center Construction Fund until the receipt of bond proceeds. This line of credit was not used and is no longer necessary.</p>				
<i>Reserve for Treatment Plant Expansion</i>	ENVIRON SVCS		\$12,500,000	
<p>Reflects the elimination of the line of credit for the Civic Ctr. Fund.</p>				
<b>TOTAL SEWAGE TRTMNT PLNT CONN FD (539)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Augmentation/Reduction Summary    Mid-Year 2002-2003

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
 <b>SEWER SVC &amp; USE CHARGE FD (541)</b>				
<i>Ending Fund Balance Adjustment</i>	ENVIRON SVCS		(\$110,000)	
Decreases the ending fund balance to fund sanitary sewer claims now being paid out of this fund.				
<i>Sanitary Sewer Claims</i>	ENVIRON SVCS		\$110,000	
Provides funding for sanitary sewer claims payments. In the past, the burden of these sanitary sewer claims payments fell to the General Fund. It has now been determined that these costs can appropriately be borne by the Sewer Service and Use Charge Fund.				
<b>TOTAL SEWER SVC &amp; USE CHARGE FD (541)</b>			<b>\$0</b>	<b>\$0</b>
 <b>VEHICLE MAINT &amp; OPER FD (552)</b>				
<i>Transfer to General Fund</i>	GENERAL SERVICES		\$1,400,000	
Transfers \$1.4 million to the General Fund. The transferred funds had been set aside to accelerate vehicle purchases but are no longer needed for that purpose.				
<i>Vehicle Replacement Acceleration</i>	GENERAL SERVICES		(\$1,400,000)	
Eliminates the set-aside of \$1.4 million that was established to accelerate the purchase of replacement vehicles for the General Fund.				
<b>TOTAL VEHICLE MAINT &amp; OPER FD (552)</b>			<b>\$0</b>	<b>\$0</b>

General Fund  
 Augmentation/Reduction Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
<b>CAPITAL</b>						
Methane Monitoring and Control			\$75,000	\$75,000		\$75,000
<b>CAPITAL Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$0</b>	<b>\$75,000</b>
<b>CITY ATTORNEY</b>						
Departmental Target	(\$130,425)			(\$130,425)	\$175,000	(\$305,425)
Redevelopment Agency Attorney Enhancement	\$44,720			\$44,720	\$44,720	\$0
<b>CITY ATTORNEY Total</b>	<b>(\$85,705)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$85,705)</b>	<b>\$219,720</b>	<b>(\$305,425)</b>
<b>CITY AUDITOR</b>						
Departmental Target	(\$71,552)			(\$71,552)		(\$71,552)
San Jose Muni Water Audit		\$15,000		\$15,000	\$15,000	\$0
<b>CITY AUDITOR Total</b>	<b>(\$71,552)</b>	<b>\$15,000</b>	<b>\$0</b>	<b>(\$56,552)</b>	<b>\$15,000</b>	<b>(\$71,552)</b>
<b>CITY CLERK</b>						
Departmental Target	(\$36,282)			(\$36,282)		(\$36,282)
Election Cost Overrun		\$63,700		\$63,700		\$63,700
<b>CITY CLERK Total</b>	<b>(\$36,282)</b>	<b>\$63,700</b>	<b>\$0</b>	<b>\$27,418</b>	<b>\$0</b>	<b>\$27,418</b>
<b>CITY MANAGER</b>						
Departmental Target	(\$207,365)			(\$207,365)		(\$207,365)
Revenue Enhancement Opportunities		\$80,000		\$80,000		\$80,000
<b>CITY MANAGER Total</b>	<b>(\$207,365)</b>	<b>\$80,000</b>	<b>\$0</b>	<b>(\$127,365)</b>	<b>\$0</b>	<b>(\$127,365)</b>

**General Fund  
Augmentation/Reduction Adjustment Actions  
Mid-Year 2002-2003**

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
<b>CITY-WIDE</b>						
Animal Care and Services Cages & Kennel System			\$864,000	\$864,000		\$864,000
Annual Audit			\$35,598	\$35,598		\$35,598
Departmental Target - Transfer from CAE Fund				\$0	\$112,468	(\$112,468)
Insurance Premium Adjustment			\$244,524	\$244,524		\$244,524
Parking Citations - Augmentation for Processing Fees		\$1,397	\$133,252	\$134,649		\$134,649
Police Evidence Warehouse Relocation Costs			\$600,000	\$600,000	\$250,000	\$350,000
Revenue: Decrease Franchise Fees				\$0	(\$2,314,000)	\$2,314,000
Revenue: Decrease General Sales Tax				\$0	(\$3,273,047)	\$3,273,047
Revenue: Decrease Transient Occupancy Tax				\$0	(\$937,603)	\$937,603
Revenue: Decrease Use of Money & Property				\$0	(\$1,887,000)	\$1,887,000
Revenue: Decrease Utility Tax				\$0	(\$2,673,389)	\$2,673,389
Revenue: Increase Property Tax				\$0	\$5,166,000	(\$5,166,000)
Senior Staff Home Loan Assistance			\$750,000	\$750,000		\$750,000
Sick Leave Payments Upon Retirement			\$500,000	\$500,000		\$500,000
Single Grant Compliance Audit			\$9,397	\$9,397		\$9,397
Workers' Compensation Claims Payments			\$2,400,000	\$2,400,000		\$2,400,000
<b>CITY-WIDE Total</b>	<b>\$0</b>	<b>\$1,397</b>	<b>\$5,536,771</b>	<b>\$5,538,168</b>	<b>(\$5,556,571)</b>	<b>\$11,094,739</b>

General Fund  
 Augmentation/Reduction Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
<b>EARMARKED RESERVES</b>						
Building Fee Reserve			(\$500,000)	(\$500,000)	(\$500,000)	\$0
Fire Fee Reserve			(\$400,000)	(\$400,000)	(\$400,000)	\$0
Fire Training Reserve			(\$145,000)	(\$145,000)		(\$145,000)
Future Capital Projects/FF&E Reserve			(\$864,000)	(\$864,000)		(\$864,000)
<b>EARMARKED RESERVES Total</b>						
	\$0	\$0	(\$1,909,000)	(\$1,909,000)	(\$900,000)	(\$1,009,000)
<b>EMPLOYEE SERVICES</b>						
Departmental Target	\$50,000	(\$220,000)		(\$170,000)		(\$170,000)
<b>EMPLOYEE SERVICES Total</b>						
	\$50,000	(\$220,000)	\$0	(\$170,000)	\$0	(\$170,000)
<b>ENVIRON SVCS</b>						
Departmental Target		(\$50,856)		(\$50,856)		(\$50,856)
<b>ENVIRON SVCS Total</b>						
	\$0	(\$50,856)	\$0	(\$50,856)	\$0	(\$50,856)
<b>FINANCE</b>						
Departmental Target	(\$214,593)			(\$214,593)		(\$214,593)
Strategy: Transfer from Vehicle Fund				\$0	\$1,400,000	(\$1,400,000)
<b>FINANCE Total</b>						
	(\$214,593)	\$0	\$0	(\$214,593)	\$1,400,000	(\$1,614,593)

General Fund  
 Augmentation/Reduction Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
<b>FIRE</b>						
Departmental Target		(\$69,000)		(\$69,000)		(\$69,000)
Fire Department Paramedic School		\$145,000		\$145,000		\$145,000
Fire Department Strike Team Reimbursement	\$9,048			\$9,048	\$9,048	\$0
Health Trust Good Samaritan Grant		\$25,000		\$25,000	\$25,000	\$0
<b>FIRE Total</b>	<b>\$9,048</b>	<b>\$101,000</b>	<b>\$0</b>	<b>\$110,048</b>	<b>\$34,048</b>	<b>\$76,000</b>
<b>GENERAL SERVICES</b>						
Departmental Target		(\$296,000)		(\$296,000)		(\$296,000)
<b>GENERAL SERVICES Total</b>	<b>\$0</b>	<b>(\$296,000)</b>	<b>\$0</b>	<b>(\$296,000)</b>	<b>\$0</b>	<b>(\$296,000)</b>
<b>INFORMATION TECHNOLOGY</b>						
Departmental Target	(\$278,610)	(\$110,836)		(\$389,446)		(\$389,446)
<b>INFORMATION TECHNOLOGY Total</b>	<b>(\$278,610)</b>	<b>(\$110,836)</b>	<b>\$0</b>	<b>(\$389,446)</b>	<b>\$0</b>	<b>(\$389,446)</b>
<b>LIBRARY</b>						
Departmental Target	(\$602,240)	(\$50,000)		(\$652,240)		(\$652,240)
<b>LIBRARY Total</b>	<b>(\$602,240)</b>	<b>(\$50,000)</b>	<b>\$0</b>	<b>(\$652,240)</b>	<b>\$0</b>	<b>(\$652,240)</b>
<b>PARK MAINTENANCE</b>						
Departmental Target	(\$370,287)	(\$16,000)		(\$386,287)		(\$386,287)
<b>PARK MAINTENANCE Total</b>	<b>(\$370,287)</b>	<b>(\$16,000)</b>	<b>\$0</b>	<b>(\$386,287)</b>	<b>\$0</b>	<b>(\$386,287)</b>



General Fund  
 Augmentation/Reduction Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
<b>PBCE</b>						
Departmental Target	(\$162,690)	(\$50,000)		(\$212,690)		(\$212,690)
Local Enforcement Agency (LEA) Grant		\$20,000		\$20,000	\$26,218	(\$6,218)
<b>PBCE Total</b>	<b>(\$162,690)</b>	<b>(\$30,000)</b>	<b>\$0</b>	<b>(\$192,690)</b>	<b>\$26,218</b>	<b>(\$218,908)</b>
<b>POLICE</b>						
Airport Police Overtime and Security Services	\$2,383,000	(\$128,296)		\$2,254,704	\$2,254,704	\$0
Departmental Target	(\$2,080,002)			(\$2,080,002)		(\$2,080,002)
Reduction: Excess Vehicle Replacement Funds		(\$1,163,195)		(\$1,163,195)		(\$1,163,195)
Tobacco Control Program				\$0	\$85,187	(\$85,187)
Victim/Witness Assistance Program			\$16,680	\$16,680		\$16,680
<b>POLICE Total</b>	<b>\$302,998</b>	<b>(\$1,291,491)</b>	<b>\$16,680</b>	<b>(\$971,813)</b>	<b>\$2,339,891</b>	<b>(\$3,311,704)</b>
<b>PRNS</b>						
Departmental Target	(\$1,354,863)			(\$1,354,863)		(\$1,354,863)
Fee Activities Adjustment		\$510,185		\$510,185	\$510,185	\$0
Senior Companion Grant		\$26,163		\$26,163	\$26,163	\$0
Senior Nutrition Program	\$8,434	\$40,256		\$48,690	\$48,690	\$0
<b>PRNS Total</b>	<b>(\$1,346,429)</b>	<b>\$576,604</b>	<b>\$0</b>	<b>(\$769,825)</b>	<b>\$585,038</b>	<b>(\$1,354,863)</b>



**General Fund  
Augmentation/Reduction Adjustment Actions  
Mid-Year 2002-2003**

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
<b>PUBLIC WORKS</b>						
Departmental Target	(\$131,001)			(\$131,001)		(\$131,001)
Fiber Optics Program Adjustment	(\$303,391)			(\$303,391)	(\$303,391)	\$0
Public Works Fee Program Reduction	(\$255,710)			(\$255,710)	(\$255,710)	\$0
<b>PUBLIC WORKS Total</b>	<b>(\$690,102)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$690,102)</b>	<b>(\$559,101)</b>	<b>(\$131,001)</b>
<b>TRANSPORTATION</b>						
Departmental Target	(\$567,000)	(\$250,500)		(\$817,500)		(\$817,500)
Parking Citations - Augmented Activity and Revenue	\$73,583	\$4,000		\$77,583	\$444,000	(\$366,417)
<b>TRANSPORTATION Total</b>	<b>(\$493,417)</b>	<b>(\$246,500)</b>	<b>\$0</b>	<b>(\$739,917)</b>	<b>\$444,000</b>	<b>(\$1,183,917)</b>
<b>Total General Fund Actions</b>	<b>(\$4,197,226)</b>	<b>(\$1,473,982)</b>	<b>\$3,719,451</b>	<b>(\$1,951,757)</b>	<b>(\$1,951,757)</b>	<b>\$0</b>

Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>GIFT TRUST FUND (139)</b>								
<b>PRNS</b>								
Ending Fund Balance Adjustment				\$7,990	\$7,990			\$7,990
Happy Hollow Park and Zoo Improvements			\$3,000		\$3,000			\$3,000
Senior Games - San Jose Adjustment			(\$29,990)		(\$29,990)	(\$19,000)		(\$10,990)
<b>Total for Fund 139</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$26,990)</b>	<b>\$7,990</b>	<b>(\$19,000)</b>	<b>(\$19,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>UNEMPLOYMENT INSUR FD (157)</b>								
<b>EMPLOYEE SERVICES</b>								
Payment of Claims Increase		\$272,242	\$126,767		\$399,009	\$399,009		\$0
<b>Total for Fund 157</b>	<b>\$0</b>	<b>\$272,242</b>	<b>\$126,767</b>	<b>\$0</b>	<b>\$399,009</b>	<b>\$399,009</b>	<b>\$0</b>	<b>\$0</b>
<b>BENEFITS FD (160)</b>								
<b>EMPLOYEE SERVICES</b>								
Administration Adjustment			\$20,000		\$20,000			\$20,000
Ending Fund Balance Adjustment			(\$20,000)		(\$20,000)			(\$20,000)
Health Plan Adjustment			\$1,700,000		\$1,700,000	\$1,700,000		\$0
MEF Legal Adjustment			\$8,000		\$8,000	\$8,000		\$0
PTC 457 Adjustment			\$10,000		\$10,000	\$10,000		\$0
<b>Total for Fund 160</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,718,000</b>	<b>\$0</b>	<b>\$1,718,000</b>	<b>\$1,718,000</b>	<b>\$0</b>	<b>\$0</b>
<b>WORKFORCE INVESTMENT ACT (290)</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Packard Grant - Nova			\$130,000		\$130,000	\$130,000		\$0
<b>Total for Fund 290</b>	<b>\$0</b>	<b>\$0</b>	<b>\$130,000</b>	<b>\$0</b>	<b>\$130,000</b>	<b>\$130,000</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>M.D. #1 LOS PASEOS (352)</b>								
<b>TRANSPORTATION</b>								
Ending Fund Balance Adjustment				(\$783)	(\$783)			(\$783)
Workers' Compensation Adjustment			\$783		\$783			\$783
<b>Total for Fund 352</b>	<b>\$0</b>	<b>\$0</b>	<b>\$783</b>	<b>(\$783)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #10 OAKMD STRM PUMP STN (363)</b>								
<b>TRANSPORTATION</b>								
Ending Fund Balance Adjustment				(\$715)	(\$715)			(\$715)
Workers' Compensation Adjustment			\$715		\$715			\$715
<b>Total for Fund 363</b>	<b>\$0</b>	<b>\$0</b>	<b>\$715</b>	<b>(\$715)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SUBDIVISION PARK TRUST FD (375)</b>								
<b>Parks/Commty Fac Capital Pgm</b>								
Reserve: Future PDO/PIFO Projects			(\$90,000)		(\$90,000)			(\$90,000)
Sonora Turnkey Park			\$90,000		\$90,000			\$90,000
<b>Total for Fund 375</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX FD PARKS CD3 (380)</b>								
<b>Parks/Commty Fac Capital Pgm</b>								
Ending Fund Balance Adjustment				(\$76,000)	(\$76,000)			(\$76,000)
Ryland Park Renovation			\$76,000		\$76,000			\$76,000
<b>Total for Fund 380</b>	<b>\$0</b>	<b>\$0</b>	<b>\$76,000</b>	<b>(\$76,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONST/CONV TAX PARKS (391)</b>								
<b>Parks/Comnty Fac Capital Pgm</b>								
Ending Fund Balance Adjustment				(\$240,000)	(\$240,000)			(\$240,000)
Penitencia Creek Trail-King Road Crossing			\$200,000		\$200,000			\$200,000
Reserve: Guadalupe River Trail-Hwy 880 to Bay			(\$200,000)		(\$200,000)			(\$200,000)
Vietnamese Cultural Heritage Garden			\$240,000		\$240,000			\$240,000
<b>Total for Fund 391</b>	<b>\$0</b>	<b>\$0</b>	<b>\$240,000</b>	<b>(\$240,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX FIRE (392)</b>								
<b>Fire Capital Program</b>								
Ending Fund Balance Adjustment				(\$253,000)	(\$253,000)			(\$253,000)
Mechanical Sirens			\$50,000		\$50,000			\$50,000
Portable Radio Repeaters			\$34,000		\$34,000			\$34,000
Tools and Equipment			\$150,000		\$150,000			\$150,000
Underground Fuel Tank Renovation/Replacement			\$19,000		\$19,000			\$19,000
<b>Total for Fund 392</b>	<b>\$0</b>	<b>\$0</b>	<b>\$253,000</b>	<b>(\$253,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TX CW-SRVC YDS (395)</b>								
<b>Service Yards Capital Program</b>								
Ending Fund Balance Adjustment				(\$16,000)	(\$16,000)			(\$16,000)
Underground Fuel Tank Renovation/Replacement			\$16,000		\$16,000			\$16,000
<b>Total for Fund 395</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,000</b>	<b>(\$16,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>UNDERGRND UTILITY FD (416)</b>								
<b>Devel Assisted Capital Program</b>								
Ending Fund Balance Adjustment				(\$50,000)	(\$50,000)			(\$50,000)
Underground Utility Administration			\$50,000		\$50,000			\$50,000
<b>Total for Fund 416</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,000</b>	<b>(\$50,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>STATE DRUG FORF FD (417)</b>								
<b>POLICE</b>								
Ending Fund Balance Adjustment				(\$350,000)	(\$350,000)			(\$350,000)
Relocation of Property Warehouse		\$350,000			\$350,000			\$350,000
<b>Total for Fund 417</b>	<b>\$0</b>	<b>\$350,000</b>	<b>\$0</b>	<b>(\$350,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>RES CONST TAX CONTR FUND (420)</b>								
<b>Devel Assisted Capital Program</b>								
Ending Fund Balance Adjustment				(\$73,000)	(\$73,000)			(\$73,000)
Revenue Adjustment					\$0	(\$73,000)		\$73,000
<b>Total for Fund 420</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$73,000)</b>	<b>(\$73,000)</b>	<b>(\$73,000)</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>INT WASTE MGT FUND (423)</b>								
<b>TRANSPORTATION</b>								
Sign Installation Work		(\$129,000)			(\$129,000)			(\$129,000)
Sign Installation Work	\$129,000				\$129,000			\$129,000
<b>ENVIRON SVCS</b>								
Ending Fund Balance Adjustment				(\$1,400,000)	(\$1,400,000)			(\$1,400,000)
Multi-Family Recycle Plus Contract Adjustments			\$400,000		\$400,000			\$400,000
Recycle Plus Customer Service Staffing		\$250,000			\$250,000			\$250,000
Revenue Adjustment					\$0	(\$1,400,000)		\$1,400,000
Single-Family Recycle Plus Contract Adjustments			\$400,000		\$400,000			\$400,000
Yard Trimming Recycle Plus Contract Adjustments			(\$1,050,000)		(\$1,050,000)			(\$1,050,000)
<b>Total for Fund 423</b>	<b>\$129,000</b>	<b>\$121,000</b>	<b>(\$250,000)</b>	<b>(\$1,400,000)</b>	<b>(\$1,400,000)</b>	<b>(\$1,400,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CIVIC CTR CONST FD (425)</b>								
<b>PUBLIC WORKS</b>								
Reimbursement to RDA for Land Acquisition			\$415,000		\$415,000			\$415,000
Transfer from Civic Center Parking Fund					\$0	\$415,000		(\$415,000)
<b>Civic Center Capital Program</b>								
Delete Credit Line from Sewage Trmnt. Plant Conn. Fee Fund					\$0	(\$12,500,000)		\$12,500,000
Ending Fund Balance Adjustment				(\$12,500,000)	(\$12,500,000)			(\$12,500,000)
<b>Total for Fund 425</b>	<b>\$0</b>	<b>\$0</b>	<b>\$415,000</b>	<b>(\$12,500,000)</b>	<b>(\$12,085,000)</b>	<b>(\$12,085,000)</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>BUILDING &amp; STRUCT CONST TAX (429)</b>								
<b>Traffic Capital Program</b>								
Building and Structure Construction Tax Shortfall					\$0	(\$1,950,000)		\$1,950,000
Ending Fund Balance Adjustment				(\$2,080,000)	(\$2,080,000)			(\$2,080,000)
Foxworthy Ave: Guadalupe River Bridge			\$130,000		\$130,000			\$130,000
Increase Traffic Signals Allocation			\$850,000		\$850,000			\$850,000
Oakland Road: Fox to Montague			\$100,000		\$100,000	\$100,000		\$0
Reduce Smart Intersections Allocation			(\$850,000)		(\$850,000)			(\$850,000)
Route 880: Coleman Interchange Upgrade			(\$1,500,000)		(\$1,500,000)		(\$1,500,000)	\$0
VTA-ITS Enhancements			\$77,000		\$77,000	\$77,000		\$0
<b>Total for Fund 429</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,193,000)</b>	<b>(\$2,080,000)</b>	<b>(\$3,273,000)</b>	<b>(\$1,773,000)</b>	<b>(\$1,500,000)</b>	<b>\$0</b>
<b>CIVIC CTR PRKNG FD (433)</b>								
<b>Parking Capital Program</b>								
Reduce Transfer to RDA for Land Acquisition			(\$415,000)		(\$415,000)			(\$415,000)
Transfer to Civic Center Construction Fund			\$415,000		\$415,000			\$415,000
<b>Total for Fund 433</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LOW/MOD INC HSNG FD (443)</b>								
<b>HOUSING</b>								
Debt Service Increase for Series G and H Bonds			\$700,000		\$700,000			\$700,000
Reduce Loans, Grants and Site Acquisition Appropriation			(\$700,000)		(\$700,000)			(\$700,000)
<b>Total for Fund 443</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>TRANSIENT OCCUPANCY TAX (461)</b>								
<b>CAE SVCS</b>								
Ending Fund Balance Adjustment				(\$324,000)	(\$324,000)			(\$324,000)
Revenue Adjustment					\$0	(\$2,600,000)		\$2,600,000
TOT Distribution to Arts Grants Adjustment			(\$326,000)		(\$326,000)			(\$326,000)
TOT Distribution to CAE Adjustment			(\$1,300,000)		(\$1,300,000)			(\$1,300,000)
TOT Distribution to CVB Adjustment			(\$650,000)		(\$650,000)			(\$650,000)
<b>Total for Fund 461</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,276,000)</b>	<b>(\$324,000)</b>	<b>(\$2,600,000)</b>	<b>(\$2,600,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CONSTRUCTION EXCISE TAX FD (465)</b>								
<b>Traffic Capital Program</b>								
Construction Excise Tax Shortfall					\$0	(\$2,760,000)		\$2,760,000
Ending Fund Balance Adjustment				\$5,166,000	\$5,166,000			\$5,166,000
Measure A/B Street Maintenance Revenues					\$0	\$7,926,000		(\$7,926,000)
Reserve: TCRP-Street Maintenance			\$1,487,000		\$1,487,000			\$1,487,000
TCRP-Street Maintenance			(\$1,487,000)		(\$1,487,000)			(\$1,487,000)
<b>Total for Fund 465</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,166,000</b>	<b>\$5,166,000</b>	<b>\$5,166,000</b>	<b>\$0</b>	<b>\$0</b>
<b>MUNI WATER MAJOR FAC FEE (502)</b>								
<b>Water Utility Sys Capital Pgm</b>								
Revenue Adjustment			(\$200,000)		(\$200,000)	(\$200,000)		\$0
<b>Total for Fund 502</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$200,000)</b>	<b>\$0</b>	<b>(\$200,000)</b>	<b>(\$200,000)</b>	<b>\$0</b>	<b>\$0</b>



Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>SJ-SC TRMNT PLANT OPER FD (513)</b>								
<b>FINANCE</b>								
Workers' Compensation Claims Adjustment			\$225,000		\$225,000			\$225,000
<b>ENVIRON SVCS</b>								
Ending Fund Balance Adjustment				(\$925,000)	(\$925,000)			(\$925,000)
Reserve for Workers' Compensation Claims			(\$225,000)		(\$225,000)			(\$225,000)
Revenue Adjustment					\$0	(\$925,000)		\$925,000
<b>Total for Fund 513</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$925,000)</b>	<b>(\$925,000)</b>	<b>(\$925,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CONSOL WATER UTILITY FD (515)</b>								
<b>ENVIRON SVCS</b>								
Ending Fund Balance Adjustment				(\$15,000)	(\$15,000)			(\$15,000)
<b>TRANSFERS</b>								
Transfer to the General Fund - Reimb for City Auditor Svcs			\$15,000		\$15,000			\$15,000
<b>Total for Fund 515</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,000</b>	<b>(\$15,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>MUNICIPAL GOLF COURSE FD (518)</b>								
<b>PRNS</b>								
Los Largos Debt Service			\$500,000	(\$311,268)	\$188,732	\$188,732		\$0
<b>Total for Fund 518</b>	<b>\$0</b>	<b>\$0</b>	<b>\$500,000</b>	<b>(\$311,268)</b>	<b>\$188,732</b>	<b>\$188,732</b>	<b>\$0</b>	<b>\$0</b>

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Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>AIRPORT CAPITAL IMPVT FD (520)</b>								
<b>AIRPORT</b>								
Ending Fund Balance Adjustment				\$2,974,000	\$2,974,000			\$2,974,000
General Airport Support Security Grant			\$355,000		\$355,000			\$355,000
Grant Income Adjustment					\$0	\$1,908,000		(\$1,908,000)
Noise Attenuation Treatment - Category 1B			\$8,000,000		\$8,000,000			\$8,000,000
Parking Aviation Support Security Grant			\$140,000		\$140,000			\$140,000
Passenger Terminal Facility Security Grant			\$101,000		\$101,000			\$101,000
Taxiway L Widening			(\$4,400,000)		(\$4,400,000)			(\$4,400,000)
Taxiway Z Extension			(\$5,262,000)		(\$5,262,000)			(\$5,262,000)
<b>Total for Fund 520</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,066,000)</b>	<b>\$2,974,000</b>	<b>\$1,908,000</b>	<b>\$1,908,000</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT REVENUE FUND (521)</b>								
<b>AIRPORT</b>								
Ending Fund Balance Adjustment				(\$4,000,000)	(\$4,000,000)			(\$4,000,000)
Reduced Activity Levels					\$0	(\$7,500,000)		\$7,500,000
Revenue Reimbursement for Checkpoint Security					\$0	\$3,500,000		(\$3,500,000)
<b>Total for Fund 521</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$4,000,000)</b>	<b>(\$4,000,000)</b>	<b>(\$4,000,000)</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>AIRPORT MAINT &amp; OPER FD (523)</b>								
<b>AIRPORT</b>								
Airport Security and Traffic Relief Act Ballot Measure		\$1,800,000			\$1,800,000			\$1,800,000
Jetway Bridges & Baggage Carousel Systems Maintenance Contract		(\$112,000)			(\$112,000)			(\$112,000)
Jetway Bridges & Baggage Carousel Systems Maintenance Contract	\$112,000				\$112,000			\$112,000
Operating Contingency Reduction			(\$1,800,000)		(\$1,800,000)			(\$1,800,000)
Security Program Reserve Reduction - Police Reimb for Overtime			(\$2,383,000)		(\$2,383,000)			(\$2,383,000)
Transfer to the General Fund - Police Reimb for Overtime			\$2,383,000		\$2,383,000			\$2,383,000
<b>Total for Fund 523</b>	<b>\$112,000</b>	<b>\$1,688,000</b>	<b>(\$1,800,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT REV BOND IMP FD (526)</b>								
<b>AIRPORT</b>								
Ending Fund Balance Adjustment				\$385,308	\$385,308			\$385,308
Transfer from the Airport Renewal and Replacement Fund					\$0	\$385,308		(\$385,308)
<b>Total for Fund 526</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$385,308</b>	<b>\$385,308</b>	<b>\$385,308</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>AIRPORT RENEW &amp; REPL FD (527)</b>								
<b>AIRPORT</b>								
Advanced Planning			\$90,000		\$90,000			\$90,000
Airport Boulevard-Terminal Drive Improvements			\$31,000		\$31,000			\$31,000
Alternative Fueling Station			\$39,000		\$39,000			\$39,000
Building Modifications			(\$130,000)		(\$130,000)			(\$130,000)
Consolidated Terminal Concept Design			(\$121,000)		(\$121,000)			(\$121,000)
Ending Fund Balance Adjustment				(\$1,861,308)	(\$1,861,308)			(\$1,861,308)
Equipment, Operating			\$240,000		\$240,000			\$240,000
Food and Beverage Service Contract			\$230,000		\$230,000			\$230,000
Land Improvements			\$53,000		\$53,000			\$53,000
Noise Attenuation Testing-Category II/III			(\$90,000)		(\$90,000)			(\$90,000)
Novell Property Site Development - Design			\$725,000		\$725,000			\$725,000
Remote Transmitter Receiver Relocation			\$26,000		\$26,000			\$26,000
Rosemary Garden Noise Study			\$50,000		\$50,000			\$50,000
Run-Up Area Relocation			(\$116,000)		(\$116,000)			(\$116,000)
Runway 30R Extension			(\$307,000)		(\$307,000)			(\$307,000)
Taxiway Y Reconstruction			\$750,000		\$750,000			\$750,000
Terminal Modifications A & C			\$6,000		\$6,000			\$6,000
Transfer to the Airport Revenue Bond Improvement Fund			\$385,308		\$385,308			\$385,308
<b>Total for Fund 527</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,861,308</b>	<b>(\$1,861,308)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>AIRPORT PASS FACIL CHG FD (529)</b>								
<b>AIRPORT</b>								
Ending Fund Balance Adjustment				\$7,440,000	\$7,440,000			\$7,440,000
Interim Air Cargo Ramp Expansion			(\$2,360,000)		(\$2,360,000)			(\$2,360,000)
Noise Attenuation-Category 1B			(\$8,000,000)		(\$8,000,000)			(\$8,000,000)
Passenger Facility Charge Proceeds					\$0	(\$2,900,000)		\$2,900,000
Terminal Drive Improvement			\$20,000		\$20,000			\$20,000
<b>Total for Fund 529</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$10,340,000)</b>	<b>\$7,440,000</b>	<b>(\$2,900,000)</b>	<b>(\$2,900,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>GENERAL PURPOSE PARKING FD (533)</b>								
<b>TRANSPORTATION</b>								
Ending Fund Balance Adjustment				(\$1,212,694)	(\$1,212,694)			(\$1,212,694)
Parking Revenue Adjustment					\$0	(\$1,725,000)		\$1,725,000
Property Insurance Costs		\$137,694			\$137,694			\$137,694
Reduced Transfer to Conv/Cult Facilities Fund			(\$650,000)		(\$650,000)			(\$650,000)
<b>Total for Fund 533</b>	<b>\$0</b>	<b>\$137,694</b>	<b>(\$650,000)</b>	<b>(\$1,212,694)</b>	<b>(\$1,725,000)</b>	<b>(\$1,725,000)</b>	<b>\$0</b>	<b>\$0</b>

