

**MID-YEAR**  
**BUDGET REVIEW**

---

**2005-2006**


OFFICE OF THE CITY MANAGER  
JANUARY 2006

2005-2006

MID-YEAR  
BUDGET  
REVIEW

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2005-2006

MID-YEAR  
BUDGET  
REVIEW



MEMORANDUM OF  
TRANSMITTAL



# Memorandum

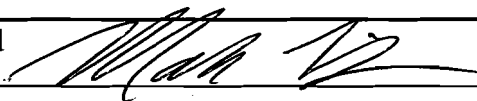
**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Larry D. Lisenbee

**SUBJECT:** 2005-2006 MID-YEAR  
BUDGET REVIEW REPORT

**DATE:** February 3, 2006

Approved



Date 02/03/06

## INTRODUCTION

The annual adopted budget is a financial plan predicated on the best information available at the time it is prepared. As with any budget, however, changing conditions may create the need to modify the original plan. Through its budget policies, the City Council has, therefore, designated mid-year as the appropriate time to perform a comprehensive review of the current year's budget, and the Mid-Year Budget Review as the appropriate vehicle for consideration of any revisions to the budget. In compliance with that process and the adopted budget schedule, this document is hereby presented to Council. It contains a comprehensive review of the status of the City's 2005-2006 Capital and Operating budgets. This review, although concentrating heavily on the status of the General Fund, also identifies all other City funds with expenditure and/or revenue variances considered significant enough to disclose, based on financial data through December 2005. City Council review of this report is currently agendaed for the February 14, 2006 Council meeting.

The Mid-Year Review document includes the following sections:

### TRANSMITTAL MEMORANDUM

An overall summary of the contents of the Mid-Year Budget Review Report.

### OPERATING BUDGET STATUS REPORT

- A review by 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 from the modified budget, and documentation of changes to the Contingency Reserve through December 2005.
- A review of the mid-year status of revenue collections and expenditures for selected special funds that have significant variances from the modified budget.

## INTRODUCTION

(CONT'D.)

### CAPITAL BUDGET PROGRAM STATUS REPORT

- A review of the financial status of each Capital Budget Program.

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

- Recommendations for mid-year appropriation augmentations and reductions as well as revenue estimate revisions in a number of funds, including the General Fund.
- Clean-up adjustments in a number of funds to provide technical appropriation and revenue estimate adjustments and/or funding transfers between expenditure categories.

### COUNCIL REFERRALS

- A status report from the Fire and Environmental Services Department on the implementation of the emergency response plan developed by the Environmental Services Department, in partnership with the Fire Department and the Office of Emergency Services, and the potential elimination of duplicated services provided by both Fire and Environmental Services staff.
- A status report from the Fire Department on a more aggressive timeline to implement the Records Management System.
- A status report from the Fire Department on the Fire Prevention Business Plan.
- A status report from the Planning, Building and Code Enforcement Department on the Shopping Cart Program.
- A status report from the Police Department on coordination efforts of the Neighborhood Watch and SNI Programs with San José Prepared! and partnerships with San José community colleges and private schools.
- A status report from the Police Department on the transfer of 911 cellular calls to the San José public safety communications system.
- A report from the Police Department on the number of false alarm calls received by the Police Department over the last five years.

### APPENDICES

- Financial results for all budgeted fund groups for the first six months of the year.
- Memorandum on determinations regarding Redevelopment Agency funds to be transferred to the City for a Public Improvement project.

## RECOMMENDED ACTIONS

It is recommended that the City Council:

- Accept this 2005-2006 Mid-Year Budget Review Report.
- Approve the Appropriation Ordinance and Funding Sources Resolution amendments in various funds as detailed in Section III (Appropriation/Clean-Up Adjustment Actions) of this report.
- Approve the net 10.37 position actions recommended in this report for the Airport, Fire, Parks, Recreation and Neighborhood Services, Planning, Building, and Code Enforcement, and Transportation Departments also described in Section III of this document.
- Adopt a resolution making certain determinations regarding the expenditure of Redevelopment Agency funds on certain public improvements (as detailed in the Appendices section of this report).

## OVERVIEW

### The City and the Economic Environment

On an overall basis, our assessment of the City's fiscal situation at mid-year remains basically unchanged from that reported in recent Monthly Financial Reports. Although there is no sign that a return to the levels of economic growth in the Valley seen in the late 1990s is anywhere on the horizon, the positive news is that this situation was anticipated in planning the 2005-2006 Adopted Budget. As a result, fiscal performance in almost every segment of the City's budget through December is consistent with or better than that assumed in the Adopted Budget.

The analysis of the performance of the local economy this year is a matter of expectations. If measured against the high growth years of the last decade, our recent revenue performance would have to be considered very lackluster. Revenue performance has certainly stopped falling, as it did for the years immediately following the abrupt decline in all economic indicators which began in the 2001-2002 fiscal year, but the level of growth being experienced currently is modest at best. If, on the other hand, performance is measured against the much more modest expectations underlying the 2005-2006 Adopted Budget, collections are exceeding expectations. Particularly encouraging, in fact, is the better than anticipated growth in the General Fund's two largest revenue sources, Property Tax and Sales Tax, which are both exceeding budgeted expectations. We are benefiting as well, probably more temporarily, from significantly higher than anticipated collections in areas such as energy related revenues (e.g., gas and electricity utility tax and franchise fees), as a result of the recent spikes in oil and natural gas prices.

## OVERVIEW

(CONT'D.)

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

In general, therefore, our assessment of the state of City finances at the mid-year point of the 2005-2006 fiscal year is a decidedly mixed picture. It is clear that we are experiencing a moderate resurgence in our largest revenue sources that exceeds the expectations underlying the conservative revenue estimates included in the Adopted Budget. On the other hand, as we project these trends into the future, we do not believe that these stabilized levels of revenue growth will rise to the level necessary to match projected expenditure growth levels and avoid continued budget shortfalls.

There are also a number of risk factors that cause us concern regarding even the current revenue performance levels. Nationally, oil prices continue to skyrocket, causing drastic increases in gasoline, natural gas, and electricity costs. These trends may bring us short term gain in several of our revenue sources but, if continued, clearly endanger the overall economic picture. The consumer price index just recently reached a five-year high, increasing the likelihood that already rising interest rates will continue to inch upwards, which is likely to have a negative impact on the housing market. As a result of this and other factors, recent reports confirm there are numerous signs that the housing market both nationally and locally has finally begun to cool, which would cause numerous negative implications for a number of our key revenue sources.

Most significantly, however, as we have reported since the economic downturn began, we continue to believe that the most reliable predictor of local economic improvement remains the local employment situation. In that arena there are still no signs of a rebound of any significance. As indicated in the following Total Wage and Salary Jobs Comparison chart, recent employment data confirms this conclusion. The employment situation has stabilized in that we are no longer experiencing significant job losses, however, it is also clear that there are no signs that the type of job growth we believe necessary to ensure any real local economic resurgence is likely in the near future.

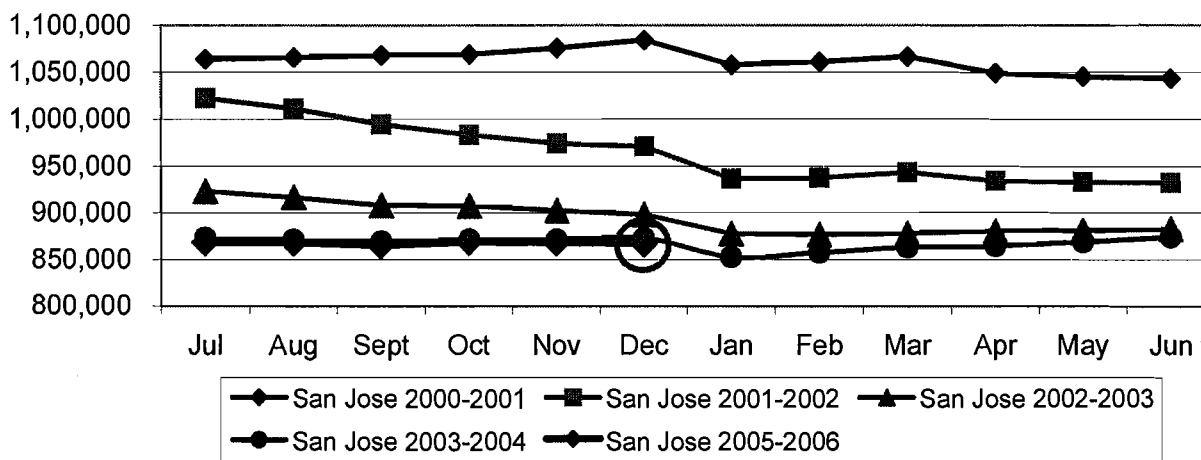
**OVERVIEW**

(CONT'D.)

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

Local businesses may be doing better on a bottom line basis, but are doing so without the type of job growth that we might expect to accompany a more typical economic recovery. Characteristic of this situation is the statement of Bob Valletta, economist at the Federal Reserve Bank of San Francisco concerning our key economic segment: “The IT industry is doing well in terms of revenue and sales and stock values, but they’re doing it without having to hire a whole lot of new workers.”

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



In summary, therefore, although the local economy is experiencing a modest improvement in performance, and exceeding the conservative expectations built into the 2005-2006 budget, this performance basically matches the expectations built into our projection models that continue to forecast shortfalls for the next few years.



## OVERVIEW

(CONT'D.)

### Mid-Year Budget Adjustments and Other Actions

As a result of the fact that our projections continue to indicate structural problems which will result in budget shortfalls into the foreseeable future, we recommend that the variety of cost control measures put in place in recent years to mitigate the impact of the economic slowdown on our budgets and our fiscal health be continued.

A city-wide hiring freeze has been in effect since November 2001. We recommend that this freeze be continued indefinitely. We also recommend the continuation of the centralized approval processes for various non-essential expenditure categories (e.g., overtime, travel, technology purchases, marketing, vehicle purchases, etc.). Similarly, as discussed later in this report, in the General Fund, departments for a fourth straight year were assigned Cost/Position Management Plan reduction targets. The approval of the plans will result in the availability of approximately \$6.0 Million, which is recommended in this report to be placed in the previously created 2006-2007 Future Deficit Reserve (bringing the total in that reserve to \$18.4 million) that will be used for budget balancing purposes.

In addition, revenue adjustments are recommended in the General Fund and a number of other funds as described in Section III of this report to reflect the most recent revenue projections. In the General Fund, this includes recommendations to bring estimates in closer alignment with year-end anticipated collection levels. The additional funding thus freed up is recommended to be used for two purposes: (1) to set aside in a reserve the amount of Ending Fund Balance dollars included in our most recent 2006-2007 General Fund Forecast (\$17.0 million), and (2) to cover the costs of a number of adjustments in the General Fund required to meet revised expenditure requirements (described in detail later in this report). Also included are revenue increases to recognize new grant and/or reimbursement revenue awarded after the beginning of the year with corresponding increases in related expenditures.

On the expenditure side, recommended appropriation actions have been limited to the minimum necessary, and generally include only actions necessary to fix projected budgetary overruns, clean-up/technical adjustments, and various adjustments to the Development Fee Programs to allow them to enhance customer service (entirely funded from Fee Program revenues).

In the General Fund, the few expenditure augmentations that have been included, in order to fix problems or fund obligations that have occurred since the approval of the Adopted Budget, are recommended to be funded using expenditure savings in existing budgets, by the recognition of new grant and/or reimbursement funding, or by the previously described recognition of increases in current revenue estimates. General Fund recommendations include increasing the 2006-2007 Future Deficit Reserve (funded by Cost/Position Management Plan savings) by \$6.0 million, as described above.

More specific information on the status of the General Fund, selected Special Funds, Capital Budget Programs, and an explanation of Operating/Capital Funds clean-up adjustments is included in the following sections of this report.

## STATUS OF THE GENERAL FUND

### Revenues

General Fund revenues and transfers through December totaled \$270.4 million, or 39.2% of budgeted estimates. This amount was \$11.3 million, or 4.0% below the amount received last year at this time. This apparent decrease, however, is misleading. This decrease was primarily due to timing differences between collections in the two years. Amounts that were booked for Property Tax and Utility tax in December of the prior year were not booked until January in the current year. As described above, our review of City General Fund revenue performance to date, in fact, indicates that revenue collections are exceeding estimates on an overall basis. Current year-end estimates indicate that, if current trends continue, the General Fund could end the year in the black, with revenues exceeding budgeted levels.

Approximately \$17.0 million in excess revenues was presumed in the General Fund year-end balance estimate included in the 2006-2007 preliminary General Fund Forecast provided to the City Council in November 2005. To bring individual revenue estimates in line with year-end anticipated levels, upward adjustments of \$11.6 million to Secured Property Tax, \$3.9 million to Gas Utility Tax, \$3.0 million to Telephone Utility Tax, and \$2.4 million to SB 813 Property Tax, for a total of \$20.9 million are recommended as part of this report. \$17.0 million of the additional funding created by these revisions is recommended to be placed in a reserve for Ending Fund Balance to assure its availability for the 2006-2007 budget process, and \$3.9 million is recommended to cover the costs of a number of adjustments in the General Fund required to meet revised expenditure requirements.

### Expenditures

General Fund expenditures through December totaled \$317.1 million. This was a decrease of \$0.6 million, or 0.2%, from the December 2004 level of \$317.7 million. Encumbrances totaling \$35.6 million were \$4.4 million (14.1%) above the December 2004 level of \$31.2 million. Expenditures and encumbrances through December constituted 45.3% of the total 2005-2006 modified budgeted use of funds amount (excluding reserves) of \$779.0 million. This expenditure level is slightly lower than the 46.6% experienced last year at this time.

With the exception of two appropriations: Public Works Personal Services, and Employee Services Personal Services, cumulative departmental and non-departmental expenditures all appear to be tracking within approved budgeted levels through December. No actions to address the problems in the Public Works and Employee Services Departments are recommended in this document as it is still expected that these departments will be able to take corrective actions to bring expenditures back within budgeted amounts by year-end. A more detailed discussion of appropriations with year-to-date significant variances may be found in Section I of this document, "Discussion of Significant General Fund Variances".

General Fund Capital expenditures through December were 13.7% expended, with an additional 15.8% encumbered. Even though only 29.6% of the funds were committed through December, it is expected that the majority of these funds will be expended by year-end. In addition, as has been the case in past years, any unexpended capital project allocations would likely need to be carried to the following year to complete budgeted projects.

**GENERAL FUND ADJUSTMENT RECOMMENDATIONS**

As discussed above, in light of the City’s financial circumstances, recommendations for expenditure actions have been strictly limited. Revisions that are recommended are summarized in this document in five categories: (1) 2006-2007 Future Deficit Reserve – actions that capture savings related to departmental Cost/Position Management Plans and place those savings in the 2006-2007 Future Deficit Reserve to provide funding options to address the projected shortfall next year; (2) Budget Strategies – increases in revenue estimates to more closely align the revenue categories with year-end anticipated collection levels, (3) Development Fee Programs – actions necessary to enable the Development Service programs to meet their service performance targets and customer service needs; (4) Grants/Reimbursements – actions supported by additional grant revenue or reimbursements from outside sources; and (5) Required Adjustments – actions necessary to prevent a budget overrun or to correct a budget error.

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

**Proposed General Fund Augmentation/Reduction Recommendations**

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**Proposed Adjustments**

- 2006-2007 Future Deficit Reserve	5,973,032	
- Budget Strategies	17,000,000	
- Development Fee Programs	432,828	
- Grants/Reimbursements	1,543,574	
- Required Adjustments	3,916,000	
<b>Total Proposed Adjustments</b>		<b>28,865,434</b>

**Proposed Offsetting Solutions**

- Additional Revenue	(20,926,540)	
- Departmental Cost/Position Management Plan Savings	(5,873,032)	
- Additional Grant/Reimbursement Revenue	(1,633,034)	
- Development Fee Program Revenues	(432,828)	
<b>Total Proposed Offsetting Solutions</b>		<b>(28,865,434)</b>

As shown in the preceding chart, approximately \$28.9 million in proposed adjustments in the General Fund are being recommended. These funding increases are recommended to be offset by a combination of increases in revenue estimates, recognizing new revenues for grants/reimbursements, reducing expenditures associated with Departmental Cost/Position Management Plans, and limited use of reserves.

## GENERAL FUND ADJUSTMENT RECOMMENDATIONS

(CONT'D.)

The net change to the General Fund, from the recommended revenue and expenditure adjustments noted above, is an increase of \$23.4 million, coming from additional grant and reimbursement revenue and increases in revenue estimates.

### Proposed Adjustments

**2006-2007 Future Deficit Reserve** (\$6.0 million) – As a 2006-2007 budget strategy, an increase to the 2006-2007 Future Deficit Reserve is recommended as part of this report. The cumulative savings identified in the various departmental Cost/Position Management Plans will fund the increase. This action, when combined with the \$12.4 million set aside for the 2006-2007 Future Deficit Reserve in October, as part of 2004-2005 Annual Report actions, would bring the 2006-2007 Future Deficit Reserve to \$18.4 million.

**Budget Strategies** (\$17.0 million) – Approximately \$17.0 million in excess revenues was presumed in the General Fund year-end balance estimate included in the 2006-2007 preliminary General Fund Forecast provided to the City Council in November 2005. Increases in revenue estimates for Property Taxes (\$14.0 million), and Utility Taxes (\$3.0 Million) are recommended to be placed in a reserve for Ending Fund Balance to assure its availability for the 2006-2007 budget process.

**Development Fee Programs** (\$433,000) – This category includes various adjustments such as funding an Architectural Review Committee to review selected high-rise development projects in the Downtown area, as well as the purchase of additional high rise structural software packages. Also included is the addition of an Associate Engineer position to provide technical assistance and guidance to small businesses as part of the Small Business Program, and three positions to address issues identified in the recent Getting Families Back to Work III Study Session. These additions would be funded by increases to the Building, Planning, and Fire fee revenue estimates, reflecting higher than anticipated collection levels.

**Grants/Reimbursements** (\$1.5 million) – The actions in this category would appropriate additional grant and reimbursement revenue to complete the activities for which the revenues are being received. The following adjustments are recommended: an increase to City-Wide Expenses for the Parks, Recreation, and Neighborhood Services Department California 21<sup>st</sup> Century Community Learning Centers Program grants (\$839,000); an increase to City-Wide Expenses for the Parks, Recreation, and Neighborhood Services Department Juvenile Justice and Delinquency Prevention Grant (\$247,000); an increase in expenditures to the Fire Department for a 2004 FEMA Assistance to Firefighters Grant (\$70,000); an increase in expenditures to the Department of Transportation for blight abatement services staffing that will be reimbursed by the Redevelopment Agency (\$67,000); and a net increase for miscellaneous other appropriations related to various local, State, and/or federal agency grants and reimbursements to support departmental programs described in Section III of this report (\$277,000).

## GENERAL FUND ADJUSTMENT RECOMMENDATIONS

(CONT'D.)

### Proposed Adjustments (Cont'd.)

**Required Adjustments** (\$3.9 million) – Included in this category are the following adjustments (discussed in greater detail later in this document): An increase to the city-wide appropriation for Liability Payments to offset a large settlement paid earlier this year (\$1.8 million); an increase to a city-wide appropriation for the City's share of the development of a joint plan with San Jose State University to determine appropriate land uses and shared opportunities in the area of South Campus/Spartan Keyes (\$315,000); the creation of a transfer to the Arena Reserve Fund to reimburse this fund for the exterior cleaning of the HP Pavilion that was performed in 2003-2004 (\$277,000); an increase to a city-wide appropriation for items not covered in the current scope of the City Hall project to ensure the functionality of the facility (\$275,000); an increase to Capital Contributions to provide additional grants to owner occupied properties for sidewalk repairs (\$265,000); an increase to the city-wide appropriation for the Low Income Energy Assistance Program (\$250,000); an increase to the Department of Transportation's Non-Personal/Equipment appropriation to provide cleaning services for downtown San José (\$240,000); an increase to the city-wide appropriation for required repairs to the existing 20 year old cogeneration system located at the Convention Center (\$225,000); an increase to the Department of Transportation's Non-Personal/Equipment appropriation for pedestrian and vehicle traffic control during events at the HP Pavilion (\$56,000); an increase to a city-wide appropriation for necessary structural upgrades to the Center for Performing Arts (\$50,000); a net zero transfer of nine positions and related Non-Personal/Equipment funding for the Vehicle Abatement Program from Planning, Building, and Code Enforcement Department to the Department of Transportation (\$0); and a net increase for miscellaneous other adjustments detailed in Section III of this report (\$147,000).

### Proposed Offsetting Solutions

The following actions are recommended to offset the additional funding needs described above. Additional discussion of these items is contained in Section III of this document:

**Departmental Cost/Position Management Plan Savings** (\$6.0 million) – These actions capture the cumulative departmental appropriation savings from the implementation of the General Fund departmental Cost/Position Management Plans. Earlier this year, General Fund reduction targets were defined for each department in the amount of 2.0% for non-public safety departments and 1.0% for the Police Department, the Fire Department, and the Independent Police Auditor's Office. These reductions move the savings generated by those plans to the 2006-2007 Future Deficit Reserve established to help resolve next year's budget shortfall. The cost/position management strategies outlined in this document were developed by the departments, in coordination with each appropriate City Service Area, and represent recommendations regarding budget reductions that will have the least impact on service delivery. The cost/position management strategy for Fire included \$100,000 of grant revenue that is included in the Grants/Reimbursement section below. A summary of the Cost/Position Management Plans by City Service Area can be found at the beginning of Section III of this document.

## GENERAL FUND ADJUSTMENT RECOMMENDATIONS

(CONT'D.)

### Proposed Offsetting Solutions (Cont'd.)

**Additional Revenue** (\$20.9 million) – Included in this category are recommendations for increases in revenue estimates to more closely align the revenue estimates with year-end anticipated collection levels. The following adjustments are recommended: an increase in estimated Secured Property Taxes due to higher than anticipated Secured Property Tax roll growth and the impact of the Motor Vehicle License Fee (VLF) Swap true-up as explained in further detail in the Status of General Fund Revenues section later in this document (\$11.6 million); an increase in estimated Gas Utility Taxes to recognize one-time collections due to increases in natural gas costs (\$3.9 million); an increase in estimated Telephone Utility Taxes to reflect higher than anticipated growth in this category (\$3.0 million); and an increase in estimated SB 813 Property Taxes due to the unexpected impact of the VLF Swap on the allocation formula for this revenue source (\$2.4 million).

**Grants/Reimbursements** (\$1.6 million) – The actions in this category recognize revenue already received or anticipated to be received from various outside sources as noted in the Grants/Reimbursements section above.

**Development Fee Programs** (\$433,000) – Includes recommended increases to fee revenues for the Fire (\$39,000), Planning (\$70,000), and Building (\$324,000) Fee Programs to fund various adjustments as noted above in the Proposed Adjustments section under Development Fee Programs.

## STATUS OF SELECTED SPECIAL FUNDS

In Section I of this report, detailed status reports are provided for a few selected special funds with significant variance issues through December. Following is a summary of the major findings:

### Airport Revenue Fund

The Airport Maintenance and Operation Fund is the primary operating fund that provides for services related to personal and non-personal/equipment expenditures associated with Airport operations, including but not limited to Airport staff, Airport police services, Station 20 aircraft rescue and fire fighting, interdepartmental charges and overhead to the General Fund. Through the month of December, revenues are running slightly above budgeted levels. On the expenditure side, both personal services and non-personal/equipment expenditures are tracking below estimated levels.

The Airport has put into place a structured budget savings strategy in 2005-2006 and indicates that it expects to generate \$2.4 million in expenditure savings in this fund by year-end.

## **STATUS OF SELECTED SPECIAL FUNDS**

(CONT'D.)

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

These savings will primarily be achieved by collecting \$1.6 million in vacancy and overtime savings and approximately \$800,000 in non-personal/equipment expenditure savings including contractual services such as marketing and advertising, air service, Airport and business promotion, supplies, training and a variety of service consultants.

### **Benefit Funds**

The Benefit Funds group consists of the Dental Insurance, Life Insurance, Unemployment Insurance and Benefit Funds. In the Benefit Fund, which contains the expenditures and revenues associated with Employee Health Insurance coverage, costs continue to rise. The scheduled rate increase (19%) in the Benefit Fund for Kaiser Permanente (effective in January 2006) will increase revenues and costs to the fund in the second half of the year, requiring the adjustments (\$3.5 million) to revenues and expenditures included in this report. These increases were already included in the 2005-2006 Adopted Budget in the Salary Reserve and various fund reserves, and, as a result, no negative budgetary impacts will result.

### **Convention and Cultural Affairs Fund**

On an overall basis, revenues in the Convention and Cultural Affairs Fund are tracking below expected levels. This is partly due to a slight delay in the booking into the City's Financial Management System of actual cash collections. Even taking this into account, however, revenues are still performing below estimated levels and at current collection rates would end the year well below the budgeted estimate. However, Team San José (TSJ) management, the current operator of the Convention Facilities, strongly believes that they can recover most if not all of the revenue shortfall through increased activities in the second half of the year. The City Manager's Office will continue active and cooperative efforts to work with TSJ to monitor the status of operations in this fund and report to the Council the need for any corrective actions as part of the Monthly Financial Report monitoring process.

### **Transient Occupancy Tax Fund**

Revenues in the Transient Occupancy Tax Fund are tracking above budgeted levels, reflecting a recovery in the hospitality industry. For 2005-2006, the Adopted Budget estimate assumed a 4% growth rate over estimated 2004-2005 receipts. Receipts to date are exceeding that growth level. Overall, occupancy rates for the first half of the fiscal year averaged 52.7%, which is above last year's level of 46.5%. Room rates, however, have decreased slightly from last year's average of \$109.75 to \$108.53. If current trends continue, revenue could end the year as much as 9% above budget.

## **STATUS OF SELECTED SPECIAL FUNDS**

(CONT'D.)

### **Public Works Program Support Fund**

The Public Works Program Support Fund accounts for Public Works Administrative costs, compensated absences, unfunded activities, and non-personal costs. An annual cost allocation plan is developed to assign overhead rates based on service levels received by each capital program. While staffing levels within this fund remain relatively constant, the level of construction activity in the second half of the year is expected to increase. Through December, a shortfall of \$1.3 million exists when revenues are compared to expenditures. As there is a one month lag between the time when expenses are incurred and revenue collections are received, the actual under-collection figure through December is approximately \$473,000. Revenue comes into this fund through a rate applied to capital programs when expenditures occur, therefore revenue increases as capital expenditures increase. Should any revenue shortfall exist at the end of the year, the rate will be retroactively adjusted to ensure that final year-end revenues match expenditures. The net result should be no decrease to fund balance at the end of the year.

### **Stores Fund**

The Stores Fund accounts for the purchase and issuance of supplies and materials consumed by City departments for their general operations as well as the City's Records Management and Surplus Disposition functions. Through December, revenues are tracking well below estimated levels. When projected revenues are compared to projected expenditures, revenue is tracking at a level that would result in an end of the year net shortfall of approximately \$400,000. This revenue gap is an indication that the Stores Fund pricing structure as applied through the first half of the year is not adequate to reimburse the fund for the actual cost of inventory purchases and Warehousing operating costs. The Budget Office is working with the department to review and revise the rate structure retroactively to ensure that the fund's cost recovery requirement is achieved by year end.

## **STATUS OF CAPITAL BUDGET PROGRAMS**

The 2005-2006 Adopted Capital Budget totaled \$1.2 billion. Through the first six months of the year, the City Council approved budget adjustments that increased the capital budget by \$144.6 million. The majority of this change reflects adjustments that were processed as part of the 2004-2005 Annual Report (\$131.1 million) primarily to account for rebudgets and for higher revenue collections in a number of funds. During the Annual Report, \$72.0 million was rebudgeted to 2005-2006 to complete projects. In addition, a number of new projects or projects with changes in cost and/or scope as well as technical adjustments to funding sources have been approved during the first six months of 2005-2006.



## STATUS OF CAPITAL BUDGET PROGRAMS

(CONT'D.)

During the first half of the year, project expenditures were generally tracking within budget. The Public Works Department has reported a trend of rising costs in construction costs, which they are concerned could lead to projects awarded through the remainder of the year experiencing shortfalls that could require budget adjustments or changes in project scopes. These trends will be carefully monitored and corrective actions reported to the Council through the quarterly CIP project monitoring process.

### Capital Budget Revenues

Section II of this report contains a detailed update on the financial status of each Capital Program, including a discussion of the major revenue sources. As has been reported in Monthly Financial Reports, the major economically sensitive revenue sources that support the Capital Program are expected to meet or exceed adopted estimates by year-end. In addition, it is anticipated that the major non-economically sensitive revenues such as transfers and contributions from other agencies that support many of the capital programs will perform as projected.

While below prior year collection levels, the Building and Structure Construction Taxes and the Construction Excise Taxes that support the Traffic Capital Program are currently expected to meet budgeted estimates by year-end. Through December, Building and Structure Construction Taxes totaled \$4.7 million, which represents a decrease of 18% from last year and 54% of the budgeted estimate of \$8.65 million. Construction Excise Tax collections through December totaled \$6.7 million, down 18% from last year and 50% of the budgeted estimate.

Construction and Conveyance Tax (C & C) revenues that support many of the capital programs continue to track well above anticipated levels, with collections far exceeding both the budgeted estimates and prior year receipts. Through December, \$23.2 million in tax revenues have been received, which represents growth of 21% from last year and already surpasses the annual adopted budget estimate of \$20 million. Since nearly 97% of the C & C taxes are comprised of conveyance receipts, property transfers are the main driver in this revenue category. While the real estate market has been extremely strong over the last several years, there are signs that the long anticipated fall in activity is occurring, which will dampen C & C Tax collections. The number of property transfers for all types of residences in the first half of this year has declined by 16% compared to the first six months of 2004-2005. The median home price in December 2005 of \$690,000 was up 10% from the December 2004 figure of \$625,000, but has leveled off in the last six months. Given the current economic conditions in this region, we have been anticipating a fall off in the housing market that drives the C & C Tax collections for the last couple of years. Staff will continue to closely monitor activity and collection levels. Adjustments to the current year revenue estimates will be brought forward at the end of the fiscal year based on actual collections. For planning purposes, a 2005-2006 revenue estimate of \$44 million is being used in the development of the 2006-2007 Proposed Capital Budget.

## CAPITAL BUDGET 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:

- In the Airport Capital Program, several projects are being decreased as a result of the rephasing and rescoping of the Airport Master Plan, including the following: Airline Maintenance Facility (\$15.5 million); Checkpoint Terminal A (\$1.6 million); Checkpoint Terminal C (\$1.4 million); Baggage Screening Phase II (\$1.3 million); Relocate Parking Control Buildings (\$960,000); and Demolition of 1253, 1277, 1311 Airport Blvd. Buildings (\$352,000). To address immediate needs and/or take advantage of grant opportunities, there are a limited number of augmentations recommended, including the Runway 11/29 Runway End Indicator Lights (REIL) (\$370,000), Terminal Zone Development Strategy Study (\$245,000), Relocate Construction Facility Trailers (\$200,000), and Refurbishment of Baggage Claim Conveyors (\$80,000).
- Several actions are recommended in the Park and Community Facilities Capital Program to add a limited number of new projects and to address current year funding needs. The major changes include funding for the Willow Glen Spur Trail Acquisition (\$1.0 million from the Citywide C & C Fund); Almaden Lake Park (\$400,000 from the Park Bond Fund); West San Jose Community Center Furniture, Fixtures, and Equipment (\$125,000 from the Council District 1 C & C Fund); Cinnabar Commons Park (\$100,000 from the District 6 C & C Fund); TRAIL: Bay Trail Reach 9B (\$95,000 from the District 4 C & C Fund); TRAIL: Guadalupe Creek – Meridian Ave. to Singleton Way (\$50,000 from the District 10 C & C Fund); Our City Forest Temporary Storage (\$50,000 from the Citywide C & C Fund); Municipal Stadium Score Board Replacement (\$50,000 from the Citywide C & C Fund); and Public Works Development Services (\$50,000 from the Park Trust Fund).
- In the Public Safety Capital Program, additional funding from the Fire C & C Ending Fund Balance is recommended to update all of the emergency response maps (\$65,000) and to support Fire Apparatus Replacement (\$110,000). In addition, funding of \$381,000 is being shifted from the General Fund to the Construction and Conveyance Tax Fund for eligible Program Management and Fire Safety Equipment as part of the Cost Position Management Plan.
- In the Traffic Capital Program, funding and associated revenue for the Fiber Optics Permit Fees and the ITS: Stevens Creek (West) project are being reduced based on the project timing and activity levels. A limited number of funding augmentations are recommended for the ITS: Transportation Incident Management Center (\$75,000), the ITS: Transportation Information Center and Remote TMC (\$70,000); the Route 880: Coleman Interchange Upgrade (\$50,000); and the VTA: BART to San Jose (\$17,000). In addition, miscellaneous revenue adjustments are recommended based on revised projections.

## CAPITAL BUDGET PROGRAM ADJUSTMENTS

(CONT'D.)

- In the Sanitary Sewer Capital Program, increases in funding are recommended for the Monterey-Riverside Sewer project (\$75,000) and the Rosemary Area sewer project (\$172,000) based on revised project costs. In the Storm Capital Program, funding of \$150,000 for the Albany-Kiely Storm Drainage Improvement Program is recommended to expand the original scope.

## OPERATING/CAPITAL FUNDS CLEAN-UP ADJUSTMENTS

Included in Section III of this report are multiple clean-up and technical correction actions for a variety of operating and capital 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.

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

- **Salary Program Adjustments** – The 2005-2006 Salary Program includes appropriation adjustments to various departments and funds to reflect salary and benefit changes that became effective after the adoption of the 2005-2006 Operating Budget.
- **Net-Zero Movements Between Appropriations** – Revisions are proposed to correct situations where departments either used Personal Services funding rather than Non-Personal/Equipment funding for temporary staffing coverage or adjustments are needed to reflect appropriate funding sources for various projects.
- **Rebudget Adjustments not included in the Annual Report** – Revisions are proposed to correct appropriations for rebudgets and fund balance reconciliations that were not included or included in error in the 2004-2005 Annual Report (approved by the City Council on October 18, 2005) and are necessary to complete capital or other various projects.
- **Fund Balance Reconciliations** – Revisions are proposed to reconcile Beginning Fund Balances figures based on the final 2004-2005 Comprehensive Annual Financial Report (CAFR).