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Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONV/CULTL FACIL FD (536)</b>								
<b>CAE SVCS</b>								
Adobe Towers Public Art		\$90,000			\$90,000	\$90,000		\$0
Convention Center Revenue/Expenditure Adjustments	(\$350,000)	(\$1,750,000)	(\$100,000)		(\$2,200,000)	(\$1,300,000)		(\$900,000)
Departmental Target - Transfer to General Fund			\$112,468		\$112,468			\$112,468
Ending Fund Balance Adjustment				(\$1,162,468)	(\$1,162,468)			(\$1,162,468)
Increased Insurance Cost		\$67,860			\$67,860			\$67,860
Reduced Transfer from the General Purpose Parking Fund					\$0	(\$650,000)		\$650,000
Transient Occupancy Tax Transfer Reduction					\$0	(\$1,300,000)		\$1,300,000
Use of Operating Contingency for Insurance Increases			(\$67,860)		(\$67,860)			(\$67,860)
<b>Total for Fund 536</b>	<b>(\$350,000)</b>	<b>(\$1,592,140)</b>	<b>(\$55,392)</b>	<b>(\$1,162,468)</b>	<b>(\$3,160,000)</b>	<b>(\$3,160,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>SEWAGE TRTMNT PLNT CONN FD (539)</b>								
<b>ENVIRON SVCS</b>								
Eliminate Line of Credit to the Civic Center Construction Fund			(\$12,500,000)		(\$12,500,000)			(\$12,500,000)
Reserve for Treatment Plant Expansion			\$12,500,000		\$12,500,000			\$12,500,000
<b>Total for Fund 539</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHARGE FD (541)</b>								
<b>ENVIRON SVCS</b>								
Ending Fund Balance Adjustment				(\$110,000)	(\$110,000)			(\$110,000)
Sanitary Sewer Claims			\$110,000		\$110,000			\$110,000
<b>Total for Fund 541</b>	<b>\$0</b>	<b>\$0</b>	<b>\$110,000</b>	<b>(\$110,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>VEHICLE MAINT &amp; OPER FD (552)</b>								
<b>GENERAL SERVICES</b>								
Transfer to General Fund			\$1,400,000		\$1,400,000			\$1,400,000
Vehicle Replacement Acceleration			(\$1,400,000)		(\$1,400,000)			(\$1,400,000)
<b>Total for Fund 552</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

General Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal Equipment	Other			
<b>CITY MANAGER</b>						
Salary Program	\$26,377			\$26,377		\$26,377
<b>CITY MANAGER Total</b>	<b>\$26,377</b>	<b>\$0</b>	<b>\$0</b>	<b>\$26,377</b>	<b>\$0</b>	<b>\$26,377</b>
<b>EMERGENCY SVCS</b>						
Salary Program	\$3,026			\$3,026		\$3,026
<b>EMERGENCY SVCS Total</b>	<b>\$3,026</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,026</b>	<b>\$0</b>	<b>\$3,026</b>
<b>INDEPENDENT POLICE AUDITOR</b>						
Salary Program	\$2,244			\$2,244		\$2,244
<b>INDEPENDENT POLICE AUDITOR Total</b>	<b>\$2,244</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,244</b>	<b>\$0</b>	<b>\$2,244</b>
<b>MAYOR &amp; COUNCIL</b>						
Salary Program - Council General			\$31,808	\$31,808		\$31,808
<b>MAYOR &amp; COUNCIL Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$31,808</b>	<b>\$31,808</b>	<b>\$0</b>	<b>\$31,808</b>
<b>REDEVELOPMENT AGENCY</b>						
Salary Program	\$10,994			\$10,994		\$10,994
<b>REDEVELOPMENT AGENCY Total</b>	<b>\$10,994</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,994</b>	<b>\$0</b>	<b>\$10,994</b>
<b>INFORMATION TECHNOLOGY</b>						
Salary Program	\$182,828			\$182,828		\$182,828
<b>INFORMATION TECHNOLOGY Total</b>	<b>\$182,828</b>	<b>\$0</b>	<b>\$0</b>	<b>\$182,828</b>	<b>\$0</b>	<b>\$182,828</b>



General Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal Equipment	Other			
<b>CITY ATTORNEY</b>						
Salary Program	\$82,368			\$82,368		\$82,368
<b>CITY ATTORNEY Total</b>	<b>\$82,368</b>	<b>\$0</b>	<b>\$0</b>	<b>\$82,368</b>	<b>\$0</b>	<b>\$82,368</b>
<b>CITY CLERK</b>						
Salary Program	\$11,267			\$11,267		\$11,267
<b>CITY CLERK Total</b>	<b>\$11,267</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,267</b>	<b>\$0</b>	<b>\$11,267</b>
<b>CITY AUDITOR</b>						
Salary Program	\$17,705			\$17,705		\$17,705
<b>CITY AUDITOR Total</b>	<b>\$17,705</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,705</b>	<b>\$0</b>	<b>\$17,705</b>
<b>EMPLOYEE SERVICES</b>						
Employment Services Staff Funding Reallocation	\$60,000	(\$60,000)		\$0		\$0
Health and Safety Staff Funding Reallocation	\$52,000	(\$52,000)		\$0		\$0
Salary Program	\$37,548			\$37,548		\$37,548
<b>EMPLOYEE SERVICES Total</b>	<b>\$149,548</b>	<b>(\$112,000)</b>	<b>\$0</b>	<b>\$37,548</b>	<b>\$0</b>	<b>\$37,548</b>
<b>FINANCE</b>						
Salary Program	\$57,365			\$57,365		\$57,365
<b>FINANCE Total</b>	<b>\$57,365</b>	<b>\$0</b>	<b>\$0</b>	<b>\$57,365</b>	<b>\$0</b>	<b>\$57,365</b>

General Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	
<b>POLICE</b>						
Regional Auto Theft Task Force (RATTF)	(\$20,819)	(\$441)		(\$21,260)	(\$21,260)	\$0
Salary Program	\$707,742	\$6,738		\$714,480		\$714,480
<b>POLICE Total</b>	<b>\$686,923</b>	<b>\$6,297</b>	<b>\$0</b>	<b>\$693,220</b>	<b>(\$21,260)</b>	<b>\$714,480</b>
<b>TRANSPORTATION</b>						
Salary Program	\$393,735			\$393,735		\$393,735
Trnsfr from Pers. Services to Non-Personal for Hydrant Maintenance	(\$20,000)	\$20,000		\$0		\$0
<b>TRANSPORTATION Total</b>	<b>\$373,735</b>	<b>\$20,000</b>	<b>\$0</b>	<b>\$393,735</b>	<b>\$0</b>	<b>\$393,735</b>
<b>FIRE</b>						
Salary Program	\$340,346	\$42,240		\$382,586		\$382,586
<b>FIRE Total</b>	<b>\$340,346</b>	<b>\$42,240</b>	<b>\$0</b>	<b>\$382,586</b>	<b>\$0</b>	<b>\$382,586</b>
<b>HOUSING</b>						
Transfer Rental Dispute Prgm to Home Invst Partnership Fund	(\$198,917)	(\$217,670)		(\$416,587)	(\$416,587)	\$0
<b>HOUSING Total</b>	<b>(\$198,917)</b>	<b>(\$217,670)</b>	<b>\$0</b>	<b>(\$416,587)</b>	<b>(\$416,587)</b>	<b>\$0</b>
<b>PUBLIC WORKS</b>						
Salary Program	\$49,769			\$49,769		\$49,769
<b>PUBLIC WORKS Total</b>	<b>\$49,769</b>	<b>\$0</b>	<b>\$0</b>	<b>\$49,769</b>	<b>\$0</b>	<b>\$49,769</b>

General Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

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Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal Equipment	Other			
<b>PBCE</b>						
Clerical Services	(\$40,000)	\$40,000		\$0		\$0
Salary Program	\$179,412			\$179,412		\$179,412
<b>PBCE Total</b>	<b>\$139,412</b>	<b>\$40,000</b>	<b>\$0</b>	<b>\$179,412</b>	<b>\$0</b>	<b>\$179,412</b>
<b>GENERAL SERVICES</b>						
Salary Program	\$120,977			\$120,977		\$120,977
<b>GENERAL SERVICES Total</b>	<b>\$120,977</b>	<b>\$0</b>	<b>\$0</b>	<b>\$120,977</b>	<b>\$0</b>	<b>\$120,977</b>
<b>ECONOMIC DEVELOPMENT</b>						
Salary Program	\$6,587			\$6,587		\$6,587
<b>ECONOMIC DEVELOPMENT Total</b>	<b>\$6,587</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,587</b>	<b>\$0</b>	<b>\$6,587</b>
<b>PRNS</b>						
Salary Program	\$220,099			\$220,099		\$220,099
<b>PRNS Total</b>	<b>\$220,099</b>	<b>\$0</b>	<b>\$0</b>	<b>\$220,099</b>	<b>\$0</b>	<b>\$220,099</b>
<b>PARK MAINTENANCE</b>						
Salary Program	\$69,142			\$69,142		\$69,142
<b>PARK MAINTENANCE Total</b>	<b>\$69,142</b>	<b>\$0</b>	<b>\$0</b>	<b>\$69,142</b>	<b>\$0</b>	<b>\$69,142</b>
<b>LIBRARY</b>						
Salary Program	\$428,337			\$428,337		\$428,337
<b>LIBRARY Total</b>	<b>\$428,337</b>	<b>\$0</b>	<b>\$0</b>	<b>\$428,337</b>	<b>\$0</b>	<b>\$428,337</b>

General Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal Equipment	Other			
<b>ENVIRON SVCS</b>						
Salary Program	\$1,028			\$1,028		\$1,028
<b>ENVIRON SVCS Total</b>	<b>\$1,028</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,028</b>	<b>\$0</b>	<b>\$1,028</b>
<b>EARMARKED RESERVES</b>						
Salary Program/Salaries & Benefits Reserve			(\$3,029,682)	(\$3,029,682)		(\$3,029,682)
<b>EARMARKED RESERVES Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,029,682)</b>	<b>(\$3,029,682)</b>	<b>\$0</b>	<b>(\$3,029,682)</b>
<b>Total General Fund Actions</b>	<b>\$2,781,160</b>	<b>(\$221,133)</b>	<b>(\$2,997,874)</b>	<b>(\$437,847)</b>	<b>(\$437,847)</b>	<b>\$0</b>

Special/Capital Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>MUNICIPAL HEALTH SERV PRG (132)</b>								
<b>FINANCE</b>								
Salary Program	\$206				\$206			\$206
<b>PRNS</b>								
Ending Fund Balance Adjustment				(\$2,657)	(\$2,657)			(\$2,657)
Fund Balance Clean-Up				(\$13,135)	(\$13,135)		(\$13,135)	\$0
Salary Program	\$2,451				\$2,451			\$2,451
<b>Total for Fund 132</b>	<b>\$2,657</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$15,792)</b>	<b>(\$13,135)</b>	<b>\$0</b>	<b>(\$13,135)</b>	<b>\$0</b>
<b>DENTAL BENEFIT FUND (155)</b>								
<b>EMPLOYEE SERVICES</b>								
Salary Adjustment	\$6,000				\$6,000			\$6,000
Salary Adjustment - Operating Contingency			(\$6,000)		(\$6,000)			(\$6,000)
<b>Total for Fund 155</b>	<b>\$6,000</b>	<b>\$0</b>	<b>(\$6,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>BENEFITS FD (160)</b>								
<b>EMPLOYEE SERVICES</b>								
AFLAC - Reimbursement/Administrative Fees			(\$50,000)		(\$50,000)	(\$50,000)		\$0
<b>Total for Fund 160</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$50,000)</b>	<b>\$0</b>	<b>(\$50,000)</b>	<b>(\$50,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #1 LOS PASEOS (352)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$108				\$108			\$108
Salary Program Distrib - Ending Fund Balance				(\$108)	(\$108)			(\$108)
<b>Total for Fund 352</b>	<b>\$108</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$108)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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Special/Capital Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>M.D.#2 ZONE B (354)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$242				\$242			\$242
Salary Program Distrib - Ending Fund Balance				(\$242)	(\$242)			(\$242)
<b>Total for Fund 354</b>	<b>\$242</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$242)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #4 GATEWAY (356)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$39				\$39			\$39
Salary Program Distrib - Ending Fund Balance				(\$39)	(\$39)			(\$39)
<b>Total for Fund 356</b>	<b>\$39</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$39)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #5A ORCH PKWY/1ST/PLUM (357)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$39				\$39			\$39
Salary Program Distrib - Ending Fund Balance				(\$39)	(\$39)			(\$39)
<b>Total for Fund 357</b>	<b>\$39</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$39)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #5B ORCH PKWY/PLUM/TRI (358)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$39				\$39			\$39
Salary Program Distrib - Ending Fund Balance				(\$39)	(\$39)			(\$39)
<b>Total for Fund 358</b>	<b>\$39</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$39)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>M.D. #6 RIVER OAKS (359)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$184				\$184			\$184
Salary Program Distrib - Ending Fund Balance				(\$184)	(\$184)			(\$184)
<b>Total for Fund 359</b>	<b>\$184</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$184)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #8 ZANKER-MONTAGUE (361)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$112				\$112			\$112
Salary Program Distrib - Ending Fund Balance				(\$112)	(\$112)			(\$112)
<b>Total for Fund 361</b>	<b>\$112</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$112)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #9 STA TERESA/GRT OAKS (362)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$108				\$108			\$108
Salary Program Distrib - Ending Fund Balance				(\$108)	(\$108)			(\$108)
<b>Total for Fund 362</b>	<b>\$108</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$108)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #10 OAKMD STRM PUMP STN (363)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$401				\$401			\$401
Salary Program Distrib - Ending Fund Balance				(\$401)	(\$401)			(\$401)
<b>Total for Fund 363</b>	<b>\$401</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$401)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>M.D. #11 BROKAW/JUNCT-OAKL (364)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$39				\$39			\$39
Salary Program Distrib - Ending Fund Balance				(\$39)	(\$39)			(\$39)
<b>Total for Fund 364</b>	<b>\$39</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$39)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #12 N 1ST-TASMAN DR (365)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$79				\$79			\$79
Salary Program Distrib - Ending Fund Balance				(\$79)	(\$79)			(\$79)
<b>Total for Fund 365</b>	<b>\$79</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$79)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #13 KARINA CT-O'NEAL DR (366)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$39				\$39			\$39
Salary Program Distrib - Ending Fund Balance				(\$39)	(\$39)			(\$39)
<b>Total for Fund 366</b>	<b>\$39</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$39)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #14 HELLYER-FONT RD (367)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$147				\$147			\$147
Salary Program Distrib - Ending Fund Balance				(\$147)	(\$147)			(\$147)
<b>Total for Fund 367</b>	<b>\$147</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$147)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



Special/Capital Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>M.D. #15 SILVER CREEK (368)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$1,023				\$1,023			\$1,023
Salary Program Distrib - Ending Fund Balance				(\$1,023)	(\$1,023)			(\$1,023)
<b>Total for Fund 368</b>	<b>\$1,023</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,023)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #16 ABORN-MURILLO (369)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$753				\$753			\$753
Salary Program Distrib - Ending Fund Balance				(\$753)	(\$753)			(\$753)
<b>Total for Fund 369</b>	<b>\$753</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$753)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>COMMTY FACIL DIST #1 (371)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$161				\$161			\$161
Salary Program Distrib - Ending Fund Balance				(\$161)	(\$161)			(\$161)
<b>Total for Fund 371</b>	<b>\$161</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$161)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>MAINTENANCE DISTRICT #18 (372)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$53				\$53			\$53
Salary Program Distrib - Ending Fund Balance				(\$53)	(\$53)			(\$53)
<b>Total for Fund 372</b>	<b>\$53</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$53)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>SUBDIVISION PARK TRUST FD (375)</b>								
<b>Parks/Commty Fac Capital Pgm</b>								
CIP Action Team			\$3,000		\$3,000			\$3,000
Information Technology Staff			\$7,000		\$7,000			\$7,000
Reserve: Future PDO/PIFO Projects			(\$10,000)		(\$10,000)			(\$10,000)
<b>Total for Fund 375</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX-CENTRAL FD (390)</b>								
<b>Parks/Commty Fac Capital Pgm</b>								
CIP Action Team			\$15,000		\$15,000			\$15,000
Ending Fund Balance Adjustment				(\$45,000)	(\$45,000)			(\$45,000)
Information Technology Staff			\$30,000		\$30,000			\$30,000
<b>Total for Fund 390</b>	<b>\$0</b>	<b>\$0</b>	<b>\$45,000</b>	<b>(\$45,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX FIRE (392)</b>								
<b>Fire Capital Program</b>								
CIP Action Team			\$7,000		\$7,000			\$7,000
Ending Fund Balance Adjustment				(\$21,000)	(\$21,000)			(\$21,000)
Information Technology Staff			\$14,000		\$14,000			\$14,000
<b>Total for Fund 392</b>	<b>\$0</b>	<b>\$0</b>	<b>\$21,000</b>	<b>(\$21,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONSTR/CONV TX-LIBRARY (393)</b>								
<b>Library Capital Program</b>								
CIP Action Team			\$4,000		\$4,000			\$4,000
Ending Fund Balance Adjustment				(\$12,000)	(\$12,000)			(\$12,000)
Information Technology Staff			\$8,000		\$8,000			\$8,000

Special/Capital Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONSTR/CONV TX-LIBRARY (393)</b>								
<b>Total for Fund 393</b>	\$0	\$0	\$12,000	(\$12,000)	\$0	\$0	\$0	\$0
<b>CONST/CONV TX CW-SRVC YDS (395)</b>								
<b>Service Yards Capital Program</b>								
CIP Action Team			\$5,000		\$5,000			\$5,000
Ending Fund Balance Adjustment				(\$16,000)	(\$16,000)			(\$16,000)
Information Technology Staff			\$11,000		\$11,000			\$11,000
<b>Total for Fund 395</b>	\$0	\$0	\$16,000	(\$16,000)	\$0	\$0	\$0	\$0
<b>CONST/CONV TX CW COMM (397)</b>								
<b>Communications Capital Program</b>								
CIP Action Team			\$1,000		\$1,000			\$1,000
Ending Fund Balance Adjustment				(\$4,000)	(\$4,000)			(\$4,000)
Information Technology Staff			\$3,000		\$3,000			\$3,000
<b>Total for Fund 397</b>	\$0	\$0	\$4,000	(\$4,000)	\$0	\$0	\$0	\$0
<b>LIBRARY BEN ASSESS FD (412)</b>								
<b>LIBRARY</b>								
Salary Program	\$1,789				\$1,789			\$1,789
Salary Program Distrib - Ending Fund Balance				(\$1,789)	(\$1,789)			(\$1,789)
<b>Total for Fund 412</b>	\$1,789	\$0	\$0	(\$1,789)	\$0	\$0	\$0	\$0

Special/Capital Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>STORM DRAINAGE FEE FD (413)</b>								
<b>Storm Sewer Capital Program</b>								
CIP Action Team			\$1,000		\$1,000			\$1,000
Ending Fund Balance Adjustment				(\$3,000)	(\$3,000)			(\$3,000)
Information Technology Staff			\$2,000		\$2,000			\$2,000
<b>Total for Fund 413</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,000</b>	<b>(\$3,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>UNDERGRND UTILITY FD (416)</b>								
<b>Devel Assisted Capital Program</b>								
CIP Action Team			\$1,000		\$1,000			\$1,000
Ending Fund Balance Adjustment				(\$7,000)	(\$7,000)			(\$7,000)
Information Technology Staff			\$6,000		\$6,000			\$6,000
<b>Total for Fund 416</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,000</b>	<b>(\$7,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>RES CONST TAX CONTR FUND (420)</b>								
<b>Devel Assisted Capital Program</b>								
Ending Fund Balance Adjustment				(\$35,650)	(\$35,650)			(\$35,650)
Information Technology Staff			\$1,000		\$1,000			\$1,000
Residential Program Administration			\$34,650		\$34,650			\$34,650
<b>Total for Fund 420</b>	<b>\$0</b>	<b>\$0</b>	<b>\$35,650</b>	<b>(\$35,650)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>INT WASTE MGT FUND (423)</b>								
<b>CITY MANAGER</b>								
Salary Program	\$23				\$23			\$23

Special/Capital Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>INT WASTE MGT FUND (423)</b>								
<b>INFORMATION TECHNOLOGY</b>								
Information Technology Personal Services	\$5,881				\$5,881			\$5,881
Salary Program	\$309				\$309			\$309
<b>FINANCE</b>								
Salary Program	\$7,654				\$7,654			\$7,654
<b>TRANSPORTATION</b>								
Salary Program	\$1,249				\$1,249			\$1,249
<b>GENERAL SERVICES</b>								
Salary Program	\$1,863				\$1,863			\$1,863
<b>ENVIRON SVCS</b>								
Ending Fund Balance Adjustment				(\$5,881)	(\$5,881)			(\$5,881)
Salary Program	\$32,197				\$32,197			\$32,197
Salary Program Distrib - Operating Contingency			(\$43,295)		(\$43,295)			(\$43,295)
<b>Total for Fund 423</b>	<b>\$49,176</b>	<b>\$0</b>	<b>(\$43,295)</b>	<b>(\$5,881)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>COMM DEV BK GRANT (441)</b>								
<b>PRNS</b>								
Revolving Loan Program Clean-Up		\$7,273		(\$7,273)	\$0			\$0
<b>Total for Fund 441</b>	<b>\$0</b>	<b>\$7,273</b>	<b>\$0</b>	<b>(\$7,273)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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Special/Capital Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>LOW/MOD INC HSNF FD (443)</b>								
<b>CITY MANAGER</b>								
Salary Program	\$149				\$149			\$149
<b>INFORMATION TECHNOLOGY</b>								
Salary Program	\$2,019				\$2,019			\$2,019
<b>CITY ATTORNEY</b>								
Salary Program	\$4,091				\$4,091			\$4,091
<b>FINANCE</b>								
Salary Program	\$1,112				\$1,112			\$1,112
<b>HOUSING</b>								
Salary Program	\$31,486				\$31,486			\$31,486
Salary Program Distrib - Ending Fund Balance				(\$40,096)	(\$40,096)			(\$40,096)
<b>PUBLIC WORKS</b>								
Salary Program	\$839				\$839			\$839
<b>PBCE</b>								
Salary Program	\$400				\$400			\$400
<b>Total for Fund 443</b>	<b>\$40,096</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$40,096)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>HOME INVEST PARTNR PGM (445)</b>								
<b>HOUSING</b>								
HOPWA SHAPSS Grant Rebudget			\$541,371		\$541,371	\$541,371		\$0
Salary Program	\$3,605				\$3,605			\$3,605
Salary Program Distrib - Ending Fund Balance				(\$3,605)	(\$3,605)			(\$3,605)
Transfer Responsibility for Rental Dispute Program	\$198,917	\$217,670	\$27,293		\$443,880	\$443,880		\$0
<b>Total for Fund 445</b>	<b>\$202,522</b>	<b>\$217,670</b>	<b>\$568,664</b>	<b>(\$3,605)</b>	<b>\$985,251</b>	<b>\$985,251</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>STORM DRAIN SVCE USE CHRG (446)</b>								
<b>INFORMATION TECHNOLOGY</b>								
Information Technology Personal Services	\$3,529				\$3,529			\$3,529
Salary Program	\$537				\$537			\$537
<b>TRANSPORTATION</b>								
Salary Program	\$61,357				\$61,357			\$61,357
<b>PUBLIC WORKS</b>								
Salary Program	\$449				\$449			\$449
<b>PBCE</b>								
Salary Program	\$619				\$619			\$619
<b>ENVIRON SVCS</b>								
Ending Fund Balance Adjustment				(\$3,529)	(\$3,529)			(\$3,529)
Salary Program	\$16,918				\$16,918			\$16,918
Salary Program Distrib - Contingency Reserve			(\$79,880)		(\$79,880)			(\$79,880)
<b>Total for Fund 446</b>	<b>\$83,409</b>	<b>\$0</b>	<b>(\$79,880)</b>	<b>(\$3,529)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LAKE CUNNINGHAM FUND (462)</b>								
<b>Parks/Commty Fac Capital Pgm</b>								
CIP Action Team			\$1,000		\$1,000			\$1,000
Ending Fund Balance Adjustment				(\$2,000)	(\$2,000)			(\$2,000)
Information Technology Staff			\$1,000		\$1,000			\$1,000
<b>Total for Fund 462</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,000</b>	<b>(\$2,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONSTRUCTION EXCISE TAX FD (465)</b>								
<b>Traffic Capital Program</b>								
CIP Action Team			\$18,000		\$18,000			\$18,000
Ending Fund Balance Adjustment				(\$59,000)	(\$59,000)			(\$59,000)
Information Technology Staff			\$41,000		\$41,000			\$41,000
<b>Total for Fund 465</b>	<b>\$0</b>	<b>\$0</b>	<b>\$59,000</b>	<b>(\$59,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>STORM SEWER CAPITAL FD (469)</b>								
<b>Storm Sewer Capital Program</b>								
CIP Action Team			\$2,000		\$2,000			\$2,000
Ending Fund Balance Adjustment				(\$5,000)	(\$5,000)			(\$5,000)
Information Technology Staff			\$3,000		\$3,000			\$3,000
<b>Total for Fund 469</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,000</b>	<b>(\$5,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>WATER UTILITY CAPITAL FD (500)</b>								
<b>Water Utility Sys Capital Pgm</b>								
CIP Action Team			\$2,000		\$2,000			\$2,000
Ending Fund Balance Adjustment				(\$5,000)	(\$5,000)			(\$5,000)
Information Technology Staff			\$3,000		\$3,000			\$3,000
<b>Total for Fund 500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,000</b>	<b>(\$5,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>MUNI WATER MAJOR FAC FEE (502)</b>								
<b>Water Utility Sys Capital Pgm</b>								
CIP Action Team			\$1,000		\$1,000			\$1,000
Ending Fund Balance Adjustment				(\$3,000)	(\$3,000)			(\$3,000)
Information Technology Staff			\$2,000		\$2,000			\$2,000



Special/Capital Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>MUNI WATER MAJOR FAC FEE (502)</b>								
<b>Total for Fund 502</b>	\$0	\$0	\$3,000	(\$3,000)	\$0	\$0	\$0	\$0
<b>SJ-SC TRMNT PLANT CAP FD (512)</b>								
<b>Water Pollution Capital Pgm</b>								
CIP Action Team			\$7,000		\$7,000			\$7,000
Ending Fund Balance Adjustment				(\$20,000)	(\$20,000)			(\$20,000)
Information Technology Staff			\$13,000		\$13,000			\$13,000
<b>Total for Fund 512</b>	\$0	\$0	\$20,000	(\$20,000)	\$0	\$0	\$0	\$0
<b>SJ-SC TRMNT PLANT OPER FD (513)</b>								
<b>CITY MANAGER</b>								
Salary Program	\$275				\$275			\$275
<b>INFORMATION TECHNOLOGY</b>								
Information Technology Personal Services	(\$14,113)				(\$14,113)			(\$14,113)
Salary Program	\$215				\$215			\$215
<b>CITY ATTORNEY</b>								
Salary Program	\$269				\$269			\$269
<b>FINANCE</b>								
Salary Program	\$178				\$178			\$178
<b>PUBLIC WORKS</b>								
Salary Program	\$309				\$309			\$309

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Special/Capital Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>SJ-SC TRMNT PLANT OPER FD (513)</b>								
<b>PARK MAINTENANCE</b>								
Salary Program	\$1,601				\$1,601			\$1,601
<b>ENVIRON SVCS</b>								
Ending Fund Balance Adjustment				\$14,113	\$14,113			\$14,113
Salary Program	\$327,661				\$327,661			\$327,661
Salary Program Distrib - Operating Contingency			(\$330,508)		(\$330,508)			(\$330,508)
<b>Total for Fund 513</b>	<b>\$316,395</b>	<b>\$0</b>	<b>(\$330,508)</b>	<b>\$14,113</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONSOL WATER UTILITY FD (515)</b>								
<b>CITY MANAGER</b>								
Salary Program	\$12				\$12			\$12
<b>INFORMATION TECHNOLOGY</b>								
Information Technology Personal Services	\$4,703				\$4,703			\$4,703
Salary Program	\$20				\$20			\$20
<b>TRANSPORTATION</b>								
Salary Program	\$1,893				\$1,893			\$1,893
<b>ENVIRON SVCS</b>								
Ending Fund Balance Adjustment				(\$4,703)	(\$4,703)			(\$4,703)
Salary Program	\$27,890				\$27,890			\$27,890
Salary Program Distrib - Contingency Reserve			(\$29,815)		(\$29,815)			(\$29,815)
<b>Total for Fund 515</b>	<b>\$34,518</b>	<b>\$0</b>	<b>(\$29,815)</b>	<b>(\$4,703)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>AIRPORT REVENUE FUND (521)</b>								
<b>AIRPORT</b>								
Ending Fund Balance Adjustment				\$50,416	\$50,416			\$50,416
Transfer to Airport Pass Facility Charge Fund-Overhead Reimb			(\$24,131)		(\$24,131)			(\$24,131)
Transfer to Airport Rev Bond Imprvmt Fund-Overhead Reimb			(\$26,285)		(\$26,285)			(\$26,285)
<b>Total for Fund 521</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$50,416)</b>	<b>\$50,416</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT MAINT &amp; OPER FD (523)</b>								
<b>CITY MANAGER</b>								
Salary Program	\$404				\$404			\$404
<b>INFORMATION TECHNOLOGY</b>								
Salary Program	\$8,318				\$8,318			\$8,318
<b>CITY ATTORNEY</b>								
Salary Program	\$4,124				\$4,124			\$4,124
<b>FINANCE</b>								
Salary Program	\$211				\$211			\$211
<b>POLICE</b>								
Salary Program	\$202				\$202			\$202
<b>PUBLIC WORKS</b>								
Salary Program	\$708				\$708			\$708
<b>PBCE</b>								
Salary Program	\$530				\$530			\$530
<b>PRNS</b>								
Salary Program	\$531				\$531			\$531