## CONCLUSION

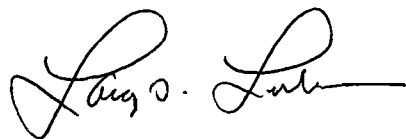
As described above, through the mid point of the fiscal year the City has experienced higher than budgeted revenue collections in a number of categories, most significantly in the General Fund, and remains within budgeted expenditure levels in virtually all cases. These positive results reflect a stabilized local economy, the conservative revenue estimates used to formulate the 2005-2006 Adopted Budget, and the continuing aggressive efforts of departments and the City Manager's Office to monitor and manage our fiscal status, and allows us to report an overall optimistic projection for a positive performance in the current fiscal year.

Our overall assessment of the economy remains the same as projected however, stabilization, modest growth, but no sign of a return to the strong growth levels experienced in the late 1990's. Although consistent with the expectations for low growth built into the current year budget, the economic environment we foresee is still not exhibiting any indication for the return to the type of growth levels that would be required to prevent the shortfalls in future budgets projected in recent long range forecasts.

As we are all aware, the breadth and depth of the deterioration of the local economy from the peak that was experienced in the first year of the new decade has been greater and longer than any of us anticipated, and it is gratifying to report that we are experiencing signs of improvement. This relatively positive news must be tempered however with the fact that our forecasts for the next several years indicate that we will continue to face tough decisions for at least the next several years in order to maintain the sound financial status which we all desire.

Despite these difficulties, we can all continue to take considerable pride in the fact that we have weathered for almost five years one of the most difficult fiscal situations to face the City in recent times with our core services reduced, but relatively intact, while having retained the City's historically strong reputation for effective and conservative fiscal management. The Council can be assured that all of our efforts in monitoring the current year status and planning for the next year's budget will be dedicated to retaining that status.

As always, the Administration will continue to closely monitor our current year financial status and report regularly to the City Council on any and all significant developments through the regular Monthly Financial Reports.



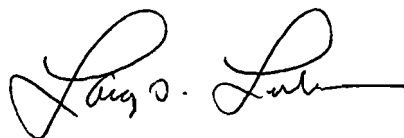
LARRY D. LISENBEE  
Budget Director

**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 2005-2006 monies in excess of those heretofore appropriated therefrom:

General Fund	23,434,531
Airport Capital Improvement	298,000
Benefit Fund	3,514,000
Civic Center Parking	155,000
Construction & Conveyance Tax - Council District 3	10,000
Gift Trust	67,492
Integrated Waste Management	423,400
Redevelopment Agency Capital Projects	115,000
SJ/SC Treatment Plant Capital	40,000
SJ/SC Treatment Plant Operating	4,000
Sewer Service & Use Charge	4,100
Storm Sewer Operating	2,000
Workforce Investment Act Fund	4,564,314



LARRY D. LISENBEE  
Budget Director



2005-2006

MID-YEAR  
BUDGET  
REVIEW



SECTION  
I

**OPERATING BUDGET  
STATUS REPORT**



**2005-2006  
MID-YEAR BUDGET REVIEW  
Section I**

**I. OPERATING BUDGET STATUS REPORT**

At mid-year, the City Manager's 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 2005-2006 budget, actual revenues and expenditures through December 31, 2005, and proposed changes recommended as part of this document.
  
- B. **Status of General Fund Revenues** - The mid-year status of General Fund 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 2005.
  
- 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.

**GENERAL FUND  
2005-2006 MID-YEAR STATUS REPORT  
(December 31, 2005)**

<u>SOURCE OF FUNDS</u>	(A) 2005-2006 ADOPTED BUDGET	(B) CURRENT- YEAR MODIFICATIONS	(C) CARRYOVER ENCUMBRANCES	(A+B+C) CURRENT MODIFIED BUDGET	ACTUALS THROUGH DECEMBER	PRIOR-YEAR ACTUALS THROUGH DECEMBER	2005-2006 PROPOSED CHANGES
<b>FUND BALANCE</b>							
Encumbrance Reserve	0	0	22,517,005	22,517,005	22,517,005	23,153,602	0
Liquidation of C/O Encumbrances	0	0	0	0	0	(341,952)	0
Carryover	135,755,578	30,316,007	0	166,071,585	166,071,585	153,454,304	0
<b>SUBTOTAL</b>	<u>135,755,578</u>	<u>30,316,007</u>	<u>22,517,005</u>	<u>188,588,590</u>	<u>188,588,590</u>	<u>176,265,954</u>	<u>0</u>
<b>GENERAL REVENUE</b>							
Property Tax	143,996,000	0	0	143,996,000	27,496,668	45,485,932	14,000,000
Sales Tax	135,243,000	0	0	135,243,000	37,404,566	35,336,818	0
Transient Occupancy Tax	6,450,000	0	0	6,450,000	2,728,949	2,467,636	0
Franchise Fees	33,138,000	264,000	0	33,402,000	14,503,243	13,941,020	0
Utility Tax	67,844,000	0	0	67,844,000	27,555,561	31,217,486	6,926,540
Licenses & Permits	72,269,830	0	0	72,269,830	38,893,765	38,702,119	362,828
Fines, Forfeitures & Penalties	12,695,000	0	0	12,695,000	6,510,435	5,574,220	0
Revenue From Money/Property	6,217,454	0	0	6,217,454	4,116,412	2,767,644	0
Revenue From Local Agencies	41,928,346	295,331	0	42,223,677	20,016,664	26,706,653	637,146
Revenue From State Government	10,892,192	1,493,111	0	12,385,303	5,418,059	8,127,547	27,964
Revenue From Federal Government	9,854,456	3,338,022	0	13,192,478	1,842,869	468,466	1,266,753
Departmental Charges	27,366,083	137,000	0	27,503,083	13,394,021	12,518,688	104,700
Other Revenue	19,562,861	2,240,819	0	21,803,680	9,197,938	6,092,370	83,600
<b>SUBTOTAL</b>	<u>587,457,222</u>	<u>7,768,283</u>	<u>0</u>	<u>595,225,505</u>	<u>209,079,150</u>	<u>229,406,599</u>	<u>23,409,531</u>
<b>TRANSFERS AND REIMBURSEMENTS</b>							
Overhead Reimbursements	27,614,152	(330,376)	0	27,283,776	18,144,336	19,840,532	0
Transfers	50,192,679	330,376	0	50,523,055	36,666,860	26,292,196	0
Reimbursements for Services	17,515,000	0	0	17,515,000	6,510,728	6,155,455	25,000
<b>SUBTOTAL</b>	<u>95,321,831</u>	<u>0</u>	<u>0</u>	<u>95,321,831</u>	<u>61,321,924</u>	<u>52,288,183</u>	<u>25,000</u>
<b>TOTAL SOURCE OF FUNDS</b>	<u><u>818,534,631</u></u>	<u><u>38,084,290</u></u>	<u><u>22,517,005</u></u>	<u><u>879,135,926</u></u>	<u><u>458,989,664</u></u>	<u><u>457,960,736</u></u>	<u><u>23,434,531</u></u>



**GENERAL FUND  
2005-2006 MID-YEAR STATUS REPORT  
(December 31, 2005)**

<u>USE OF FUNDS</u>	(A) 2005-2006 ADOPTED BUDGET	(B) CURRENT- YEAR MODIFICATIONS	(C) CARRYOVER ENCUMBRANCES	(A+B+C) CURRENT MODIFIED BUDGET	ACTUALS THROUGH DECEMBER	PRIOR-YEAR ACTUALS THROUGH DECEMBER	2005-2006 PROPOSED CHANGES
<b>DEPARTMENTAL</b>							
City Attorney	11,694,252	0	1,446,382	13,140,634	4,769,720	5,024,835	36,897
City Auditor	2,216,599	0	7,744	2,224,343	1,001,546	992,856	13,462
City Clerk	2,355,162	309,863	34,887	2,699,912	960,418	1,131,734	13
City Manager	8,644,789	0	197,959	8,842,748	3,638,314	3,351,631	8,011
Conventions, Arts, & Entertainment	0	0	160,894	160,894	(26,330)	611,181	0
Economic Development	4,720,908	107,018	303,681	5,131,607	1,555,715	642,147	(5,508)
Emergency Services	256,539	0	0	256,539	103,692	106,213	61,764
Employee Services	5,652,582	0	385,108	6,037,690	2,613,811	2,730,258	28,663
Environmental Services	1,471,889	12,675	56,685	1,541,249	464,521	295,549	(23,492)
Finance	9,773,059	0	310,369	10,083,428	4,319,866	3,544,836	20,954
Fire	125,606,600	315,000	349,356	126,270,956	58,371,776	57,084,814	97,374
General Services	20,267,268	340,002	721,996	21,329,266	8,467,229	7,867,448	(151,792)
Housing	0	0	0	0	0	0	0
Independent Police Auditor	695,990	0	2,216	698,206	309,347	312,466	5,542
Information Technology	14,133,772	(167,196)	577,442	14,544,018	6,118,780	6,596,679	(57,565)
Library	24,311,502	309,110	113,388	24,734,000	10,147,418	10,039,656	(125,550)
Mayor and City Council	7,853,784	(180,670)	20,732	7,693,846	2,936,244	2,725,811	(64,683)
Parks, Recreation & Neighb. Svces	50,743,654	433,653	2,248,556	53,425,863	24,022,331	25,439,455	288,613
Planning, Building & Code Enforce.	33,117,814	340,500	232,837	33,691,151	13,874,272	13,811,568	446,588
Police	237,774,929	420,196	1,717,806	239,912,931	106,688,899	105,148,186	2,069,170
Public Works	6,741,895	280,000	381,166	7,403,061	3,518,566	3,305,163	43,749
Redevelopment Agency	1,414,425	0	0	1,414,425	577,662	567,823	0
Transportation	29,834,307	526,000	944,674	31,304,981	13,067,729	15,442,341	531,809
<b>SUBTOTAL</b>	<u>599,281,719</u>	<u>3,046,151</u>	<u>10,213,878</u>	<u>612,541,748</u>	<u>267,501,526</u>	<u>266,772,650</u>	<u>3,224,019</u>
<b>NON-DEPARTMENTAL</b>							
City-Wide Expenses	115,538,402	14,494,671	7,759,722	137,792,795	42,924,043	40,901,379	4,423,742
Capital Contributions	14,359,594	3,881,000	4,543,405	22,783,999	3,114,180	6,158,230	265,000
Transfers	3,509,431	2,397,332	0	5,906,763	3,609,337	3,912,772	327,100
Earmarked Reserves	61,026,023	14,865,136	0	75,891,159	0	0	15,194,670
Contingency Reserve	24,819,462	(600,000)	0	24,219,462	0	0	0
Encumbrance Reserve	0	0	0	0	0	0	0
<b>TOTAL USE OF FUNDS</b>	<u>818,534,631</u>	<u>38,084,290</u>	<u>22,517,005</u>	<u>879,135,926</u>	<u>317,149,086</u>	<u>317,745,031</u>	<u>23,434,531</u>

**2005-2006  
MID-YEAR BUDGET REVIEW  
Section I**

**STATUS OF GENERAL FUND REVENUES**

**Overview**

*Current Year Performance*

On an overall basis, General Fund revenue collections through the first six months of the year are tracking higher than expected and should end the year above the 2005-2006 Adopted Budget estimates. This stronger performance is due, in part, to the stabilization of the local economy that has started to show some signs of modest, but sustainable growth. A much larger factor, however, has been unusually high collections in categories such as Property Tax and Utility Taxes. These receipts are tracking above budgeted levels based on higher actual 2004-2005 collections, the dramatic increase in energy costs, higher actual collections from the State reconciliation of the Motor Vehicle In-Lieu Fee Swap, and the stronger than anticipated real estate market. Some of this growth, however, is expected to be one-time or temporary in nature.

With the stronger overall revenue performance and the availability of additional grants or reimbursement proceeds, upward revenue estimate adjustments of \$20.9 million are recommended in this document. It is proposed that these funds be utilized to establish an Ending Fund Balance Reserve (\$17.0 million) consistent with the General Fund year-end balance estimate included in the 2006-2007 preliminary General Fund Forecast provided to the City Council in November 2005, and to support other activities recommended in this document (\$3.9 million). The largest revenue

estimate increases are proposed in the Property Tax (\$14 million) and Utility Tax (\$6.9 million) categories.

As discussed in the Service Delivery Models Council Study Session, it is increasingly likely that at least \$10.0 million in additional General Fund Ending Fund Balance (above the \$17.0 million discussed above) may be available by the end of the year if the current revenue collection trends continue for the second half of the year. This may include an upward adjustment to the Sales Tax category if the performance for the remaining three quarters of the year remains positive. The first quarter Sales Tax receipts have been received and show unadjusted growth of 14.5%. Based on an analysis by the City's Sales Tax consultant, MBIA MuniServices, a significant portion of this growth, however, was due to one-time adjustments by some of our larger businesses and an error at the State Board of Equalization that caused some of the sales tax returns from the previous quarter to be processed in this quarter. If these adjustments are taken into account, the Sales Tax in the latest quarter was still strong at approximately 8%. This marks the eighth consecutive quarter of sales tax growth (after a period of 10 straight quarterly drops) and the largest growth in a single quarter over that period. It is not anticipated, however, that this high rate of growth will be sustained. The City's Sales Tax consultants indicate that growth of 2% to 3% for the remainder of the fiscal year is more likely.

**2005-2006  
MID-YEAR BUDGET REVIEW  
Section I**

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

**Overview (Cont'd.)**

Current Year Performance (Cont'd.)

While there is good news in terms of current year revenue collections, it is important to view those collections in context of the local economic environment. Growth in the current year is tied to some factors that may not be sustained over the long term, such as the extremely strong housing market and the rise in energy costs that have impacted Property Tax, Utility Taxes, Franchise Fees and Sales Tax collections. We also remain concerned regarding a number of risk factors, including a relatively stagnant job market (only 2,900, or 0.3%, jobs created between December 2004 and December 2005), volatility in fuel prices, rising interest rates, a cooling of the real estate market, and fluctuating consumer confidence.

When the 2005-2006 Adopted Budget was developed, it was assumed that the City would experience modest revenue growth, particularly in the economically sensitive categories. While revenue growth in some areas has actually outpaced expectations, it is our belief that this basic economic framework is still accurate. With no significant improvement to the employment figures for the region and business-to-business activity, the economic environment in the region does not indicate a return to the extremely high growth levels experienced in the late 1990s through the early part of this decade. Instead, it is anticipated that the City will experience a more historical moderate level of revenue growth in the foreseeable future.

Comparison to Prior Year

General Fund revenues and transfers through December totaled \$270.4 million, or 39.2% of budgeted estimates. This amount was \$11.3 million, or 4.0% below the amount received last year at this time, however, this is only a reflection of timing differences between collections in the two years. For example, amounts for Property Tax and Utility Tax which were booked in December in 2004-2005 were not booked until January in 2005-2006.

After taking these timing differences into account, a vast majority of revenue categories are running ahead of the current budgeted estimates. In fact, our year-end estimates at the half-way point in the year indicate that overall revenues should exceed the budget estimates by year-end.

Recommended Adjustments

In this report, based on information available through December, City Council actions are recommended to: (1) change several revenue estimates, based on year-end anticipated collection levels, and (2) account for a small amount of additional revenue, mostly from grant programs, available to provide for additional related expenditures.

<b>2005-2006</b> <b>MID-YEAR BUDGET REVIEW</b>  <b>Section I</b>
---------------------------------------------------------------------------

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

**Overview (Cont'd.)**

Recommended Adjustments (Cont'd.)

The overall impact of the recommended actions in the General Fund are summarized in the following chart:

<b>Category</b>	<b>\$ in Millions</b>
Property Tax	\$ 14.00
Utility Tax	6.93
Licenses and Permits	0.36
Revenue from Local Agencies	0.64
Revenue from the State of California	0.03
Revenue from the Federal Government	1.27
Departmental Charges	0.10
Other Revenue	0.08
Transfers and Reimbursements	<u>0.03</u>
<b>Total</b>	<b><u>\$ 23.44</u></b>

Most of the recommended revenue adjustments reflect changes to revenue categories based on year-to-date performance. In addition, as mentioned above, a number of actions related to the availability of new grants and reimbursements (\$2.1 million) are also recommended for use to fund new revenue supported activities, as described in the remainder of this report.

The following discussion highlights overall General Fund activities through December by revenue category.

**2005-2006  
MID-YEAR BUDGET REVIEW  
Section I**

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

**PROPERTY TAX**

<b>Revenue Status</b>				
<b>2005-2006</b>		<b>2004-2005</b>		<b>2005-2006</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$143,996,000	\$27,496,668	19.1%	31.6%	\$14,000,000

The 2005-2006 **Current Secured Property Tax** budget estimate is \$128.9 million. Through December, actual Current Secured Property Tax collections of \$16.5 million were significantly lower than the prior year collection level of \$34.8 million. This is, however, entirely the result of a timing issue related to an earlier booking of Property Tax receipts last year, when compared to the current year. Projections for this category are actually running well above estimates due to two primary factors: (1) higher than anticipated Secured Property Tax roll growth and (2) a true-up of the 2004-2005 VLF Swap estimate.

Based on information from the County of Santa Clara Controller-Treasurer's Office, the Secured Property Tax roll is expected to increase by 11.7% over the 2004-2005 level, well above the 5.0% growth assumption used to develop the 2005-2006 Adopted Budget.

As discussed in prior Monthly Financial Reports (MFR's), the State Motor Vehicle In-Lieu (VLF) Swap is also expected to generate a significantly higher amount of revenue than originally anticipated. That "Swap" involved

the permanent conversion of VLF backfill funds to Property Tax as part of the approved State budget balancing strategy. Recent disbursement information received from the State indicates that the City will receive an increase of approximately \$10.2 million made up of two elements: (1) according to the State, the \$49.4 million VLF Swap funding paid to the City in 2004-2005 was \$3.1 million less than the \$52.5 million actual amount earned and due the City; and (2) using this new base of \$52.5 million to estimate the VLF Swap payments due for 2005-2006, the State has informed the City that it should receive approximately \$56.5 million as compared to the Adopted Budget amount for this portion of Secured Property Tax of \$49.4 million, resulting in an increase of \$7.1 million for 2005-2006.

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 \$128.9 million by at least \$11.6 million.

**2005-2006  
MID-YEAR BUDGET REVIEW  
Section I**

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

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

To reflect this information, included in this report is a recommended upward adjustment of \$11.6 million to the Current Secured Property Tax estimate.

The 2005-2006 **Current and Prior Unsecured Property Taxes** budget estimate is \$10.3 million. Comparing to the actual 2004-2005 year-end receipt level, that budget estimate allowed for a decline of 4.7% from the prior year. The latest information from the County of Santa Clara Controller-Treasurer's Office indicates that the City may experience a slightly smaller (3.9%) decline in this category. Collections in this category will continue to be closely monitored to determine if an adjustment will be necessary before year-end.

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 \$1.6 million are slightly

above the prior year level of \$1.3 million. In addition to increasing Secured Property Tax collections, the conversion of VLF to Property Tax inherent in the "Swap" has also increased the ratio of the City's allocated share of SB 813 Property Taxes. As a result, the latest information from the County of Santa Clara Controller-Treasurer's Office indicates that the City is likely to significantly exceed its budgeted estimate of \$3.6 million for this category. Included in this report, therefore, is a recommended upward adjustment of \$2.4 million to the estimate for SB 813 Property Tax. This will bring the 2005-2006 estimate to slightly below last year's collection level of \$6.8 million. We will continue to closely monitor this revenue category, however, as a recent drop in the number of property sales may slow growth in this category by year-end.

**SALES TAX**

**Revenue Status**

2005-2006		2004-2005		2005-2006
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$135,243,000	\$37,404,566	27.7%	26.5%	\$0

**2005-2006  
MID-YEAR BUDGET REVIEW  
Section I**

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

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

As previously discussed, the receipts for the first quarter of **General Sales Tax** for the current year were received in December. These receipts represented economic activity for July through September, and in total were up 14.5% from the same quarter in the prior year.

Information from our Sales Tax consultants, however, indicates that a significant portion of this increase was actually the result of a glitch at the State Board of Equalization (SBE) that caused some sales tax returns that should have been processed in the previous quarter to be processed in this quarter instead. Taking this adjustment into account, along with adjustments for other one-time transactions, our consultants calculate that the recent quarterly Sales Tax receipts would represent positive growth approximating 8.1% on an economic basis. An analysis of the Sales Tax collections by sectors indicates that, on an economic basis, General retail increased by 6.9%, Business-to Business, although continuing to be very volatile, increased by 4.5%, Transportation increased by 14.4%, Construction increased by 11.2%, and Food products increased by 2.6%. While this performance is encouraging, the analysis by our tax consultants also indicates that a large part of the increase was due to one-time incentives for auto sales and the spike in gas prices, as well as higher than anticipated construction activity during that quarter. After analyzing these receipts in detail, our Sales Tax consultants, MBIA MuniServices, believe that a reasonable expectation for Sales Tax receipts for the

remaining three quarters of the year would be in the range of 2.0% to 3.0%, which still compares favorably with the budgeted growth expectation of 2.0% included in the 2005-2006 Adopted Budget estimate. Should receipts average a 2% increase over the remainder of the year, we would exceed the budgeted estimate of \$130.9 million by approximately \$3.0 million.

While the Santa Clara County/San Francisco Bay Area experienced a moderate increase in Sales Tax collections during the past quarter, it is encouraging that the local increase for this most recent quarter was actually better than that experienced by Northern California (an increase in sales taxes of 6.0%), Southern California (an increase of 6.3%), and the State as a whole (an increase of 6.2%).

General Retail remains the largest General Sales Tax economic sector with 26.9% of the total for the most recent quarter. The following lists the other General Sales Tax economic sectors and their percentage of the total for the 2005-2006 first quarter: Transportation at 24.6%; Business-to-Business at 23.5%; Food Products at 13.7%; and Construction at 10.7%. It is noteworthy that with the sharp rise in gas prices and auto sales incentives, and the sharp fall-off in Sales Tax receipts from the business community in San José, the Business-to-Business sector, once the largest General Sales Tax economic sector, has now slipped below the Transportation sector into third place on the list.

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

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

The next quarterly payment will be received in mid-March reflecting October through December economic activity, which should provide us with better information regarding how Sales Tax receipts may fare by year-end.

which is consistent with the actual 2004-2005 receipts. Year-to-date receipts of \$1.9 million are 5.3% above the prior year. It is expected that collections in this category will meet or slightly exceed budgeted expectations by year-end.

The 2005-2006 **Proposition 172 Half-Cent Sales Tax** budget estimate is \$4.3 million,

**TRANSIENT OCCUPANCY TAX**

<b>Revenue Status</b>				
<b>2005-2006</b>		<b>2004-2005</b>		<b>2005-2006</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$6,450,000	\$2,728,949	42.3%	38.5%	\$0

The 2005-2006 budget estimate for the General Fund **Transient Occupancy Tax (TOT)** allocation (4.0% of the 10.0% total tax) is \$6.5 million. This estimate presumed a 4.0% increase over the projected 2004-2005 year-end receipt level of \$6.2 million. As, however, 2004-2005 ended the year well above that projection, the budgeted estimate can actually be achieved with a 0.6% increase over prior year collections.

collections of \$2.7 million are 10.6% above last year's level of \$2.5 million, but it should be noted that this is in part due to the timing of cash collections. Taking this timing difference into account, however, receipts this year are actually still up from the prior year.

Current year collections are, at the mid-point, exceeding budgeted expectations. Year-to-date

Revenues are tracking above budgeted levels primarily as a result of the increase in occupancy rates. Overall room rates have increased slightly from last year's average of \$111.38 to \$116.53, and overall activity is about 126.0% of last year for the same period.



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

**TRANSIENT OCCUPANCY TAX  
(CONT'D.)**

This is due mainly to a larger base stock of available rooms and a larger number of room-nights sold compared to last year. Given the volatility of this revenue source, no adjustment

is recommended in this category at this time; it is however expected that this category should exceed budgeted expectations.

**FRANCHISE FEES**

<b>Revenue Status</b>				
<b>2005-2006</b>		<b>2004-2005</b>		<b>2005-2006</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$33,402,000	\$14,503,243	43.4%	41.3%	\$0

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 2005 will not be received until April, and, as a result, firm conclusions cannot be drawn concerning the status of these two revenue accounts until that report is received. Due to the effects of Hurricanes Katrina and Rita and other factors, it is anticipated that there will be a sharp rise in natural gas prices during winter. The majority of the impact of these higher prices on Gas and Electric Franchise

Fees will not be realized until 2006-2007, as Franchise Fees received in 2005-2006 will be based on actual calendar year 2005 Electric and Gas Franchise Fees gross receipts. Based on currently available gross receipts information, however, it is estimated that Gas Franchise Fees will end the year above the budgeted estimate and Electricity Franchise Fees are expected to meet the budget estimate.

**Commercial Solid Waste (CSW) Franchise Fees** collections through December of \$4.5 million tracked above the prior year level by 15.0%. As reported in previous MFRs, this performance is also influenced by timing differences in receipts and variances in accruals compared to the previous year.

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

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

Current projections indicate that collections should meet budgeted expectations of \$10.7 million at year-end. The Budget Office and Environmental Services Department will continue to closely monitor actual performance and recommend adjustments as necessary.

**Cable Television Franchise Fees** of \$1.3 million represent only one quarter's collection through December, due to the typical quarter lag in receipts. Year-to-date receipts reflect an 11.5% increase over the prior year, and fees

from this category are expected to slightly exceed the budgeted estimate of \$4.4 million.

**City-Generated Vehicle Tow Fees** of \$521,000 are currently tracking within estimated levels and are expected to meet the 2005-2006 budget estimate of \$1.3 million by year-end.

**Water Franchise Fee** revenue through December is currently tracking slightly above estimated levels and is expected to meet or exceed the 2005-2006 budget estimate of \$202,000 by year-end.

**UTILITY TAX**

**Revenue Status**

		Revenue Status		
		2005-2006	2004-2005	2005-2006
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$67,844,000	\$27,555,561	40.6%	42.7%	\$6,926,540

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

**Electric Utility Tax** receipts of \$12.8 million are tracking below the prior year level of \$15.8 million by approximately 18.7%. This

performance is, however, entirely due to the fact that a portion of the current year's December receipts were not booked until January, understating growth.

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

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

After taking the \$2.4 million of timing differences into account, the current year collections are approximately 3.8% below prior year levels. Recent information, however, indicates that PG&E has notified the CPUC that the skyrocketing cost of natural gas across the nation is causing wholesale electric generators to charge PG&E higher prices for the electricity the company buys for its customers. Although PG&E is not allowed to earn a profit on the energy it procures for customers, it is allowed to pass on higher costs it pays for the energy through the California Public Utilities Commission (CPUC) rate setting process. PG&E currently estimates that this situation will result in an average 2.5% increase in electricity bills during 2006.

As a result of these likely rate increases, Electric Utility Taxes are anticipated to meet or exceed the budgeted estimate of \$32.6 million, but will be monitored closely as the year progresses.

**Gas Utility Tax** receipts of \$2.3 million were performing 5.5% below the prior year level of \$2.4 million through mid-year. This performance, however, is also entirely the result of a timing issue related to a later booking of Gas Utility Tax receipts this year, when compared to the prior year. The current year collections through November actual receipts (the currently available data) of \$2.9 million are 82.6% ahead of prior year levels of \$1.6 million. As noted earlier, as a result of the disastrous

hurricane season, and other factors, natural gas costs have increased significantly. Although this will add additional hardship on City residents, it will result in higher collections of Gas Utility Taxes. Based on currently available information, collections are expected to exceed the budgeted estimate of \$8.0 million by approximately \$3.9 million by year-end. An upward adjustment of that amount is recommended in this report.

**Water Utility Tax** collections of \$3.8 million through December are slightly (6.7%) ahead of the prior year level of \$3.6 million. The current budget estimate of \$7.4 million was built on the assumption of a growth rate of 6.0%, which assumed 6.0% rate increases with flat consumption.

It should be noted, however, that this category is always subject to fluctuations related to the amount of precipitation received, particularly in the spring. Consumption levels over the next several months along with an expected rate increase will determine if adjustments to the revenue estimate will be appropriate before the end of the year.

**Telephone Utility Taxes** receipts of \$8.6 million through December are slightly (8.7%) below the prior year level of \$9.4 million. A significant portion of this decrease, however, is the result of a payment timing issue.

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(CONT'D.)**

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

Performance in this category has been extremely volatile and subject to sharp changes as the trend of telephone landlines being lost to Internet phone usage continues, but this slight reduction is more than offset by the continued strong growth in cell phone usage. The 2005-2006 Adopted Budget for Telephone Utility Tax was based on a decline of 2% from a year-end estimate of \$19.8 million. As actual year-end

receipts in 2004-2005 were significantly higher (\$23.0 million) than the year-end estimate, it is expected that 2005-2006 year-end receipts for Telephone Utility Tax will also be higher than currently budgeted. Included in this report is a recommended upward adjustment of \$3.0 million to the Current Telephone Utility Tax estimate.

**LICENSES AND PERMITS**

<b>Revenue Status</b>				
<b>2005-2006</b>		<b>2004-2005</b>		<b>2005-2006</b>
<u>Budget Estimate</u>	<u>Y.T.D Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$72,269,830	\$38,893,765	53.8%	52.9%	\$362,828

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

**Business License Tax and Cardroom Business Tax** – Based on collections through the first half of the year, General Business License Tax collections of \$8.4 million are expected to meet the budgeted estimates of \$12.2 million and Cardroom Business Tax

collections of \$4.5 million are currently expected to significantly exceed the budgeted estimate for that category of \$8.5 million. Staff will continue to monitor both revenue sources closely.

**Disposal Facility Tax (DFT)** – Receipts through December of \$4.4 million tracked below (24.7%) the prior year level, due to timing of payments and the reinstatement of the Alternate Daily Cover exemption.

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

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

Although Browning-Ferris Industries (BFI) and Waste Management have successfully challenged the removal of the Alternate Daily Cover exemption approved by the City Council as part of the 2002-2003 Adopted Operating Budget, resulting in a reduction to this revenue stream, this action was factored into the 2005-2006 budget and revenues in this category are currently expected to meet the budget estimates of \$14.3 million.

**Building Permits** – Building Permit receipts through December totaled \$11.8 million, or 50.9% of the adopted estimate of \$23.1 million. This collection level is 1.2% above the prior year level of \$11.6 million. The 2005-2006 estimate was built assuming a continuation of the activity levels of last year, with no fee increases. However, actual 2004-2005 receipts of \$24.5 million exceeded expectations by a significant margin. Collections through December of this year are tracking well above (8.5%) projected levels and may end the year up by as much as \$1.5 million to \$2.0 million. This is due primarily to higher than anticipated growth in both categories of building plan check (new residential and all others) and all non-new residential trades (plumbing, mechanical and electrical) permits. As anticipated, commercial

and industrial activity has remained low. Also, participation in an enhanced service option of purchasing a higher service level – guaranteed next day inspections and expedited plan checks – at a higher, full cost recovery price continues to be very popular. In the Annual Report, Council actions added an overstrength Planner position to help meet development service performance targets and customer service needs. As explained elsewhere in this report, a series of additional actions are recommended to meet demands of its customers. They include: the addition of three positions (Senior Engineer, Supervising Building Inspector and Building Inspector); Plan Check High Rise Structural Software; a Development Services Public Address System; and a pilot project for reviewing and processing electronically submitted construction plans for code conformance. To offset the costs of these actions, an upward adjustment of \$324,175 to the fee program revenue estimate is recommended utilizing a portion of the surplus in collections to date. The Budget Office, in conjunction with the Planning, Building and Code Enforcement Department will continue to analyze revenue levels to determine if further adjustments to the revenue estimate will be necessary before the end of the year.

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

**LICENSES AND PERMITS  
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**Fire Permits** – Fire Permit collections through December of \$4.4 million were 21.2% above the prior year level of \$3.6 million. The current year revenue estimate of \$6.50 million, presumes a slight increase (0.2%) compared to 2004-2005 actual year-end receipts of \$6.4 million. These estimates were built assuming a continuation of activity levels of last year, which included a restructure of existing development-related service fees to hourly fees; and the establishment of new fees for single-family plan review, hazardous materials plan check (express and intermediate) and Temporary Certificate of Occupancy Processing activities. Revenues from Annual Renewable Permits (Non-Development) are tracking at estimated levels, while Non-Renewable Permits and Plan Check (Development) activities are tracking above expected levels due to higher than anticipated development activities. Through December, inspection and plan check activities were tracking above estimates due to several high-rise projects and an increase in commercial and industrial construction activity.

This higher than anticipated development activity is expected to continue through the rest of this fiscal year, and as a result, these fees are projected to end the year approximately \$500,000 above the current budgeted level (\$6.5 million).

In order to address the recently launched Small Business Ambassador Program, the addition of 1.0 Associate Engineer to the Fire Department Fee Program is recommended in this document in order to provide technical assistance and guidance to small businesses, working directly with counterparts in the Planning, Building and Code Enforcement Department and Office of Economic Development. A corresponding increase to Fire Permit revenue (\$38,653) is recommended to offset the cost of this action.

**Miscellaneous Other Licenses and Permits** – Revenues in this category are tracking within anticipated levels through December.

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

**FINES, FORFEITURES, AND PENALTIES**

<b>Revenue Status</b>				
<b>2005-2006</b>		<b>2004-2005</b>		<b>2005-2006</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$12,695,000	\$6,510,435	51.3%	41.7%	\$0

Fines, Forfeitures, and Penalties include 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, revenue in this category has been tracking above budgeted levels, principally due to higher than anticipated activity levels for parking citations. Although it is possible that

citation activity could slow down slightly in the second half of the year, current projections indicate that this revenue category could end the year as much as \$500,000 above the budget estimate of \$7.0 million. Other Fines and Penalties are also experiencing increased levels of collections. Receipts of \$6.5 million through December are 16.8% above the prior year level of \$5.6 million.

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

<b>Revenue Status</b>				
<b>2005-2006</b>		<b>2004-2005</b>		<b>2005-2006</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$6,217,454	\$4,116,412	66.2%	34.8%	\$0

The largest source of revenue in this category is **General Fund Interest Earnings**.

Overall, receipts of \$4.1 million through December were significantly (48.7%) above the prior year level of \$2.8 million, primarily

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

**REVENUE FROM THE USE OF MONEY AND PROPERTY  
(CONT'D.)**

reflecting increases in interest rates. The Federal Reserve has raised the short-term rate 14 times in a row, including an increase announced just this week, to a current rate of 4.5%. The budget was developed assuming an average cash balance of \$160 million and an average interest rate of 2.5%. The average cash balance for the first six months of the year has been approximately \$200 million, reversing a downward trend that has been experienced for the last several years, and the average interest rate for the first six months of the year has been

closer to 3.0%. This slightly higher balance, coupled with higher interest rates has resulted in higher interest earnings through the first half of the year. It is anticipated that collections will end the year above the budgeted estimate.

Continued close monitoring will be required in this category to determine if an adjustment if an upward adjustment will be necessary before year-end.

**REVENUE FROM LOCAL AGENCIES**

<b>Revenue Status</b>				
<b>2005-2006</b>		<b>2004-2005</b>		<b>2005-2006</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$42,223,677	\$20,016,664	47.4%	59.5%	\$637,146

The largest government entities in this category are: the **Redevelopment Agency**, the **Water Pollution Control Plant and Municipal Water System**, and the **Central Fire District**.

**Redevelopment Agency** (Agency) reimbursements (budgeted at \$13.1 million) tracked below the prior year level, and below anticipated levels. As of December, \$3.0 million (23.1% of budget) was received from the Agency.



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**STATUS OF GENERAL FUND REVENUES  
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**REVENUE FROM LOCAL AGENCIES  
(CONT'D.)**

It is expected that the City will receive \$3.0 million in reimbursements for City projects to help support the costs of the San Jose BEST program in February, which will bring collections in line with expectations. It is anticipated that the full amount of the remaining General Fund Agency reimbursements will be received by year-end.

The Redevelopment Agency also reimburses the City for the Convention Center lease payment budgeted at \$13.3 million for 2005-2006. 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 also 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 \$1.9 million in these categories were approximately 48.0% of the budgeted estimate of \$4.0 million. It is anticipated that the entire budgeted payments will be received by year-end.

Through December, the payments of \$3.0 million from the **Central Fire District** for fire services provided by the City are tracking slightly higher than anticipated at 59.6% of the budgeted estimate of \$5.0 million. The latest

information from the Central Fire District indicates that the higher collection collections are mainly due to a one-time clean-up of 2004-2005 payments and that 2005-2006 collections will come in slightly above the budgeted estimate by the end of the year.

Overall, the **Other Reimbursements** from various agencies are typically tracking within estimated levels through December.

The following adjustments are recommended in this report to the Revenue from Local Agencies category:

- An upward technical adjustment of \$341,360 to true-up reimbursements from the Redevelopment Agency for its share of City Hall furniture, fixtures, and equipment costs.
- An upward technical adjustment of \$100,769 to reflect the true-up of reimbursement from the Redevelopment Agency for City Hall Occupancy costs.
- An upward adjustment of \$24,350 to the Police Department revenue category for reimbursement from Santa Clara County to fund crossing guard services provided by the City at two schools located within the County.

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

**REVENUE FROM LOCAL AGENCIES**  
(CONT'D.)

- An upward adjustment of \$5,000 to the Parks, Recreation, and Neighborhood Services Department for reimbursements from Happy Hollow Corporation to fund part-time hours in support of Happy Hollow Corporation activities.
  - An upward adjustment of \$37,500 to the Parks, Recreation, and Neighborhood Services Department for reimbursements from the Mountain Winery Foundation to fund the after school science program at the Alum Rock Youth Center.
  - An upward adjustment of \$2,000 to the Parks, Recreation, and Neighborhood Services Department for reimbursements from Santa Clara County to fund the Women Survivors of Violence program at the Grace Community Center.
- An upward adjustment of \$40,000 to the Parks, Recreation, and Neighborhood Services Department for reimbursements from Santa Clara County to increase the Adult Day Care program at the Grace Community Center.
  - An upward adjustment of \$67,000 to the Department of Transportation to reflect the correct level of reimbursement from the Redevelopment Agency for blight abatement services staffing.
  - An upward adjustment of \$19,167 to the Parks, Recreation, and Neighborhood Services Department for reimbursements from Santa Clara County to fund the Senior Nutrition program.

**REVENUE FROM THE STATE OF CALIFORNIA**

<b>Revenue Status</b>				
<b>2005-2006</b>		<b>2004-2005</b>		<b>2005-2006</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$12,385,303	\$5,418,059	43.7%	60.4%	\$27,964

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(CONT'D.)**

**REVENUE FROM THE STATE OF CALIFORNIA  
(CONT'D.)**

The major State revenues include **Motor Vehicle In-Lieu Fees, Airplane In-Lieu Fees, and State Grants.**

Motor Vehicle In-Lieu Fee (VLF) revenue through December totaled \$2.3 million, which represents a 37.3% decline from the prior year collection level of \$3.7 million. The decline mainly reflects the 2004-2005 State budget balancing action known as the VLF Swap, where the City's VLF backfill amount was permanently changed to Property Tax revenue and is now reflected in that classification. The VLF Swap, however, did not begin until October of 2004. Thus the first three months of the prior year reflected VLF collections under the old method. With a recent slowdown in auto sales, it is anticipated that this revenue category may end the year slightly under the budget estimate of \$5.5 million.

The bulk of revenue from **Airplane In-Lieu Fees** was received in October. Through

December, receipts of \$1.6 million have already exceeded the budgeted estimate of \$900,000.

Major **State Grants** include Department of Education LEARNS Grants (\$2.5 million), Office of Traffic Safety Grants (\$894,000), SB 358 Public Library Grant (\$344,000), and various other miscellaneous grants (\$833,000). It is anticipated that these grants will be received as budgeted.

The following adjustment is recommended to the Revenue from the State of California category to recognize grant funding. A corresponding adjustment to the operating budget is recommended to complete the grant-supported activities. This adjustment is described in Section III of this document.

- An upward adjustment of \$27,964 to reflect a Local Enforcement Agency (LEA) Grant to be used for landfill enforcement activities.

**REVENUE FROM THE FEDERAL GOVERNMENT**

**Revenue Status**

2005-2006		2004-2005		2005-2006
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$13,192,478	\$1,842,869	14.0%	18.1%	\$1,266,753

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

**REVENUE FROM THE FEDERAL GOVERNMENT  
(CONT'D.)**

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 according to the grant payment schedules that are in effect.

The following lists the largest grants in this category: Community Oriented Policing Services (COPS) Interoperable Communications Grant (\$4.2 million); Urban Area Security Initiative (UASI) Grant (\$5.3 million); California 21st Century Community Learning Centers – Core Grant (\$1.1 million); Metropolitan Medical Strike Team Grant (\$634,000); and the California 21st Century Community Learning Centers - C grant (\$512,000).

The following adjustments are recommended to the Revenue from the Federal Government category to recognize changes in grant funding:

- \$269,982 increase to recognize grant revenue for the California 21st Century Community Learning Centers (CCLC) – Core Grant A program. This is the fourth of the five-year grant cycle and would fund before and after school programs at eight elementary schools and one middle school.
- \$344,292 increase to implement the CCLC – Core Grant C. This is the second year of the five-year grant cycle and funds before and after school programs for elementary schools (Shields, Goss OS, Meyer, San

Antonio, and Summerdale), the August Boeger Middle School and the Ida Jew Intermediate School.

- \$225,000 increase to implement the CCLC – Core Grant B. This is the second year of the five-year grant cycle and funds before and after school programs for two elementary schools (Hubbard and Slonaker).
- \$70,000 increase to recognize grant revenue from the 2004 FEMA Assistance to Firefighters Grant program. This grant provides additional funding for the Fire Department's Public Education Program's fire prevention outreach programs.
- \$246,661 increase to recognize Juvenile Justice and Delinquency Prevention Grant revenue from the Office of Justice. This grant provides funding to develop integrated school and community safety policies, training for schools and community-based organizations on development and implementation of a multi-media strategy, and city-wide parent training.
- \$10,818 increase to provide for additional funding from the Council on Aging to provide a program for frail homebound seniors.
- \$100,000 increase to reflect State Homeland Security Grant funding for reimbursement for special operations training in the Fire Department.

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(CONT'D.)**

**DEPARTMENTAL CHARGES**

<b>Revenue Status</b>				
<b>2005-2006</b>		<b>2004-2005</b>		<b>2005-2006</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$27,503,083	\$13,394,021	48.7%	44.3%	\$104,700

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.

**Police** – Police revenues of \$736,000 through December tracked slightly above expected levels but 27.5% higher than prior year’s level of \$577,000. When compared to 2004-2005, higher revenues were received for Tow Service Dispatch, Vehicle Impound, Police Records/Reports, and POST. At this time, it is expected that revenue from this category will meet the current estimate of \$1.2 million. Staff will continue to monitor performance in the Police Department Charges and if appropriate, recommend adjustments to revenue estimates, as more information becomes available.

**Public Works** – Departmental fee revenue of \$3.4 million through December represents growth of 9.1% and is slightly above estimated levels. When the 2005-2006 Budget was developed, it was assumed that total revenues for 2005-2006 would remain steady from the

2004-2005 estimated levels of \$7.1 million. Actual collections in 2004-2005, however, totaled \$8.2 million. Therefore, collections can actually decline by 13.4% from the prior year and still meet the budgeted estimate.

Several revenue categories have performed better than anticipated in the first half of 2005-2006, including private streets engineering, planned development permits and rezonings/rezonings, and traffic reports. These increases have been partially offset by lower than anticipated collections in several categories, including residential and non-residential engineering, utility excavations, and electrical design.

The Budget Office, in conjunction with the Public Works Department, will continue to analyze revenue and expenditure levels to determine if additional adjustments to the revenue estimate will be necessary before the end of the year. As these are cost recovery fees, any adjustment to the revenue estimate would have to be accompanied by a corresponding adjustment in appropriations or in the fee reserve.

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

**DEPARTMENTAL CHARGES  
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**Transportation** – Departmental fee revenue of approximately \$636,000 tracked 25.8% above the prior year level of \$505,000, and above the budgeted estimate. The stronger than anticipated performance has been driven by higher collections in the Tree Planting, Miscellaneous Traffic Charges categories, and by Development Plan Review-Transplant collections. Current projections indicate revenues should meet or exceed the budget estimate of \$888,000 by the end of the year.

**Library** – Overall, departmental fee revenue of \$499,000 tracked within anticipated levels through December and is expected to meet or slightly exceed the budgeted estimate of \$950,000 by year-end.

**Planning, Building and Code Enforcement** – The adopted estimate for planning fee revenues is \$5.8 million. Through December, planning revenues of \$2.7 million tracked 9.4% above the prior year level of \$2.5 million and approximately 7.9% above anticipated levels. In line with the other development-related fee areas, the 2005-2006 estimate was built assuming a continuation of the activity levels of last year, with no fee increases.

With the exception of the Non-Residential Tentative Maps, Planned Development Permits,

Prezoning/Rezoning Planned Development Permits, Site Development and Environmental Impact Report and Residential Conventional Prezoning/Rezoning Planned Development Permits, Site Development and Conditional Use Permit categories, which are running below expectations, revenues in the other areas are either at or well above anticipated levels. Current projections indicate that collections may exceed the budgeted estimate by as much as \$200,000. In addition, when the legal issues related to the North San Jose Area Development Policy changes are resolved, the Department is anticipating a large number of development applications to be submitted for North San Jose. An upward adjustment of \$70,000 is recommended as a part of this report, recognizing the increase in activity. This will fund an increase to PBCE's non-personal/equipment budget for review of selected high-rise development projects in the Downtown area. The Budget Office, in conjunction with PBCE will continue to analyze revenue levels to determine if an additional adjustment to the revenue estimate will be necessary before the end of the year.

**Parks, Recreation and Neighborhood Services (PRNS)** – Overall, departmental fee revenues of approximately \$4.2 million were tracking at budgeted levels through December.

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**DEPARTMENTAL CHARGES  
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Revenue categories for Animal Care and Services such as licenses and permits and other shelter services as well as revenue from Happy Hollow Park and Zoo are tracking higher than estimated whereas the fee activities and Family Camp revenue collections are lower than anticipated. It is currently anticipated, however, that overall collections will meet the budgeted estimate of \$8.4 million by year-end.

**Miscellaneous Departmental Charges** – This category includes the Solid Waste Enforcement Fee with a budgeted estimate of \$2.8 million,

and other miscellaneous fees budgeted at \$415,000. Through December, collections in this category are tracking within budgeted levels.

In addition, included in this report is a recommended increase of \$34,700 to provide funding for the addition of a Code Enforcement Inspector position to support the recently approved Off-Sale Alcohol Beverages Establishment Inspection Program. This program is intended to be 100% cost recovery.

**OTHER REVENUE**

<b>Revenue Status</b>				
		<b>2005-2006</b>	<b>2004-2005</b>	<b>2005-2006</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$21,803,680	\$9,197,938	42.2%	33.1%	\$83,600

The Other Revenue category contains a number of unrelated revenue sources. The following details the largest revenues budgeted: **HP Pavilion** revenues; **Investment Program** reimbursements; **FMC Land Lease** revenue; **Sidewalk Repair Activity**; **Banking Services**; **Coyote Valley Specific Plan**, and **Evergreen East Hills Vision Strategy**.

Other Revenue collections through December of \$9.2 million were \$3.1 million above the prior year level of \$6.1 million. This increase from the prior year primarily reflects HP Pavilion reimbursements received from the Arena Authority and Coyote Valley Specific Plan revenues offset by the loss of SB90 revenues from the State as compared to the prior year level of collections.

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**OTHER REVENUE  
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In the current year, The City has received \$3.5 million in **HP Pavilion Rental, Parking, Suite, and Naming** revenue, which exceeded the budget estimate of \$2.0 million. The payment from Arena Management was significantly higher than budgeted because it included the portion of the 2004-2005 payment that was not received last year due to the National Hockey League labor dispute and issues over provisions of the contract. The final payments for both 2004-2005 and 2005-2006 are being audited by the City Auditor's Office to ensure that the City has received full payment under the contract.

**SB 90 Reimbursements** from the State were discontinued for 2005-2006 as part of State budget balancing actions, resulting in the loss of the entire \$2.5 million reimbursement associated with jail booking fees. It should be noted, however, that this information was factored into estimates for the 2005-2006 Adopted Budget.

**FMC Land Lease** revenue is received from the Airport in an amount sufficient to cover the debt service payments made from the General Fund. Through December, \$428,000 of the \$830,000 budgeted amount has been received. It is

currently anticipated that the lease revenue will be received as budgeted.

**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 of \$143,000 was 35.7% of the adopted estimate. This weather-dependent activity is expected to accelerate somewhat in the spring, and, according to the Department of Transportation, is expected to reach the current estimate of \$400,000 by year-end.

**Banking Services** revenue of \$306,000 tracked slightly below budgeted levels. Preliminary information indicates that this revenue is still on track to meet the budgeted level; however, any reduction in this revenue would be offset by corresponding reductions in related expenditures.

\$2.7 million of the \$7.0 million budgeted revenue for the **Coyote Valley Specific Plan** has been received.



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**OTHER REVENUE  
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The Coyote Valley Specific Plan/EIR has an approved funding and reimbursement agreement, but leaves the payment schedule to be negotiated for each six-month period. Only the revenues for the first six months have been recognized. For the **Evergreen East Hills Vision Strategy**, the current revenues reflect a negative balance of \$72,000 when compared to the budget of \$7.2 million. The Council's redirection of this project in the spring of 2005 resulted in actual fourth quarter 2004-2005 revenues (and expenditures) being less than the amount accrued. For this reason, a negative revenue balance is currently shown in this revenue category and will remain so until the first and second quarter payments for 2005-2006 are received. A large portion of the \$7.2 million budget is for Bond Counsel, Financial Advisors, Tax Consultants, and Appraisal Consultant services that will be obtained later in this fiscal year. Revenues are received after expenditures occur and it is anticipated that the

reimbursement funds will be received in 2005-2006 or 2006-2007 after the reimbursable work is completed.

The following adjustments are recommended to the Other Revenue category:

- An upward adjustment of \$10,600 to reflect payment from the Downtown Association and HP Pavilion for services provided by the Public Works Department related to the Ice Rink and HP Pavilion.
- An upward adjustment of \$30,000 to provide funding for historic preservation activities as part of a Site Development Permit with a developer.
- An upward adjustment of \$43,000 to reflect the repayment of financing costs associated with the FMC property acquisition.

**TRANSFERS AND REIMBURSEMENTS**

<b>Revenue Status</b>				
<b>2005-2006</b>		<b>2004-2005</b>		<b>2005-2006</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$95,321,831	\$61,321,924	64.3%	58.4%	\$25,000

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**TRANSFERS AND REIMBURSEMENTS**  
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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 budgeted at \$12.3 million. Overhead associated with special and capital funds is currently budgeted at \$14.9 million. Overall, revenue from this category is expected to meet or slightly exceed the budgeted estimate.

**Transfers** – This category includes approximately \$50.6 million in various transfers. Transfers of \$36.7 million through December are \$10.4 million or 39.5% above the prior year. This increase is primarily the result of timing of various budgeted transfers to the General Fund this year and last, including the full impact of the Emergency Communications System Support Fee. Overall, collections at this

point appear to be within budgeted expectations, and all transfers are occurring as expected.

**Reimbursements for Services** – The budget estimate for this category is \$17.5 million, of which \$17.0 million is expected to be generated from the three **Gas Tax Funds**. Gas Tax collections of \$6.4 million tracked slightly above the prior year level of \$6.2 million. Even though the increased cost of gasoline could translate into lower consumption and Gas Tax revenues, current collections indicate that this revenue source could end the year above budget. Revenue in this area will need to be closely monitored to determine if any adjustment will be necessary before year-end.

In addition, included in this report is a recommended increase of \$25,000 to reflect funding from the Deferred Compensation Plan for consultant services related to the upcoming request for proposal from Deferred Compensation Plan providers.

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**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 either above or below estimated levels. Total collections, if annualized, however are currently running above the budgeted level, and we believe that collections will end the year exceeding the budget amount. Included in this document, therefore, are revenue estimate increases totaling \$20.9 million to more closely align the estimates with year-end anticipated collection levels and/or reflect the availability of additional grant or reimbursement proceeds. It is recommended in this report that these funds be utilized to establish a 2005-2006 General Fund Ending Fund Balance Reserve (\$17.0 million) consistent with the General Fund year-end balance estimate included in the 2006-2007

preliminary General Fund Forecast provided to the City Council in November 2005, and to support other activities as recommended in this report (\$3.9 million).

In addition, as discussed in the Service Delivery Models Council Study Session, should the current revenue collection trend continue through the second half of the year, it appears increasingly likely that at least \$10.0 million in additional General Fund Ending Fund balance may be available by year-end. Efforts to produce a new comprehensive five-year forecast are under way, and the release of that document is scheduled for late February. Updated estimates for all of the revenue categories, with resulting fund balance changes, will be included in that document.

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## STATUS OF GENERAL FUND EXPENDITURES

### Overview

General Fund expenditures through December totaled \$317.1 million. This represents a slight decrease of \$0.6 million, or 0.2%, from the December 2004 level of \$317.7 million. Encumbrances totaling \$35.6 million were, on the other hand, \$4.4 million (14.1%) above the December 2004 level of \$31.2 million. Expenditures and encumbrances through December constituted 45.3% of the total 2005-2006 modified budgeted use of funds amount (excluding reserves) of \$779.0 million. This was slightly lower than the 46.6% experienced in last year's budget at this time. On an overall

level, these totals are generally considered to be running within budgeted levels with only a couple exceptions, which are described below. We continue to anticipate that on an overall basis General Fund expenditures will finish the year below budgeted levels, and ahead of the assumptions included in the preliminary forecast released earlier this fiscal year.

The following chart displays a breakdown of the year-to-date expenditures (excluding encumbrances) compared to the prior year, by category.

**2005-2006 General Fund Expenditures through December**  
**(\$ in Thousands)**

Category	Current Budget	Y.T.D. Actual	% of Budget	Prior Year % of Budget
<i>Personal Services</i>	515,847	237,000	45.9%	46.3%
<i>Non-Personal/Equipment</i>	92,944	28,858	31.0%	35.1%
<i>Other Departmental</i>	3,750	1,644	43.8%	36.6%
<i>City-Wide Expenses</i>	137,793	42,924	31.2%	34.8%
<i>Capital Contributions</i>	22,784	3,114	13.7%	23.1%
<i>Transfers</i>	5,907	3,609	61.1%	65.0%
<i>Reserves</i>	100,111	-	0.0%	0.0%
<b>Total</b>	<b>879,136</b>	<b>317,149</b>	<b>36.1%</b>	<b>38.0%</b>

With the exception of the Employee Services and the Public Works Departments, cumulative departmental and non-departmental

expenditures are tracking within approved budgeted levels through December.

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

**Overview (Cont'd.)**

Discussion of those appropriations with year-to-date significant variances can be found below 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 75% of the expenditures to date. Through December, Personal Services expenditures for all City departments totaled 45.9% of the current modified budget, a very slight decrease from last year's level of 46.3%, and below budgeted expectations of 46.4%. Only in the Public Works and Employee Services Departments are Personal Services expenditures tracking in excess of budgeted expectations.

Non-Personal/Equipment expenditures are also tracking within anticipated levels with 31.0% expended through December. In addition to the funds actually expended, an additional \$35.6 million was encumbered, bringing the total amount of funding committed to \$64.5 million, or 69.4% of the budget. Taking into account the amount of funding to be removed from departmental appropriations as part of the Cost Management Plan implementation (discussed elsewhere in this report), it is anticipated that departments will expend nearly all of their Non-Personal/Equipment allocations by the end of the year, but on an overall basis remain within budget.

Non-Departmental Expenditures

Through December, 31.2% of City-Wide Expenses budget was expended. With encumbrances, however, the total amount of funding committed equals 41.0% of the budget.

About 90% of funding for a variety of projects throughout the City is within City-Wide Expenses, Community and Economic Development, Recreation and Cultural Services, and Strategic Support City Service Area categories. For the first six months of the year, these three categories are 51.5%, 58.4%, and 29.6% committed to date, respectively. Tracking levels for several of the appropriations may appear to be running higher than would be expected, however that is because many of the contractual obligations are paid or committed at the beginning of the year. Conversely, there are also several appropriations that appear to be tracking below budgeted levels, but, because of the timing of certain expenditures, those appropriations will not be expended until later this year. There will also be instances of year-end savings since various projects will not get completed due, in part, to the multi-year nature of some of these larger projects. Most of those savings will need to be rebudgeted to 2006-2007.

The Workers' Compensation Claims appropriation is a major component of the City-Wide Expenses Strategic Support City Service Area category. For the first half of the year

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**Overview (Cont'd.)**

Non-Departmental Expenditures (Cont'd)

this appropriation is tracking slightly below anticipated levels. Only 34.8% of the appropriation was expended through December reflecting a decrease in the number of claims experienced. This decline appears to reflect the impact of both City-initiated efforts and the result of State initiated program reforms. If current expenditure levels were to continue, there would be a significant level of savings in this category at year-end.

A recommendation to increase the General Liability Claims appropriation is included in this report. Expenditures in this category are traditionally difficult to predict, given the nature of litigation. An upward adjustment to this appropriation is recommended (\$1,825,000) to

offset the costs of one very large settlement paid earlier this year. We will continue to monitor this appropriation as the year progresses.

The remaining City-Wide Expenses categories, Environmental and Utility Services, Public Safety and Transportation Services, tracked at 77.3%, 34.0% and 51.4% committed, respectively at mid-year. The commitment in Environmental and Utility and Transportation Services categories appears high, but actually reflects only timing issues -- many of the contractual obligations budgeted are paid or committed at the beginning of the year. It is still anticipated that the expenditure items within these categories will end the year within budgeted levels.

**Discussion of Significant General Fund Variances**

<b>Expenditure Status (\$ in thousands)</b>		
<u>Department</u>	<u>2005-2006 Budget</u>	<u>Y.T.D. Actual</u>
Fire	\$126,271	\$58,372

Overall, expenditures for the Fire Department expenditures were tracking close to estimated levels through December (46.36%, compared to a par level of 46.40%). However, the Personal Services appropriation of \$119.6 million is

tracking slightly above estimated levels (45.57% expended through December), primarily due to overtime costs (\$400,000) related to the Hurricane Katrina relief effort. The reimbursement of the majority of these costs

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

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

are anticipated by the State as part of California Task Force 3 (\$226,000) and through the Federal Emergency Management Agency (FEMA) (\$124,000) later in the fiscal year. Only about \$50,000 of these overtime costs are not anticipated to be recovered. Normalizing for these FEMA-related expenditures, the Personal Services appropriation is actually tracking to end the year close to the budgeted allocation. The Budget Office and Fire Department will continue to monitor overtime expenditures closely and bring forward adjustments, as necessary, by the end of the year.

Through December, the Fire Department had a total of 243 filled paramedics (145 front-line, 5 Supervisors, and 93 support). When compared to the 147 front line medics that are necessary to fully staff all apparatus, this represents the

highest level of filled paramedics in the Department's history. A new 18-week firefighter academy recently began on August 15, 2005 and graduation commenced on December 16, 2005. A total of 22 paramedic recruit firefighters graduated and began the training necessary to become paramedic accredited. At the conclusion of this accreditation period, anticipated in April 2006, these paramedics will be available to meet minimum staffing requirements. With the full certification of these graduates, the Department projects that it will be able to maintain its target staffing level of 147 primary Firefighter Paramedics.

The Department's Non-Personal/Equipment budget was 59.0% committed through December and is expected to end the year within the budgeted allocation.

<b>Expenditure Status (\$ in millions)</b>		
<u>Department</u>	<u>2005-2006 Budget</u>	<u>Y.T.D. Actual</u>
<b>Police</b>	\$239,913	\$106,689

On an overall basis, Police Department expenditures continued to track at lower than estimated levels. Overtime expenditures through December tracked slightly above anticipated levels at \$3.1 million or 48.2% of the budgeted level (compared to the estimated level of 46.4%). This was largely due to

increases in downtown Entertainment Zone activities and an increase in emergency call volume for Communications and Records. In the Sworn Recruitment and Training Program, the Department hired 33 Police recruits for its July 2005 Recruit Academy. These 33 Police recruits graduated from the academy in

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

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

December 2005 and are projected to be street-ready in April 2006. In addition, the Department hired 30 Police recruits for the January 2006 Academy and 10 lateral Police Officers are planned to be hired in March 2006.

The compensatory time balance at the end of December 2005 was 209,935 hours for sworn personnel. This represents a 3,863 hour decrease (1.8%) compared to the November

2005 balance of 213,798, but a 14,121 hour increase (7.2%) compared to the December 2004 balance of 195,814. Staff will continue to monitor this balance throughout the year. A total of 40.4% of the Department's Non-Personal/Equipment budget was expended or encumbered through December. It is estimated that the Department will end the year within its Non-Personal/Equipment allocation.

<u>Expenditure Status (\$ in Thousands)</u>		
<u>Department</u>	<u>2005-2006 Budget</u>	<u>Y.T.D. Actual</u>
<b>Public Works</b>	7,403	\$3,519

Overall, Public Works expenditures are tracking above budgeted levels through December, primarily in the Personal Services category, and at the current rate would end the year above budgeted levels. Departmental expenditures for Personal Services totaled \$3.1 million, or 50.5% of the budget (compared to the par level of 46.4%). The primary reason for the overage appears to be positions charging in the General Fund that were budgeted to other funding sources. The Department has been working to

correct this problem by not only ensuring that positions that were not budgeted in the General Fund do not engage in General Fund activity, but also by shifting several positions that were budgeted in the General Fund to other funding sources. The Budget Office will continue to closely monitor the situation for the remainder of the year. Non-Personal/Equipment expenditures, are tracking below budgeted levels.



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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>2005-2006 Budget</u>	<u>Y.T.D. Actual</u>
Employee Services	\$6,038	\$2,614

Through December, Employee Services Department Personal Services expenditures were tracking above budgeted levels and at the current rate would end the year above budgeted levels. Departmental expenditures for Personal Services totaled \$2.4 million, or 50.2% of the budget (compared to the par level of 46.4%). This higher than anticipated expenditure level is attributed to the following: the Department is fully staffed (therefore not achieving budgeted

salary savings levels), higher than anticipated costs for a newly hired manager, and unanticipated one-time vacation payout and temporary staffing expenses. The Department anticipates that expenditure performance will improve in the second half of the year. The Department will closely monitor expenditures and will make every attempt to end the year within their total budget allocation.

**CONTINGENCY RESERVE**

Through December, the General Fund Contingency Reserve was at \$24,219,462, down by \$0.6 million from the 2005-2006 Adopted Budget level of \$24,819,462. The following revisions to the Contingency Reserve were approved through December:

- A decrease of \$100,000 to provide funding for the Norcal Garbage Contract investigation.
- A decrease of \$500,000 to support relief and recovery assistance as a result of Hurricane Katrina.
- A decrease of \$100,000 for an elections commission evaluator and investigator services.
- An increase of \$100,000 to reflect the return of the amount previously transferred for an elections commission evaluator and investigator services.
- An increase of \$500,000 to reflect the return of the amount previously transferred to support relief and recovery assistance as a result of Hurricane Katrina.
- A decrease of \$500,000 to provide funding for an Emergency Response and Preparedness Risk/Threat Assessment.

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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 impacted by the current economic conditions. Following are status reports for 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**

As anticipated, passenger activity at Mineta San José International Airport has grown very little over the past 12 months. The moving 12-Month Passenger total shows only a 0.2% increase, while fiscal year-to-date totals are 0.5% ahead of December 2004 levels.

Activity results do vary significantly, however by carrier and terminal. From July through December, for example, Terminal A airline passenger traffic decreased by 4.7%, while passenger traffic on air carriers located in Terminal C increased by 9.5%.

During the first six months of 2005-2006, operations at the Airport - landings and take-offs - decreased by a net 2.0% from activity in the first six months of 2004-2005. Decreases to passenger carrier (4.5%), cargo (3.7%), military (36.5%) and General Aviation (GA) Itinerant (2.7%) operations were offset by increases to commuter carrier (4.9%) and GA local (3.8%) operations.

Rental car contracts, representing activity through November, increased 2.7% from

activity levels recorded through November in the prior year. Although parking hourly exits are down by 4.1% for the year and daily exits have decreased by 0.9% for the first six months of the year, parking revenues were 0.5% above the previous year totals to-date. Taxicab operations are running 4.4% below last year.

**Airport Revenues**

As of December 31, 2005, year-to-date operating revenues in the Airport Revenue Fund, excluding transfers, carryover surplus and coverage, total \$43.3 million. Total revenues are 3.5% higher than the estimated budget level through December. As with prior years, certain revenues were not recorded in December because the period was shortened by the closure of City offices for the holiday furlough. While terminal rentals continued to perform consistent with the budgeted estimate, higher revenues were widespread across the rest of the categories with the exception of parking and roadway revenues, which barely trailed the estimate.

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

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

**Airport Expenditures**

Overall, expenditures in Airport operating funds are tracking below year-to-date estimates, mainly as a result of reduced non-personal/equipment expenditures. The Airport has developed a Cost/Position Management Plan for 2005-2006 that is anticipated to save almost \$2.4 million by the end of the fiscal year.

Two operating funds exist to provide Airport services, the Airport Maintenance and Operation Fund and the Airport Customer Facilities and Transportation Fee Fund. The Airport Maintenance and Operation Fund provides funding for service expenditures for personal and non-personal/equipment associated with Airport operations, including but not limited to Airport staff, Airport police services, Station 20 aircraft rescue and fire fighting, interdepartmental charges and overhead to the General Fund. The Airport Customer Facilities and Transportation Fee Fund accounts for costs associated with rental car busing services between the consolidated rental car facility and the terminals.

Airport Maintenance and Operation Fund departmental expenditures through December are tracking below the budgeted levels in both personal services and non-personal/equipment categories. Additional information on this fund is available in the following pages.

Personal services costs in the Airport Customer Facilities and Transportation Fee Fund are below estimated levels due to a staff vacancy. Non-personal/equipment expenditures are tracking at budget levels due to increased fuel costs that are offset by savings realized from reduced bus operator hours.

Although revenues are running slightly higher than budget and expenditures are less than budgeted, Airport funds are being carefully managed to ensure both that savings targets are met and that customer service does not suffer significantly. A complete financial summary of the Airport Maintenance and Operation Fund and the Airport Revenue Fund is included later in this document.

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

**Airport Maintenance and Operation Fund**

	2005-2006 Adopted Budget	Change	2005-2006 Current Modified	2005-2006 YTD Actual	2005-2006 % of Budget	2004-2005 % of Budget
<i>Beginning Fund Balance</i>	6,454,732	479,389	6,934,121	N/A	N/A	N/A
<i>Encumbrance Reserve</i>	4,906,727	119,218	5,025,945	N/A	N/A	N/A
<i>Revenues</i>	88,044,300	747,740	88,792,040	44,022,150	49.6%	47.8%
<b>TOTAL SOURCES</b>	99,405,759	1,346,347	100,752,106	44,022,150		
<i>Expenditures</i>	80,778,212	6,358,685	87,136,897	37,199,005	42.7%	44.9%
<i>Encumbrance Reserve</i>	4,906,727	(4,906,727)	0	N/A	N/A	N/A
<i>Other Reserves</i>	6,393,428	(585,000)	5,808,428			
<i>Ending Fund Balance – Reserve Per Master Trust Agreement</i>	3,179,489	479,389	3,658,878	N/A	N/A	N/A
<i>Ending Fund Balance – Other Reserves</i>	4,147,903	0	4,147,903	N/A	N/A	N/A
<b>TOTAL USES</b>	99,405,759	1,346,347	100,752,106	37,199,005		

**Fund Status**

*Revenues* – Revenues for this fund consist primarily of cash transfers from the Airport Revenue Fund. The 2005-2006 transfers into the Airport Maintenance and Operation Fund continue to occur as budgeted.

*Expenditures* – Expenditures in this fund 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. Through December, both personal and

non-personal/equipment expenditures are tracking below budgeted levels.

In personal services, the Airport department currently has 34.3 Maintenance and Operation funded vacancies. In addition, the Airport anticipates annual overtime savings of approximately \$72,000. The Airport has expended \$101,597 (or 25.5%) of the overtime budget through December. This represents a slight increase over 2004-2005 levels when \$82,625 was spent through the same period. Increased overtime levels are the result of coverage for vacant positions and demands on current staffing levels that were impacted by the

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Section I**

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

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

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

Expenditures (Cont'd.)

reduction of 13 positions in the 2005-2006 budget process. Nevertheless, overtime expenditures are currently within budget. Internal procedures, which continue to restrict the use of overtime to provide required constant staffing, emergency and standby response, and holiday coverage are effectively controlling costs.

In this report, the addition of two positions in the Airport Technology Services division is recommended to be funded from a Technology Reserve, established for this purpose as part of the 2005-2006 Adopted Budget. These positions will be used to support the Airport's new Computerized Maintenance Management System, as well as various other infrastructure and customer service programs.