Special/Capital Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>AIRPORT MAINT &amp; OPER FD (523)</b>								
<b>AIRPORT</b>								
Operating Contingency-Transfer for Overhead Reimb			(\$50,416)		(\$50,416)			(\$50,416)
Salary Program	\$302,582				\$302,582			\$302,582
Salary Program Distribution - Salary Reserve			(\$317,610)		(\$317,610)			(\$317,610)
Technical Adjustment: Non-Personal for Airport Security Services		\$128,296			\$128,296			\$128,296
Transfer to Airport Pass Facility Charge Fund-Overhead Reimb			\$24,131		\$24,131			\$24,131
Transfer to Airport Rev Bond Imprvmt Fund-Overhead Reimb			\$26,285		\$26,285			\$26,285
Trfr. for Police Svcs: Non-Pers. for Airport Security Svcs			(\$128,296)		(\$128,296)			(\$128,296)
<b>Total for Fund 523</b>	<b>\$317,610</b>	<b>\$128,296</b>	<b>(\$445,906)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT RENEW &amp; REPL FD (527)</b>								
<b>AIRPORT</b>								
CIP Action Team			\$8,000		\$8,000			\$8,000
Ending Fund Balance Adjustment				(\$23,000)	(\$23,000)			(\$23,000)
Information Technology Staff			\$15,000		\$15,000			\$15,000
<b>Total for Fund 527</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,000</b>	<b>(\$23,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>GENERAL PURPOSE PARKING FD (533)</b>								
<b>TRANSPORTATION</b>								
Ending Fund Balance Adjustment				(\$17,999)	(\$17,999)			(\$17,999)
Salary Program	\$11,999				\$11,999			\$11,999
<b>Parking Capital Program</b>								
CIP Action Team			\$2,000		\$2,000			\$2,000
Information Technology Staff			\$4,000		\$4,000			\$4,000

Special/Capital Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>GENERAL PURPOSE PARKING FD (533)</b>								
<b>Total for Fund 533</b>	<b>\$11,999</b>	<b>\$0</b>	<b>\$6,000</b>	<b>(\$17,999)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONV/CULTL FACIL FD (536)</b>								
<b>INFORMATION TECHNOLOGY</b>								
Salary Program	\$949				\$949			\$949
<b>FINANCE</b>								
Salary Program	\$403				\$403			\$403
<b>PARK MAINTENANCE</b>								
Salary Program	\$1,788				\$1,788			\$1,788
<b>CAE SVCS</b>								
Salary Program	\$58,926				\$58,926			\$58,926
Salary Program - Operating Contingency				(\$62,066)	(\$62,066)			(\$62,066)
<b>Total for Fund 536</b>	<b>\$62,066</b>	<b>\$0</b>	<b>(\$62,066)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SEWAGE TRTMNT PLNT CONN FD (539)</b>								
<b>ENVIRON SVCS</b>								
Fund Balance Clean-Up				(\$207,827)	(\$207,827)		(\$207,827)	\$0
<b>Total for Fund 539</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$207,827)</b>	<b>\$0</b>	<b>(\$207,827)</b>	<b>\$0</b>	<b>(\$207,827)</b>	<b>\$0</b>

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Special/Capital Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003



Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>SANITARY SEWER CONN FEE FD (540)</b>								
<b>Sanitary Sewer Capital Program</b>								
CIP Action Team			\$8,000		\$8,000			\$8,000
Ending Fund Balance Adjustment				(\$24,000)	(\$24,000)			(\$24,000)
Information Technology Staff			\$16,000		\$16,000			\$16,000
<b>Total for Fund 540</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,000</b>	<b>(\$24,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHARGE FD (541)</b>								
<b>CITY MANAGER</b>								
Salary Program	\$94				\$94			\$94
<b>INFORMATION TECHNOLOGY</b>								
Salary Program	\$2,159				\$2,159			\$2,159
<b>CITY ATTORNEY</b>								
Salary Program	\$2,988				\$2,988			\$2,988
<b>FINANCE</b>								
Salary Program	\$3,209				\$3,209			\$3,209
<b>TRANSPORTATION</b>								
Salary Program	\$112,650				\$112,650			\$112,650
<b>PUBLIC WORKS</b>								
Salary Program	\$11,296				\$11,296			\$11,296
<b>PBCE</b>								
Salary Program	\$1,097				\$1,097			\$1,097
<b>GENERAL SERVICES</b>								
Salary Program	\$8,216				\$8,216			\$8,216

Special/Capital Fund  
 Clean-up Adjustment Actions  
 Mid-Year 2002-2003

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>SEWER SVC &amp; USE CHARGE FD (541)</b>								
<b>ENVIRON SVCS</b>								
Salary Program	\$5,388				\$5,388			\$5,388
Salary Program Distrib - Ending Fund Balance				(\$147,097)	(\$147,097)			(\$147,097)
<b>Total for Fund 541</b>	<b>\$147,097</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$147,097)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>STORES FUND (551)</b>								
<b>GENERAL SERVICES</b>								
Salary Program	\$4,959				\$4,959			\$4,959
Salary Program Distrib - Ending Fund Balance			(\$4,959)		(\$4,959)			(\$4,959)
<b>Total for Fund 551</b>	<b>\$4,959</b>	<b>\$0</b>	<b>(\$4,959)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>VEHICLE MAINT &amp; OPER FD (552)</b>								
<b>INFORMATION TECHNOLOGY</b>								
Salary Program	\$1,881				\$1,881			\$1,881
<b>GENERAL SERVICES</b>								
Salary Program	\$50,221				\$50,221			\$50,221
Salary Program Distrib - Ending Fund Balance			(\$52,102)		(\$52,102)			(\$52,102)
<b>Total for Fund 552</b>	<b>\$52,102</b>	<b>\$0</b>	<b>(\$52,102)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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2002-2003

MID-YEAR  
BUDGET  
REVIEW



SECTION  
IV

COUNCIL  
REFERRALS





# Memorandum

**TO: HONORABLE MAYOR AND  
CITY COUNCIL**

**FROM: Carl Mosher  
James R. Helmer**

**SUBJECT: SANITARY SEWER BACKUP  
DAMAGE CLAIMS**

**DATE: 01-27-03**

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Approved

Date

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**COUNCIL DISTRICT: Citywide**

## **RECOMMENDATION**

It is recommended that the Council approve a new appropriation in the Sewer Service and Use Charge Fund administered by the Environmental Services Department for Sanitary Sewer Claims Payments in the amount of \$110,000.

## **BACKGROUND**

This memo is in response to questions asked by City Council members on August 13, 2002 regarding which City fund pays for sewer backup damage claims.

There are approximately 2,130 miles of sanitary sewer lines in the City of San Jose, consisting of both main lines and lateral lines. The property owner owns the lateral lines and pays a fee to maintain a connection to a main line. The fees support the operation and maintenance of the sanitary sewer system. Utilizing these funds, Department of Transportation staff performs maintenance work on the main lines, including cleaning, inspection, and routine repairs.

From time to time, blockages occur in the sewer lines. DOT staff responds to reports of problems, clearing main line stoppages and performing cleanup work in the event that the stoppage has caused sewage to backup into a home or business. DOT staff also clears stoppages in property owner lateral lines if a City-approved Y-cleanout has been installed. Over the last five years, DOT has cleared an average of 1,040 main line stoppages per year, with 88.8% of those stoppages cleared within 4 hours of notification. Overall, 97.4% sewer line segments remained obstruction-free each year.

If customers are dissatisfied with the effectiveness of the cleanup effort and the backup was due to a main line stoppage, they may file a claim with the City Attorney's Office to seek compensation for the damages. The average annual number of damage claims filed by customers over the last five years was 66 (6% of annual stoppages), with an average of \$103,289 paid out per year.

HONORABLE MAYOR AND CITY COUNCIL

01-27-03

SUBJECT: SANITARY SEWER BACKUP DAMAGE CLAIMS

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### ANALYSIS

In the past, the burden of these sanitary sewer claims payments fell to the General Fund. It has now been determined that these costs can appropriately be borne by the Sewer Service and Use Charge Fund. In another part of this document, appropriation actions will be recommended to establish funding for these claims in the Sewer Service and Use Charge Fund.

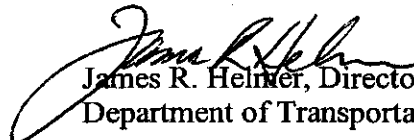
Per City of San Jose Municipal Code (15.12.450), Sewer Service and Use Charges may be used for the acquisition, construction, reconstruction, maintenance and operation of the sanitary sewer system of the City of San Jose. " Sewer blockage cleanup costs are already paid out of the Sewer Service and Use Charge Fund; it is appropriate for the cost of the claims related to these cleanups to be paid out of this fund as well, as part of the costs of operating and maintaining the sanitary sewer system.

### COORDINATION



This memo has been coordinated with the Budget Office, City Attorney, and Finance Department.



Carl Mosher, Director  
Environmental Services Department



James R. Heitler, Director  
Department of Transportation



2002-2003

MID-YEAR  
BUDGET  
REVIEW



SECTION  
V

APPENDIX





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**FINANCE DEPARTMENT**  
Monthly Financial Report

Financial Results for the 6 Months Ended December 31, 2002  
Fiscal Year 2002-03

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**Finance Department, City of San José**  
**Monthly Financial Report**  
**Financial Results for the 6 Months Ended December 31, 2002**  
**Fiscal Year 2002-03**

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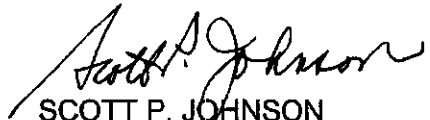
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**Finance Department, City of San José**  
**Monthly Financial Report**  
**Financial Results for the 6 Months Ended December 31, 2002**  
**Fiscal Year 2002-03**

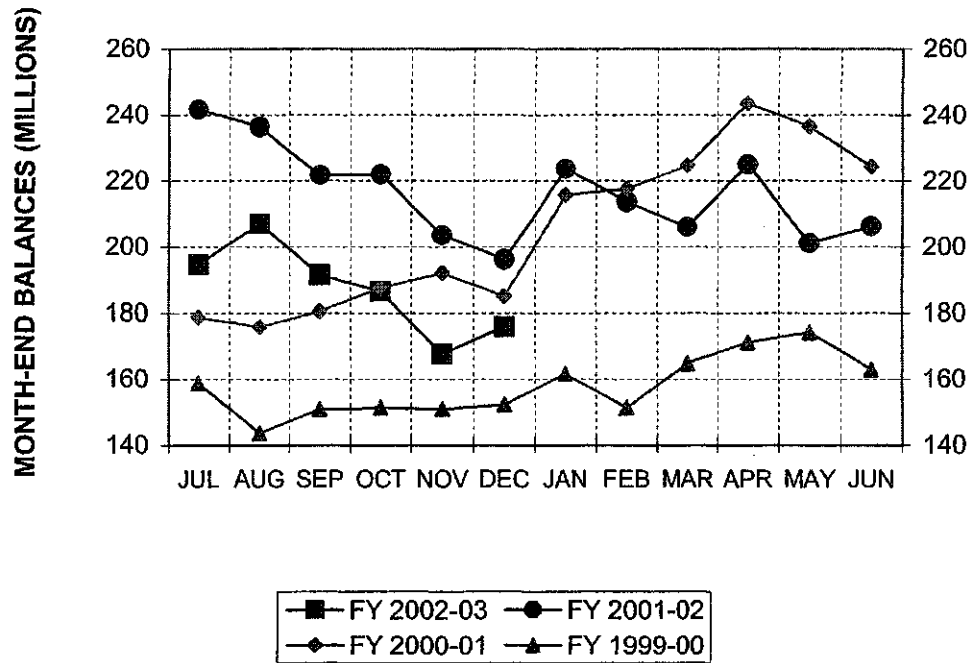
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Submitted by:

  
SCOTT P. JOHNSON  
Director, Finance Department

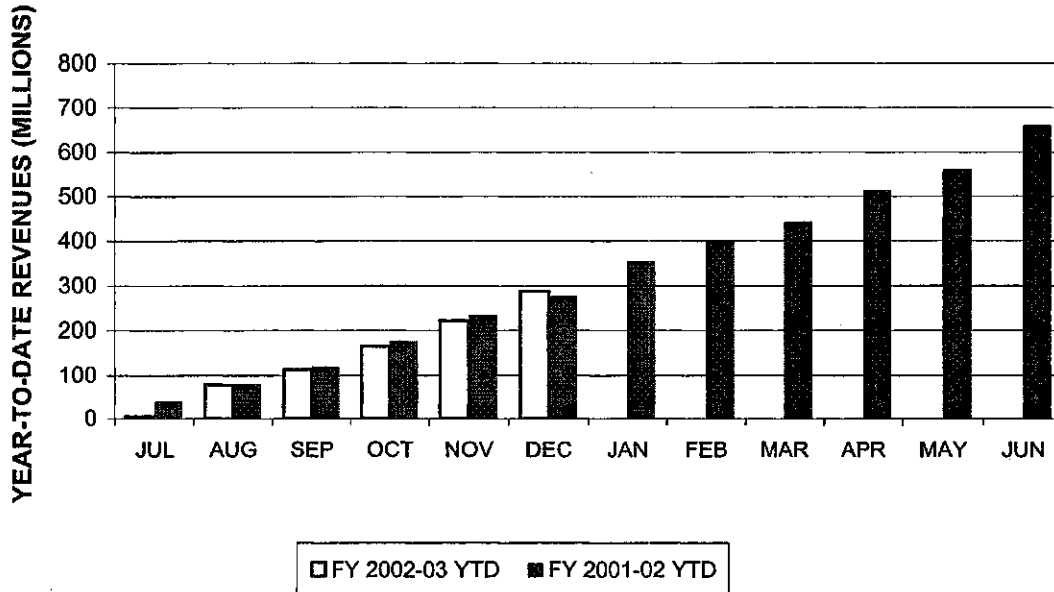
## GENERAL FUND Comparison of YTD Cash Balances