Current savings in non-personal/equipment expenditures for Airport operations reflect lower costs for electricity, supplies and materials, stores, postage, equipment rental, travel and training, and computer data processing, as well as reduced contractual services. It is anticipated that approximately \$2.4 million in targeted savings will be generated by the end of 2005-2006 as part of the Airport's multi-year budget strategy. Savings targets have been developed by each Airport division and include approximately \$1.6 million in personal services vacancy savings and almost \$800,000 in non-

personal/equipment costs. Targeted reductions include holding approximately 15.5 operating positions vacant for the remainder of the fiscal year, as well as saving approximately \$573,000 in contractual services expenditures. Impacts from these actions include the reduction of marketing and advertising activities and various other service consultants, non-personal savings in supplies, stores and training, and reduced customer assistance/cart driver hours.

Interdepartmental expenditures (charges for staff and services located in other City departments including Police and Fire) total \$10.7 million through December and are tracking at year-to-date estimates. Airport workers' compensation claims to date total \$237,959 (49.6% of budget) and have increased as compared to the mid-year total for 2004-2005 of \$113,986, but are running at a level consistent with the Adopted Budget allocation.

Fund Balance – A technical adjustment to the Beginning and Ending Fund Balance in the Airport Maintenance and Operation Fund is also recommended in this report to correct a budgeting error made in the Annual Report. The Fund Balance Reconciliation adjustment to the Workers' Compensation Claims Reserve was inadvertently included in the Reserve Per Master Trust Agreement. Recommended in this report is a decrease to the Reserve Per Master Trust Agreement in both the Beginning and Ending Fund Balance and a corresponding increase to the Workers' Compensation Claim Reserve.

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

**Airport Revenue Fund**

	2005-2006 Adopted Budget	Change	2005-2006 Current Modified	2005-2006 YTD Actual	2005-2006 % of Budget	2004-2005 % of Budget
<i>Beginning Fund Balance</i>	15,497,849	6,644,625	22,142,474	N/A	N/A	N/A
<i>Revenues</i>	89,586,159	747,740	90,333,899	43,321,209	48.0%	47.0%
<i>Transfers</i>	11,994,229	4,700,000	16,694,229	4,700,000	28.2%	N/A
<b>TOTAL SOURCES</b>	117,078,237	12,092,365	129,170,602	48,021,209		
<i>Expenditures</i>	116,959,855	5,447,740	122,407,595	51,478,229	42.1%	40.6%
<i>Unrestricted Ending Fund Balance</i>	118,382	6,644,625	6,763,007	N/A	N/A	N/A
<b>TOTAL USES</b>	117,078,237	12,092,365	129,170,602	51,478,229		

**Fund Status**

*Revenues* – As indicated in the overview, overall revenue collections in the Airport Revenue Fund are tracking slightly above the estimated budget, while individual revenue categories have shown a mix of results. Overall landing fees through mid-year rose 4% over the budgeted level, an indication that most airlines surpassed their own expectations, with the exception of American Airlines whose revenues declined by 8%. Increased revenues in all sectors within the category propelled airfield revenues 13% above the estimated budget, reflecting higher than expected revenues in cargo and commuter landing fees, as well as in other airfield revenues. Lower food and beverage revenues continued to hamper the performance of terminal concessions and miscellaneous rents, but substantial increases in

rental car concession and advertising revenues pushed the revenues ahead of the budgeted estimate through December. General and non-aviation revenues trended higher than estimated largely due to receipt of security costs reimbursements from the Transportation Security Administration, higher interest income and increased land rental from “Park N Travel”. Both sales of ground and aircraft fuel are behind projected levels, but the surge in sales of compressed natural gas fuel have offset those shortfalls. Terminal rentals are tracking at the mid-year budgeted level.

Conversely, parking and roadway revenues have fallen from the estimated level in part due to lower than expected short-term parking collections. Revenues collected from the ground transportation providers participating in the new On Demand Taxi Service model are

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

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

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

Revenues (Cont'd.)

tracking low since, through December, revenues were received but had not yet been booked.

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. No change to expenditures or transfers is requested or recommended.

Fund Balance – No change to Fund Balance in this fund is requested during this mid-year budget process.

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

**Benefit Funds**

	2005-2006 Adopted Budget	Change	2005-2006 Current Modified	2005-2006 YTD Actual	2005-2006 % of Budget	2004-2005 % of Budget
<i>Beginning Fund Balance</i>	5,200,113	629,361	5,829,474	N/A	N/A	N/A
<i>Encumbrance Reserve</i>	20,203	0	20,203	N/A	N/A	N/A
<i>Other Reserves</i>	0	0	0	N/A	N/A	N/A
<i>Revenues</i>	63,212,464	0	63,212,464	30,602,345	48.4%	50.1%
<b>TOTAL SOURCES</b>	68,432,780	629,361	69,062,141	30,602,345		
<i>Expenditures</i>	63,825,259	0	63,825,259	28,325,065	44.4%	47.1%
<i>Encumbrance Reserve</i>	20,203	0	20,203	N/A	N/A	N/A
<i>Other Reserves</i>	2,655,000	0	2,655,000	N/A	N/A	N/A
<i>Unrestricted Ending Fund Balance</i>	1,932,318	629,361	2,561,679	N/A	N/A	N/A
<b>TOTAL USES</b>	68,432,780	629,361	69,062,141	28,325,065		

**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.

Dental Insurance Fund – Overall, revenues in the Dental Insurance Fund are tracking at expected budgeted levels while expenditures are currently tracking below budgeted levels.

An upward adjustment to the personal services appropriation (\$19,000) is recommended in this

report to fund projected increases in personal services costs due to unanticipated vacation sellback costs and lower than budgeted vacancy savings. A corresponding decrease to the Ending Fund Balance (\$13,000) and Operating Contingency (\$6,000) are recommended to offset these costs.

Life Insurance Fund – Overall, revenues in the fund are tracking slightly higher than budgeted levels, while expenditures through December are tracking slightly below anticipated levels due to premium payments being lower than expected.



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

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

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

Life Insurance Fund (Cont'd.)

An upward adjustment to expenditures is recommended in this report in the personal services appropriation in this fund (\$6,000) to meet projected increases in personal services costs also due to unanticipated vacation sellback and lower than budgeted vacancy savings. A corresponding decrease to the Operating Contingency is recommended.

Unemployment Insurance Fund – Revenues in the Unemployment Insurance Fund are tracking at budgeted levels, while expenditures through December are tracking below estimated levels as unemployment claims are lower than anticipated. An augmentation is recommended in this report for the personal services appropriation in this fund (\$11,000) for the same reasons described previously for the Dental and Life Insurance funds to meet projected increases in personal services costs due to vacation sellback and lack of vacancy savings. A corresponding decrease to the Ending Fund Balance (\$5,000) and Operating Contingency (\$6,000) are also recommended in this report.

Benefit Fund – Revenues in the fund represent the amount that departments are charged for the costs of providing benefits to employees. Health coverage is the largest of the benefits accounted for in this fund, but also included are

Municipal Employees Federation (MEF) legal assistance, Operating Engineers Local #3 (OE#3) vision care, FICA-Medicare payments, part-time and contractual employee deferred compensation contributions and Employee Assistance Program (EAP) counseling. Although expenditures and revenues appear to be tracking within budgeted levels, the scheduled Kaiser health rate increases of 19% became effective in January 2006. This increase, already anticipated and funded in the Salary Reserve, will increase the expenditures in this fund for the second half of the year. Upward offsetting adjustments (\$3,500,000) to both the revenue and expenditure estimates for the Health Plan categories are, therefore, recommended in this report. Without these adjustments, both revenues and expenditures would significantly exceed the budget by year-end.

In addition, an increase for the Employee Assistance Program (\$14,000) is recommended to account for higher than anticipated enrollments. A corresponding increase in the Transfers category (\$3,514,000) from various funds is recommended to offset the Health Plan and Employee Assistance Program adjustments.

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

**Convention and Cultural Affairs Fund**

	2005-2006 Adopted Budget	Change	2005-2006 Current Modified	2005-2006 YTD Actual	2005-2006 % of Budget	2004-2005 % of Budget
<i>Beginning Fund Balance</i>	68,311	(309,324)	(241,013)	N/A	N/A	N/A
<i>Encumbrance Reserves</i>	382,605	(243,234)	139,371	N/A	N/A	N/A
<i>Revenues</i>	13,827,535	317,568	14,145,103	5,279,520	37.3%	39.7%
<b>TOTAL SOURCES</b>	14,278,451	(234,990)	14,043,461	5,279,520		
<i>Expenditures</i>	12,808,766	139,371	12,948,137	7,843,683	60.6%	50.9%
<i>Encumbrance Reserves</i>	382,605	(382,605)	0	N/A	N/A	N/A
<i>Other Reserves</i>	200,000	0	200,000	N/A	N/A	N/A
<i>Unrestricted Ending Fund Balance</i>	887,080	8,244	895,324	N/A	N/A	N/A
<b>TOTAL USES</b>	14,278,451	(234,990)	14,043,461	7,843,683		

**Fund Status**

Revenues – On an overall basis, revenues in the Convention and Cultural Affairs Fund are tracking well below expected levels. This is partly due to a slight delay in the booking into the City’s Financial Management System of actual cash collections. Even taking this into account, however, revenues are still performing below estimated levels. If collections were to continue at the current rate, revenues would end the year approximately \$700,000 below the budgeted estimate. Team San José (TSJ) management, the current operator of the Convention Facilities, is however actively evaluating the current business environment and identifying potential business opportunities. TSJ management continues to strongly assert

that they can improve performance during the second half of the year enough to meet budgeted levels. Staff will continue to monitor these revenues closely and report current status in future MFRs.

Expenditures - Expenditures through December in the Convention and Cultural Affairs Fund are tracking slightly above expectations in personal services due to the use of overtime to cover vacancies. Through December, Convention Facilities had 12 vacancies, down from 19 vacancies at the beginning of the year. The filling of these vacancies and the discontinued use of overtime expenditures should result in the operations remaining within its appropriation. Non-personal/equipment expenditures are slightly above anticipated levels due to the use

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

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

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

Expenditures (Cont'd.)

of contract labor to cover its vacancies;  
however, many of these vacancies have since

been filled so the use of contract labor should be  
reduced and remain within the budgeted levels.

Fund Balance – No adjustments to the Ending  
Fund Balance in the Convention and Cultural  
Affairs Fund will be required at this time.

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

**Public Works Program Support Fund**

	2005-2006 Adopted Budget	Change	2005-2006 Current Modified	2005-2006 YTD Actual	2005-2006 % of Budget	2004-2005 % of Budget
<i>Beginning Fund Balance</i>	1,159,032	(943,230)	215,802	N/A	N/A	N/A
<i>Encumbrance Reserve</i>	0	80,811	80,811	N/A	N/A	N/A
<i>Revenues</i>	13,189,043	0	13,189,043	4,376,867	33.2%	9.9%
<b>TOTAL SOURCES</b>	14,348,075	(862,419)	13,485,656	4,376,867		
<i>Expenditures</i>	12,689,043	155,581	12,844,624	5,676,189	44.2%	32%
<i>Encumbrance Reserve</i>	0	0	0	N/A	N/A	N/A
<i>Other Reserves</i>	1,659,032	(1,018,000)	641,032	N/A	N/A	N/A
<i>Unrestricted Ending Fund Balance</i>	0	0	0	N/A	N/A	N/A
<b>TOTAL USES</b>	14,348,075	(862,419)	13,485,656	5,676,189		

**Fund Status**

Revenues – Revenues in the Public Works Program Support Fund come from various capital funds that Public Works staff supports and are dependent on expenditures in the capital programs that Public Works staff supports. The level of construction activity in the first half of the fiscal year typically represents only 40% of the annual activity. As revenue comes into this fund through a rate applied to capital programs when expenditures occur, revenue levels should increase as construction activity increases.

Through December, revenue collections totaled \$4,377,000, which represents 33.2% of the budgeted level, and a difference of \$1,300,000 when compared to actual expenditures in the

fund. As there is a one month lag between the time when expenses are incurred and revenue collections are received, the actual under-collection figure through December is approximately \$473,000. Due to the fact that construction activity is weighted towards the second half of the year, this under-collection should correct itself as the year proceeds.

Should any revenue shortfall or overage exist at the end of the fiscal year due to the rate not fully capturing the level of actual expenditures, the rate will be retroactively adjusted to ensure that final year-end revenues match expenditures. The Budget Office will closely monitor the status during the remainder of the year to assure compliance.

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

**Public Works Program Support Fund  
(Cont'd.)**

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

Expenditures – Overall, expenditures are tracking slightly below anticipated levels, with the exception of the Administration appropriation. This appropriation is 51% expended, compared to a par level of 46.4%. The primary reason for the overage appears to

reflect the fact that this appropriation has been utilized as an expenditure holding account. These charges need to be transferred to appropriate programs to ensure that expenditures are within budgeted levels by year-end. Assuming that these transfers will take place, expenditures in this appropriation total approximately 41.6% of the budget.

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

**Stores Fund**

	2005-2006 Adopted Budget	Change	2005-2006 Current Modified	2005-2006 YTD Actual	2005-2006 % of Budget	2004-2005 % of Budget
<i>Beginning Fund Balance</i>	2,220,329	(1,139,067)	1,081,262	N/A	N/A	N/A
<i>Encumbrance Reserves</i>	157,160	232,580	389,740	N/A	N/A	N/A
<i>Revenues</i>	4,425,000	0	4,425,000	1,282,840	29.0%	31.8%
<b>TOTAL SOURCES</b>	6,802,489	(906,487)	5,896,002	1,282,840		
<i>Expenditures</i>	4,265,052	389,740	4,654,792	1,695,416	36.4%	50.6%
<i>Encumbrance Reserves</i>	157,160	(157,160)	0	N/A	N/A	N/A
<i>Other Reserves</i>	50,000	0	50,000	N/A	N/A	N/A
<i>Unrestricted Ending Fund Balance</i>	2,330,277	(1,139,067)	1,191,210	N/A	N/A	N/A
<b>TOTAL USES</b>	6,802,489	(906,487)	5,896,002	1,695,416		

**Fund Status**

*Revenues* – On an overall basis, revenues in the Stores Fund are tracking well below anticipated levels. Revenues in this fund are derived from two sources: reimbursements from departments for the purchase of supplies and materials, and the surcharge applied to these reimbursements intended to cover inventory and warehousing operating costs. Through December 2005, a revenue shortfall of \$400,000 exists when actual revenue collections are compared to expenditures.

The shortfall appears to reflect two factors. The purchasing staff has yet to invoice departments for some costs involving mail service (\$200,000) incurred during the first half of the

year. In addition, the surcharge applied to departmental invoices has been too low (\$200,000) and is not adequately reimbursing the fund for inventory and warehousing operating costs. The Budget Office will work with the Finance Department to ensure that the appropriate surcharge is applied retroactively and through the remainder of the year to assure that reimbursement to this fund for all costs incurred happens as budgeted.

*Expenditures* - Expenditures through December in the Stores Fund are tracking within budgeted levels.

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

**Transient Occupancy Tax Fund**

	2005-2006 Adopted Budget	Change	2005-2006 Current Modified	2005-2006 YTD Actual	2005-2006 % of Budget	2004-2005 % of Budget
<i>Beginning Fund Balance</i>	1,638,271	373,860	2,012,131	N/A	N/A	N/A
<i>Encumbrance Reserve</i>	79,272	(13,889)	65,383	N/A	N/A	N/A
<i>Revenues</i>	9,626,840		9,626,840	4,150,220	43.1%	41.6%
<b>TOTAL SOURCES</b>	11,344,383	359,971	11,704,354	4,150,220		
<i>Expenditures</i>	10,219,151	416,433	10,635,584	4,935,988	46.4%	41.1%
<i>Encumbrance Reserve</i>	79,272	(79,272)	0	N/A	N/A	N/A
<i>Other Reserves</i>	90,000	0	90,000	N/A	N/A	N/A
<i>Unrestricted Ending Fund Balance</i>	955,960	22,810	978,770	N/A	N/A	N/A
<b>TOTAL USES</b>	11,344,383	359,971	11,704,354	4,935,988		

**Fund Status**

Revenues – Revenues in the Transient Occupancy Tax Fund are tracking above budgeted levels, reflecting a slightly better than anticipated recovery in the hospitality industry. For 2005-2006, the Adopted Budget estimate assumed a growth rate of 4% over estimated 2004-2005 receipts. Actual revenues are instead running approximately 12% over last year's level. Overall, occupancy rates for the first half of the fiscal year averaged 52.7%, which is above last year's level of 46.5%. Room rates, however, have decreased slightly from last year's average of \$109.75 to \$108.53. Through the first six months of the year, activity is above the same period last year by 16%. This primarily reflects a larger base of available

rooms in San José and a larger number of room-nights sold compared to last year. If current trends continue, revenue would end the year approximately 9% above budget.

Expenditures – Expenditures through December in the Transient Occupancy Tax Fund are tracking as anticipated.

Fund Balance – No adjustment to the Ending Fund Balance in the Transient Occupancy Tax Fund is recommended at this time.

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II

CAPITAL BUDGET  
PROGRAMS  
STATUS REPORT



**2005-2006  
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Section II**

**CAPITAL BUDGET PROGRAMS STATUS REPORT**

At mid-year, the City Manager's Budget Office conducts a comprehensive review of each capital budget 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.

The 2005-2006 Adopted Capital Budget totaled \$1.17 billion. Through the first six months of the year, the City Council approved budget adjustments that increased the capital budget by \$144.6 million to a total of \$1.31 billion. The majority of this change reflects technical adjustments that were processed as part of the 2004-2005 Annual Report (\$131.1 million) primarily to account for rebudgets and for higher revenue collections in a number of funds. During the Annual Report, \$72.0 million was rebudgeted to 2005-2006 to complete projects. In addition, approved adjustments to the budget through the first six months of the fiscal year included a small number of new projects or projects with changes in cost and/or scope, as well as technical adjustments to funding sources.

During the first half of the year, project expenditures were generally tracking within budget. However, we have begun to experience some rise in construction costs, which leads to a concern that for projects awarded through the remainder of the year, we may begin to experience shortfalls that could require budget adjustments or changes in project scopes.

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**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, PFC's, bond proceeds and interest income, along with reimbursements to review and inspect tenant improvements. In addition, Airport operating revenues support the funding of the Airport Renewal and Replacement Fund capital projects.

The Airport Capital Improvement Fund is funded by grant revenue. Principally, these are federal grants administered by the Federal Aviation Administration (FAA) under its Airport Improvement Program (AIP). Most grants provide an 80% reimbursement of project costs. The Airport's 20% local share is primarily funded by the Airport PFC Fund or the Airport Renewal and Replacement Fund. Overall, grant income in the Airport Capital Improvement Fund is tracking below budgeted levels since grant revenues are typically received on a reimbursement basis. It is anticipated however that all grant revenues will be received as the projects are completed. Commitments through December in the Airport Capital Improvement Fund total \$25.3 million, or approximately 51% of the modified budget for capital projects. A mid-year adjustment is

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

AIRPORT (CONT'D.)

Financial Status (Cont'd.)

recommended that will install runway end indicator lights at both ends of Runway 11/29, which is partially funded by grant revenue.

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 anticipated levels through December. There are several mid-year adjustments that recommend funding decreases to specific projects that were determined, in concert with the Airlines, to no longer be needed at this time, including: Airline Maintenance Facility, Baggage Screening Phase II, Checkpoint Terminal A, Checkpoint Terminal C, and Demolition of 1253, 1277, 1311 Airport Blvd. Buildings. Even though the 2005-2006 funding for these projects is being eliminated due to the rephasing of the Airport Master Plan, it is possible that the projects may get programmed in future years of the CIP.

The Airport Renewal and Replacement Fund's revenue source primarily comes from operating revenues included in the calculation of the annual rates and charges and funneled to this fund via the Airport Surplus Revenue Fund. Although no transfers were made through December, the full transfer from the Airport Surplus Revenue Fund is expected to be made prior to the end of the fiscal year. Projects in

this fund support capital projects that are not approved for grant, PFC, or bond funding.

Commitments through December in the Airport Renewal and Replacement Fund total \$7.9 million, or 34.9% of the modified budget for capital projects, and are tracking at estimated budget levels. There are several mid-year appropriation adjustments recommended in this report, including: the establishment of three new projects, Refurbishment of Baggage Claim Conveyors (\$80,000), Relocate Construction Facility Trailers (\$200,000) and SE Hangar Maintenance (\$25,000); the augmentation of Runway 11/29 REIL (\$72,000) and the Terminal Zone Development Strategy Study (\$245,000) projects; and the reduction in funding of the Off Airport Traffic Mitigation (\$68,000) and the Relocate Parking Control Buildings (\$960,000) projects. The net impact of these actions is an increase to Ending Fund Balance in the amount of \$406,000.

The Airport PFC Fund includes projects that have been approved by the FAA for funding from PFC's, which is a \$4.50 fee charged to departing passengers. Projects within this Fund are determined in consultation with the airlines that utilize the Airport facilities. PFC revenue collections were budgeted with a 3% growth in 2005-2006 and have been tracking close to estimated levels. Commitments through December in the Airport PFC Fund total approximately \$23 million or 38.4% of the modified budget for capital projects.

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

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**COMMUNICATIONS**

Financial Status

The Communications Program was established to replace and upgrade the public safety and non-public safety radio equipment and is funded from the Construction and Conveyance (C&C) Taxes.

As discussed in detail in the Park and Community Facilities Development Capital Program section of this document, C&C Tax receipts have continued to exceed expectations. The 2005-2006 Adopted Capital Budget estimate for C&C taxes is \$20 million, of which 3.40% is allocated to the Communications Capital Program. While the adopted estimate allows for a 57% drop from the 2004-2005 collection level, receipts of \$23.2 million through the first half of the fiscal year have actually increased 21.2% from last year and have exceeded the annual budget estimate. There are signs, however, that housing activity and revenue collections are beginning to slow, which will likely continue for the remainder of the year. Adjustments to the revenue estimate will be brought forward at the end of the fiscal year based on actual collections. For purposes of developing the 2006-2007 Proposed Capital Budget, it is assumed that C&C Tax collections will reach \$44 million in 2005-2006.

Expenditures are tracking below budgeted levels through December.

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**DEVELOPER ASSISTED PROJECTS**

Financial Status

The Developer Assisted Projects Capital 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 for the construction of street improvements throughout the City and to encourage the undergrounding of existing overhead utilities. The Underground Utility Fund is supported by In-Lieu fees paid by developers. Revenue collections through December of \$552,000 are behind pace for achieving the adopted estimate of \$1,450,000 and may finish the year below the budgeted level. Any shortage in revenue should be mitigated by expenditure savings with a net result of no impact to fund balance. Expenditures in nearly all categories are tracking below expected levels with the exception of the Underground Utility Administration appropriation, which is already exceeded. Staff is researching the reason for the overage and will bring forward recommended budget adjustments later in the year, if appropriate and necessary.

The Residential Construction Tax Contribution Fund generates its revenue from the Residential Construction Tax. Revenue collections in this category (\$147,000) are well above anticipated levels and on pace to exceed the adopted estimate (\$212,000). Expenditures in nearly all categories are tracking below expected levels

**2005-2006  
MID-YEAR BUDGET REVIEW  
Section II**

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

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

Financial Status (Cont'd.)

with the exception of the Residential Program Administration appropriation, which is already exceeded. Staff is researching the reason for the overage and will bring forward recommended budget adjustments later in the year, if appropriate and necessary.

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**LIBRARY**

Financial Status

The Library Capital Program provides funding to construct new library facilities, renovate existing facilities, acquire materials, install automation equipment to provide information access and electronic processing, and support other miscellaneous facility improvements. The Library Capital Program is funded primarily from Construction and Conveyance (C&C) Taxes, proceeds from the Library Bond Measure, and proceeds from the Library Benefit Assessment.

As discussed in detail in the Park and Community Facilities Development Capital Program section of this document, C&C Tax receipts have continued to exceed expectations. The 2005-2006 Adopted Capital Budget estimate for C&C taxes is \$20 million, of which 14.22% is allocated to the Library Capital Program. While the adopted estimate allows for

a 57% drop from the 2004-2005 collection level, receipts of \$23.2 million through the first half of the fiscal year have actually increased 21.2% from last year and have exceeded the annual budget estimate. There are signs, however, that housing activity and revenue collections are beginning to slow, which will likely continue for the remainder of the year. Adjustments to the revenue estimate will be brought forward at the end of the fiscal year based on actual collections. For purposes of developing the 2006-2007 Proposed Capital Budget, it is assumed that C&C Tax collections will reach \$44 million in 2005-2006.

On November 7, 2000, City voters approved Measure O, a \$212 million general obligation bond for library improvements. The 2005-2006 Adopted Capital Budget included \$26.0 million in bond proceeds to support expenditures related to various bond projects. It is anticipated that the bonds will be issued at the end of the fiscal year to ensure sufficient funding for projects scheduled for 2006-2007. In June 2005, a total of \$21.3 million in bonds were issued to provide sufficient funding for 2005-2006 expenditures. Expenditures for the bond projects are tracking as anticipated through the first half of the year.

The recently passed Library Parcel Tax replaces the sunset Benefit Assessment District in 2005-2006. The Library Parcel Tax Fund revenues and expenditures are tracking within estimated levels through December.

**2005-2006  
MID-YEAR BUDGET REVIEW  
Section II**

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

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**NEW CITY HALL**

Financial Status

The 2005-2006 budget for this capital program primarily reflects project closeout costs and funding to complete the off-site employee garage. The sources of funding for these activities include existing fund balances, commercial paper proceeds, and interest earnings. Commercial paper provides interim financing to complete construction of City Hall and the off-site garage. Bonds will be issued to provide permanent funding at the time of completion of the garage.

Interest earnings are currently budgeted at \$3.05 million from the Civic Center Construction Fund and the Civic Center Parking Fund. Actual collections through December of \$667,000 appear below anticipated levels. However, there is an additional \$2.73 million of interest earnings that is currently being held by the Fiscal Agent. With this amount, interest earnings are actually tracking above the budgeted estimate.

On the expenditure side, it is now projected that the City Hall project will end the year approximately \$1.5 million to \$2.0 million below the budgeted level and the off-site garage will remain within budget. The Furniture, Fixtures and Equipment allocation is also tracking approximately \$8 million to \$10 million below budget (savings of 18-22%).

Actions are recommended in this document to transfer existing funding of \$1.575 million in the City Hall construction line item to the Redevelopment Agency for land acquisition (\$1.375 million) and to Design and Construction Management (\$200,000) to complete the project close-out.

The City Hall construction project was completed on schedule. This facility received the California Construction Magazine Best Overall California Project for 2005.

The projected completion date for the off-site employee parking garage project has moved from late May 2006 to September 2006. A number of factors contributed to the contractor's delay, including unseasonably high rainfall last April and May, failure of the de-watering system, cutting of a fiber-optic line, and unforeseen soil conditions. Staff will continue to work closely with the contractor to resolve construction issues. The Interim Parking Plan will remain in effect to address the short-term parking needs of employees.

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**PARK AND COMMUNITY  
FACILITIES DEVELOPMENT**

Financial Status

The Park and Community Facilities Development Capital Program is a long-term capital investment plan for the acquisition, development, and maintenance of parks, recreational facilities, trails and open space.

**2005-2006  
MID-YEAR BUDGET REVIEW  
Section II**

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

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

Financial Status (Cont'd.)

The Parks 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 the federal and State governments, developer's contributions and fees.

As previously reported in Monthly Financial Reports, Construction and Conveyance collections through December 2005 still continue to far exceed expectations. However, local real estate activity has begun to slow, indicating that the long anticipated decline in this market is underway. Nearly 97% of the total C&C taxes are comprised of conveyance receipts, or property transfers, which are the main driver in this revenue category. The number of property transfers for all types of residences in the first half of 2005-2006 has decreased by 16% compared to the first six months of 2004-2005. The median home price has continued to fall slightly over the last six months, though it did increase 10% from \$625,000 in December 2004, to \$690,000 in December 2005. The average days on market has steadily grown from a low of 15 days in June 2005 to 37 days in December.

The 2005-2006 Adopted Capital Budget estimate for C&C taxes is \$20 million, of which 64% is allocated to the Parks Capital Program.

While the adopted estimate allows for a 57% drop from the 2004-2005 collection level, receipts of \$23.2 million through the first half of the fiscal year have actually increased 21.2% from the prior year collection level and exceeded the current budget estimate. However, the rate of growth from the prior year has started to slow to 9% in each of the last two months. Staff will continue to closely monitor activity and collection levels. Adjustments to the revenue estimates will be brought forward at the end of the fiscal year based on the actual collections.

On November 7, 2000, City voters approved Measure P, a \$228 million general obligation bond for park and recreational improvements. Fund Balance generated from the prior bond issuance is sufficient to cover projects planned in 2005-2006.

In the other funds that support the Park and Community Facilities Development Capital Program, revenues and expenditures are tracking within estimated levels through December.

Several adjustments are recommended in this document to reflect anticipated expenditure changes including Public Works Development Services Staff costs (\$50,000), TRAIL: Bay Trail Reach 9B (\$95,000), improvements to Almaden Lake Park (\$400,000) and an increase to Roosevelt Community Center – Multi-Service (\$10,000) and a corresponding increase to Earned Revenue. In addition, several actions are recommended in this document to appropriate funds for new Capital projects.

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

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

Financial Status (Cont'd.)

These projects include: West San José Community Center FF&E (\$125,000); TRAIL: Guadalupe Creek-Meridian Avenue to Singletree Way (\$50,000), Our City Forest Temporary Storage (\$50,000), Willow Glen Spur Trail Acquisition (\$1,000,000) and Cinnabar Commons Park (\$100,000).

For more detailed information on all the adjustments made to the Parks Capital Program, please refer to Section III of this document.

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**PARKING**

Financial Status

The Parking Capital Program provides funding to maintain and improve existing parking facilities, upgrade and replace both on-street and off-street parking equipment, and develop parking facilities. The Parking Capital Program is funded from the General Purpose Parking Fund.

Revenues in the General Purpose Parking Fund are primarily generated from fees charged at downtown garages, lots and parking meters. A portion of those revenues is transferred to the Parking Capital Program to fund capital improvements. Revenues are currently tracking

slightly higher than projected estimates, and it is anticipated that all of the funding approved for capital projects in the General Purpose Parking Fund in the 2005-2006 Adopted Budget will be available for budgeted purposes.

Through December, capital project expenditures in the General Purpose Parking Fund are tracking within generally expected ranges. The Revenue Control Equipment Replacement and Integration project at the 3<sup>rd</sup> Street and Market/San Pedro parking facilities and the Parking Guidance System – Phase I project were completed in December 2005. The 2<sup>nd</sup>/San Carlos Seismic Upgrade project, miscellaneous facility improvements such as the lighting and stair replacement at the 3<sup>rd</sup> Street parking facility and the concrete deck repair at the Convention Center parking facility are scheduled to begin in the second half of fiscal year 2005-2006.

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**PUBLIC SAFETY**

Financial Status

The Adopted 2005-2006 Public Safety Capital Program is funded from three sources: proceeds from the Neighborhood Security Act Bond Measure (\$142.1 million); Fire Construction and Conveyance (C & C) Tax Fund (\$8.2 million) and the General Fund (\$2.6 million).

On March 5, 2002, the voters in San José approved Measure O, the “9-1-1, Fire, Police, Paramedic and Neighborhood Security Act”, a

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

**PUBLIC SAFETY (CONT'D.)**

Financial Status (Cont'd.)

\$159 million general obligation bond for Police and Fire capital improvements. \$78.8 million of bonds have been issued in prior fiscal years, and the 2005-2006 Adopted Capital Budget includes an additional bond issuance of \$75.4 million. Although no bonds have been issued this fiscal year, another issuance of general obligation bonds is anticipated in June of 2006. The issuance size, however, will be determined by the expenditure and encumbrance needs of the various public safety projects. Through December, revenues and expenditures in this program are tracking within estimated levels.

As discussed in detail in the Park and Community Facilities Development Capital Program section of this document, C&C Tax receipts have continued to exceed expectations. The 2005-2006 Adopted Capital Budget estimate for C&C taxes is \$20 million, of which 8.40% is allocated to the Fire Capital Program. While the adopted estimate allows for a 57% drop from the 2004-2005 collection level, receipts of \$23.2 million through the first half of the fiscal year have actually increased 21.2% from last year and have exceeded the annual budget estimate. There are signs, however, that housing activity and revenue collections are beginning to slow, which will likely continue for the remainder of the year. Adjustments to the revenue estimate will be brought forward at the end of the fiscal year based on actual collections. For purposes of developing the

2006-2007 Proposed Capital Budget, it is assumed that C&C Tax collections will reach \$44 million in 2005-2006.

As part of the Fire Department Cost/Position Management Plan actions recommended in this document, funding of \$381,000 is recommended to be shifted from the General Fund to the Fire Construction and Conveyance Tax Fund. These actions include costs associated with capital program management (\$33,000) to more accurately align funding with services provided and fire safety equipment (\$348,000).

Also included in this document are recommendations to appropriate additional funding from the Construction and Conveyance Tax Fund to update all response maps (\$65,000) to ensure that fire companies are able to respond to emergency incidents effectively and to rebudget unexpended 2004-2005 expenditures (\$60,000) to fund potential increases in fire apparatus replacement costs. In addition, this action increases the Fire Apparatus Replacement appropriation (\$50,000) to fund the replacement of two vehicles required for 24/7 emergency response obligations. Ending fund balance from the C&C Fund will be used to offset these costs, which total \$556,000.

The Public Safety Capital Program also receives funds from the General Fund. Activity in this portion of the Public Safety Program is tracking within expected ranges.



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MID-YEAR BUDGET REVIEW  
Section II**

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

**SANITARY SEWER**

Financial Status

The Sanitary Sewer System of the City of San José consists of approximately 2,000 miles of sewer mains ranging in diameter from six to 90 inches. The system serves the City as well as three other jurisdictions, and conveys sewage to the San José/Santa Clara Water Pollution Control Plant. 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 through transfers from the Sewer Service and Use Charge Fund, joint participation revenues, loan repayments, connection fee revenues, interest, and other miscellaneous revenue.

The Sewer Service and Use Charge Capital Improvement Fund is funded through transfers from the Sewer Service and Use Charge Fund and interest earnings. Transfers through December in this fund have totaled \$9.65 million, or 66.7% of the budgeted amount (\$14.48 million), and are expected to end the year as budgeted. Through the first six months, interest earnings and miscellaneous revenue are tracking above estimated levels at \$830,000 or 104% of the budgeted amount due to an unbudgeted \$393,000 reimbursement from Caltran for the Highway 87 project and higher than projected cash balances. On the expenditure side, two projects are recommended to be adjusted. An increase of \$75,000 for the

Monterey Riverside Sewer project is needed for on-site traffic control. When the project was developed, this expenditure was not planned. Additional funding of \$172,000 for the Rosemary Area project is necessary based on a revised cost estimate. A decrease in the ending fund balance will offset these actions. Other capital projects are occurring as anticipated and any remaining savings at year-end is expected to be rebudgeted to complete ongoing projects.