### GENERAL FUND MONTHLY CASH BALANCES

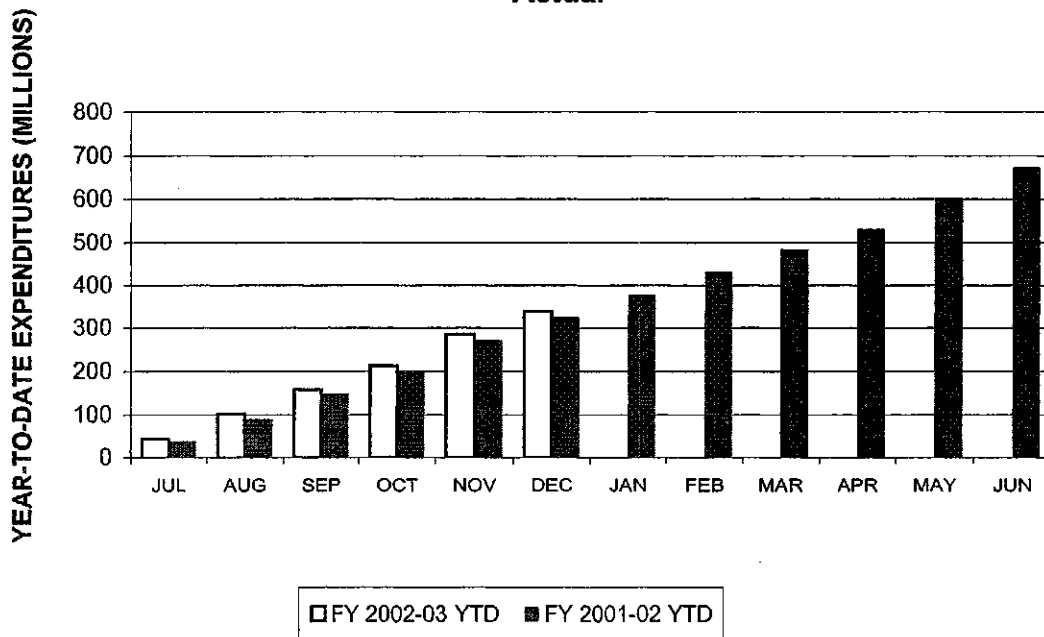
MONTH	FY 2002-03	FY 2001-02	FY 2000-01	FY 1999-00
JULY	\$ 194,717,774	\$ 241,784,775	\$ 178,744,333	\$ 158,777,282
AUGUST	207,161,562	236,385,249	175,865,630	143,623,822
SEPTEMBER	191,622,240	221,699,865	180,548,273	150,910,258
OCTOBER	186,563,006	221,931,916	187,583,334	151,343,657
NOVEMBER	167,575,264	203,666,150	192,281,513	150,981,108
DECEMBER	175,965,144	196,194,488	185,075,533	152,198,763
JANUARY		223,666,133	215,858,561	161,634,779
FEBRUARY		213,866,578	217,544,562	151,321,646
MARCH		206,211,203	224,713,611	164,725,908
APRIL		225,096,951	243,615,280	171,108,942
MAY		201,199,156	236,569,622	174,170,572
JUNE		206,390,333	224,390,904	162,775,499

**GENERAL FUND**  
**Comparison of YTD Revenues**  
**Actual**



□ FY 2002-03 YTD    ■ FY 2001-02 YTD

**GENERAL FUND**  
**Comparison of YTD Expenditures**  
**Actual**

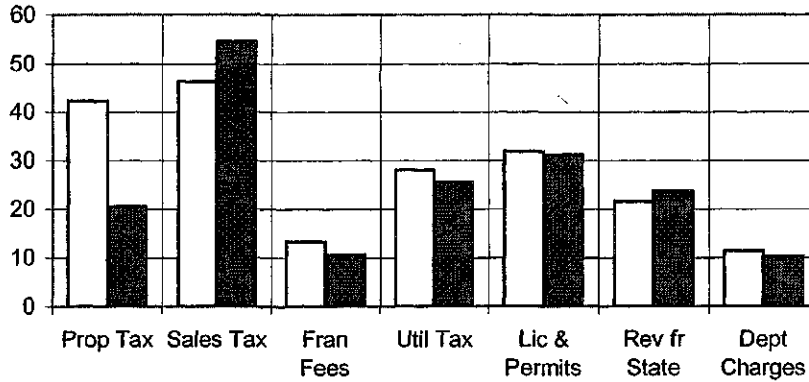


□ FY 2002-03 YTD    ■ FY 2001-02 YTD



**GENERAL FUND MAJOR REVENUES**  
**Comparison of YTD Actual vs. Prior YTD Actual**  
**For the 6 Months Ended December 31, 2002**

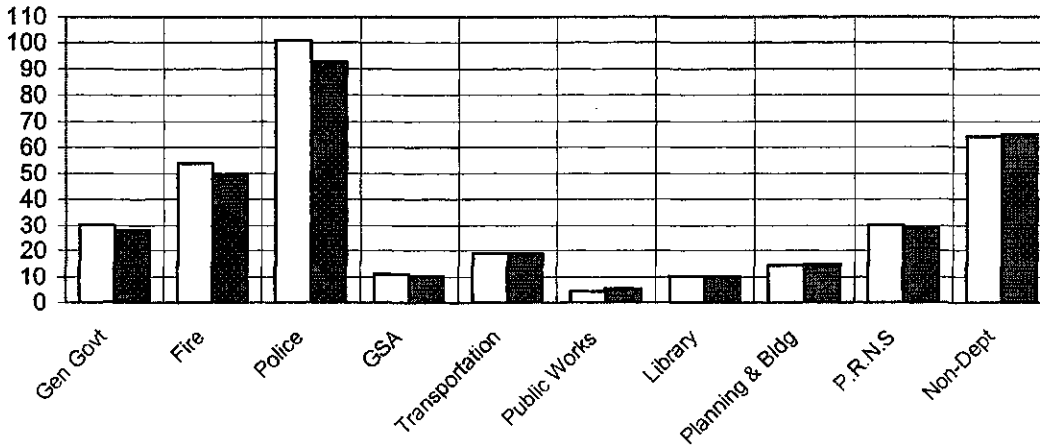
YEAR-TO-DATE REVENUES (MILLIONS)



□ FY 2002-03 YTD   ■ FY 2001-02 YTD

**GENERAL FUND MAJOR EXPENDITURES**  
**Comparison of YTD Actual vs. Prior YTD Actual**  
**For the 6 Months Ended December 31, 2002**

YEAR-TO-DATE EXPENDITURES (MILLIONS)



□ FY 2002-03 YTD   ■ FY 2001-02 YTD

**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS**  
**FOR THE 6 MONTHS ENDED DECEMBER 31, 2002**  
*(UNAUDITED)*  
*(\$000's)*

	ADOPTED FY 2002-03 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2002-03 BUDGET	CUR YTD ACTUAL	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
<b>Fund Balance</b>											
Prior Year Encumbrances	\$ -	-	45,334	45,334	45,334	100.00%	36,345	107.53%	33,801	8,989	24.73%
Liquidation of c/o Encumbrance	-	-	-	-	-	0.00%	-	0.00%	-	-	0.00%
Available Balance	162,195	28,476	-	190,671	190,671	100.00%	214,316	99.44%	215,519	(23,645)	-11.03%
<b>Total Fund Balance</b>	<b>162,195</b>	<b>28,476</b>	<b>45,334</b>	<b>236,005</b>	<b>236,005</b>	<b>100.00%</b>	<b>250,661</b>	<b>100.54%</b>	<b>249,320</b>	<b>(14,656)</b>	<b>-5.85%</b>
<b>General Revenues</b>											
Property Tax	86,278	-	-	86,278	42,244	48.96%	20,606	23.34%	88,286	21,638	105.01%
Sales Tax	148,848	(11,296)	-	137,552	46,166	33.56%	54,649	39.58%	138,058	(8,483)	-15.52%
Transient Occupancy Tax	8,400	(762)	-	7,638	2,024	26.50%	2,439	35.77%	6,819	(415)	-17.02%
Franchise Fees	33,857	211	-	34,068	13,369	39.24%	10,647	30.92%	34,432	2,722	25.57%
Utility Tax	70,673	(2,571)	-	68,102	28,104	41.27%	25,568	38.22%	66,889	2,536	9.92%
Licenses and Permits	62,459	(413)	-	62,046	31,861	51.35%	31,189	52.59%	59,272	692	2.22%
Fines, Forfeits and Penalties	11,076	-	-	11,076	5,206	47.00%	5,214	45.19%	11,537	(8)	-0.15%
Use of Money and Property	13,095	-	-	13,095	5,392	41.18%	8,912	47.02%	18,952	(3,520)	-39.50%
Revenue from Local Agencies	39,272	2,357	-	41,629	20,383	48.96%	19,401	41.16%	47,141	982	5.06%
Revenue from State of Cal.	58,204	289	-	58,493	21,614	36.95%	23,727	39.20%	60,522	(2,113)	-8.91%
Revenue from Federal Government	1,776	714	-	2,490	1,082	43.45%	343	9.75%	3,519	739	215.45%
Departmental Charges (Note 1)	20,529	2,376	-	22,905	11,395	49.75%	10,316	43.97%	23,460	1,079	10.46%
Other Revenues	14,495	(2,555)	-	11,940	11,453	95.92%	14,551	59.36%	24,515	(3,098)	-21.29%
<b>Total General Revenues</b>	<b>568,962</b>	<b>(11,650)</b>	<b>-</b>	<b>557,312</b>	<b>240,293</b>	<b>43.12%</b>	<b>227,542</b>	<b>39.00%</b>	<b>583,404</b>	<b>12,751</b>	<b>5.60%</b>
<b>Transfers &amp; Reimbursements</b>											
Overhead Reimbursements	29,710	-	-	29,710	25,214	84.87%	21,660	70.39%	30,770	3,554	16.41%
Transfers from Other Funds	18,076	13,288	-	31,364	14,428	46.00%	19,649	71.22%	27,590	(5,221)	-26.57%
Reimbursements for Services	18,235	17	-	18,252	7,851	43.02%	7,341	38.82%	18,912	510	6.95%
<b>Total Transfers &amp; Reimburse</b>	<b>66,021</b>	<b>13,304</b>	<b>-</b>	<b>79,325</b>	<b>47,493</b>	<b>59.87%</b>	<b>48,650</b>	<b>62.96%</b>	<b>77,272</b>	<b>(1,157)</b>	<b>-2.38%</b>
<b>Total Sources</b>	<b>\$ 797,178</b>	<b>30,130</b>	<b>45,334</b>	<b>872,642</b>	<b>523,791</b>	<b>60.02%</b>	<b>526,853</b>	<b>57.90%</b>	<b>909,996</b>	<b>(3,062)</b>	<b>-0.58%</b>

Note 1 - See Supplemental Schedule on Page 7

**CITY OF SAN JOSE  
GENERAL FUND SOURCE AND USE OF FUNDS  
EXPENDITURES  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2002  
( UNAUDITED )  
( \$000's )**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END	CUR YTD LESS PRIOR YTD ACTUAL(1)	% CHANGE	
	FY 2002-03	BUDGET		FY 2002-03	ACTUAL	ENCUMBR	ACTUAL %	YTD	OF PRIOR	BUDGETARY		LESS PRIOR YTD	CUR YTD ACTUAL
	BUDGET	AMENDMENTS		BUDGET	ACTUAL	ENCUMBR	OF BUDGET	ACTUAL(1)	ACTUAL	ACTUAL		ACTUAL	ACTUAL
<b>General Government</b>													
Mayor and Council	\$ 7,602	(33)	57	7,626	3,053	110	40.03%	2,702	47.48%	5,748	351	12.99%	
City Attorney	11,150	-	1,091	12,241	5,009	937	40.92%	4,943	46.08%	11,819	66	1.34%	
City Auditor	2,385	(15)	15	2,385	1,112	18	46.62%	1,062	46.99%	2,275	50	4.71%	
City Clerk	1,529	-	4	1,533	663	35	43.25%	617	39.12%	1,581	46	7.46%	
City Manager (2)	6,912	40	243	7,195	3,632	302	50.48%	3,687	51.13%	7,452	(55)	-1.49%	
Housing	281	136	-	417	112	58	26.86%	-	0.00%	-	112	0.00%	
Finance (3)	8,367	(79)	259	8,547	3,657	525	42.79%	3,405	45.83%	7,702	252	7.40%	
Information Technology	17,414	65	389	17,868	7,700	456	43.09%	6,986	45.80%	15,641	714	10.22%	
Employee Services (3)	7,335	97	183	7,615	3,333	674	43.77%	3,039	44.51%	7,011	294	9.67%	
Redevelopment Agency	1,770	-	-	1,770	869	-	49.10%	716	45.37%	1,578	153	21.37%	
Planning Commission	37	-	-	37	17	3	45.95%	6	15.79%	38	11	183.33%	
Civil Service Commission	23	-	-	23	8	-	34.78%	9	47.37%	19	(1)	-11.11%	
Independent Police Auditor	648	-	5	653	284	7	43.49%	284	48.14%	595	-	0.00%	
Office of Economic Development	2,042	84	3	2,129	711	363	33.40%	740	35.70%	2,076	(29)	-3.92%	
Office of Emergency Services	348	-	5	353	160	2	45.33%	159	49.69%	325	1	0.63%	
<b>Total General Government</b>	<b>67,843</b>	<b>295</b>	<b>2,254</b>	<b>70,392</b>	<b>30,320</b>	<b>3,490</b>	<b>43.07%</b>	<b>28,355</b>	<b>46.03%</b>	<b>63,860</b>	<b>1,965</b>	<b>6.93%</b>	
<b>Public Safety</b>													
Fire	108,217	491	712	109,420	54,015	1,379	49.36%	49,899	48.32%	103,990	4,116	8.25%	
Police	216,394	490	1,346	218,230	100,757	2,603	46.17%	92,910	47.09%	198,650	7,847	8.45%	
<b>Total Public Safety</b>	<b>324,611</b>	<b>981</b>	<b>2,058</b>	<b>327,650</b>	<b>154,772</b>	<b>3,982</b>	<b>47.24%</b>	<b>142,809</b>	<b>47.51%</b>	<b>302,640</b>	<b>11,963</b>	<b>8.38%</b>	
<b>Capital Maintenance</b>													
General Services	21,814	(18)	601	22,397	11,183	4,971	49.93%	10,284	50.92%	20,798	899	8.74%	
Transportation	35,041	300	1,285	36,626	18,764	5,421	51.23%	18,744	53.44%	36,368	20	0.11%	
Public Works (2)	8,896	(120)	337	9,113	4,512	490	49.51%	5,380	59.32%	9,409	(868)	-16.13%	
<b>Total Capital Maintenance</b>	<b>65,751</b>	<b>162</b>	<b>2,223</b>	<b>68,136</b>	<b>34,459</b>	<b>10,882</b>	<b>50.57%</b>	<b>34,408</b>	<b>53.48%</b>	<b>66,575</b>	<b>51</b>	<b>0.15%</b>	

(1) Does not include encumbrance balance.