Overall, with interest income tracking as anticipated and expenditures occurring as expected, this fund should end the year with an ending fund balance at the current estimate.

Joint participation revenues, connection fees, and interest earnings support the Sanitary Sewer Connection Fee Fund. Joint participation revenues, usually invoiced and accrued at the end of the fiscal year, reflect cost sharing of actual expenditures incurred during the fiscal year. Corresponding project expenditure savings will offset any potential shortfall in this category. Through December, collections of Sanitary Sewer Connection Fees totaled \$810,000 or 44% of the budgeted amount (\$1,852,000) and are occurring approximately as anticipated. Interest income and miscellaneous revenue totaled \$504,000 through December due mainly to an unbudgeted \$393,000 reimbursement from Caltran for the Highway 87 project. On the expenditure side, projects tracked through December as estimated and any unexpended funds at year-end are expected to be rebudgeted to complete ongoing projects.

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MID-YEAR BUDGET REVIEW  
Section II**

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

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**SERVICE YARDS**

Financial Status

The Service Yards Capital Program funds the construction and capital improvements for City Service Yards, which house all the support shops that maintain City vehicles, buildings, sanitary sewers, storm drains, streets, and related facilities. The Service Yards Capital Program is supported by the Construction and Conveyance (C&C) Tax Fund.

As discussed in detail in the Park and Community Facilities Development Capital Program section of this document, C&C Tax receipts have continued to exceed expectations. The 2005-2006 Adopted Capital Budget estimate for C&C taxes is \$20 million, of which 8.78% is allocated to the Service Yards Capital Program. While the adopted estimate allows for a 57% drop from the 2004-2005 collection level, receipts of \$23.2 million through the first half of the fiscal year have actually increased 21.2% from last year and have exceeded the annual budget estimate. There are signs, however, that housing activity and revenue collections are beginning to slow, which will likely continue for the remainder of the year. Adjustments to the revenue estimate will be brought forward at the end of the fiscal year based on actual collections. For purposes of developing the 2006-2007 Proposed Capital Budget, it is assumed that C&C Tax collections will reach \$44 million in 2005-2006.

Expenditures are tracking well within estimated levels through December and are expected to be within budgeted levels at the end of the year. A recommendation is included in this document to accelerate funding for the Central Service Yards Phase II project by \$50,000. This increase will pay for expenses related to environmental clearances necessary for the demolition of the Main Yard. This action will have no impact to the total cost of the project as it was already planned for in 2007-2008.

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**STORM SEWER**

Financial Status

The purpose of the Storm Sewer System is to collect storm water separate from the Sanitary Sewer System, assure through best practices the quality of the runoff, and convey it to nearby creeks and rivers. 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 \$675,000 or 33.3% of the budgeted amount of \$2,025,000. The full amount is expected to be transferred by year-end. Through December, interest earnings are tracking slightly below projected levels at \$44,400, which represents 44.4% of the budgeted amount (\$100,000).

On the expenditure side, due to an acceleration and add-alternate to expand the original scope

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MID-YEAR BUDGET REVIEW  
Section II**

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

**STORM SEWER (CONT'D.)**

Financial Status (Cont'd.)

of the Albany-Kiely Storm Drainage Improvement Phase II project, an increase of \$150,000 is recommended in this report. A decrease in the ending fund balance will offset this action. Any expenditure savings within this fund are anticipated to be rebudgeted to fund the continuation of these projects in 2006-2007.

In the Storm Drainage Fee Fund, Storm Drainage Fees generate the majority of revenues for this fund. Through December, these collections totaled \$326,000, which is 67% of the estimated revenues for 2005-2006 (\$490,000) due to higher than anticipated activity. Overall, revenues in this fund are tracking to end the year above the budgeted level. Through the first six months, expenditures in this fund tracked as expected.

**TRAFFIC**

Financial Status

The Traffic Capital Program's mission is to implement a safe, efficient, and environmentally sensitive surface transportation system. The Traffic Capital Program is funded in large part by Building and Structure Construction Taxes and Construction Excise Taxes. With the revenues in both categories tracking at par level, they are expected to meet their budgeted estimates by year-end.

Building and Structure Construction Tax Fund

Building and Structure Construction Tax receipts through December totaled \$4.71 million (54.4% of the current 2005-2006 estimate of \$8.65 million). This represents a decrease of 17.9% from last year's year-to-date receipts of \$5.73 million. The budgeted estimate for this category allowed for a 21.3% drop in 2005-2006. Current projections indicate that revenues will likely meet adopted estimates by year-end. Staff will continue to monitor these revenues closely and report current status in future Monthly Financial Reports.

Other revenues from grants and reimbursements are generally tracking within estimated levels. However, there are a number of adjustments recommended in this report. A decrease of \$1,714,000 in revenues with a corresponding decrease to the Intelligent Transportation System (ITS): Stevens Creek (West) project of \$335,000 is recommended in this document to recognize a delay in award of the construction contract due to project scope changes. These revenues and expenditures will be programmed in the 2007-2011 Capital Improvement Program. There are also changes in various miscellaneous revenues recommended in this document. A \$456,000 increase in revenue is recommended to recognize additional revenue received from the Route 87: Guadalupe Corridor Escrow account closure. An increase of \$11,000 is recommended to recognize additional revenue received from the Santa Clara Valley Water District for payment of valve adjustments coordinated with the Story

**2005-2006  
MID-YEAR BUDGET REVIEW  
Section II**

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

TRAFFIC (CONT'D.)

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

Road: Senter to McLaughlin project. Also, an increase of \$9,000 in revenues is recommended for each of the following projects: the Seismic Bridge Retrofit at Julian Street, the Seismic Bridge Retrofit at Meridian Avenue, and the Seismic Bridge Retrofit at Williams Street based on the grant agreements. A decrease of \$50,000 in revenue is also being recommended for the Transportation for Clean Air (TFCA): Traffic Signals-Light Rail Transit (LRT) Retiming project. Project costs were lower than anticipated, which reduces the reimbursement to the City.

On the expenditure side, there are also a number of adjustments recommended in this report. An increase of \$75,000 to the ITS: Transportation Incident Management Center project is recommended to provide services necessary to obligate Federal Transportation earmark funds, which involves development of project description, systems engineering, and configuration management plans. Also, an increase of \$50,000 to the Route 880: Coleman Interchange Upgrade project is recommended to fund the procurement of an artist for collaboration with landscape architects in the development of potential concepts for the landscape redesign plan. To offset all the actions recommended in this document, a decrease of \$1,504,000 to ending fund balance is necessary.

Construction Excise Tax Fund

Tax receipts through December for the Construction Excise Tax Fund totaled \$6.67 million, which represents a 17.8% decrease over last year's \$8.12 million received over the same period. Collections for the first six months of the year total 49.8% of the 2005-2006 estimate of \$13.41 million. The budgeted estimate for this category allowed for a 12.2% drop in 2005-2006. Construction Excise Tax receipts are still expected to meet budgeted estimates by year-end. Staff will continue to monitor these revenues closely, and report current status in future Monthly Financial Reports. Other revenues from grants and reimbursements are generally tracking within estimated levels.

There are a number of actions recommended in this report to adjust revenues and expenditures based on current activity and project needs. Both the Fiber Optics Permits Engineering project and the corresponding fee revenue are recommended to be adjusted downward by \$400,000 due to the decreasing amount of requests for Comcast permits as the project is approaching completion. An increase of \$17,000 in revenues with a corresponding increase to the BART Project Management project is recommended to recognize additional funds from Valley Transportation Authority (VTA) for BART Geotechnical Encroachment Permit review and monitoring services. Finally, an increase of \$70,000 is recommended for the ITS: Transportation Information Center and Remote Transportation Management Center (TMC) project to fund staff time and consultant expenses for the new City Hall architecture

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MID-YEAR BUDGET REVIEW  
Section II**

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

TRAFFIC (CONT'D.)

Construction Excise Tax Fund (Cont'd.)

services agreement and the relocation of electrical and network cabling to the final Traveler Information Center location. A corresponding decrease of \$70,000 to the Ending Fund Balance is recommended to offset the ITS: Transportation Information Center and Remote TMC project.

Other Funds

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, including signal retiming necessitated by increased congestion caused by development. Revenues through December are tracking at \$108,000 or 43.2% of the 2005-2006 budgeted estimate of \$250,000. However, this revenue source is traditionally very unpredictable since it is based on developers' decisions.

The Traffic Capital Program also receives significant funding from the General Fund. Activity in this portion 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 year are anticipated to do so before the end of 2005-2006.

WATER POLLUTION CONTROL

Financial Status

The San José/Santa Clara Water Pollution Control Plant is a regional wastewater treatment facility serving eight tributary sewage collection agencies, including municipalities and sanitary sewer districts. The Water Pollution Control Capital Program is funded primarily through contributions from Tributary Agencies, interest, transfers from Sewer Service & Use Charge Fund and Sewage Treatment Connection Fee Fund, Silver Creek pipeline contributions from the Santa Clara Valley Water District, grant revenues from the United States Bureau of Reclamation (USBR), and Proposition 13 funding from the State Water Resources Control Board.

Revenues from Tributary Agencies are tracking close to year-to-date estimates. Through the first six months of the year, these revenues totaled \$3.0 million or 55% of the budgeted amount. It is expected that the budgeted amount will be received by year-end. Through December, interest revenues totaled \$1.6 million or 67% of the budgeted amount and are expected to exceed the adopted estimate by year-end. Transfers from the Sewer Service & Use Charge Fund and the Sanitary Sewer Connection Fee Fund are occurring as scheduled

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MID-YEAR BUDGET REVIEW  
Section II**

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

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

Financial Status (Cont'd.)

and are expected to reach the budgeted amount for 2005-2006 (\$6.2 million).

Contributions for the Silver Creek recycled water pipeline extension were received from the Santa Clara Valley Water District in the amount of \$5.7 million. Receipts from USBR Grant revenues totaling \$1.496 million, accrued in 2004-2005, were received in August 2005. Environmental Services is also in the process of sending a final request for payment of a \$3.65 million state grant. Overall, revenues are expected to meet or exceed the budgeted estimate by year-end.

Through December, expenditures in this program tracked as estimated.

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**WATER UTILITY SYSTEM**

Financial Status

The San José Municipal Water System provides water utility service, in accordance with State of California Department of Health Services requirements, to areas approved for development by the City Council and within the City's water service area. 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 \$145,000, or 18.1%, of the budgeted amount for 2005-2006 (\$800,000). These fee revenues are tracking below expected levels due to lower than anticipated activity. It should be noted, however, that Service Connection and Advanced System Design fees are reimbursement for actual expenditures. Expenditure savings in these categories will therefore fully offset any overall fee revenue shortfall. Additionally, interest earnings totaled \$56,000 through December, or 73% of the annual budget estimate of \$77,000. Interest earnings are expected to exceed the budgeted amount due to higher than anticipated cash levels. Overall, therefore, higher than expected interest collections and expenditure savings mentioned above are expected to offset the shortfall in fee revenues by year-end. Transfers from the Consolidated Water Utility Fund are occurring as scheduled.

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 slow development in the first half of the year, fee collections totaled only \$13,000, or 8.6% of the budgeted amount for 2005-2006 (\$150,000). Development projects starting in spring 2006 are expected to significantly improve connection fee collections and bring these revenues closer to their

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MID-YEAR BUDGET REVIEW  
Section II**

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


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

Financial Status (Cont'd.)

estimated levels. Interest earnings totaled \$51,000 or 55% of the budgeted amount (\$92,000). If the overall revenue collected does fall below the budgeted estimate by year-end, there is sufficient ending fund balance to cover any shortfall in this fund.

Through December, expenditures in this program tracked as estimated.




2005-2006

MID-YEAR  
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REVIEW



SECTION  
III

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





**2005-2006  
MID-YEAR BUDGET REVIEW  
Section 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 the General Fund and by Special/Capital Funds. Both the General Fund and Special/Capital Funds sections are divided into the following two parts:

*Augmentation/Reduction Summary* – Briefly describes all proposed augmentations and reductions, except for those detailed in the Clean-Up Adjustment Actions Section. The General Fund Augmentations and Reductions are organized into five categories: 2006-2007 Future Deficit Reserve, Budget Strategies, Development Fee Programs, Grants/Reimbursements, and Required Adjustments.

- Described in the 2006-2007 Future Deficit Reserve category is the implementation of the 2005-2006 Cost/Position Management Plans. In November 2005, for the fifth year in a row, departments (in coordination with the appropriate CSA) were assigned General Fund Cost/Position Management Plan reduction targets to achieve cost savings with the least impact on City services. All General Fund departments were assigned a 2% target (applied to their adjusted base budget), with the exception of the Fire Department, the Police Department, and Independent Police Auditor's Office. The Fire Department, Police Department and the Independent Police Auditor's Office were assigned a 1% target. These reductions were intended to generate additional savings in the General Fund as a means to begin to offset the projected 2006-2007 shortfall and to preserve position vacancies to provide redeployment flexibility and prevent, to the extent possible, employee layoffs in the coming year. Based on CSA and departmental recommendations, a total of \$6.0 million in cumulative savings is expected to be achieved by year-end. These savings are recommended in this report to be removed from each department and added in the 2006-2007 Future Deficit Reserve (bringing the total reserve to \$18.4 million) to be available later as one of many strategy options possible to balance the projected 2006-2007 General Fund budget shortfall. Specific information regarding the implementation of the 2005-2006 CSA/Department Cost/Position Management Plans is provided below.

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**BUDGET AUGMENTATIONS/REDUCTIONS AND  
CLEAN-UP ADJUSTMENTS  
(CONT'D.)**

**Recommended Augmentation/Reduction Adjustments** (Cont'd.)

2006-2007 Future Deficit Reserve (Cont'd.)

*Community and Economic Development*

The Planning, Building and Code Enforcement Department's Cost/Position Management Plan identified savings from portions of two previously vacant Principal Planner positions to achieve its target savings of \$68,000. Holding these two positions vacant for a portion of the year resulted in continuation of a temporary reduction in neighborhood planning services. The department has now filled one of the vacancies and is in the process of filling the remaining Principal Planner position. In the Office of Economic Development, total savings of \$77,000 is expected to be achieved. Savings were identified from vacant positions and overtime expenditures and no service level impacts are expected. In addition, non-personal/equipment savings have been realized through efficiencies in the Office's small business chambers of commerce contracts process as well as office supplies. The efficiencies associated with the contracts process will result in new, shorter contracts which permit the redistribution of money between the chambers to those which exceed their performance targets.

*Environmental and Utility Services*

The Environmental Services Department's Cost/Position Management Plan identified \$25,000 in non-personal/equipment savings to achieve its target. This will be achieved through savings in the yard trimming contract for city facilities. Based upon current performance, it is anticipated that the reduced funding level should have no impact on the current levels of service.

*Neighborhood Services*

The Cost/Position Management Plan for the Parks, Recreation and Neighborhood Services (PRNS) Department includes savings totaling \$677,000. No impact on the current levels of service is expected. Savings of \$101,000 in personal services will be achieved by shifting the funding source for two General Funded positions (an Assistant Director and a Senior Analyst) to be capital funded for a portion of the year to better align with the work performed. These two positions have been temporarily backfilling vacant positions that are anticipated to be filled later this year. Savings of \$119,000 will also be generated by keeping vacant aquatic positions (since 2004) whose essential functions continue to be absorbed by other staff. Similarly, reductions in supplies, materials and contractual services will achieve savings of \$108,000. Reductions for the San José Future Teacher Loan Program (\$188,000) and the Community Action and Pride Grant (\$160,000) are also recommended. Given the lower than anticipated number of applicants, all new future teacher loans for tuition/education expenses will be made this year with no adverse

**2005-2006  
MID-YEAR BUDGET REVIEW  
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**BUDGET AUGMENTATIONS/REDUCTIONS AND  
CLEAN-UP ADJUSTMENTS  
(CONT'D.)**

**Recommended Augmentation/Reduction Adjustments** (Cont'd.)

2006-2007 Future Deficit Reserve (Cont'd.)

*Neighborhood Services* (Cont'd.)

impacts expected by this reduction. The recommended reduced funding level for the Community Action and Pride Grant will be consistent with the funding level from the previous year.

In the Library Department, personal services savings of approximately \$458,000 were identified. Savings will be achieved by redirecting appropriate personal services costs (\$382,000) towards the Library Benefit Assessment District, and by keeping vacant a Supervising Librarian and a Secretary position (\$26,000) for the first half of the year. In addition, delays earlier in the year in the implementation of the Sunday service at six branches will provide a savings of \$50,000. The overall service levels and performance of the Library Department are not anticipated to be impacted by the reductions.

*Public Safety*

Savings of \$2.1 million identified by the Police Department primarily consists of savings from both sworn and civilian vacancies. The Department has generated savings from civilian positions that have been vacant during the first half of the year. In the second half of the year, the recommended delay in hiring and continued freeze of some civilian positions will continue to impact the Department's response time for fulfilling requests for data/reports as currently experienced, and to mitigate this impact, the shift of duties of vacant civilian positions to remaining sworn and civilian staff will continue. In addition, a very low vacancy savings amount is factored in the Police Department budget in order to provide funding for sworn positions that can be hired ahead of vacancies in order to ensure street-ready personnel. Based on projected sworn hiring and costs associated with the July 2005 Recruit Academy, the planned January 2006 Recruit Academy, and March 2006 lateral hire, personal services savings will result due to the limited number of eligible candidates.

For the Fire Department, savings of \$784,000 will be generated from several recommended actions including the shift of funding from the General Fund to the Fire Construction and Conveyance Tax Fund (\$381,000) for costs associated with capital program management to more accurately align funding with services provided and fire safety equipment; a reduction in discretionary overtime expenditures (\$250,000) related to special outreach events, training, and continuing education; the reimbursement of special operations training by the State Homeland

**2005-2006  
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**BUDGET AUGMENTATIONS/REDUCTIONS AND  
CLEAN-UP ADJUSTMENTS  
(CONT'D.)**

**Recommended Augmentation/Reduction Adjustments** (Cont'd.)

2006-2007 Future Deficit Reserve (Cont'd.)

*Public Safety* (Cont'd.)

Security Grant (\$100,000); and the reassignment of an administrative Fire Captain to line functions (\$53,000).

Moderate savings of \$3,000 in the Office of Emergency Services will be generated from shifting eligible non-personal/equipment purchases to grant funds. Similarly, moderate savings of \$7,000 in the Independent Police Auditor's Office will be generated through salary savings. No impact on the current levels of service is anticipated for both departments.

*Transportation and Aviation Services*

Most of the \$304,000 savings identified by the Department of Transportation are generated by vacancy savings from long-term vacancies, and continuing to hold these positions vacant will not have any further service level impacts beyond those already realized. Although essential functions of the vacant positions are being absorbed by other staff members, the Cost/Position Management Plan will require the Department to continue to experience limitations in fulfilling the following activities: preventive maintenance seal treatment for the Maintain Street Pavement Program, performing electric maintenance and repair activities, and updates to a list of Capital Improvement Project signals to be constructed or modified. Of the personal services savings identified, \$67,000 will be achieved by reducing the amount of overtime expenditures taken which may impact parking enforcement and preventive maintenance seal treatment. The Transportation Department Cost/Position Management Plan also includes savings in non-personal/equipment of \$128,000. Of this savings, \$45,000 will be achieved by reducing the purchase of materials and supplies for Parking Services and Transportation Planning, which may have a minor impact on service levels. Savings of \$83,000 will be achieved by the Traffic Maintenance Core Service by deferring repairs to vehicle detection loops, traffic intersection communication cable, and Intelligent Transportation System camera repair or upgrades. Since the deferral of these repairs will affect less traveled areas, service level impacts are expected to be very minimal.

*Strategic Support*

Savings of approximately \$800,000 will be generated through a combination of personal services savings and non-personal/equipment reductions. In the Finance Department and the Information Technology Department, vacancy savings that were realized over the first half of the year will be

**2005-2006  
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**BUDGET AUGMENTATIONS/REDUCTIONS AND  
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(CONT'D.)**

**Recommended Augmentation/Reduction Adjustments** (Cont'd.)

2006-2007 Future Deficit Reserve (Cont'd.)

*Strategic Support* (Cont'd.)

recognized. Non-personal/equipment reductions in the Employee Services Department include funding reductions for outreach materials for employee benefits, ergonomic evaluations, DMV record tracking, office supplies, computer maintenance and repair, training, and contractual services. With the exception of ergonomic evaluations, no significant service level impacts are anticipated. In the General Services Department, personal services savings will be generated by continuing to hold a Custodian position vacant. In addition, the General Services Department will make contractual services reductions for HVAC services and window washing which will have no service level impacts as much of the responsibility for these services have not yet been transferred from contractors to the City. In the Public Works Department, a general non-personal/equipment reduction will have minimal service level impacts. Non-personal/equipment needs in the Department have been re-evaluated and lower priority needs, such as training, will be scaled back.

The Cost/Position Management Plans for the Mayor, City Council and Appointees contribute about \$550,000 in combined savings to the General Fund. Savings in the Offices of the City Attorney, City Auditor, City Manager, and Independent Police Auditor (as discussed in the *Public Safety* section above) are realized primarily from salary savings from vacant positions. In addition, miscellaneous non-personal/equipment savings are expected in the Offices of the City Attorney and the City Auditor. These reductions are not expected to impact the current service levels provided at these Offices. The Office of the City Clerk will realize savings from the District 7 Special Election. For the Mayor and City Council, budget savings will be realized equally from the Mayor, Council, and Council General budgets with no impacts anticipated.

- The Budget Strategies category includes adjustments to increase the Property Tax and Utility Tax revenue estimates to more closely align the estimate with year-end anticipated collection levels. These funds will be utilized to establish a 2005-2006 General Fund Ending Fund Balance Reserve consistent with the General Fund year-end balance estimate included in the 2006-2007 Preliminary General Fund Forecast provided to the City Council in November 2005 and to support other activities as recommended in this report.

**2005-2006  
MID-YEAR BUDGET REVIEW  
Section III**

**BUDGET AUGMENTATIONS/REDUCTIONS AND  
CLEAN-UP ADJUSTMENTS  
(CONT'D.)**

**Recommended Augmentation/Reduction Adjustments** (Cont'd.)

- The Development Fee Programs category includes various adjustments such as the addition of an Associate Engineer position to provide technical assistance and guidance to small businesses as part of the Small Business Program, and three positions to address issues identified in the recent Getting Families Back to Work III Study Session. Funding is recommended for an Architectural Review Committee to review selected high-rise development projects in the Downtown area, as well as the purchase of additional high rise structural software packages. These additions are recommended to be funded by Building, Planning, and Fire fee revenues.
- In the Grants/Reimbursements category, revenues received or anticipated to be received from various outside sources are recognized with corresponding appropriations recommended to implement the grants.
- Included in the Required Adjustments category are various recommended adjustments such as providing additional funding for general liability claims payments and the city-wide Sidewalk Repair Grant Program, the City's share of the development of a joint plan with San José University, and reimbursing the Arena Reserve Fund for the exterior cleaning of the HP Pavilion. Similarly, funding is recommended to be established for items such as the fixture, furnishings and equipment for the West Community Joint Facility project and land acquisition costs associated with the Willow Glen Spur Trail. In addition, the transfer of nine positions and related non-personal/equipment funding for the Vehicle Abatement Program from Planning, Building and Code Enforcement to the Transportation Department is a recommended adjustment in this section.

*Augmentation/Reduction Adjustment Actions* – Describes in a table, the funding source or appropriation adjustments that are required to enact the augmentations and reductions described above.

**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 fully implement City Council direction, to correct existing appropriations, or to provide adjustments necessary to continue City operations.

**2005-2006  
MID-YEAR BUDGET REVIEW  
Section III**

**BUDGET AUGMENTATIONS/REDUCTIONS AND  
CLEAN-UP ADJUSTMENTS  
(CONT'D.)**

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

Tables are provided in this section of the report (with the proposals listed in title only) to summarize the recommended adjustments for the General Fund and Special/Capital Funds. The following types of adjustments are included in this section:

- Net-Zero Salary Program Adjustments – The 2005-2006 Salary Program includes appropriation adjustments to various departments and funds to reflect salary and benefit changes that became effective after the adoption of the 2005-2006 Operating Budget. The adjustments include the distribution of benefits funding (\$3.5 million all funds, \$2.6 million General Fund) to primarily reflect increased health rates (19%), effective January 2006, funded from the Salary Reserve. Also included and funded from the Salary Reserve is a \$2.6 million upward adjustment to reflect 2005-2006 compensation expenditures resulting from the new contract with the Police Officers' Association.
- Net-Zero Movements Between Appropriations – Revisions are proposed here to correct errors in the 2005-2006 Adopted Budget. For example, actions are recommended to reallocate existing funding of \$1.6 million in the Civic Center Construction Fund – City Hall construction line item for Design and Construction Management and to transfer funds to the Redevelopment Agency for land acquisition.

Similarly, funding for the Campaign Finance Review/Ethics Board appropriation is recommended to be reallocated to the Elections Commission appropriation and overtime funding will be provided in the General Services Department which was incorrectly allocated in the department's Non-Personal/Equipment appropriation.

Also included in this section are adjustments to various departments to reflect implementation of the Voluntary Furlough/Special Reduced Work Week Program. Savings (\$375,000 in the General Fund, \$1.1 million all funds) are generated from employees taking unpaid time off (up to 40 hours) without the loss of accrued benefits (vacation, sick leave, and seniority) or reducing their weekly scheduled hours by as much as eight hours per week during the year. These savings were assumed in the development of the 2005-2006 Adopted Operating Budget. The actions reflected here remove the funds from the departments and restore the savings to the Salary Reserve where they were temporarily removed as part of the Adopted Budget.

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**BUDGET AUGMENTATIONS/REDUCTIONS AND  
CLEAN-UP ADJUSTMENTS  
(CONT'D.)**

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

- Rebudget Adjustments not included in the Annual Report – Revisions are proposed to correct appropriations for rebudgets that were not included, or included in error, in the 2004-2005 Annual Report (approved by Council on October 18, 2005) and are necessary to complete capital or other various projects. Included in these adjustments is a rebudget for Edenvale Garage. Corresponding actions to these adjustments are proposed to the beginning and ending fund balances or revenue estimates, as appropriate.

*Clean-up Adjustment Actions* – Describes in a table, the funding source or appropriation adjustments that are required to enact the cleanup adjustments described above.



# General Fund Augmentation/Reduction Summary

## 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>2006-2007 FUTURE DEFICIT RESERVE</b>				
<i>2006-2007 Future Deficit Reserve</i>	EARMARKED RESERVES		\$5,973,032	
Increases the 2006-2007 Future Deficit Reserve to reflect the savings in departmental appropriations associated with the implementation of 2005-2006 General Fund Cost/Position Management Plans (\$5,973,032).				
<i>Cost/Pos Mgt Plan Savings-CAP Grants</i>	CITY-WIDE EXPENSES		(\$160,000)	
<i>Cost/Pos Mgt Plan Savings-Future Teachers Program</i>	CITY-WIDE EXPENSES		(\$188,335)	
<i>Cost/Position Management Plan Savings</i>	CITY ATTORNEY		(\$190,521)	
<i>Cost/Position Management Plan Savings</i>	CITY AUDITOR		(\$44,248)	
<i>Cost/Position Management Plan Savings</i>	CITY CLERK		(\$27,169)	
<i>Cost/Position Management Plan Savings</i>	CITY MANAGER		(\$172,812)	
<i>Cost/Position Management Plan Savings</i>	ECONOMIC DEVELOPMENT		(\$77,009)	
<i>Cost/Position Management Plan Savings</i>	EMERGENCY SERVICES		(\$3,387)	
<i>Cost/Position Management Plan Savings</i>	EMPLOYEE SERVICES		(\$98,000)	
<i>Cost/Position Management Plan Savings</i>	ENVIRONMENTAL SERVICES		(\$25,345)	
<i>Cost/Position Management Plan Savings</i>	FINANCE		(\$143,267)	
<i>Cost/Position Management Plan Savings</i>	FIRE		(\$684,310)	\$100,000
<i>Cost/Position Management Plan Savings</i>	GENERAL SERVICES		(\$267,430)	

**General Fund Augmentation/Reduction Summary  
2005-2006 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>2006-2007 FUTURE DEFICIT RESERVE</b>				
<i>Cost/Position Management Plan Savings</i>	INDEPENDENT POLICE AUDITOR		(\$6,918)	
<i>Cost/Position Management Plan Savings</i>	INFORMATION TECHNOLOGY		(\$246,935)	
<i>Cost/Position Management Plan Savings</i>	LIBRARY		(\$458,037)	
<i>Cost/Position Management Plan Savings</i>	PARKS, REC AND NEIGH SVCS		(\$328,878)	
<i>Cost/Position Management Plan Savings</i>	PLAN, BLDG AND CODE ENF		(\$67,992)	
<i>Cost/Position Management Plan Savings</i>	POLICE		(\$2,096,050)	
<i>Cost/Position Management Plan Savings</i>	PUBLIC WORKS		(\$35,346)	
<i>Cost/Position Management Plan Savings</i>	TRANSPORTATION		(\$431,948)	
<i>Cost/Position Management Plan Savings/Council District 1</i>	MAYOR & COUNCIL		(\$5,405)	
<i>Cost/Position Management Plan Savings/Council District 10</i>	MAYOR & COUNCIL		(\$4,344)	
<i>Cost/Position Management Plan Savings/Council District 2</i>	MAYOR & COUNCIL		(\$4,668)	
<i>Cost/Position Management Plan Savings/Council District 3</i>	MAYOR & COUNCIL		(\$3,489)	
<i>Cost/Position Management Plan Savings/Council District 4</i>	MAYOR & COUNCIL		(\$3,316)	

**General Fund Augmentation/Reduction Summary  
2005-2006 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>2006-2007 FUTURE DEFICIT RESERVE</b>				
<i>Cost/Position Management Plan Savings/Council District 5</i>	MAYOR & COUNCIL		(\$5,040)	
<i>Cost/Position Management Plan Savings/Council District 6</i>	MAYOR & COUNCIL		(\$4,920)	
<i>Cost/Position Management Plan Savings/Council District 7</i>	MAYOR & COUNCIL		(\$3,482)	
<i>Cost/Position Management Plan Savings/Council District 8</i>	MAYOR & COUNCIL		(\$3,711)	
<i>Cost/Position Management Plan Savings/Council District 9</i>	MAYOR & COUNCIL		(\$5,635)	
<i>Cost/Position Management Plan Savings/Council General</i>	MAYOR & COUNCIL		(\$52,494)	
<i>Cost/Position Management Plan Savings/Mayor</i>	MAYOR & COUNCIL		(\$22,591)	
<b>TOTAL 2006-2007 FUTURE DEFICIT RESERVE</b>			<b>\$100,000</b>	<b>\$100,000</b>

**BUDGET STRATEGIES**

***Ending Fund Balance***

Establishes a 2005-2006 General Fund Ending Fund Balance Reserve consistent with the General Fund year-end balance estimate included in the 2006-2007 Preliminary General Fund Forecast provided to the City Council in November, 2005.

EARMARKED  
RESERVES

\$17,000,000

***Gas Utility Tax Revenue Adjustment***

Increases the Gas Utility Tax revenue estimate to more closely align the estimate with year-end anticipated collection levels as described elsewhere in this document. These funds will be utilized to establish a 2005-2006 General Fund Ending Fund Balance Reserve and to support other activities as recommended in this report.