(2) Prior YTD and Year-End actual amounts reflect the realignment of Contract Compliance from Office of Equality Assurance to Public Works and Civil Services from Office of Equality Assurance to City Manager.

(3) Prior YTD and Year-End actual amounts reflect the realignment of Worker's Compensation from Finance to Employee Services.

**CITY OF SAN JOSE  
GENERAL FUND SOURCE AND USE OF FUNDS  
EXPENDITURES  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2002  
( UNAUDITED )  
( \$000's )**

	ADOPTED FY 2002-03 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2002-03 BUDGET	YEAR-TO-DATE		CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL(1)	PRIOR YTD %	PRIOR YEAR-END	CUR YTD LESS PRIOR YTD ACTUAL(1)	% CHANGE	
					ACTUAL	ENCUMBR			OF PRIOR YEAR-END ACTUAL	BUDGETARY BASIS ACTUAL		CUR YTD ACTUAL LESS PRIOR YTD ACTUAL	CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
<b>Community Service</b>													
Library	22,441	280	344	23,065	10,387	294	45.03%	10,188	48.12%	21,538	199	1.95%	
Planning, Bldg & Code Enf.	31,144	160	812	32,118	14,447	538	44.98%	14,865	49.28%	30,974	(418)	-2.81%	
Park, Rec & Neigh Svcs (2)	62,581	78	2,158	64,817	30,430	3,627	46.95%	29,454	49.88%	62,809	976	3.31%	
Environmental Services	1,756	70	489	2,315	393	756	16.98%	518	30.96%	2,162	(125)	-24.13%	
Total Community Services	117,922	588	3,803	122,313	55,657	5,215	45.50%	55,025	49.11%	117,483	632	1.15%	
Total Dept. Expenditures	\$ 576,127	2,026	10,338	588,491	275,208	23,569	46.77%	260,597	48.39%	550,558	14,611	5.61%	
<b>Non-Dept Expenditures</b>													
City-wide Expenditures:													
Econ & Neighborhood Develop.	\$ 17,614	648	2,161	20,423	11,558	1,722	56.59%	12,073	64.87%	20,772	(515)	-4.27%	
Environmental & Utility Services	872	-	366	1,238	47	943	3.80%	629	46.94%	1,706	(582)	-92.53%	
Public Safety	5,412	206	315	5,933	2,513	325	42.36%	5,064	65.19%	8,083	(2,551)	-50.38%	
Recreation & Cultural Services	26,903	4,011	4,901	35,815	12,037	9,761	33.61%	11,365	46.20%	27,906	672	5.91%	
Transportation Services	2,504	(20)	83	2,567	951	806	37.05%	894	37.44%	2,491	57	6.38%	
Strategic Support	38,947	7,770	995	47,712	16,952	2,153	35.53%	13,714	41.11%	34,353	3,238	23.61%	
Total City-wide Expenditures	92,252	12,615	8,821	113,688	44,058	15,710	38.75%	43,739	49.67%	95,311	319	0.73%	
Capital Expenditures	37,122	3,772	26,175	67,069	17,137	21,598	25.55%	13,627	39.17%	60,944	3,510	25.76%	
Transfers to Other Funds	6,007	222	-	6,229	2,718	-	43.63%	7,584	60.61%	12,512	(4,866)	-64.16%	
Total Non-Dept Expenditures	135,381	16,609	34,996	186,986	63,913	37,308	34.18%	64,950	47.98%	168,767	(1,037)	-1.60%	
<b>Reserves</b>													
Contingency Reserves	24,549	(202)	-	24,347	24,347	-	100.00%	23,907	0.00%	-	440	1.84%	
Earmarked Reserves	61,121	11,697	-	72,818	72,818	-	100.00%	80,132	0.00%	-	(7,314)	-9.13%	
Total Reserves	85,670	11,495	-	97,165	97,165	-	100.00%	104,039	0.00%	-	(6,874)	-8.61%	
Total Uses	\$ 797,178	30,130	45,334	872,642	436,286	60,877	50.00%	429,586	63.74%	719,325	6,700	1.56%	

(1) Does not include encumbrance balance.

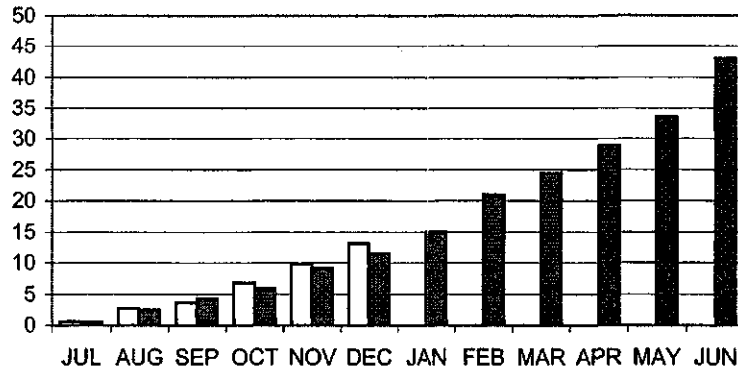
(2) Prior and current YTD actual amounts for PRNS reflect the realignment of Regional Parks from CAE to PRNS.

**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**FOR THE 6 MONTHS ENDED DECEMBER 31, 2002**  
**SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES**  
**(UNAUDITED)**  
**( \$000's )**

	ADOPTED FY 2002-03 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2002-03 BUDGET	CUR YTD ACTUAL	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Police	\$ 1,442	138	-	1,580	800	50.63%	844	44.73%	1,887	(44)	-5.21%
Public Works	6,356	-	-	6,356	2,912	45.81%	2,944	47.71%	6,170	(32)	-1.09%
Transportation	893	(11)	-	882	289	32.77%	468	45.61%	1,026	(179)	-38.25%
Library	812	-	-	812	417	51.35%	389	44.31%	878	28	7.20%
Planning, Bldg & Code Enf	3,924	2,192	-	6,116	2,490	40.71%	1,560	28.36%	5,501	930	59.62%
Parks Rec & Neigh Svcs	6,946	57	-	7,003	4,415	63.04%	4,046	54.11%	7,477	369	9.12%
Miscellaneous Dept Charges	156	-	-	156	72	46.15%	65	12.48%	521	7	10.77%
<b>Total Departmental Revenues</b>	<b>\$ 20,529</b>	<b>2,376</b>	<b>-</b>	<b>22,905</b>	<b>11,395</b>	<b>49.75%</b>	<b>10,316</b>	<b>43.97%</b>	<b>23,460</b>	<b>1,079</b>	<b>10.46%</b>

**CONSTRUCTION & CONVEYANCE TAX FUNDS  
Comparison of YTD Revenues**

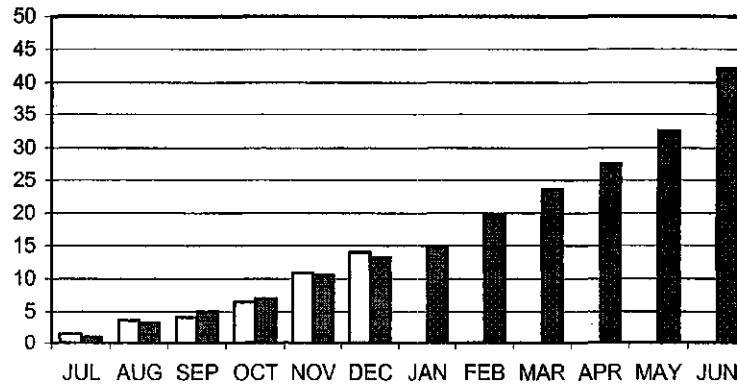
YEAR-TO-DATE REVENUES (MILLIONS)



□ FY 2002-03 YTD    ■ FY 2001-02 YTD

**CONSTRUCTION & CONVEYANCE TAX FUNDS  
Comparison of YTD Expenditures**

YEAR-TO-DATE EXPENDITURES (MILLIONS)



□ FY 2002-03 YTD    ■ FY 2001-02 YTD

**CITY OF SAN JOSE  
SPECIAL REVENUE FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2002  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2002-03 BUDGET	BUDGET AMENDMENTS		FY 2002-03 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
<b>Construction/Conveyance Tax</b>							
Prior Year Encumbrance	\$ -	-	6,713	6,713	6,713	N/A	7,497
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	46,894	7,476	-	54,370	54,370	N/A	52,416
Revenues	25,546	2,576	-	28,122	13,134	N/A	11,428
<b>Total Sources</b>	<b>72,440</b>	<b>10,052</b>	<b>6,713</b>	<b>89,205</b>	<b>74,217</b>	<b>N/A</b>	<b>71,341</b>
<b>Total Uses</b>	<b>72,440</b>	<b>10,052</b>	<b>6,713</b>	<b>89,205</b>	<b>14,002</b>	<b>7,753</b>	<b>13,256</b>
<b>Gas Tax</b>							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	62	-	-	62	62	N/A	62
Revenues	17,800	-	-	17,800	7,742	N/A	7,241
<b>Total Sources</b>	<b>17,862</b>	<b>-</b>	<b>-</b>	<b>17,862</b>	<b>7,804</b>	<b>N/A</b>	<b>7,303</b>
<b>Total Uses</b>	<b>17,862</b>	<b>-</b>	<b>-</b>	<b>17,862</b>	<b>7,742</b>	<b>-</b>	<b>7,241</b>
<b>Building and Structures</b>							
Prior Year Encumbrance	-	-	12,190	12,190	12,190	N/A	10,169
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	40,997	7,180	-	48,177	48,177	N/A	46,338
Revenues	16,419	1,895	-	18,314	5,261	N/A	5,574
<b>Total Sources</b>	<b>57,416</b>	<b>9,075</b>	<b>12,190</b>	<b>78,681</b>	<b>65,628</b>	<b>N/A</b>	<b>62,081</b>
<b>Total Uses</b>	<b>57,416</b>	<b>9,075</b>	<b>12,190</b>	<b>78,681</b>	<b>10,015</b>	<b>13,743</b>	<b>5,721</b>
<b>Residential Construction</b>							
Prior Year Encumbrance	-	-	-	-	-	N/A	632
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	759	19	-	778	778	N/A	1,387
Revenues	153	-	-	153	48	N/A	67
<b>Total Sources</b>	<b>912</b>	<b>19</b>	<b>-</b>	<b>931</b>	<b>826</b>	<b>N/A</b>	<b>2,086</b>
<b>Total Uses</b>	<b>\$ 912</b>	<b>19</b>	<b>-</b>	<b>931</b>	<b>228</b>	<b>-</b>	<b>117</b>

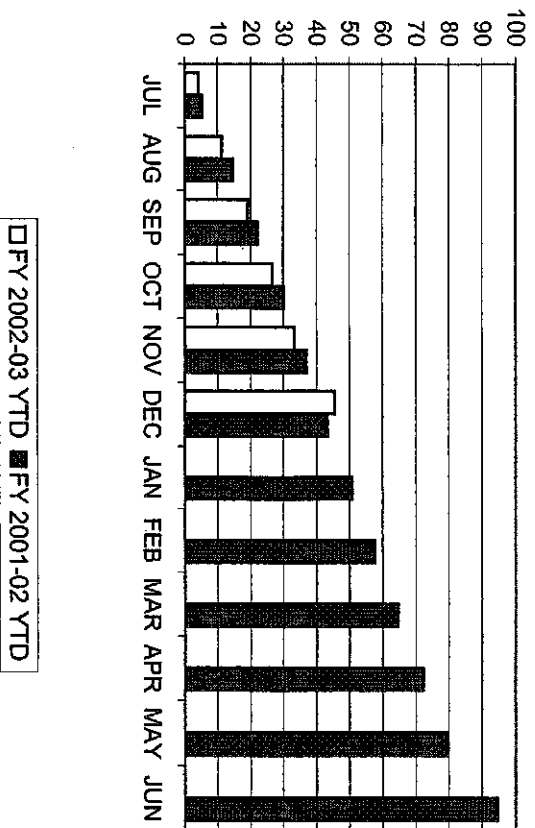
**CITY OF SAN JOSE  
SPECIAL REVENUE FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2002  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2002-03 BUDGET	BUDGET AMENDMENTS		FY 2002-03 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
<b>Transient Occupancy Tax</b>							
Prior Year Encumbrance	\$ -	-	233	233	233	N/A	47
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	1,605	(80)	-	1,525	1,525	N/A	5,769
Revenues	12,750	-	-	12,750	3,094	N/A	3,791
<b>Total Sources</b>	<b>14,355</b>	<b>(80)</b>	<b>233</b>	<b>14,508</b>	<b>4,852</b>	<b>N/A</b>	<b>9,607</b>
<b>Total Uses</b>	<b>14,355</b>	<b>(80)</b>	<b>233</b>	<b>14,508</b>	<b>4,079</b>	<b>1,554</b>	<b>6,098</b>
<b>Conventions, Arts &amp; Enter</b>							
Prior Year Encumbrance	-	-	411	411	411	N/A	361
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	4,847	1,066	-	5,913	5,913	N/A	6,281
Revenues	19,184	(23)	-	19,161	7,220	N/A	7,409
<b>Total Sources</b>	<b>24,031</b>	<b>1,043</b>	<b>411</b>	<b>25,485</b>	<b>13,544</b>	<b>N/A</b>	<b>14,051</b>
<b>Total Uses</b>	<b>24,031</b>	<b>1,043</b>	<b>411</b>	<b>25,485</b>	<b>9,493</b>	<b>1,525</b>	<b>9,304</b>
<b>Golf</b>							
Prior Year Encumbrance	-	-	74	74	74	N/A	4,495
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	348	1,213	-	1,561	1,561	N/A	1,544
Revenues	2,084	-	-	2,084	1,361	N/A	486
<b>Total Sources</b>	<b>2,432</b>	<b>1,213</b>	<b>74</b>	<b>3,719</b>	<b>2,996</b>	<b>N/A</b>	<b>6,525</b>
<b>Total Uses</b>	<b>2,432</b>	<b>1,213</b>	<b>74</b>	<b>3,719</b>	<b>628</b>	<b>43</b>	<b>5,464</b>
<b>Other Funds</b>							
Prior Year Encumbrance	-	-	42,287	42,287	42,287	N/A	47,545
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	99,006	5,713	-	104,719	104,719	N/A	108,714
Revenues	441,817	10,712	-	452,529	159,271	N/A	106,042
<b>Total Sources</b>	<b>540,823</b>	<b>16,425</b>	<b>42,287</b>	<b>599,535</b>	<b>306,277</b>	<b>N/A</b>	<b>262,301</b>
<b>Total Uses</b>	<b>\$ 540,823</b>	<b>16,425</b>	<b>42,287</b>	<b>599,535</b>	<b>161,948</b>	<b>128,998</b>	<b>130,260</b>