REVENUE  
ADJUSTMENTS

\$3,926,540

# General Fund Augmentation/Reduction Summary

## 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>BUDGET STRATEGIES</b>				
<b><i>SB 813 Property Tax Revenue Adjustment</i></b>				
Increases the SB 813 Property Tax revenue estimate to more closely align the estimate with year-end anticipated collection levels as described elsewhere in this document. These funds will be utilized to establish a 2005-2006 General Fund Ending Fund Balance Reserve and to support other activities as recommended in this report.	REVENUE ADJUSTMENTS			\$2,400,000
<b><i>Secured Property Tax Revenue Adjustment</i></b>				
Increases the Secured Property Tax revenue estimate to more closely align the estimate with year-end anticipated collection levels as described elsewhere in this document. These funds will be utilized to establish a 2005-2006 General Fund Ending Fund Balance Reserve and to support other activities as recommended in this report.	REVENUE ADJUSTMENTS			\$11,600,000
<b><i>Telephone Utility Tax Revenue Adjustment</i></b>				
Increases the Telephone Utility Tax revenue estimate to more closely align the estimate with year-end anticipated collection levels as described elsewhere in this document. These funds will be utilized to establish a 2005-2006 General Fund Ending Fund Balance Reserve and to support other activities as recommended in this report.	REVENUE ADJUSTMENTS			\$3,000,000
<b>TOTAL BUDGET STRATEGIES</b>			<b>\$17,000,000</b>	<b>\$20,926,540</b>
<b>DEVELOPMENT FEE PROGRAMS</b>				
<b><i>Architectural Review Committee</i></b>				
Provides funding for Planning's review of selected high-rise development projects in the Downtown area for conformance with the City's Downtown Design Guidelines. It is anticipated that six high-rise applications will require review. This increase can be entirely offset by additional Planning fee revenues.	PLAN, BLDG AND CODE ENF		\$70,000	\$70,000
<b><i>Development Services Public Address System</i></b>				
Provides funding for a public address system for the development services partners. The partners operate public service counters on three floors of the new City Hall and are housed in offices on four floors. A public address system will summon staff located anywhere in the back offices to the service counters in a timely manner to provide customer service and to meet performance standards that customers wait no more than 30 minutes. This increase can be offset by additional Building fee revenues.	PLAN, BLDG AND CODE ENF		\$100,000	\$100,000

## General Fund Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>DEVELOPMENT FEE PROGRAMS</b>				
<i>Fire Fee Program Staffing</i>	FIRE	1.00	\$38,653	\$38,653
Provides funding for an ongoing Associate Engineer position to the Fire Department Development Fee Program. This position will provide technical assistance and guidance to small businesses as part of the Small Business Program, in conjunction with the Planning, Building and Code Enforcement Department and Office of Economic Development. A corresponding increase to Fire Permit revenues can be recommended to offset this action.				
<i>Getting Families Back to Work Building Staffing</i>	PLAN, BLDG AND CODE ENF	3.00	\$134,175	\$134,175
Provides funding for staffing in the Building Development Fee Program to begin to address issues identified in the recent Getting Families Back to Work III Study Session. They include a Senior Architect for the Small Business Ambassador program, a Supervising Building Inspector for a customer service safety net and a Building Inspector for improving residential inspection consistency. This increase can be entirely offset by additional Building fee revenues.				
<i>Plan Check High Rise Structural Software</i>	PLAN, BLDG AND CODE ENF		\$50,000	\$50,000
Provides funding for the purchase of additional software packages to enable the concurrent review of high-rise buildings. Building expects to receive six residential high-rise project applications in the Downtown during 2005-2006. In order to avoid significant permitting delays additional copies of the software packages used for Title 24 and plan check review of these projects are necessary. This increase can be entirely offset by additional Building fee revenues.				
<i>Remote Inspection Data/Electronic Plan Review</i>	PLAN, BLDG AND CODE ENF		\$40,000	\$40,000
Provides funding for a pilot program to upgrade Building's ability to review and process electronically submitted construction plans for code conformance. This pilot program will investigate the operational efficiencies and customer service enhancements that would be gained by providing customers the ability to make electronic construction plan submittals to the Building Program. This increase can be entirely offset by additional Building fee revenue.				
<b>TOTAL DEVELOPMENT FEE PROGRAMS</b>		<b>4.00</b>	<b>\$432,828</b>	<b>\$432,828</b>

## General Fund Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS</b>				
<b><i>2004 FEMA Assistance to Firefighters Grant</i></b>	FIRE		\$70,000	\$70,000
<p>This action recognizes revenue in the amount of \$70,000 received as part of the 2004 FEMA Assistance to Firefighters Grant program. This grant provides additional funding for the Fire Department's Public Education Program's fire prevention outreach programs and "Grab and Go Emergency Survival Starter Kits." A corresponding increase to the Fire Department's non-personal/equipment appropriation is recommended.</p>				
<b><i>Adult Day Care Program</i></b>	PARKS, REC AND NEIGH SVCS		\$40,000	\$40,000
<p>Increases the Adult Day Care Program and related revenue based on increases approved by Santa Clara County. This increase provides various cost-of-living adjustments for existing services provided at the Grace Community Center. Services include 100% day rehabilitation for clients with mental illness, clinical groups, therapy, treatment plans and other therapeutic programs.</p>				
<b><i>Blight Abatement Services Staffing</i></b>	TRANSPORTATION		\$67,000	\$67,000
<p>Recognizes an increase in revenue received from the Redevelopment Agency with a corresponding increase in funding for staff costs. This increase will pay for an unfunded overstrength Maintenance Worker II position in the Transportation Department to provide basic blight abatement services.</p>				
<b><i>California 21st Century Community Learning Centers Core Grant A</i></b>	CITY-WIDE EXPENSES		\$269,982	\$269,982
<p>Provides funding from the California Department of Education for the California 21st Century Community Learning Centers Program. This is the fourth year of the five-year grant cycle and funds before and after school programs at eight elementary schools and one middle school. The State has recently increased the per child allocation amount by \$2.50 which will be retroactive to the beginning of this year's grant cycle. This action recognizes the additional grant funding of \$269,982 from the State and recognizes the revenues and appropriates the funds accordingly.</p>				
<b><i>California 21st Century Community Learning Centers Core Grant B</i></b>	CITY-WIDE EXPENSES		\$225,000	\$225,000
<p>Provides funding from the California Department of Education for the California 21st Century Community Learning Centers Program. This is the second year of the five-year grant cycle and funds before and after school programs for two elementary schools (Hubbard and Slonaker). The adjustment is needed to recognize the revenues and corresponding expenditures of the second year of the grant (\$150,000). In addition, the State has recently increased the per child allocation amount by \$2.50 which will be retroactive to the beginning of this year's grant cycle. This action recognizes the additional grant funding of \$75,000 from the State and recognizes the revenues and appropriates the funds accordingly.</p>				

## General Fund Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS</b>				
<b><i>California 21st Century Community Learning Centers Core Grant C</i></b>	CITY-WIDE EXPENSES		\$344,292	\$344,292
Provides funding from the California Department of Education for the California 21st Century Community Learning Centers Program. This is the second year of the five-year grant cycle and funds before and after school programs at five elementary schools (Shields, Goss, Meyer, San Antonio, and Summerdale), August Boeger Middle School, and the Ida Jew Intermediate School. Included in this action is the rebudgeting of last year's grant (\$92,542) that can be spent this year. In addition, the State has recently increased the per child allocation amount by \$2.50 which will be retroactive to the beginning of this year's grant cycle. This action recognizes the additional grant funding of \$251,750 from the State and recognizes the revenues and appropriates the funds accordingly.				
<b><i>County Crossing Guard Services</i></b>	POLICE		\$24,350	\$24,350
Increases the Police Department's Personal Services appropriation in the amount of \$24,350 and recognizes a corresponding reimbursement from the County for crossing guard services provided by the City at two schools located within the County.				
<b><i>Deferred Compensation RFP Consultant</i></b>	EMPLOYEE SERVICES		\$25,000	\$25,000
Provides funding for contractual services related to the plan's upcoming request for proposals (RFP). The expenditure would be offset by the recognition of revenue to be received from Deferred Compensation funds.				
<b><i>Happy Hollow Park and Zoo Staffing</i></b>	PARKS, REC AND NEIGH SVCS		\$5,000	\$5,000
Recognizes \$5,000 in additional revenues from Happy Hollow Corporation and appropriates the corresponding expenditure. Funding would be utilized to augment the budget allocated for part-time hours in support of Happy Hollow Corporation activities.				
<b><i>Historic Preservation</i></b>	CITY-WIDE EXPENSES		\$30,000	\$30,000
Preserves funding for historic preservation activities. As part of a Site Development Permit with a developer, \$30,000 was received for historic building surveys within the City. A corresponding increase to the estimate for Other revenue is also recommended.				
<b><i>Juvenile Justice and Delinquency Prevention Grant</i></b>	CITY-WIDE EXPENSES		\$246,661	\$246,661
Provides grant funding from the Office of Justice Programs for two years which includes, but is not limited to, the following: development of integrated school and community safety policies and a Crisis Response Protocol; extensive training for schools and community-based organizations on the protocol; the development and implementation of a multi-media strategy, and citywide Parent Trainings. A corresponding increase to revenue from the Federal Government is also recommended.				

## General Fund Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS</b>				
<b><i>Local Enforcement Agency (LEA) Grant</i></b>	PLAN, BLDG AND CODE ENF		\$27,964	\$27,964
Provides grant funding from the State for the LEA program to be used for landfill enforcement activities. A corresponding increase to revenue from the State of California is also recommended.				
<b><i>Off-Sale Alcohol Inspection Program</i></b>	PLAN, BLDG AND CODE ENF	1.00	\$34,700	\$34,700
Provides funding for the addition of a Code Enforcement Inspector position and related non-personal/equipment to support the Off-Sale Alcoholic Beverages Establishment Inspection Program. The program was approved by City Council on December 6, 2005 and is to be 100% cost recovery. The program is designed to ensure adequate enforcement to address violations, deter and abate public nuisances and timely response to complaints. A corresponding increase to revenue from Departmental Charges is also recommended.				
<b><i>Reserve: Future Economic Development</i></b>	EARMARKED RESERVES		\$43,000	\$43,000
Reflects the repayment of financing costs associated with the FMC property acquisition and allocates those funds to a Reserve for Future Economic Development.				
<b><i>Science Program for Alum Rock Youth Center</i></b>	CITY-WIDE EXPENSES		\$37,500	\$37,500
Provides additional funding to support the after school science program at the Alum Rock Youth Center. A total grant from the Mountain Winery Foundation in the amount of \$50,000 was awarded. A portion of this grant (\$12,500) was previously authorized.				
<b><i>Senior Companion Program</i></b>	PARKS, REC AND NEIGH SVCS		\$10,818	\$10,818
Provides additional funding from the Council of Aging to provide a program for frail homebound seniors. The Senior Companion Program recruits and trains people 60 years and older to be companions to other elders who are in poor health and who run the risk of being institutionalized without a companion's help. Additional revenues have been awarded for this program to support these additional costs.				
<b><i>Senior Nutrition Program</i></b>	PARKS, REC AND NEIGH SVCS		\$29,707	\$19,167
Increases the Senior Nutrition Program based on increases approved by Santa Clara County in its 2005-2006 Nutrition Agreement. This increase provides various cost-of-living adjustments for existing services and impacts eight nutrition sites. A portion of the costs (\$19,167) are reimbursed by the County. The remainder (\$10,540) is recommended to be offset by other revenues in the General Fund being recognized in this report.				



## General Fund Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS</b>				
<b><i>Unfunded Projects</i></b>	CITY-WIDE EXPENSES		\$10,600	\$10,600
Increases the appropriation for Unfunded Projects for Public Works to account for payments related to the Downtown Ice Rink and gift store at the HP Pavilion.				
<b><i>Women Survivors of Violence</i></b>	PARKS, REC AND NEIGH SVCS		\$2,000	\$2,000
Increases the Women Survivors of Violence Program based on increases approved by Santa Clara County. This increase provides various cost-of-living adjustments for existing services provided at the Grace Community Center. Services include 100% day socialization for clients with mental illness, clinical groups, therapy, treatment plans and other therapeutic programs.				
<b>TOTAL GRANTS/REIMBURSEMENTS</b>		<b>1.00</b>	<b>\$1,543,574</b>	<b>\$1,533,034</b>
<b>REQUIRED ADJUSTMENTS</b>				
<b><i>Arena Traffic Control</i></b>	TRANSPORTATION		\$55,500	
Provides additional funding for recent increases in the costs for pedestrian and vehicle traffic control during events at the HP Pavilion. The funds will pay for a salary rate increase recently granted and an increase in the number of events.				
<b><i>CPA Structural Upgrade Requirement</i></b>	CITY-WIDE EXPENSES		\$50,000	
Provides partial funding for a structural upgrade of the Center for Performing Arts (CPA). In order to accommodate various touring productions at the CPA, including most immediately the current production of Lion King (Disney), structural upgrades to the amount of steel above the stage were necessary. American Musical Theater (AMT) is currently in discussions with Disney concerning responsibility for the costs of the upgrade. It is assumed that Disney will reimburse AMT for a portion of the upgrade. A reconciliation will take place upon completion of these discussions.				
<b><i>California 21st Century Community Learning Ctrs-Family Literacy Grant</i></b>	CITY-WIDE EXPENSES		\$41,000	
Increases the California 21st Century Community Learning Centers Program. Receipt of this grant was recognized in 2004-2005, however, the expenditure portion had not yet occurred and was inadvertently omitted. A portion of these expenditures will be repaid to the California Department of Education (\$22,000) and the remaining \$19,000 can still be expended in 2005-2006 for their intended purpose.				

# General Fund Augmentation/Reduction Summary

## 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED ADJUSTMENTS</b>				
<b><i>City Hall Outstanding Needs</i></b>	CITY-WIDE EXPENSES		\$275,000	
Provides funding for items not covered in the current scope of the City Hall project. These items are necessary to ensuring the functionality of the facility for its users. Examples of the types of expenses which are required include: build-out of the Facility Management spaces in the sub-basement area; construction of a "bull-pen" gated area in the City Clerk's Office reception space and file storage needs in the City Clerk's Office and City Manager's Office; security system and heating, ventilation and air conditioning system modifications; and modifications to the on-site garage for signage, security and secured storage and transaction areas.				
<b><i>City-Wide Sidewalk Repair Grant Program</i></b>	CAPITAL CONTRIBUTIONS		\$265,000	
Provides additional one-time funding for the City-Wide Sidewalk Repair Grant Program to cover higher than anticipated expenditures and to continue to provide grants to owner occupied properties for sidewalk repairs. At the current rate of expenditure, this additional funding will keep the program funded until approximately April 1. Once this funding has been exhausted, the program will have to be suspended for the remainder of the year.				
<b><i>Convention Center Cogeneration System Repair</i></b>	CITY-WIDE EXPENSES		\$225,000	
Provides funding to repair the existing 20-year-old cogeneration system located at the Convention Center. The cogeneration system has been a cost-effective option for maintaining and operating the convention facilities. These funds are necessary to allow the system to continue to meet the gas and electric utility needs of the facilities at a reduced rate.				
<b><i>Downtown Cleaning</i></b>	TRANSPORTATION		\$240,000	
Provides funding to provide augmented blight abatement services for Downtown San José. In a collaborative effort with the Redevelopment Agency and business owners in the Downtown, this funding will be used to eliminate blight by improving physical conditions and correcting vandalism and illegal activities.				
<b><i>Emergency Services Director Recruitment</i></b>	EMERGENCY SERVICES		\$25,000	
Provides funding to the Office of Emergency Services for contractual costs associated with the recruitment of a new Emergency Services Director.				
<b><i>Fire Promotional Tests</i></b>	EMPLOYEE SERVICES		\$22,400	
Provides funding to conduct promotional tests for Fire Battalion Chiefs, Fire Captains, Fire Engineers and Fire Prevention Inspectors. Due to scheduling issues, all promotional tests are occurring during the same year with resulting higher than anticipated costs.				

## General Fund Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED ADJUSTMENTS</b>				
<b><i>General Liability Claims</i></b>	CITY-WIDE EXPENSES		\$1,825,000	
Restores funding for the appropriation used to provide for the payment of general liability claims. This one-time action will fund the General Liability Claims appropriation to offset a large settlement paid earlier this year.				
<b><i>Joint Planning: South Campus District</i></b>	CITY-WIDE EXPENSES		\$315,000	
Provides funding for the City's share of the multi-year initiative to provide for the development of a joint plan with San Jose State University to determine appropriate land uses and shared opportunities in the area of South Campus/Spartan Keyes. These costs include consultant services (\$175,000) and an allocation for long range planning staff efforts (\$140,000). These funds are expected to cover the costs over three fiscal years. On January 10, 2006, the City Council directed that the funding for this effort be considered as a part of the 2005-2006 Mid-Year Budget Review.				
<b><i>Low Income Energy Assistance Technical Correction</i></b>	CITY-WIDE EXPENSES		\$250,000	
Corrects an error in funding for the Low Income Energy Assistance program. As part of an agreement with Calpine to construct a facility in south San Jose, payments were made to the City for specific activities. One of those payments was an allocation of \$250,000 for a Low Income Energy Assistance program in 2003-2004. Those funds were received, but never appropriated. This adjustment corrects that oversight.				
<b><i>Transfer to Arena Reserve Fund - Power Washing Reimbursement</i></b>	TRANSFERS		\$277,000	
Reimburses the Arena Reserve Fund in the amount of \$277,000 for the exterior cleaning of the HP Pavilion that was performed in 2003-2004. Due to financial constraints in the General Fund, the power washing was funded from the Arena Reserve Fund with the understanding that the Administration would submit a request for Council consideration to replenish the Reserve Fund when financially feasible.				
<b><i>Transfer to the SJ-Santa Clara Treatment Plant Capital Fund</i></b>	TRANSFERS		\$40,000	
Establishes a transfer to the San Jose-Santa Clara Treatment Plant Capital Fund to reimburse payments made for downtown infrastructure improvements that were erroneously charged to that fund in 2004-2005.				

# General Fund Augmentation/Reduction Summary

## 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED ADJUSTMENTS</b>				
<b><i>Transfer to the SJ-Santa Clara Treatment Plant Operating Fund</i></b>	TRANSFERS		\$4,000	
Establishes a transfer to the San Jose-Santa Clara Treatment Plant Operating Fund to reimburse payments made for downtown infrastructure improvements that were erroneously charged to that fund in 2004-2005.				
<b><i>Transfer to the Sewer Service &amp; Use Charge Fund</i></b>	TRANSFERS		\$4,100	
Establishes a transfer to the Sewer Service and Use Charge Fund to reimburse payments made for downtown infrastructure improvements that were erroneously charged to that fund in 2004-2005.				
<b><i>Transfer to the Storm Sewer Operating Fund</i></b>	TRANSFERS		\$2,000	
Establishes a transfer to the Storm Sewer Operating Fund to reimburse payments made for downtown infrastructure improvements that were erroneously charged to that fund in 2004-2005.				
<b><i>Vehicle Abatement Program Transfer</i></b>	PLAN, BLDG AND CODE ENF	( 9.00)	(\$381,823)	
Transfers nine positions and related non-personal/equipment funding for the Vehicle Abatement Program from Planning, Building and Code Enforcement to Transportation (DOT). A pilot project to explore potential efficiencies by combining this program with DOT's Parking Compliance Unit has been completed. A report on the pilot was presented to the Building Strong Neighborhoods Committee which verified improvements and efficiencies in service delivery and recommended the permanent transfer of this program to DOT.				
<b><i>Vehicle Abatement Program Transfer</i></b>	TRANSPORTATION	9.00	\$381,823	
Reflects the transfer of nine positions and related non-personal/equipment funding for the Vehicle Abatement Program from Planning, Building and Code Enforcement to Transportation (DOT). A pilot project to explore potential efficiencies by combining this program with DOT's Parking Compliance Unit has been completed. A report on the pilot was presented to the Building Strong Neighborhoods Committee which verified improvements and efficiencies in service delivery and recommended the permanent transfer of this program to DOT.				
<b>TOTAL REQUIRED ADJUSTMENTS</b>			<b>\$3,916,000</b>	<b>\$0</b>

**GENERAL FUND AUGMENTATION /  
REDUCTION TOTALS**

<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
5.00	\$22,992,402	\$22,992,402

## Special/Capital Funds Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT CAPITAL IMPVT FD (520)</b>				
<b><i>Runway 11/29 REIL</i></b>	Airport Capital Program		\$298,000	\$298,000
Increases the Runway 11/29 REIL appropriation as the result of grant revenues being received. Funding will be used to install Runway End Indicator Lights at both ends of Runway 11/29, as recommended by the Federal Aviation Administration's Runway Safety Action Team. A portion of this project is also recommended in the Airport Renewal and Replacement Fund (Fund 527).				
<b>TOTAL AIRPORT CAPITAL IMPVT FD (520)</b>			<b>\$298,000</b>	<b>\$298,000</b>
<b>AIRPORT FISCAL AGENT FUND (525)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Airport		(\$8,090,280)	
Decreases the Ending Fund Balance to fund the payment of interest on Airport's outstanding bonds.				
<b><i>Principal and Interest</i></b>	Airport		\$8,090,280	
Provides additional funding to account for the accrual of interest paid on Airport's outstanding bonds.				
<b>TOTAL AIRPORT FISCAL AGENT FUND (525)</b>			<b>\$0</b>	<b>\$0</b>
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>				
<b><i>Airport Technology Services</i></b>	Airport	5.00	\$358,341	
Increases the Airport Department's Personal Services and Non-Personal/Equipment appropriations to fund the addition of two ongoing and three temporary technology-specific staffing resources to support the Airport's Computerized Maintenance Management System and various other infrastructure and customer service programs.				
<b><i>Airport Technology Services - Technology Reserve</i></b>	Airport		(\$358,341)	
Decreases the Airport Technology Reserve to offset the Airport Technology Services action recommended in this document.				
<b><i>Executive Home Loan</i></b>	Airport		\$400,000	
Provides funding to be used by the Airport Department Director as part of the City's Executive Home Loan Program. An amendment to increase the loan amount available through this Program was scheduled to be presented to City Council prior to consideration of this action. Funding is recommended to be provided by a reduction to the Airport Operating Contingency.				
<b><i>Executive Home Loan - Operating Contingency</i></b>	Airport		(\$400,000)	
Decreases the Operating Contingency to offset the Executive Home Loan adjustment recommended in this report.				
<b>TOTAL AIRPORT MAINT &amp; OPER FUND (523)</b>			<b>5.00</b>	<b>\$0</b>

## Special/Capital Funds Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT RENEW &amp; REPL FD (527)</b>				
<b>Ending Fund Balance Adjustment</b>	Airport Capital Program		\$406,000	
Increases the Ending Fund Balance to offset actions recommended in this report.				
<b>Off Airport Traffic Mitigation</b>	Airport Capital Program		(\$68,000)	
Reduces the Off Airport Traffic Mitigation appropriation to fund other higher priority projects. The traffic analysis originally funded by this project has been completed.				
<b>Refurbishment of Baggage Claim Conveyors</b>	Airport Capital Program		\$80,000	
Establishes a Refurbishment of Baggage Claim Conveyors appropriation to refurbish Terminal A baggage claim conveyors #1, #3 and #4 which are critical pieces of equipment for airline operations.				
<b>Relocate Construction Facility Trailers</b>	Airport Capital Program		\$200,000	
Establishes a Relocate Construction Facility Trailers appropriation to relocate four modular buildings from 1012 Airport Boulevard and subsequently clear and upgrade its three-acre site. This project needs to be completed prior to June 30, 2006 in order to coincide with the Interstate 880/Coleman interchange landscaping schedule.				
<b>Relocate Parking Control Buildings</b>	Airport Capital Program		(\$960,000)	
Reduces the Relocate Parking Control Buildings appropriation as a result of the Airport Master Plan rephasing effort. Since this project is currently being rescoped, this allocation is being redistributed to fund higher priority projects.				
<b>Runway 11/29 REIL</b>	Airport Capital Program		\$72,000	
Increases the Runway 11/29 REIL appropriation to install Runway End Indicator Lights at both ends of Runway 11/29. This allocation represents the matching local share of funds. The portion of the project covered by the grant is included in the Airport Capital Improvement Fund (Fund 520).				
<b>SE Hangar Maintenance</b>	Airport Capital Program		\$25,000	
Establishes an appropriation to fund the completion of maintenance projects at the 1253, 1277 and 1311 Airport Blvd. buildings. As a result of the Master Plan rephasing efforts, demolition of these buildings has been deferred. This allocation will be used to complete building evaluations and code assessments.				
<b>Terminal Zone Development Strategy Study</b>	Airport Capital Program		\$245,000	
Increases the Terminal Zone Development Strategy Study appropriation to complete the feasibility efforts as the result of the rephasing of the Airport Master Plan.				
<b>TOTAL AIRPORT RENEW &amp; REPL FD (527)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT REV BOND IMP FD (526)</b>				
<b><i>Airline Maintenance Facility</i></b>	Airport Capital Program		(\$15,476,000)	
Eliminates funding in 2005-2006 as the result of rephasing of the Airport Master Plan. The Airline Maintenance Facility project is being deferred, however, this project may be reprogrammed into future CIPs.				
<b><i>Baggage Screening Phase II</i></b>	Airport Capital Program		(\$1,305,000)	
Eliminates funding in 2005-2006 as the result of rephasing of the Airport Master Plan. The Baggage Screening Phase II project is being deferred, however, this project may be reprogrammed into future CIPs.				
<b><i>Checkpoint Terminal A</i></b>	Airport Capital Program		(\$1,554,000)	
Eliminates funding in 2005-2006 as the result of rephasing of the Airport Master Plan. The Checkpoint Terminal A project is being deferred, however, this project may be reprogrammed into future CIPs.				
<b><i>Checkpoint Terminal C</i></b>	Airport Capital Program		(\$1,350,000)	
Eliminates funding in 2005-2006 as the result of rephasing of the Airport Master Plan. The Checkpoint Terminal C project is being deferred, however, this project may be reprogrammed into future CIPs.				
<b><i>Demolition of 1253, 1277, 1311 Airport Blvd. Buildings</i></b>	Airport Capital Program		(\$352,000)	
Eliminates funding in 2005-2006 as the result of rephasing of the Airport Master Plan. The Demolition of 1253, 1277 and 1311 Airport Blvd. Buildings project is being deferred, however, this project may be reprogrammed into future CIPs.				
<b><i>Ending Fund Balance Adjustment</i></b>	Airport Capital Program		\$20,037,000	
Increases the Ending Fund Balance to offset actions recommended in this report.				
<b>TOTAL AIRPORT REV BOND IMP FD (526)</b>			\$0	\$0
<b>ANTI-TOBACCO SETTLEMENT FD (426)</b>				
<b><i>Technical Adjustment: Addressing the Gaps in Aging Services</i></b>	Parks, Rec And Neigh Svcs	( 1.63)		
Eliminates 0.63 FTE Cook and 1.0 Gerontology Specialist positions in the Parks, Recreation and Neighborhood Services Department to accurately reflect the approved budget for the Addressing the Gaps in Aging Services, Nutrition project in 2005-2006.				
<b>TOTAL ANTI-TOBACCO SETTLEMENT FD (426)</b>		( 1.63)	\$0	\$0

## Special/Capital Funds Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>BENEFIT FUND (160)</b>				
<b><i>Employee Assistance Program</i></b>	Employee Services		\$14,000	\$14,000
Increases funding in the Employee Assistance Program (EAP) appropriation to account for higher than anticipated participation in EAP.				
<b><i>Ending Fund Balance Adjustment</i></b>	Employee Services		(\$9,000)	
Decreases the Ending Fund Balance to provide funding for projected personal services costs in this fund.				
<b><i>Health Plans</i></b>	Employee Services		\$3,500,000	\$3,500,000
Increases the Health Plans appropriation and corresponding revenue to reflect increased health rates. The lowest priced health plan's rates were increased by approximately 19%, effective January 2006. Funding for this increase was anticipated in the General Fund and budgeted in its Salary Reserve.				
<b><i>Personal Services Adjustment</i></b>	Employee Services		\$9,000	
Increases Employee Services personal services funding to meet projected increases in costs due to vacation sellback for eligible management employees and lack of vacancy savings.				
<b>TOTAL BENEFIT FUND (160)</b>			<b>\$3,514,000</b>	<b>\$3,514,000</b>



## Special/Capital Funds Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>BLDG &amp; STRUCT CONST TAX FD (429)</b>				
<b>Ending Fund Balance Adjustment</b>	Traffic Capital Program		(\$1,060,000)	
Decreases the Ending Fund Balance to offset actions recommended in this report.				
<b>ITS: Stevens Creek (West)</b>	Traffic Capital Program		(\$335,000)	(\$1,714,000)
Decreases the revenue estimate by \$1,714,000 and the ITS: Stevens Creek (West) project by \$335,000 to recognize a delay in award of construction contract from September 2005 to April 2006 due to project scope changes. Due to the timing of the reimbursements, the reductions in the revenue estimate and the project budget are not balanced. These revenues and expenditures are expected to now be recognized in the 2006-2007 budget.				
<b>ITS: Transportation Incident Management Center</b>	Traffic Capital Program		\$75,000	
Increases the ITS: Transportation Incident Management Center project to provide services necessary to obligate Federal Transportation earmarked funds, which includes development of project description, systems engineering, and configuration management plans.				
<b>Miscellaneous Revenue</b>	Traffic Capital Program			\$444,000
Recognizes additional net revenue of \$444,000 from the following sources: \$456,000 increase from the Route 87: Guadalupe Corridor Escrow account; \$11,000 increase from Santa Clara Valley Water District for payment for valve adjustments associated with the Story Road: Senter to McLaughlin project; \$9,000 increase for Seismic Bridge Retrofit - Julian Street grant; \$9,000 increase for Seismic Bridge Retrofit-Meridian Blvd grant; \$9,000 increase for Seismic Bridge Retrofit-Williams Street grant; and a \$50,000 decrease for the Transportation For Clean Air (TFCA): Traffic Signals-Light Rail Transit Retiming project based on lower actual costs.				
<b>Route 880: Coleman Interchange Upgrade</b>	Traffic Capital Program		\$50,000	
Increases the Route 880: Coleman Interchange Upgrade project to fund continuing work on this project. This funding will be used for the procurement of an artist for artistic collaboration with landscape architects in the development of potential concepts for the Route 880: Coleman Interchange Upgrade landscape redesign plan.				
<b>TOTAL BLDG &amp; STRUCT CONST TAX FD (429)</b>			(\$1,270,000)	(\$1,270,000)
<b>CFD #2 AND CFD #3 FUND (369)</b>				
<b>Ending Fund Balance Adjustment</b>	Transportation		(\$4,000)	
Decreases the Ending Fund Balance to offset the Pedestrian Bollard Lighting Replacement project recommended in this report.				
<b>Pedestrian Bollard Lighting Replacement</b>	Transportation		\$4,000	
Provides overtime funding for Transportation Department staff to perform electrical connections related to the replacement of vandalized and broken pedestrian bollard lights.				
<b>TOTAL CFD #2 AND CFD #3 FUND (369)</b>			\$0	\$0

**Special/Capital Funds Augmentation/Reduction Summary  
2005-2006 Mid-Year Budget Review**

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CFD #8 COMMUNICATIONS HILL (373)</b>				
<i>Communications Hill Staff Costs</i>	Transportation		\$16,150	
Increases Transportation Department's Personal Services appropriation to cover staff costs that were higher than budgeted in the Maintenance Assessment District #8 Communications Hill Fund.				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$16,150)	
Decreases the Ending Fund Balance to offset the Communications Hill Staff costs recommended in this report.				
<b>TOTAL CFD #8 COMMUNICATIONS HILL (373)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX FD PARKS CD3 (380)</b>				
<i>Roosevelt Community Center - Multi Service</i>	Parks & Comm Fac Dev Capital Program		\$10,000	\$10,000
Recognizes revenue totaling \$10,000 and increases the Roosevelt Community Center - Multi Service project for relocation costs. It is anticipated \$10,000 will be received from leases of property that the City recently acquired for the Roosevelt Community Center project.				
<b>TOTAL CONST/CONV TAX FD PARKS CD3 (380)</b>			<b>\$10,000</b>	<b>\$10,000</b>

## Special/Capital Funds Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX FD-FIRE (392)</b>				
<p><b><i>Cost/Position Management Plan Savings - Capital Program Management</i></b></p> <p>This action increases the Capital Program Management appropriation in the amount of \$33,000 as part of the Fire Department Cost/Position Management Plan Savings actions recommended in this document. The reallocation of funding for 0.25 Administrative Officer from the General Fund to capital funding more accurately aligns funding with the capital program management services provided.</p>	Public Safety Capital Program		\$33,000	
<p><b><i>Cost/Position Management Plan Savings - Fire Safety Equipment</i></b></p> <p>Establishes a Fire Safety Equipment appropriation in the amount of \$348,000 as part of the Fire Department Cost/Position Management Plan Savings actions recommended in this document. This action shifts Fire safety equipment from the General Fund to the Fire Construction and Conveyance Tax Fund.</p>	Public Safety Capital Program		\$348,000	
<p><b><i>Emergency Response Maps</i></b></p> <p>Increases the Emergency Response Maps appropriation in the amount of \$65,000 to fund aerial orthophotos of the City and update all response maps to ensure that fire companies are able to respond to emergency incidents effectively.</p>	Public Safety Capital Program		\$65,000	
<p><b><i>Ending Fund Balance Adjustment</i></b></p> <p>Decreases the Ending Fund Balance to offset actions recommended in this report.</p>	Public Safety Capital Program		(\$556,000)	
<p><b><i>Fire Apparatus Replacement</i></b></p> <p>Rebudgets unexpended 2004-2005 expenditures (\$60,000) to fund potential increases in fire apparatus replacement costs. In addition, this action increases the Fire Apparatus Replacement appropriation (\$50,000) to fund the replacement of two vehicles required for 24/7 emergency response obligations.</p>	Public Safety Capital Program		\$110,000	
<b>TOTAL CONST/CONV TAX FD-FIRE (392)</b>			<b>\$0</b>	<b>\$0</b>

# Special/Capital Funds Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX FD-PARKS CW (391)</b>				
<b>Ending Fund Balance Adjustment</b>	Parks & Comm Fac Dev Capital Program		(\$1,050,000)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b>Our City Forest Temporary Storage</b>	Parks & Comm Fac Dev Capital Program		\$50,000	
Establishes an appropriation for the temporary storage of the Our City Forest tree bank, currently located at Watson Park. As the result of soil contamination issues, the trees will need to be temporarily relocated to a vacant parcel located at the corner of Julian and Autumn Streets.				
<b>Willow Glen Spur Trail Acquisition</b>	Parks & Comm Fac Dev Capital Program		\$1,000,000	
Establishes an appropriation for land acquisition costs associated with the Willow Glen Spur Trail. Funding totaling \$1,000,000 was received in 2004-2005 from the Open Space Authority for acquisition of property. It was intended for this funding to go directly to an escrow company for immediate use in property acquisition, but the funds were mistakenly deposited into the City-Wide Construction and Conveyance Tax Fund. This action would establish a new appropriation, which would allow the Parks, Recreation and Neighborhood Services Department to disburse the funds to the proper escrow company.				
<b>TOTAL CONST/CONV TAX FD-PARKS CW (391)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX FD-PKS CD10 (389)</b>				
<b>Ending Fund Balance Adjustment</b>	Parks & Comm Fac Dev Capital Program		(\$50,000)	
Decreases the Ending Fund Balance to offset the creation of the TRAIL: Guadalupe Creek-Meridian Avenue to Singletree Way project.				
<b>TRAIL: Guadalupe Creek-Meridian Avenue to Singletree Way</b>	Parks & Comm Fac Dev Capital Program		\$50,000	
Establishes an appropriation to secure an easement from PG&E to permit public access along an interim trail from Meridian Avenue to Singletree Way.				
<b>TOTAL CONST/CONV TAX FD-PKS CD10 (389)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX FD-PKS CD6 (384)</b>				
<b>Cinnabar Commons Park</b>	Parks & Comm Fac Dev Capital Program		\$100,000	
Establishes a new appropriation to begin the Master Plan, environmental clearance, and design of Cinnabar Commons Park, a 1/2 acre neighborhood park in Council District 6.				
<b>Ending Fund Balance Adjustment</b>	Parks & Comm Fac Dev Capital Program		(\$100,000)	
Decreases the Ending Fund Balance to offset the establishment of the Cinnabar Commons Park project.				
<b>TOTAL CONST/CONV TAX FD-PKS CD6 (384)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX FD-SRVC YDS (395)</b>				
<b>Ending Fund Balance Adjustment</b>	Service Yards Capital Program		(\$50,000)	
Decreases the Ending Fund Balance to offset the Service Yards Phase II Project increase recommended in this report.				
<b>Service Yards Phase II Project</b>	Service Yards Capital Program		\$50,000	
Increases the Service Yards Phase II Project in 2005-2006 by \$50,000 due to expenses for environmental clearances associated with the eventual demolition of the Main Yard. These expenses were accounted for in the overall Central Service Yard Phase II plan, but these funds were not planned for expenditure until 2007-2008. This action will have no impact on the overall cost of the project.				
<b>TOTAL CONST/CONV TAX FD-SRVC YDS (395)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TX FD PKS CD1(377)</b>				
<b>Ending Fund Balance Adjustment</b>	Parks & Comm Fac Dev Capital Program		(\$125,000)	
Decreases the Ending Fund Balance to offset the establishment of the West San José Community Center FF&E project recommended in this report.				
<b>West San José Community Center FF&amp;E</b>	Parks & Comm Fac Dev Capital Program		\$125,000	
Establishes an appropriation for the purpose of purchasing furnishings, fixtures and equipment for the West San José Community Joint Facility project, planned for completion in March 2006.				
<b>TOTAL CONST/CONV TX FD PKS CD1(377)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TX FD PKS CD4 (381)</b>				
<b>Ending Fund Balance Adjustment</b>	Parks & Comm Fac Dev Capital Program		(\$95,000)	
Decreases the Ending Fund Balance to offset the increase to the TRAIL: Bay Trail Reach 9B project. The City is anticipating receiving a grant from the Association of Bay Area Governments to pay for the study. Once this funding is received the Ending Fund Balance will be replenished.				
<b>TRAIL: Bay Trail Reach 9B</b>	Parks & Comm Fac Dev Capital Program		\$95,000	
Increases the TRAIL: Bay Trail Reach 9B project budget by \$95,000 to provide additional funds for a feasibility study of Reach 9B of the Bay Trail. The elements of the feasibility study include topographical maps and geotechnical analysis of the project site; environmental assessment to determine the level of documentation required to conform to CEQA requirements; and project management.				
<b>TOTAL CONST/CONV TX FD PKS CD4 (381)</b>			<b>\$0</b>	<b>\$0</b>

# Special/Capital Funds Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONSTRUCTION EXCISE TAX FD (465)</b>				
<b><i>BART Project Management</i></b>	Traffic Capital Program		\$17,000	\$17,000
Increases the Valley Transportation Authority (VTA): BART to San José revenue estimate to recognize additional revenue from VTA for BART Geotechnical Encroachment Permit review and monitoring services. A corresponding increase to the BART Project Management project is recommended.				
<b><i>Ending Fund Balance Adjustment</i></b>	Traffic Capital Program		(\$70,000)	
Decreases the Ending Fund Balance to offset the ITS: Transportation Information Center and Remote TMC project recommended in this report.				
<b><i>Fiber Optics Permit Engineering</i></b>	Traffic Capital Program		(\$400,000)	(\$400,000)
Decreases the revenue estimates for Utility Company Reimbursement - Fiber Optic Permit Fees and decreases the Fiber Optics Permit Engineering project due to the decreased demand for Comcast permit requests as the project is approaching completion.				
<b><i>ITS: Transportation Information Center and Remote TMC</i></b>	Traffic Capital Program		\$70,000	
Increases the ITS: Transportation Information Center and Remote Transportation Management Center (TMC) project to fund staff time and consultant expenses for the new City Hall architecture services agreement and the relocation of electrical and network cabling to the final Traveler Information Center location.				
<b><i>Street Maintenance Program Positions</i></b>	Traffic Capital Program	2.00		
Authorizes two temporary positions (Maintenance Supervisor and Associate Construction Inspector) in the Transportation Department with a limit date of June 30, 2007. These two positions are Capital funded and are supported by additional State and federal street maintenance grants previously received.				
<b>TOTAL CONSTRUCTION EXCISE TAX FD (465)</b>		<b>2.00</b>	<b>(\$383,000)</b>	<b>(\$383,000)</b>
<b>DENTAL INSURANCE FUND (155)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Employee Services		(\$13,000)	
Decreases the Ending Fund Balance to offset increased funding for personal services costs in this fund.				
<b><i>Operating Contingency Adjustment</i></b>	Employee Services		(\$6,000)	
Decreases the Operating Contingency to provide funding for projected personal services costs in this fund.				
<b><i>Personal Services Adjustment</i></b>	Employee Services		\$19,000	
Increases Employee Services personal services funding to meet projected increases in costs due to unbudgeted costs for vacation sellback for eligible management employees and lack of vacancy savings.				
<b>TOTAL DENTAL INSURANCE FUND (155)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>FED DRUG FORF FD (419)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Police		\$66,000	
Increases the Ending Fund Balance to offset actions recommended in this report.				
<b><i>Narcotics Covert Investigations Unit Equipment</i></b>	Police		\$25,000	
Increases the Police Department Non-Personal/Equipment appropriation in the amount of \$25,000 to fund GPS tracking equipment for narcotics enforcement purposes.				
<b><i>Tech Adj: Non-Personal/Equipment Funding Correction</i></b>	Police		(\$91,000)	
Decreases the Police Department's Non-Personal/Equipment appropriation in the amount of \$91,000 to appropriately allocate funding in the State Drug Forfeiture Fund that was incorrectly budgeted in the Federal Drug Forfeiture Fund.				
<b>TOTAL FED DRUG FORF FD (419)</b>			<b>\$0</b>	<b>\$0</b>
<b>GENERAL PURPOSE PARKING FD (533)</b>				
<b><i>General Services Lease Cost Increase</i></b>	General Services		\$20,000	
Provides additional Non-Personal/Equipment funding for lease costs for Transportation Department staffing in the parking program. The 2005-2006 Adopted Budget assumed that parking staff could be relocated from leased space to the Off-Site City Hall Employee Parking Garage in April, 2006. Due to delays in the construction project, that move is now scheduled to take place in September.				
<b><i>Ending Fund Balance Adjustment</i></b>	Transportation		(\$20,000)	
Decreases the Ending Fund Balance to offset increased funding for lease costs recommended in this report.				
<b>TOTAL GENERAL PURPOSE PARKING FD (533)</b>			<b>\$0</b>	<b>\$0</b>
<b>GIFT TRUST FUND (139)</b>				
<b><i>Library - General Gift</i></b>	Library		\$12,992	\$12,992
Increases the Library-General Gifts appropriation to recognize and appropriate funds to support the Reading Readiness Program (\$9,382) and to support staff enrichment (\$3,610).				
<b><i>Emma Prusch Farm Park</i></b>	Parks, Rec And Neigh Svcs		\$4,500	\$4,500
Recognizes and appropriates gifts to support volunteer projects throughout the Emma Prusch Farm Park that contribute to the success of educational and recreational programs. In addition, funding will support projects that enhance the overall beauty of the park.				
<b><i>O'Donnel Gardens Park</i></b>	Parks, Rec And Neigh Svcs		\$50,000	\$50,000
Recognizes and appropriates a gift from the University Neighborhood Coalition for the purchase of a gazebo to be located at O'Donnel Gardens Park.				
<b>TOTAL GIFT TRUST FUND (139)</b>			<b>\$67,492</b>	<b>\$67,492</b>

## Special/Capital Funds Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>INTEGRATED WASTE MGT FUND (423)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Environmental Services		\$13,943	
Increases the Ending Fund Balance to offset the reduction to the Public Area Recycling Program adjustment recommended in this report.				
<b><i>Household Hazardous Waste Program</i></b>	Environmental Services		\$423,400	\$423,400
Increases funding to the Environmental Services Department's Non-Personal/Equipment appropriation for the relocation and construction of an interim collection, storage and transport facility for household hazardous waste. Currently this facility is located at the City's Central Service Yard. Revenues have been received from the County pursuant to the Agency Agreement for the Countywide AB939 Implementation Fee and can be recognized to support this activity.				
<b><i>Public Area Recycling Program</i></b>	Environmental Services		(\$13,943)	
Reduces Environmental Services Non-Personal/Equipment appropriation for the Public Area Recycling (PAR) program to reconcile projected SB 332 revenues and PAR expenditures.				
<b>TOTAL INTEGRATED WASTE MGT FUND (423)</b>			<b>\$423,400</b>	<b>\$423,400</b>
<b>LIBRARY BEN ASSES DISTRT FD (412)</b>				
<b><i>Cost/Position Management Plan Savings - Personal Services</i></b>	Library		\$382,402	
Increases the Library Department's Personal Services appropriation by \$382,402 as part of the Library Department's Cost/Position Management Plan actions recommended in this document. This action shifts a portion of the Library Department's personal services costs from the General Fund to the Library Benefit Assessment District Fund.				
<b><i>Ending Fund Balance Adjustment</i></b>	Library		(\$382,402)	
Eliminates the Ending Fund Balance in this fund to fund the Cost/Position Management Plan Savings action recommended in this report. The Library Benefit Assessment District Fund was eliminated in 2004-2005 with allocations in this fund expected to be fully expended by year-end.				
<b>TOTAL LIBRARY BEN ASSES DISTRT FD (412)</b>			<b>\$0</b>	<b>\$0</b>



## Special/Capital Funds Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>LIFE INSURANCE FUND (156)</b>				
<b><i>Operating Contingency Adjustment</i></b>	Employee Services		(\$6,000)	
Decreases the Operating Contingency to provide funding for projected personal services costs in this fund.				
<b><i>Personal Services Adjustment</i></b>	Employee Services		\$6,000	
Increases Employee Services personal services funding to meet projected increases in costs due to unbudgeted costs for vacation sellback for eligible management employees and lack of vacancy savings.				
<b>TOTAL LIFE INSURANCE FUND (156)</b>			<b>\$0</b>	<b>\$0</b>
<b>LOW/MOD INCOME HOUSING FD (443)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Housing		(\$30,000)	
Decreases the Ending Fund Balance to provide additional funding for the loan servicing contract of the First-Time Homebuyer Program.				
<b><i>First-Time Homebuyer Program: Loan Servicing</i></b>	Housing		\$30,000	
Increases the Housing Department's Non-Personal/Equipment appropriation by \$30,000 to fund the estimated 2005-2006 portion of a 5-year contract related to servicing loans. An RFQ for Housing's loan servicing contract is expected to be completed in March.				
<b>TOTAL LOW/MOD INCOME HOUSING FD (443)</b>			<b>\$0</b>	<b>\$0</b>
<b>M.D. #15 SILVER CREEK FUND (368)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Transportation		(\$1,000)	
Decreases the Ending Fund Balance to offset the Workers' Compensation Claims Payments increase recommended in this report.				
<b><i>Workers' Compensation Claims Payments</i></b>	Transportation		\$1,000	
Provides additional funding to the Workers' Compensation Claims Payment appropriation for higher than anticipated claims.				
<b>TOTAL M.D. #15 SILVER CREEK FUND (368)</b>			<b>\$0</b>	<b>\$0</b>
<b>MULTI-SOURCE HOUSING FD (448)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Housing		(\$21,418)	
Decreases the Ending Fund Balance to fund administration fees for the Housing Opportunities for People with Aids Program recommended in this report.				
<b><i>Housing Opportunities for People with Aids (HOPWA) Program</i></b>	Housing		\$21,418	
Increases funding for the HOPWA Program appropriation to provide for the 3% administration fee that was inadvertently omitted in the 2005-2006 Adopted Budget.				
<b>TOTAL MULTI-SOURCE HOUSING FD (448)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>PARKS &amp; REC BOND PROJECT FD (471)</b>				
<b><i>Almaden Lake Park</i></b>	Parks & Comm Fac Dev Capital Program		\$400,000	
Increases the Almaden Lake Park project appropriation by \$400,000. This allocation will ensure adequate funding to complete renovations at the park, including developing a water feature, a large tiered turf area, landscaping with an irrigation system and improvements to the existing youth lot.				
<b><i>Contingency Reserve</i></b>	Parks & Comm Fac Dev Capital Program		(\$400,000)	
Decreases the Contingency Reserve to provide funding for the Almaden Lake Park project.				
<b>TOTAL PARKS &amp; REC BOND PROJECT FD (471)</b>			<b>\$0</b>	<b>\$0</b>
<b>REDEV CAPITAL PROJECTS FD (450)</b>				
<b><i>Lower Silver Creek Improvement Project</i></b>	Traffic Capital Program		\$15,000	\$15,000
Provides funding for the Lower Silver Creek Improvement Project. The project consists of an environmental study to document environmental issues and to propose remedies for an open channel along the Lower Silver Creek (South) alignment between Corda Drive and King Road.				
<b><i>Pedestrian Safety Improvements</i></b>	Traffic Capital Program		\$100,000	\$100,000
Provides funding for pedestrian access improvements to high priority intersections in the Greater Downtown area. This project will include the installation of countdown signal heads and crosswalk enhancements at several intersections. Findings related to this project are included in the appendix of this document.				
<b>TOTAL REDEV CAPITAL PROJECTS FD (450)</b>			<b>\$115,000</b>	<b>\$115,000</b>
<b>SEWER SVC &amp; USE CHARGE FD (541)</b>				
<b><i>Tech Adj: Transfer from the General Fund</i></b>	Environmental Services		\$4,100	\$4,100
Increases the Ending Fund Balance and recognizes the receipt of a transfer from the General Fund for downtown infrastructure improvements that were erroneously charged to this fund in 2004-2005.				
<b>TOTAL SEWER SVC &amp; USE CHARGE FD (541)</b>			<b>\$4,100</b>	<b>\$4,100</b>

## Special/Capital Funds Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SEWER SVC &amp; USE CHG CAP (545)</b>				
<b><i>Monterey-Riverside Sewer</i></b>	Public Works		\$75,000	
Increases the Monterey-Riverside Sewer project for on-site traffic control. Due to extensive coordination with surrounding schools (Anderson Elementary School, Miner Elementary School and Oak Grove High School), additional staff time for public outreach and police officers for traffic control to provide a secure construction site were required for this project.				
<b><i>Rosemary Area</i></b>	Public Works		\$172,000	
Increases the Rosemary Area project due to higher construction costs. These increased costs have impacted underground utility projects, which require pavement restoration, hauling of materials, trench backfill and trench bedding.				
<b><i>Ending Fund Balance Adjustment</i></b>	Sanitary Sewer Capital Program		(\$247,000)	
Decreases the Ending Fund Balance to offset actions recommended in this report.				
<b>TOTAL SEWER SVC &amp; USE CHG CAP (545)</b>			<b>\$0</b>	<b>\$0</b>
<b>SJ-SC TRMNT PLANT CAP FD (512)</b>				
<b><i>Tech Adj: Transfer from the General Fund</i></b>	Water Pollution Control Capital Program		\$40,000	\$40,000
Increases the Ending Fund Balance and recognizes the receipt of a transfer from the General Fund for downtown infrastructure improvements that were erroneously charged to this fund in 2004-2005.				
<b>TOTAL SJ-SC TRMNT PLANT CAP FD (512)</b>			<b>\$40,000</b>	<b>\$40,000</b>
<b>SJ-SC TRMNT PLANT OPER FD (513)</b>				
<b><i>Tech Adj: Transfer from the General Fund</i></b>	Environmental Services		\$4,000	\$4,000
Increases the Ending Fund Balance and recognizes the receipt of a transfer from the General Fund for downtown infrastructure improvements that were erroneously charged to this fund in 2004-2005.				
<b>TOTAL SJ-SC TRMNT PLANT OPER FD (513)</b>			<b>\$4,000</b>	<b>\$4,000</b>
<b>STATE DRUG FORF FD (417)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Police		(\$91,000)	
Decreases the Ending Fund Balance to fund the Non-Personal/Equipment Technical Adjustment recommended in this report.				
<b><i>Tech Adj: Non-Personal/Equipment Funding Correction</i></b>	Police		\$91,000	
Increases the Police Department's Non-Personal/Equipment appropriation in the amount of \$91,000 to appropriately allocate funding in the State Drug Forfeiture Fund that was incorrectly budgeted in the Federal Drug Forfeiture Fund.				
<b>TOTAL STATE DRUG FORF FD (417)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Augmentation/Reduction Summary 2005-2006 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>STORM SEWER CAPITAL FUND (469)</b>				
<i>Albany-Kiely Storm Drainage Improvement</i>	Public Works		\$150,000	
Increases the Albany-Kiely Storm Drainage appropriation to install approximately 300 linear feet of 60-inch diameter storm drain pipeline along Albany Drive.				
<i>Ending Fund Balance Adjustment</i>	Storm Sewer Capital Program		(\$150,000)	
Decreases the Ending Fund Balance to offset the Albany-Kiely Storm Drainage Improvement Project increase recommended in this report.				
<b>TOTAL STORM SEWER CAPITAL FUND (469)</b>			<b>\$0</b>	<b>\$0</b>
<b>STORM SEWER OPERATING FD (446)</b>				
<i>Tech Adj: Transfer from the General Fund</i>	Environmental Services		\$2,000	\$2,000
Increases the Ending Fund Balance and recognizes the receipt of a transfer from the General Fund for downtown infrastructure improvements that were erroneously charged to this fund in 2004-2005.				
<b>TOTAL STORM SEWER OPERATING FD (446)</b>			<b>\$2,000</b>	<b>\$2,000</b>
<b>SUBDIVISION PARK TRUST FD (375)</b>				
<i>Public Works Development Services Staff</i>	Parks & Comm Fac Dev Capital Program		\$50,000	
Increases the Public Works Development Services appropriation to more accurately reflect administrative support of the capital projects allocated in the Park Trust Fund. This funding will support an Associate Civil Engineer who provides such services as tracking Parkland Dedication Ordinance and Park Impact Ordinance fees and preparing Parkland Agreements between the City and developers.				
<i>Reserve: Future PDO/PIFO Projects</i>	Parks & Comm Fac Dev Capital Program		(\$50,000)	
Decreases the Reserve: Future PDO/PIFO Projects as a result of the appropriation adjustment to the Public Works Development Services Staff recommended in this report.				
<b>TOTAL SUBDIVISION PARK TRUST FD (375)</b>			<b>\$0</b>	<b>\$0</b>

**Special/Capital Funds Augmentation/Reduction Summary  
2005-2006 Mid-Year Budget Review**

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>UNEMPLOYMENT INSURANC FD (157)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Employee Services		(\$5,000)	
Decreases the Ending Fund Balance to offset increased funding for personal services costs in this fund.				
<b><i>Operating Contingency Adjustment</i></b>	Employee Services		(\$6,000)	
Decreases the Operating Contingency to provide funding for projected personal services costs in this fund.				
<b><i>Personal Services Adjustment</i></b>	Employee Services		\$11,000	
Increases Employee Services personal services funding to meet projected increases in costs due to unbudgeted costs for vacation sellback for eligible management employees and lack of vacancy savings.				
<b>TOTAL UNEMPLOYMENT INSURANC FD (157)</b>			<b>\$0</b>	<b>\$0</b>

General Fund  
 Augmentation/Reduction Adjustment Actions  
 2005-2006 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
<b>CAPITAL CONTRIBUTIONS</b>						
City-Wide Sidewalk Repair Grant Program			\$265,000	\$265,000		\$265,000
<b>CAPITAL CONTRIBUTIONS Total</b>						
	\$0	\$0	\$265,000	\$265,000	\$0	\$265,000
<b>CITY ATTORNEY</b>						
Cost/Position Management Plan Savings	(\$115,535)	(\$74,986)		(\$190,521)		(\$190,521)
<b>CITY ATTORNEY Total</b>						
	(\$115,535)	(\$74,986)	\$0	(\$190,521)	\$0	(\$190,521)
<b>CITY AUDITOR</b>						
Cost/Position Management Plan Savings	(\$29,248)	(\$15,000)		(\$44,248)		(\$44,248)
<b>CITY AUDITOR Total</b>						
	(\$29,248)	(\$15,000)	\$0	(\$44,248)	\$0	(\$44,248)
<b>CITY CLERK</b>						
Cost/Position Management Plan Savings		(\$27,169)		(\$27,169)		(\$27,169)
<b>CITY CLERK Total</b>						
	\$0	(\$27,169)	\$0	(\$27,169)	\$0	(\$27,169)
<b>CITY MANAGER</b>						
Cost/Position Management Plan Savings	(\$172,812)			(\$172,812)		(\$172,812)
<b>CITY MANAGER Total</b>						
	(\$172,812)	\$0	\$0	(\$172,812)	\$0	(\$172,812)

**General Fund  
Augmentation/Reduction Adjustment Actions  
2005-2006 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
<b>CITY-WIDE EXPENSES</b>						
CPA Structural Upgrade Requirement			\$50,000	\$50,000		\$50,000
California 21st Century Community Learning Centers Core Grant A			\$269,982	\$269,982	\$269,982	\$0
California 21st Century Community Learning Centers Core Grant B			\$225,000	\$225,000	\$225,000	\$0
California 21st Century Community Learning Centers Core Grant C			\$344,292	\$344,292	\$344,292	\$0
California 21st Century Community Learning Ctrs-Family Literacy Grant			\$41,000	\$41,000		\$41,000
City Hall Outstanding Needs			\$275,000	\$275,000		\$275,000
Convention Center Cogeneration System Repair			\$225,000	\$225,000		\$225,000
Cost/Pos Mgt Plan Savings-CAP Grants			(\$160,000)	(\$160,000)		(\$160,000)
Cost/Pos Mgt Plan Savings-Future Teachers Program			(\$188,335)	(\$188,335)		(\$188,335)
General Liability Claims			\$1,825,000	\$1,825,000		\$1,825,000
Historic Preservation			\$30,000	\$30,000	\$30,000	\$0
Joint Planning: South Campus District			\$315,000	\$315,000		\$315,000
Juvenile Justice and Delinquency Prevention Grant			\$246,661	\$246,661	\$246,661	\$0
Low Income Energy Assistance Technical Correction			\$250,000	\$250,000		\$250,000
Science Program for Alum Rock Youth Center			\$37,500	\$37,500	\$37,500	\$0
Unfunded Projects			\$10,600	\$10,600	\$10,600	\$0
<b>CITY-WIDE EXPENSES Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,796,700</b>	<b>\$3,796,700</b>	<b>\$1,164,035</b>	<b>\$2,632,665</b>

General Fund  
 Augmentation/Reduction Adjustment Actions  
 2005-2006 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
<b>EARMARKED RESERVES</b>						
2006-2007 Future Deficit Reserve			\$5,973,032	\$5,973,032		\$5,973,032
Ending Fund Balance			\$17,000,000	\$17,000,000		\$17,000,000
Reserve: Future Economic Development			\$43,000	\$43,000	\$43,000	\$0
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<b>EARMARKED RESERVES Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,016,032</b>	<b>\$23,016,032</b>	<b>\$43,000</b>	<b>\$22,973,032</b>
<b>ECONOMIC DEVELOPMENT</b>						
Cost/Position Management Plan Savings	(\$23,000)	(\$54,009)		(\$77,009)		(\$77,009)
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<b>ECONOMIC DEVELOPMENT Total</b>	<b>(\$23,000)</b>	<b>(\$54,009)</b>	<b>\$0</b>	<b>(\$77,009)</b>	<b>\$0</b>	<b>(\$77,009)</b>
<b>EMERGENCY SERVICES</b>						
Cost/Position Management Plan Savings		(\$3,387)		(\$3,387)		(\$3,387)
Emergency Services Director Recruitment		\$25,000		\$25,000		\$25,000
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<b>EMERGENCY SERVICES Total</b>	<b>\$0</b>	<b>\$21,613</b>	<b>\$0</b>	<b>\$21,613</b>	<b>\$0</b>	<b>\$21,613</b>
<b>EMPLOYEE SERVICES</b>						
Cost/Position Management Plan Savings		(\$98,000)		(\$98,000)		(\$98,000)
Deferred Compensation RFP Consultant		\$25,000		\$25,000	\$25,000	\$0
Fire Promotional Tests		\$22,400		\$22,400		\$22,400
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<b>EMPLOYEE SERVICES Total</b>	<b>\$0</b>	<b>(\$50,600)</b>	<b>\$0</b>	<b>(\$50,600)</b>	<b>\$25,000</b>	<b>(\$75,600)</b>
<b>ENVIRONMENTAL SERVICES</b>						
Cost/Position Management Plan Savings		(\$25,345)		(\$25,345)		(\$25,345)
<hr/>						
<b>ENVIRONMENTAL SERVICES Total</b>	<b>\$0</b>	<b>(\$25,345)</b>	<b>\$0</b>	<b>(\$25,345)</b>	<b>\$0</b>	<b>(\$25,345)</b>



General Fund  
 Augmentation/Reduction Adjustment Actions  
 2005-2006 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
<b>FINANCE</b>						
Cost/Position Management Plan Savings	(\$120,000)	(\$23,267)		(\$143,267)		(\$143,267)
<b>FINANCE Total</b>	<b>(\$120,000)</b>	<b>(\$23,267)</b>	<b>\$0</b>	<b>(\$143,267)</b>	<b>\$0</b>	<b>(\$143,267)</b>
<b>FIRE</b>						
2004 FEMA Assistance to Firefighters Grant		\$70,000		\$70,000	\$70,000	\$0
Cost/Position Management Plan Savings	(\$336,310)	(\$348,000)		(\$684,310)	\$100,000	(\$784,310)
Fire Fee Program Staffing	\$38,653			\$38,653	\$38,653	\$0
<b>FIRE Total</b>	<b>(\$297,657)</b>	<b>(\$278,000)</b>	<b>\$0</b>	<b>(\$575,657)</b>	<b>\$208,653</b>	<b>(\$784,310)</b>
<b>GENERAL SERVICES</b>						
Cost/Position Management Plan Savings	(\$158,430)	(\$109,000)		(\$267,430)		(\$267,430)
<b>GENERAL SERVICES Total</b>	<b>(\$158,430)</b>	<b>(\$109,000)</b>	<b>\$0</b>	<b>(\$267,430)</b>	<b>\$0</b>	<b>(\$267,430)</b>
<b>INDEPENDENT POLICE AUDITOR</b>						
Cost/Position Management Plan Savings	(\$6,918)			(\$6,918)		(\$6,918)
<b>INDEPENDENT POLICE AUDITOR Total</b>	<b>(\$6,918)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$6,918)</b>	<b>\$0</b>	<b>(\$6,918)</b>
<b>INFORMATION TECHNOLOGY</b>						
Cost/Position Management Plan Savings	(\$111,490)	(\$135,445)		(\$246,935)		(\$246,935)
<b>INFORMATION TECHNOLOGY Total</b>	<b>(\$111,490)</b>	<b>(\$135,445)</b>	<b>\$0</b>	<b>(\$246,935)</b>	<b>\$0</b>	<b>(\$246,935)</b>
<b>LIBRARY</b>						
Cost/Position Management Plan Savings	(\$458,037)			(\$458,037)		(\$458,037)
<b>LIBRARY Total</b>	<b>(\$458,037)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$458,037)</b>	<b>\$0</b>	<b>(\$458,037)</b>

General Fund  
 Augmentation/Reduction Adjustment Actions  
 2005-2006 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
<b>MAYOR &amp; COUNCIL</b>						
Cost/Position Management Plan Savings/Council District 1			(\$5,405)	(\$5,405)		(\$5,405)
Cost/Position Management Plan Savings/Council District 10			(\$4,344)	(\$4,344)		(\$4,344)
Cost/Position Management Plan Savings/Council District 2			(\$4,668)	(\$4,668)		(\$4,668)
Cost/Position Management Plan Savings/Council District 3			(\$3,489)	(\$3,489)		(\$3,489)
Cost/Position Management Plan Savings/Council District 4			(\$3,316)	(\$3,316)		(\$3,316)
Cost/Position Management Plan Savings/Council District 5			(\$5,040)	(\$5,040)		(\$5,040)
Cost/Position Management Plan Savings/Council District 6			(\$4,920)	(\$4,920)		(\$4,920)
Cost/Position Management Plan Savings/Council District 7			(\$3,482)	(\$3,482)		(\$3,482)
Cost/Position Management Plan Savings/Council District 8			(\$3,711)	(\$3,711)		(\$3,711)
Cost/Position Management Plan Savings/Council District 9			(\$5,635)	(\$5,635)		(\$5,635)
Cost/Position Management Plan Savings/Council General			(\$52,494)	(\$52,494)		(\$52,494)
Cost/Position Management Plan Savings/Mayor			(\$22,591)	(\$22,591)		(\$22,591)
<b>MAYOR &amp; COUNCIL Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$119,095)</b>	<b>(\$119,095)</b>	<b>\$0</b>	<b>(\$119,095)</b>

General Fund  
 Augmentation/Reduction Adjustment Actions  
 2005-2006 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
<b>PARKS, REC AND NEIGH SVCS</b>						
Adult Day Care Program	\$40,000			\$40,000	\$40,000	\$0
Cost/Position Management Plan Savings	(\$220,488)	(\$108,390)		(\$328,878)		(\$328,878)
Happy Hollow Park and Zoo Staffing	\$5,000			\$5,000	\$5,000	\$0
Senior Companion Program		\$10,818		\$10,818	\$10,818	\$0
Senior Nutrition Program	\$3,168	\$26,539		\$29,707	\$19,167	\$10,540
Women Survivors of Violence	\$2,000			\$2,000	\$2,000	\$0
<hr/>						
<b>PARKS, REC AND NEIGH SVCS Total</b>	<b>(\$170,320)</b>	<b>(\$71,033)</b>	<b>\$0</b>	<b>(\$241,353)</b>	<b>\$76,985</b>	<b>(\$318,338)</b>
<b>PLAN, BLDG AND CODE ENF</b>						
Architectural Review Committee		\$70,000		\$70,000	\$70,000	\$0
Cost/Position Management Plan Savings	(\$67,992)			(\$67,992)		(\$67,992)
Development Services Public Address System		\$100,000		\$100,000	\$100,000	\$0
Getting Families Back to Work Building Staffing	\$126,675	\$7,500		\$134,175	\$134,175	\$0
Local Enforcement Agency (LEA) Grant		\$27,964		\$27,964	\$27,964	\$0
Off-Sale Alcohol Inspection Program	\$32,200	\$2,500		\$34,700	\$34,700	\$0
Plan Check High Rise Structural Software		\$50,000		\$50,000	\$50,000	\$0
Remote Inspection Data/Electronic Plan Review		\$40,000		\$40,000	\$40,000	\$0
Vehicle Abatement Program Transfer	(\$353,250)	(\$28,573)		(\$381,823)		(\$381,823)
<hr/>						
<b>PLAN, BLDG AND CODE ENF Total</b>	<b>(\$262,367)</b>	<b>\$269,391</b>	<b>\$0</b>	<b>\$7,024</b>	<b>\$456,839</b>	<b>(\$449,815)</b>

General Fund  
 Augmentation/Reduction Adjustment Actions  
 2005-2006 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
<b>POLICE</b>						
Cost/Position Management Plan Savings	(\$2,096,050)			(\$2,096,050)		(\$2,096,050)
County Crossing Guard Services	\$24,350			\$24,350	\$24,350	\$0
<b>POLICE Total</b>	<b>(\$2,071,700)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,071,700)</b>	<b>\$24,350</b>	<b>(\$2,096,050)</b>
<b>PUBLIC WORKS</b>						
Cost/Position Management Plan Savings		(\$35,346)		(\$35,346)		(\$35,346)
<b>PUBLIC WORKS Total</b>	<b>\$0</b>	<b>(\$35,346)</b>	<b>\$0</b>	<b>(\$35,346)</b>	<b>\$0</b>	<b>(\$35,346)</b>
<b>REVENUE ADJUSTMENTS</b>						
Gas Utility Tax Revenue Adjustment				\$0	\$3,926,540	(\$3,926,540)
SB 813 Property Tax Revenue Adjustment				\$0	\$2,400,000	(\$2,400,000)
Secured Property Tax Revenue Adjustment				\$0	\$11,600,000	(\$11,600,000)
Telephone Utility Tax Revenue Adjustment				\$0	\$3,000,000	(\$3,000,000)
<b>REVENUE ADJUSTMENTS Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$20,926,540</b>	<b>(\$20,926,540)</b>
<b>TRANSFERS</b>						
Transfer to Arena Reserve Fund - Power Washing Reimbursement			\$277,000	\$277,000		\$277,000
Transfer to the SJ-Santa Clara Treatment Plant Capital Fund			\$40,000	\$40,000		\$40,000
Transfer to the SJ-Santa Clara Treatment Plant Operating Fund			\$4,000	\$4,000		\$4,000
Transfer to the Sewer Service & Use Charge Fund			\$4,100	\$4,100		\$4,100
Transfer to the Storm Sewer Operating Fund			\$2,000	\$2,000		\$2,000
<b>TRANSFERS Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$327,100</b>	<b>\$327,100</b>	<b>\$0</b>	<b>\$327,100</b>

General Fund  
 Augmentation/Reduction Adjustment Actions  
 2005-2006 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
<b>TRANSPORTATION</b>						
Arena Traffic Control		\$55,500		\$55,500		\$55,500
Blight Abatement Services Staffing	\$67,000			\$67,000	\$67,000	\$0
Cost/Position Management Plan Savings	(\$303,948)	(\$128,000)		(\$431,948)		(\$431,948)
Downtown Cleaning		\$240,000		\$240,000		\$240,000
Vehicle Abatement Program Transfer	\$353,250	\$28,573		\$381,823		\$381,823
<b>TRANSPORTATION Total</b>	<b>\$116,302</b>	<b>\$196,073</b>	<b>\$0</b>	<b>\$312,375</b>	<b>\$67,000</b>	<b>\$245,375</b>
<b>Total General Fund Augmentation/Reduction Actions</b>	<b>(\$3,881,212)</b>	<b>(\$412,123)</b>	<b>\$27,285,737</b>	<b>\$22,992,402</b>	<b>\$22,992,402</b>	<b>\$0</b>

Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 2005-2006 Mid-Year Budget Review

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 Capital Program</b>								
Runway 11/29 REIL			\$298,000		\$298,000	\$298,000		\$0
<b>Total AIRPORT CAPITAL IMPVT FD (520)</b>	\$0	\$0	\$298,000	\$0	\$298,000	\$298,000	\$0	\$0
<b>AIRPORT FISCAL AGENT FUND (525)</b>								
<b>AIRPORT</b>								
Ending Fund Balance Adjustment				(\$8,090,280)	(\$8,090,280)			(\$8,090,280)
Principal and Interest			\$8,090,280		\$8,090,280			\$8,090,280
<b>Total AIRPORT FISCAL AGENT FUND (525)</b>	\$0	\$0	\$8,090,280	(\$8,090,280)	\$0	\$0	\$0	\$0
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>								
<b>AIRPORT</b>								
Airport Technology Services	\$340,341	\$18,000			\$358,341			\$358,341
Airport Technology Services - Technology Reserve			(\$358,341)		(\$358,341)			(\$358,341)
Executive Home Loan			\$400,000		\$400,000			\$400,000
Executive Home Loan - Operating Contingency			(\$400,000)		(\$400,000)			(\$400,000)
<b>Total AIRPORT MAINT &amp; OPER FUND (523)</b>	\$340,341	\$18,000	(\$358,341)	\$0	\$0	\$0	\$0	\$0



Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 2005-2006 Mid-Year Budget Review