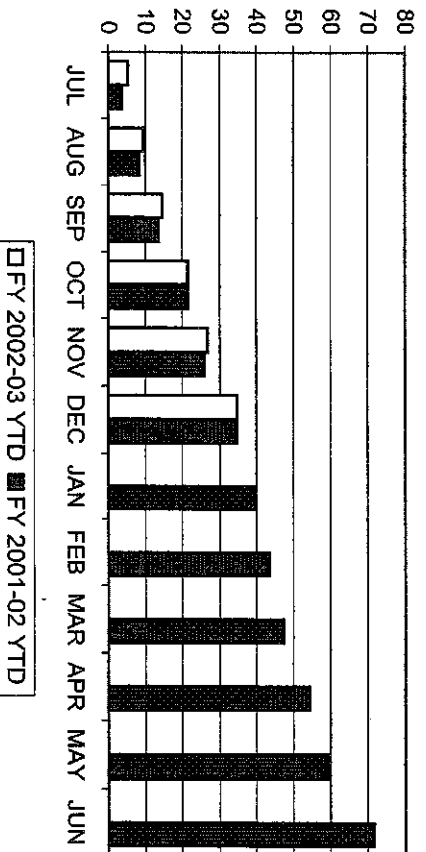
**AIRPORT REVENUE FUND 521**  
**Comparison of YTD Revenues**

**YEAR-TO-DATE REVENUES (MILLIONS)**

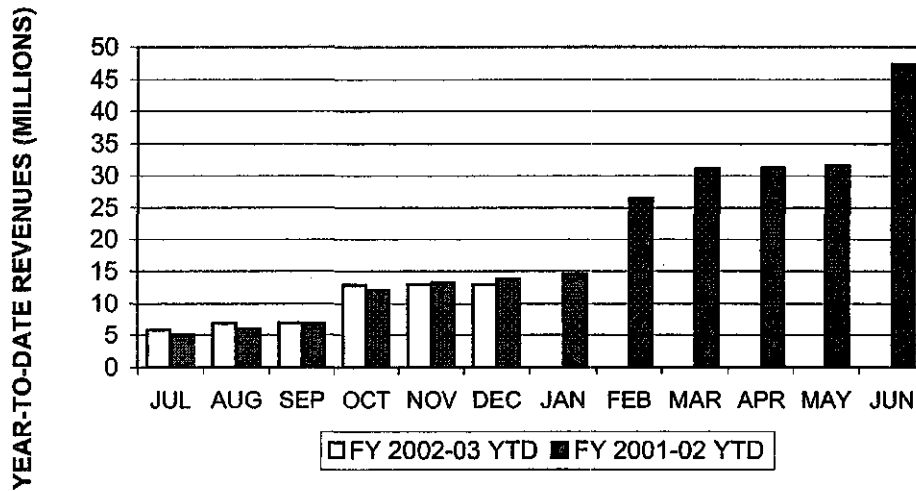


**AIRPORT MAINTENANCE & OPERATING FUND 523**  
**Comparison of YTD Expenditures**

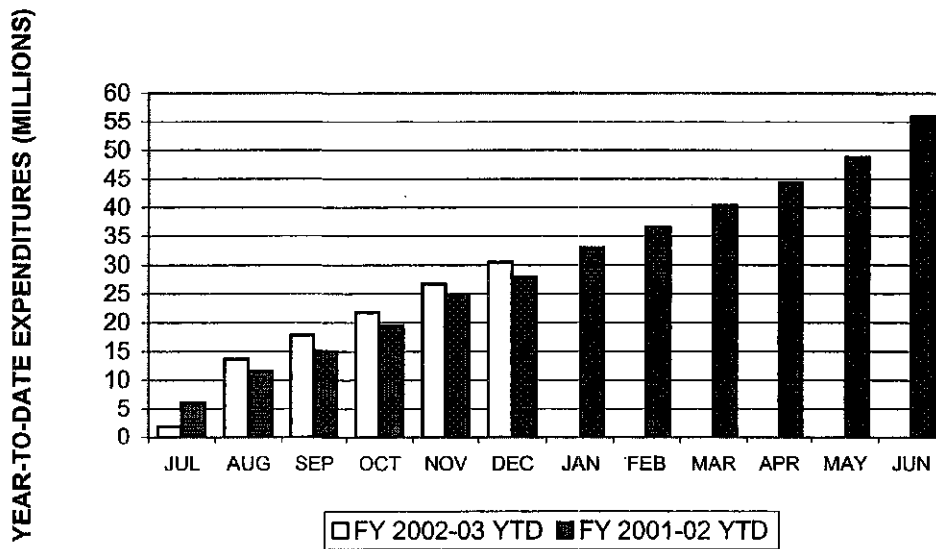
**YEAR-TO-DATE EXPENDITURES (MILLIONS)**



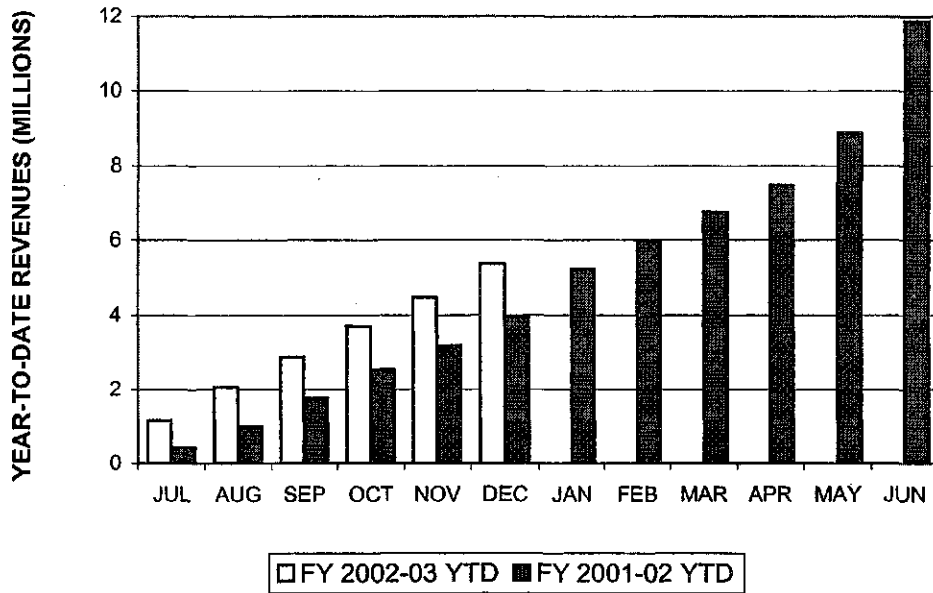
**WPCP OPERATING FUND 513  
Comparison of YTD Revenues**



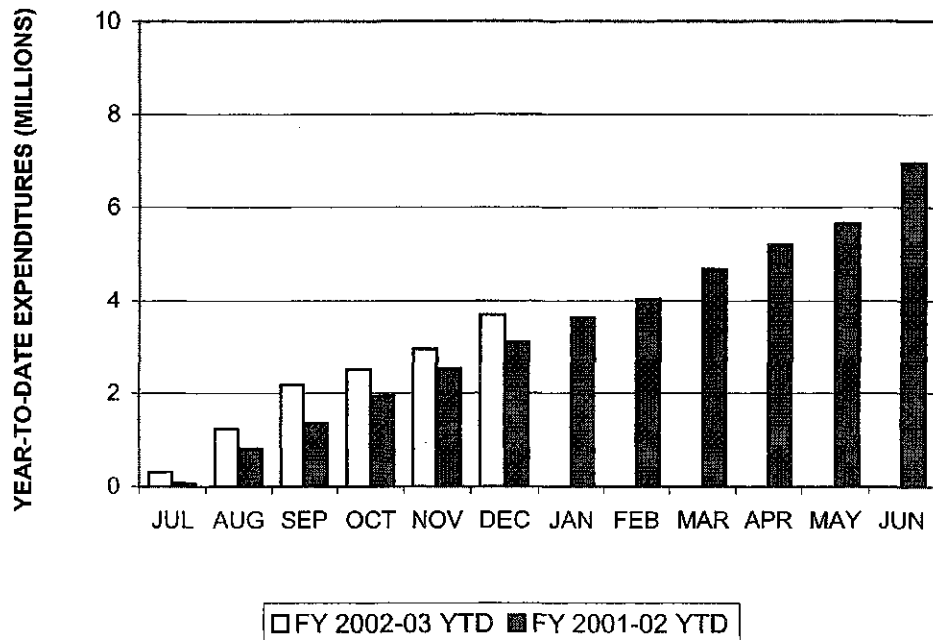
**WPCP OPERATING FUND 513  
Comparison of YTD Expenditures**



**PARKING OPERATING FUND 533  
Comparison of YTD Revenues**



**PARKING OPERATING FUND 533  
Comparison of YTD Expenditures**



**CITY OF SAN JOSE  
ENTERPRISE FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2002  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2002-03 BUDGET	BUDGET AMENDMENTS		FY 2002-03 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
<b>Airport</b>							
Prior Year Encumbrance	\$ -	-	55,569	55,569	55,569	N/A	61,711
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	223,762	37,499	-	261,261	223,762	N/A	131,345
Revenues	1,189,338	(529)	-	1,188,809	121,618	N/A	180,241
<b>Total Sources</b>	<b>1,413,100</b>	<b>36,970</b>	<b>55,569</b>	<b>1,505,639</b>	<b>400,949</b>	<b>N/A</b>	<b>373,297</b>
<b>Total Uses</b>	<b>1,413,100</b>	<b>36,970</b>	<b>55,569</b>	<b>1,505,639</b>	<b>131,404</b>	<b>59,090</b>	<b>101,985</b>
<b>Waste Water Treatment</b>							
Prior Year Encumbrance	-	-	56,095	56,095	56,095	N/A	72,274
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	248,155	4,479	-	252,634	252,634	N/A	275,843
Revenues	193,002	110	-	193,112	38,819	N/A	36,571
<b>Total Sources</b>	<b>441,157</b>	<b>4,589</b>	<b>56,095</b>	<b>501,841</b>	<b>347,548</b>	<b>N/A</b>	<b>384,688</b>
<b>Total Uses</b>	<b>441,157</b>	<b>4,589</b>	<b>56,095</b>	<b>501,841</b>	<b>78,025</b>	<b>56,556</b>	<b>86,392</b>
<b>Municipal Water</b>							
Prior Year Encumbrance	-	-	1,950	1,950	1,950	N/A	1,818
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	19,989	(200)	-	19,789	19,789	N/A	19,994
Revenues	19,928	-	-	19,928	11,815	N/A	11,592
<b>Total Sources</b>	<b>39,917</b>	<b>(200)</b>	<b>1,950</b>	<b>41,667</b>	<b>33,554</b>	<b>N/A</b>	<b>33,404</b>
<b>Total Uses</b>	<b>39,917</b>	<b>(200)</b>	<b>1,950</b>	<b>41,667</b>	<b>11,173</b>	<b>1,717</b>	<b>10,837</b>
<b>Parking</b>							
Prior Year Encumbrance	-	-	1,240	1,240	1,240	N/A	1,446
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	16,092	(387)	-	15,705	15,705	N/A	10,629
Revenues	12,487	-	-	12,487	5,367	N/A	3,959
<b>Total Sources</b>	<b>28,579</b>	<b>(387)</b>	<b>1,240</b>	<b>29,432</b>	<b>22,312</b>	<b>N/A</b>	<b>16,034</b>
<b>Total Uses</b>	<b>\$ 28,579</b>	<b>(387)</b>	<b>1,240</b>	<b>29,432</b>	<b>3,687</b>	<b>1,463</b>	<b>3,084</b>

**CITY OF SAN JOSE  
CAPITAL PROJECT FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2002  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2002-03 BUDGET	BUDGET AMENDMENTS		FY 2002-03 BUDGET	ACTUAL	ENCUMBER	Y-T-D ACTUAL
<b>Construction Excise</b>							
Prior Year Encumbrance	\$ -	-	10,084	10,084	10,084	N/A	11,294
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	12,393	5,477	-	17,870	17,870	N/A	19,025
Revenues	64,152	(43,366)	-	20,786	7,967	N/A	9,639
<b>Total Sources</b>	<b>76,545</b>	<b>(37,889)</b>	<b>10,084</b>	<b>48,740</b>	<b>35,921</b>	<b>N/A</b>	<b>39,958</b>
<b>Total Uses</b>	<b>76,545</b>	<b>(37,889)</b>	<b>10,084</b>	<b>48,740</b>	<b>12,530</b>	<b>6,885</b>	<b>25,229</b>
<b>Community Facilities Constr</b>							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	-	-	-	-	-	N/A	-
Revenues	-	-	-	-	3	N/A	4
<b>Total Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>N/A</b>	<b>4</b>
<b>Total Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Redevelopment Projects</b>							
Prior Year Encumbrance	-	-	4,795	4,795	4,795	N/A	4,402
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	5,633	7,252	-	12,885	12,885	N/A	10,503
Revenues	1,575	35,196	-	36,771	32,673	N/A	9,093
<b>Total Sources</b>	<b>7,208</b>	<b>42,448</b>	<b>4,795</b>	<b>54,451</b>	<b>50,353</b>	<b>N/A</b>	<b>23,998</b>
<b>Total Uses</b>	<b>7,208</b>	<b>42,448</b>	<b>4,795</b>	<b>54,451</b>	<b>4,955</b>	<b>23,913</b>	<b>5,098</b>
<b>Central Svc Yard Acq.</b>							
Prior Year Encumbrance	-	-	-	-	-	N/A	9
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	10,242	15	-	10,257	10,257	N/A	241
Revenues	-	-	-	-	2	N/A	4
<b>Total Sources</b>	<b>10,242</b>	<b>15</b>	<b>-</b>	<b>10,257</b>	<b>10,259</b>	<b>N/A</b>	<b>254</b>
<b>Total Uses</b>	<b>10,242</b>	<b>15</b>	<b>-</b>	<b>10,257</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>Other</b>							
Prior Year Encumbrance	-	-	36,307	36,307	36,307	N/A	8,309
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	59,755	24,688	-	84,443	84,443	N/A	104,792
Revenues	459,385	2,472	-	461,857	204,626	N/A	1,933
<b>Total Sources</b>	<b>519,140</b>	<b>27,160</b>	<b>36,307</b>	<b>582,607</b>	<b>325,376</b>	<b>N/A</b>	<b>115,034</b>
<b>Total Uses</b>	<b>\$ 519,140</b>	<b>27,160</b>	<b>36,307</b>	<b>582,607</b>	<b>80,149</b>	<b>49,186</b>	<b>15,337</b>

**CITY OF SAN JOSE  
OTHER FUND TYPES  
SOURCE AND USE OF FUNDS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2002  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2002-03 BUDGET	BUDGET AMENDMENTS		FY 2002-03 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
<b>Trust and Agency</b>							
Prior Year Encumbrance	\$ -	-	127	127	127	N/A	292
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	1,977	826	-	2,803	2,803	N/A	1,953
Revenues	7,893	67	-	7,960	2,539	N/A	3,071
<b>Total Sources</b>	<u>9,870</u>	<u>893</u>	<u>127</u>	<u>10,890</u>	<u>5,469</u>	<u>N/A</u>	<u>5,316</u>
<b>Total Uses</b>	<u>\$ 9,870</u>	<u>893</u>	<u>127</u>	<u>10,890</u>	<u>2,611</u>	<u>450</u>	<u>2,437</u>