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>BENEFIT FUND (160)</b>								
<b>EMPLOYEE SERVICES</b>								
Employee Assistance Program			\$14,000		\$14,000	\$14,000		\$0
Ending Fund Balance Adjustment			(\$9,000)		(\$9,000)			(\$9,000)
Health Plans			\$3,500,000		\$3,500,000	\$3,500,000		\$0
Personal Services Adjustment	\$9,000				\$9,000			\$9,000
<b>Total BENEFIT FUND (160)</b>	<b>\$9,000</b>	<b>\$0</b>	<b>\$3,505,000</b>	<b>\$0</b>	<b>\$3,514,000</b>	<b>\$3,514,000</b>	<b>\$0</b>	<b>\$0</b>
<b>BLDG &amp; STRUCT CONST TAX FD (429)</b>								
<b>Traffic Capital Program</b>								
Ending Fund Balance Adjustment				(\$1,060,000)	(\$1,060,000)			(\$1,060,000)
ITS: Stevens Creek (West)			(\$335,000)		(\$335,000)	(\$1,714,000)		\$1,379,000
ITS: Transportation Incident Management Center			\$75,000		\$75,000			\$75,000
Miscellaneous Revenue					\$0	\$444,000		(\$444,000)
Route 880: Coleman Interchange Upgrade			\$50,000		\$50,000			\$50,000
<b>Total BLDG &amp; STRUCT CONST TAX FD (429)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$210,000)</b>	<b>(\$1,060,000)</b>	<b>(\$1,270,000)</b>	<b>(\$1,270,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CFD #2 AND CFD #3 FUND (369)</b>								
<b>TRANSPORTATION</b>								
Ending Fund Balance Adjustment				(\$4,000)	(\$4,000)			(\$4,000)
Pedestrian Bollard Lighting Replacement	\$4,000				\$4,000			\$4,000
<b>Total CFD #2 AND CFD #3 FUND (369)</b>	<b>\$4,000</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$4,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CFD #8 COMMUNICATIONS HILL (373)</b>								
<b>TRANSPORTATION</b>								
Communications Hill Staff Costs	\$16,150				\$16,150			\$16,150
Ending Fund Balance Adjustment				(\$16,150)	(\$16,150)			(\$16,150)
<b>Total CFD #8 COMMUNICATIONS HILL (373)</b>	<b>\$16,150</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$16,150)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 2005-2006 Mid-Year Budget Review

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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 FD PARKS CD3 (380)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Roosevelt Community Center - Multi Service			\$10,000		\$10,000	\$10,000		\$0
<b>Total CONST/CONV TAX FD PARKS CD3 (380)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,000</b>	<b>\$0</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX FD-FIRE (392)</b>								
<b>Public Safety Capital Program</b>								
Cost/Position Management Plan Savings - Capital Program Managemen			\$33,000		\$33,000			\$33,000
Cost/Position Management Plan Savings - Fire Safety Equipment			\$348,000		\$348,000			\$348,000
Emergency Response Maps			\$65,000		\$65,000			\$65,000
Ending Fund Balance Adjustment				(\$556,000)	(\$556,000)			(\$556,000)
Fire Apparatus Replacement			\$110,000		\$110,000			\$110,000
<b>Total CONST/CONV TAX FD-FIRE (392)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$556,000</b>	<b>(\$556,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX FD-PARKS CW (391)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Ending Fund Balance Adjustment				(\$1,050,000)	(\$1,050,000)			(\$1,050,000)
Our City Forest Temporary Storage			\$50,000		\$50,000			\$50,000
Willow Glen Spur Trail Acquisition			\$1,000,000		\$1,000,000			\$1,000,000
<b>Total CONST/CONV TAX FD-PARKS CW (391)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,050,000</b>	<b>(\$1,050,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX FD-PKS CD10 (389)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Ending Fund Balance Adjustment				(\$50,000)	(\$50,000)			(\$50,000)
TRAIL: Guadalupe Creek-Meridian Avenue to Singletree Way			\$50,000		\$50,000			\$50,000
<b>Total CONST/CONV TAX FD-PKS CD10 (389)</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>

Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 2005-2006 Mid-Year Budget Review

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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 FD-PKS CD6 (384)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Cinnabar Commons Park			\$100,000		\$100,000			\$100,000
Ending Fund Balance Adjustment				(\$100,000)	(\$100,000)			(\$100,000)
<b>Total CONST/CONV TAX FD-PKS CD6 (384)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>	<b>(\$100,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX FD-SRVC YDS (395)</b>								
<b>Service Yards Capital Program</b>								
Ending Fund Balance Adjustment				(\$50,000)	(\$50,000)			(\$50,000)
Service Yards Phase II Project			\$50,000		\$50,000			\$50,000
<b>Total CONST/CONV TAX FD-SRVC YDS (395)</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>CONST/CONV TX FD PKS CD1(377)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Ending Fund Balance Adjustment				(\$125,000)	(\$125,000)			(\$125,000)
West San José Community Center FF&E			\$125,000		\$125,000			\$125,000
<b>Total CONST/CONV TX FD PKS CD1(377)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$125,000</b>	<b>(\$125,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TX FD PKS CD4 (381)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Ending Fund Balance Adjustment				(\$95,000)	(\$95,000)			(\$95,000)
TRAIL: Bay Trail Reach 9B			\$95,000		\$95,000			\$95,000
<b>Total CONST/CONV TX FD PKS CD4 (381)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$95,000</b>	<b>(\$95,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
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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>								
BART Project Management			\$17,000		\$17,000	\$17,000		\$0
Ending Fund Balance Adjustment				(\$70,000)	(\$70,000)			(\$70,000)
Fiber Optics Permit Engineering			(\$400,000)		(\$400,000)	(\$400,000)		\$0
ITS: Transportation Information Center and Remote TMC			\$70,000		\$70,000			\$70,000
Street Maintenance Program Positions					\$0			\$0
<b>Total CONSTRUCTION EXCISE TAX FD (465)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$313,000)</b>	<b>(\$70,000)</b>	<b>(\$383,000)</b>	<b>(\$383,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>DENTAL INSURANCE FUND (155)</b>								
<b>EMPLOYEE SERVICES</b>								
Ending Fund Balance Adjustment			(\$13,000)		(\$13,000)			(\$13,000)
Operating Contingency Adjustment			(\$6,000)		(\$6,000)			(\$6,000)
Personal Services Adjustment	\$19,000				\$19,000			\$19,000
<b>Total DENTAL INSURANCE FUND (155)</b>	<b>\$19,000</b>	<b>\$0</b>	<b>(\$19,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>FED DRUG FORF FD (419)</b>								
<b>POLICE</b>								
Ending Fund Balance Adjustment				\$66,000	\$66,000			\$66,000
Narcotics Covert Investigations Unit Equipment		\$25,000			\$25,000			\$25,000
Tech Adj: Non-Personal/Equipment Funding Correction		(\$91,000)			(\$91,000)			(\$91,000)
<b>Total FED DRUG FORF FD (419)</b>	<b>\$0</b>	<b>(\$66,000)</b>	<b>\$0</b>	<b>\$66,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
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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>TRANSPORTATION</b>								
Ending Fund Balance Adjustment				(\$20,000)	(\$20,000)			(\$20,000)
<b>GENERAL SERVICES</b>								
General Services Lease Cost Increase		\$20,000			\$20,000			\$20,000
<b>Total GENERAL PURPOSE PARKING FD (533)</b>	<b>\$0</b>	<b>\$20,000</b>	<b>\$0</b>	<b>(\$20,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>GIFT TRUST FUND (139)</b>								
<b>PARKS, REC AND NEIGH SVCS</b>								
Emma Prusch Farm Park			\$4,500		\$4,500	\$4,500		\$0
O'Donnel Gardens Park			\$50,000		\$50,000	\$50,000		\$0
<b>LIBRARY</b>								
Library - General Gift			\$12,992		\$12,992	\$12,992		\$0
<b>Total GIFT TRUST FUND (139)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$67,492</b>	<b>\$0</b>	<b>\$67,492</b>	<b>\$67,492</b>	<b>\$0</b>	<b>\$0</b>
<b>INTEGRATED WASTE MGT FUND (423)</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Ending Fund Balance Adjustment				\$13,943	\$13,943			\$13,943
Household Hazardous Waste Program		\$423,400			\$423,400	\$423,400		\$0
Public Area Recycling Program		(\$13,943)			(\$13,943)			(\$13,943)
<b>Total INTEGRATED WASTE MGT FUND (423)</b>	<b>\$0</b>	<b>\$409,457</b>	<b>\$0</b>	<b>\$13,943</b>	<b>\$423,400</b>	<b>\$423,400</b>	<b>\$0</b>	<b>\$0</b>
<b>LIBRARY BEN ASSES DISTRT FD (412)</b>								
<b>LIBRARY</b>								
Cost/Position Management Plan Savings - Personal Services	\$382,402				\$382,402			\$382,402
Ending Fund Balance Adjustment			(\$382,402)		(\$382,402)			(\$382,402)
<b>Total LIBRARY BEN ASSES DISTRT FD (412)</b>	<b>\$382,402</b>	<b>\$0</b>	<b>(\$382,402)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 2005-2006 Mid-Year Budget Review

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>PARKS &amp; REC BOND PROJECT FD (471)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Almaden Lake Park			\$400,000		\$400,000			\$400,000
Contingency Reserve			(\$400,000)		(\$400,000)			(\$400,000)
<b>Total PARKS &amp; REC BOND PROJECT FD (471)</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>REDEV CAPITAL PROJECTS FD (450)</b>								
<b>Traffic Capital Program</b>								
Lower Silver Creek Improvement Project			\$15,000		\$15,000	\$15,000		\$0
Pedestrian Safety Improvements			\$100,000		\$100,000	\$100,000		\$0
<b>Total REDEV CAPITAL PROJECTS FD (450)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$115,000</b>	<b>\$0</b>	<b>\$115,000</b>	<b>\$115,000</b>	<b>\$0</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHARGE FD (541)</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Tech Adj: Transfer from the General Fund				\$4,100	\$4,100	\$4,100		\$0
<b>Total SEWER SVC &amp; USE CHARGE FD (541)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,100</b>	<b>\$4,100</b>	<b>\$4,100</b>	<b>\$0</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHG CAP (545)</b>								
<b>PUBLIC WORKS</b>								
Monterey-Riverside Sewer			\$75,000		\$75,000			\$75,000
Rosemary Area			\$172,000		\$172,000			\$172,000
<b>Sanitary Sewer Capital Program</b>								
Ending Fund Balance Adjustment				(\$247,000)	(\$247,000)			(\$247,000)
<b>Total SEWER SVC &amp; USE CHG CAP (545)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$247,000</b>	<b>(\$247,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 2005-2006 Mid-Year Budget Review

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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 CAP FD (512)</b>								
<b>Water Pollution Control Capital Program</b>								
Tech Adj: Transfer from the General Fund				\$40,000	\$40,000	\$40,000		\$0
<b>Total SJ-SC TRMNT PLANT CAP FD (512)</b>								
	\$0	\$0	\$0	\$40,000	\$40,000	\$40,000	\$0	\$0
<b>SJ-SC TRMNT PLANT OPER FD (513)</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Tech Adj: Transfer from the General Fund				\$4,000	\$4,000	\$4,000		\$0
<b>Total SJ-SC TRMNT PLANT OPER FD (513)</b>								
	\$0	\$0	\$0	\$4,000	\$4,000	\$4,000	\$0	\$0
<b>STATE DRUG FORF FD (417)</b>								
<b>POLICE</b>								
Ending Fund Balance Adjustment				(\$91,000)	(\$91,000)			(\$91,000)
Tech Adj: Non-Personal/Equipment Funding Correction					\$91,000			\$91,000
<b>Total STATE DRUG FORF FD (417)</b>								
	\$0	\$91,000	\$0	(\$91,000)	\$0	\$0	\$0	\$0
<b>STORM SEWER CAPITAL FUND (469)</b>								
<b>PUBLIC WORKS</b>								
Albany-Kiely Storm Drainage Improvement				\$150,000	\$150,000			\$150,000
<b>Storm Sewer Capital Program</b>								
Ending Fund Balance Adjustment				(\$150,000)	(\$150,000)			(\$150,000)
<b>Total STORM SEWER CAPITAL FUND (469)</b>								
	\$0	\$0	\$150,000	(\$150,000)	\$0	\$0	\$0	\$0
<b>STORM SEWER OPERATING FD (446)</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Tech Adj: Transfer from the General Fund				\$2,000	\$2,000	\$2,000		\$0
<b>Total STORM SEWER OPERATING FD (446)</b>								
	\$0	\$0	\$0	\$2,000	\$2,000	\$2,000	\$0	\$0

Special/Capital Funds  
 Augmentation/Reduction Adjustment Actions  
 2005-2006 Mid-Year Budget Review

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 &amp; Comm Fac Dev Capital Program</b>								
Public Works Development Services Staff			\$50,000		\$50,000			\$50,000
Reserve: Future PDO/PIFO Projects			(\$50,000)		(\$50,000)			(\$50,000)
<b>Total SUBDIVISION PARK TRUST FD (375)</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>UNEMPLOYMENT INSURANC FD (157)</b>								
<b>EMPLOYEE SERVICES</b>								
Ending Fund Balance Adjustment			(\$5,000)		(\$5,000)			(\$5,000)
Operating Contingency Adjustment			(\$6,000)		(\$6,000)			(\$6,000)
Personal Services Adjustment	\$11,000				\$11,000			\$11,000
<b>Total UNEMPLOYMENT INSURANC FD (157)</b>	\$11,000	\$0	(\$11,000)	\$0	\$0	\$0	\$0	\$0



General Fund  
 Clean-Up Adjustment Actions  
 2005-2006 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal Equipment	Other			
<b>CITY ATTORNEY</b>						
Salary Program	\$265,997			\$265,997		\$265,997
Voluntary Furlough/Reduced Work Week Program	(\$38,579)			(\$38,579)		(\$38,579)
<b>CITY ATTORNEY Total</b>	<b>\$227,418</b>	<b>\$0</b>	<b>\$0</b>	<b>\$227,418</b>	<b>\$0</b>	<b>\$227,418</b>
<b>CITY AUDITOR</b>						
Salary Program	\$59,836			\$59,836		\$59,836
Voluntary Furlough/Reduced Work Week Program	(\$2,126)			(\$2,126)		(\$2,126)
<b>CITY AUDITOR Total</b>	<b>\$57,710</b>	<b>\$0</b>	<b>\$0</b>	<b>\$57,710</b>	<b>\$0</b>	<b>\$57,710</b>
<b>CITY CLERK</b>						
Salary Program	\$27,182			\$27,182		\$27,182
<b>CITY CLERK Total</b>	<b>\$27,182</b>	<b>\$0</b>	<b>\$0</b>	<b>\$27,182</b>	<b>\$0</b>	<b>\$27,182</b>
<b>CITY MANAGER</b>						
Salary Program	\$194,180			\$194,180		\$194,180
Voluntary Furlough/Reduced Work Week Program	(\$13,357)			(\$13,357)		(\$13,357)
<b>CITY MANAGER Total</b>	<b>\$180,823</b>	<b>\$0</b>	<b>\$0</b>	<b>\$180,823</b>	<b>\$0</b>	<b>\$180,823</b>

General Fund  
 Clean-Up Adjustment Actions  
 2005-2006 Mid-Year Budget Review

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Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal Equipment	Other			
<b>CITY-WIDE EXPENSES</b>						
City Hall Furniture, Fixtures & Equipment Technical Correction			\$341,360	\$341,360	\$341,360	\$0
City Hall Occupancy Technical Correction			\$100,769	\$100,769	\$100,769	\$0
Salary Program/Animal Care & Services Program			\$90,641	\$90,641		\$90,641
Salary Program/Customer Service & Information Center			\$71,127	\$71,127		\$71,127
Salary Program/Strong Neighborhoods Initiative			\$17,321	\$17,321		\$17,321
Salary Program/Strong Neighborhoods Initiative (non-RDA)			\$9,585	\$9,585		\$9,585
Technical Adjustment: Campaign Finance Review/Ethics Board			(\$120,000)	(\$120,000)		(\$120,000)
Technical Adjustment: Elections Commission			\$120,000	\$120,000		\$120,000
Vol Furlough/Reduced Work Week/Animal Care & Services Program			(\$3,761)	(\$3,761)		(\$3,761)
<b>CITY-WIDE EXPENSES Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$627,042</b>	<b>\$627,042</b>	<b>\$442,129</b>	<b>\$184,913</b>
<b>EARMARKED RESERVES</b>						
Salary Program			(\$8,196,223)	(\$8,196,223)		(\$8,196,223)
Voluntary Furlough/Reduced Work Week Program/Salary Reserve			\$374,861	\$374,861		\$374,861
<b>EARMARKED RESERVES Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$7,821,362)</b>	<b>(\$7,821,362)</b>	<b>\$0</b>	<b>(\$7,821,362)</b>
<b>ECONOMIC DEVELOPMENT</b>						
Salary Program	\$79,133			\$79,133		\$79,133
Voluntary Furlough/Reduced Work Week Program	(\$7,632)			(\$7,632)		(\$7,632)
<b>ECONOMIC DEVELOPMENT Total</b>	<b>\$71,501</b>	<b>\$0</b>	<b>\$0</b>	<b>\$71,501</b>	<b>\$0</b>	<b>\$71,501</b>

General Fund  
 Clean-Up Adjustment Actions  
 2005-2006 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal Equipment	Other			
<b>EMERGENCY SERVICES</b>						
Salary Program	\$40,151			\$40,151		\$40,151
<b>EMERGENCY SERVICES Total</b>	<b>\$40,151</b>	<b>\$0</b>	<b>\$0</b>	<b>\$40,151</b>	<b>\$0</b>	<b>\$40,151</b>
<b>EMPLOYEE SERVICES</b>						
Salary Program	\$99,363			\$99,363		\$99,363
Voluntary Furlough/Reduced Work Week Program	(\$20,100)			(\$20,100)		(\$20,100)
<b>EMPLOYEE SERVICES Total</b>	<b>\$79,263</b>	<b>\$0</b>	<b>\$0</b>	<b>\$79,263</b>	<b>\$0</b>	<b>\$79,263</b>
<b>ENVIRONMENTAL SERVICES</b>						
Salary Program	\$1,853			\$1,853		\$1,853
<b>ENVIRONMENTAL SERVICES Total</b>	<b>\$1,853</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,853</b>	<b>\$0</b>	<b>\$1,853</b>
<b>FINANCE</b>						
Salary Program	\$202,931			\$202,931		\$202,931
Voluntary Furlough/Reduced Work Week Program	(\$38,710)			(\$38,710)		(\$38,710)
<b>FINANCE Total</b>	<b>\$164,221</b>	<b>\$0</b>	<b>\$0</b>	<b>\$164,221</b>	<b>\$0</b>	<b>\$164,221</b>
<b>FIRE</b>						
Salary Program	\$680,628			\$680,628		\$680,628
Voluntary Furlough/Reduced Work Week Program	(\$7,597)			(\$7,597)		(\$7,597)
<b>FIRE Total</b>	<b>\$673,031</b>	<b>\$0</b>	<b>\$0</b>	<b>\$673,031</b>	<b>\$0</b>	<b>\$673,031</b>

General Fund  
 Clean-Up Adjustment Actions  
 2005-2006 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal Equipment	Other			
<b>GENERAL SERVICES</b>						
General Services Overtime Funding	\$96,000	(\$96,000)		\$0		\$0
Salary Program	\$127,580			\$127,580		\$127,580
Voluntary Furlough/Reduced Work Week Program	(\$11,942)			(\$11,942)		(\$11,942)
<b>GENERAL SERVICES Total</b>	<b>\$211,638</b>	<b>(\$96,000)</b>	<b>\$0</b>	<b>\$115,638</b>	<b>\$0</b>	<b>\$115,638</b>
<b>INDEPENDENT POLICE AUDITOR</b>						
Salary Program	\$12,460			\$12,460		\$12,460
<b>INDEPENDENT POLICE AUDITOR Total</b>	<b>\$12,460</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,460</b>	<b>\$0</b>	<b>\$12,460</b>
<b>INFORMATION TECHNOLOGY</b>						
Salary Program	\$209,481			\$209,481		\$209,481
Voluntary Furlough/Reduced Work Week Program	(\$20,111)			(\$20,111)		(\$20,111)
<b>INFORMATION TECHNOLOGY Total</b>	<b>\$189,370</b>	<b>\$0</b>	<b>\$0</b>	<b>\$189,370</b>	<b>\$0</b>	<b>\$189,370</b>
<b>LIBRARY</b>						
Salary Program	\$406,370			\$406,370		\$406,370
Voluntary Furlough/Reduced Work Week Program	(\$73,883)			(\$73,883)		(\$73,883)
<b>LIBRARY Total</b>	<b>\$332,487</b>	<b>\$0</b>	<b>\$0</b>	<b>\$332,487</b>	<b>\$0</b>	<b>\$332,487</b>

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General Fund  
 Clean-Up Adjustment Actions  
 2005-2006 Mid-Year Budget Review

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Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal Equipment	Other			
<b>MAYOR &amp; COUNCIL</b>						
Salary Program/Council Dist 1			\$1,200	\$1,200		\$1,200
Salary Program/Council Dist 10			\$1,200	\$1,200		\$1,200
Salary Program/Council Dist 2			\$1,200	\$1,200		\$1,200
Salary Program/Council Dist 3			\$1,200	\$1,200		\$1,200
Salary Program/Council Dist 4			\$1,200	\$1,200		\$1,200
Salary Program/Council Dist 5			\$1,200	\$1,200		\$1,200
Salary Program/Council Dist 6			\$1,200	\$1,200		\$1,200
Salary Program/Council Dist 7			\$1,200	\$1,200		\$1,200
Salary Program/Council Dist 8			\$1,200	\$1,200		\$1,200
Salary Program/Council Dist 9			\$1,200	\$1,200		\$1,200
Salary Program/Council General			\$37,212	\$37,212		\$37,212
Salary Program/Mayor			\$5,200	\$5,200		\$5,200
<b>MAYOR &amp; COUNCIL Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$54,412</b>	<b>\$54,412</b>	<b>\$0</b>	<b>\$54,412</b>
<b>PARKS, REC AND NEIGH SVCS</b>						
Salary Program	\$586,685			\$586,685		\$586,685
Voluntary Furlough/Reduced Work Week Program	(\$56,719)			(\$56,719)		(\$56,719)
<b>PARKS, REC AND NEIGH SVCS Total</b>	<b>\$529,966</b>	<b>\$0</b>	<b>\$0</b>	<b>\$529,966</b>	<b>\$0</b>	<b>\$529,966</b>

**General Fund  
Clean-Up Adjustment Actions  
2005-2006 Mid-Year Budget Review**

<b>Department/Proposal</b>	<b>USE</b>			<b>Total Use</b>	<b>SOURCE</b>	<b>NET COST</b>
	<b>Personal Services</b>	<b>Non-Personal Equipment</b>	<b>Other</b>		<b>Revenue</b>	
<b>PLAN, BLDG AND CODE ENF</b>						
Salary Program	\$459,969			\$459,969		\$459,969
Voluntary Furlough/Reduced Work Week Program	(\$20,405)			(\$20,405)		(\$20,405)
<b>PLAN, BLDG AND CODE ENF Total</b>	<b>\$439,564</b>	<b>\$0</b>	<b>\$0</b>	<b>\$439,564</b>	<b>\$0</b>	<b>\$439,564</b>
<b>POLICE</b>						
Salary Program	\$4,167,988			\$4,167,988		\$4,167,988
Voluntary Furlough/Reduced Work Week Program	(\$27,118)			(\$27,118)		(\$27,118)
<b>POLICE Total</b>	<b>\$4,140,870</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,140,870</b>	<b>\$0</b>	<b>\$4,140,870</b>
<b>PUBLIC WORKS</b>						
Salary Program	\$81,300			\$81,300		\$81,300
Voluntary Furlough/Reduced Work Week Program	(\$2,205)			(\$2,205)		(\$2,205)
<b>PUBLIC WORKS Total</b>	<b>\$79,095</b>	<b>\$0</b>	<b>\$0</b>	<b>\$79,095</b>	<b>\$0</b>	<b>\$79,095</b>
<b>TRANSPORTATION</b>						
Salary Program	\$250,050			\$250,050		\$250,050
Voluntary Furlough/Reduced Work Week Program	(\$30,616)			(\$30,616)		(\$30,616)
<b>TRANSPORTATION Total</b>	<b>\$219,434</b>	<b>\$0</b>	<b>\$0</b>	<b>\$219,434</b>	<b>\$0</b>	<b>\$219,434</b>
<b>Total General Fund Clean-Up Actions</b>	<b>\$7,678,037</b>	<b>(\$96,000)</b>	<b>(\$7,139,908)</b>	<b>\$442,129</b>	<b>\$442,129</b>	<b>\$0</b>

Special/Capital Fund  
 Clean-Up Adjustment Actions  
 2005-2006 Mid-Year Budget Review

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 FUND (523)</b>								
<b>CITY MANAGER</b>								
Salary Program	\$1,843				\$1,843			\$1,843
<b>INFORMATION TECHNOLOGY</b>								
Salary Program	\$4,711				\$4,711			\$4,711
<b>CITY ATTORNEY</b>								
Salary Program	\$15,114				\$15,114			\$15,114
<b>FINANCE</b>								
Salary Program	\$2,533				\$2,533			\$2,533
<b>POLICE</b>								
Salary Program	\$1,145				\$1,145			\$1,145
<b>PUBLIC WORKS</b>								
Salary Program	\$3,025				\$3,025			\$3,025
<b>PLAN, BLDG AND CODE ENF</b>								
Salary Program	\$1,328				\$1,328			\$1,328
<b>PARKS, REC AND NEIGH SVCS</b>								
Salary Program	\$976				\$976			\$976
<b>AIRPORT</b>								
Overhead Rate Adjustment - Airport		\$1,965,398			\$1,965,398			\$1,965,398
Overhead Rate Adjustment - Airport Direct Charges			\$80,030		\$80,030			\$80,030
Overhead Rate Adjustment - Operating Contingency			(\$2,045,428)		(\$2,045,428)			(\$2,045,428)
Salary Program	\$506,224				\$506,224			\$506,224
Salary Program - Salary Reserve			(\$536,899)		(\$536,899)			(\$536,899)
Tech. Adjustment: Beg. Fund Balance Res. Master Trust Agrmnt.					\$0		(\$598,607)	\$598,607
Tech. Adjustment: Beg. Fund Balance Worker's Comp. Claim Res.					\$0		\$598,607	(\$598,607)
Tech. Adjustment: End. Fund Balance Res. Master Trust Agrmnt.				(\$598,607)	(\$598,607)			(\$598,607)
Tech. Adjustment: End. Fund Balance Worker's Comp. Claim Res.				\$598,607	\$598,607			\$598,607
<b>Total AIRPORT MAINT &amp; OPER FUND (523)</b>	<b>\$536,899</b>	<b>\$1,965,398</b>	<b>(\$2,502,297)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Fund  
 Clean-Up Adjustment Actions  
 2005-2006 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>BENEFIT FUND (160)</b>								
<b>EMPLOYEE SERVICES</b>								
Salary Program	\$8,760			(\$8,760)	\$0			\$0
<b>Total BENEFIT FUND (160)</b>	<b>\$8,760</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$8,760)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CFD #2 AND CFD #3 FUND (369)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$3,568			(\$3,568)	\$0			\$0
<b>Total CFD #2 AND CFD #3 FUND (369)</b>	<b>\$3,568</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,568)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CFD #8 COMMUNICATIONS HILL (373)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$1,847			(\$1,847)	\$0			\$0
<b>Total CFD #8 COMMUNICATIONS HILL (373)</b>	<b>\$1,847</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,847)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CIVIC CENTER CONST FD (425)</b>								
<b>New City Hall Capital Program</b>								
Construction Funding Reallocation			(\$1,575,000)		(\$1,575,000)	(\$155,000)		(\$1,420,000)
Reallocate Existing Funds to Design and Construction Management			\$200,000		\$200,000			\$200,000
Transfer to RDA - Land Acquisition			\$1,220,000		\$1,220,000			\$1,220,000
<b>Total CIVIC CENTER CONST FD (425)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$155,000)</b>	<b>\$0</b>	<b>(\$155,000)</b>	<b>(\$155,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CIVIC CENTER PRKNG FD (433)</b>								
<b>New City Hall Capital Program</b>								
Transfer to RDA - Land Acquisition			\$155,000		\$155,000	\$155,000		\$0
<b>Total CIVIC CENTER PRKNG FD (433)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$155,000</b>	<b>\$0</b>	<b>\$155,000</b>	<b>\$155,000</b>	<b>\$0</b>	<b>\$0</b>



Special/Capital Fund  
 Clean-Up Adjustment Actions  
 2005-2006 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>COMMUNITY FAC DIST #1 (371)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$874			(\$874)	\$0			\$0
<b>Total COMMUNITY FAC DIST #1 (371)</b>	<b>\$874</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$874)</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	\$46			(\$46)	\$0			\$0
<b>INFORMATION TECHNOLOGY</b>								
Salary Program	\$1,100			(\$1,100)	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Salary Program	\$57,410			(\$57,410)	\$0			\$0
<b>Total CONSOL WATER UTILITY FD (515)</b>	<b>\$58,556</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$58,556)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONV/CULTURAL AFFAIRS FD (536)</b>								
<b>FINANCE</b>								
Salary Program	\$1,220			(\$1,220)	\$0			\$0
<b>Total CONV/CULTURAL AFFAIRS FD (536)</b>	<b>\$1,220</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,220)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CUSTOMER FAC &amp; TRANSP (519)</b>								
<b>AIRPORT</b>								
Overhead Rate Adjustment - Airport		\$19,856			\$19,856			\$19,856
Overhead and Salary Program - Contingency Reserve			(\$26,899)		(\$26,899)			(\$26,899)
Salary Program	\$7,043				\$7,043			\$7,043
<b>Total CUSTOMER FAC &amp; TRANSP (519)</b>	<b>\$7,043</b>	<b>\$19,856</b>	<b>(\$26,899)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>DENTAL INSURANCE FUND (155)</b>								
<b>EMPLOYEE SERVICES</b>								
Salary Program	\$4,443			(\$4,443)	\$0			\$0
<b>Total DENTAL INSURANCE FUND (155)</b>	<b>\$4,443</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$4,443)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Fund  
 Clean-Up Adjustment Actions  
 2005-2006 Mid-Year Budget Review

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>INFORMATION TECHNOLOGY</b>								
Salary Program	\$2,141			(\$2,141)	\$0			\$0
<b>TRANSPORTATION</b>								
Salary Program	\$29,644			(\$29,644)	\$0			\$0
<b>GENERAL SERVICES</b>								
Salary Program	\$219			(\$219)	\$0			\$0
<b>Total GENERAL PURPOSE PARKING FD (533)</b>	<b>\$32,004</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$32,004)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>HAYES MANSION PHASE III (434)</b>								
<b>PUBLIC WORKS</b>								
Rebudget : Edenvale Garage			\$40,542	(\$40,542)	\$0			\$0
<b>Total HAYES MANSION PHASE III (434)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$40,542</b>	<b>(\$40,542)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>HOME INVEST PART PROG FD (445)</b>								
<b>HOUSING</b>								
Salary Program	\$7,549			(\$7,549)	\$0			\$0
<b>Total HOME INVEST PART PROG FD (445)</b>	<b>\$7,549</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$7,549)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Fund  
 Clean-Up Adjustment Actions  
 2005-2006 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>INTEGRATED WASTE MGT FUND (423)</b>								
<b>CITY MANAGER</b>								
Salary Program	\$121			(\$121)	\$0			\$0
<b>INFORMATION TECHNOLOGY</b>								
Salary Program	\$12,232			(\$12,232)	\$0			\$0
<b>FINANCE</b>								
Salary Program	\$27,812			(\$27,812)	\$0			\$0
<b>TRANSPORTATION</b>								
Salary Program	\$1,516			(\$1,516)	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Salary Program	\$99,255			(\$99,255)	\$0			\$0
<b>Total INTEGRATED WASTE MGT FUND (423)</b>	<b>\$140,936</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$140,936)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LIFE INSURANCE FUND (156)</b>								
<b>EMPLOYEE SERVICES</b>								
Salary Program	\$856			(\$856)	\$0			\$0
<b>Total LIFE INSURANCE FUND (156)</b>	<b>\$856</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$856)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Fund  
 Clean-Up Adjustment Actions  
 2005-2006 Mid-Year Budget Review

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>LOW/MOD INCOME HOUSING FD (443)</b>								
<b>CITY MANAGER</b>								
Salary Program	\$939			(\$939)	\$0			\$0
<b>INFORMATION TECHNOLOGY</b>								
Salary Program	\$4,094			(\$4,094)	\$0			\$0
<b>CITY ATTORNEY</b>								
Salary Program	\$13,561			(\$13,561)	\$0			\$0
<b>FINANCE</b>								
Salary Program	\$4,446			(\$4,446)	\$0			\$0
<b>HOUSING</b>								
Salary Program	\$125,786			(\$125,786)	\$0			\$0
<b>PUBLIC WORKS</b>								
Salary Program	\$2,114			(\$2,114)	\$0			\$0
<b>PLAN, BLDG AND CODE ENF</b>								
Salary Program	\$1,177			(\$1,177)	\$0			\$0
<b>Total LOW/MOD INCOME HOUSING FD (443)</b>	<b>\$152,117</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$152,117)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #1 LOS PASEOS (352)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$778			(\$778)	\$0			\$0
<b>Total M.D. #1 LOS PASEOS (352)</b>	<b>\$778</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$778)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #11 BROKAW/JUNCT-OAKL (364)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$203			(\$203)	\$0			\$0
<b>Total M.D. #11 BROKAW/JUNCT-OAKL (364)</b>	<b>\$203</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$203)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Fund  
 Clean-Up Adjustment Actions  
 2005-2006 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>M.D. #13 KARINA CT-O'NEL DR (366)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$203			(\$203)	\$0			\$0
<b>Total M.D. #13 KARINA CT-O'NEL DR (366)</b>	<b>\$203</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$203)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #15 SILVER CREEK FUND (368)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$6,266			(\$6,266)	\$0			\$0
<b>Total M.D. #15 SILVER CREEK FUND (368)</b>	<b>\$6,266</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$6,266)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #18 MEADOWLANDS (372)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$203			(\$203)	\$0			\$0
<b>Total M.D. #18 MEADOWLANDS (372)</b>	<b>\$203</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$203)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #19 RIVER OAKS FUND (359)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$441			(\$441)	\$0			\$0
<b>Total M.D. #19 RIVER OAKS FUND (359)</b>	<b>\$441</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$441)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #2 TRADE ZONE - LUNDY (354)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$534			(\$534)	\$0			\$0
<b>Total M.D. #2 TRADE ZONE - LUNDY (354)</b>	<b>\$534</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$534)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #20 RENAISSANCE-N. 1ST (365)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$408			(\$408)	\$0			\$0
<b>Total M.D. #20 RENAISSANCE-N. 1ST (365)</b>	<b>\$408</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$408)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Fund  
 Clean-Up Adjustment Actions  
 2005-2006 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>M.D. #21 GATEWAY (356)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$306			(\$306)	\$0			\$0
<b>Total M.D. #21 GATEWAY (356)</b>	<b>\$306</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$306)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #22 HELLYER-FONT RD (367)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$591			(\$591)	\$0			\$0
<b>Total M.D. #22 HELLYER-FONT RD (367)</b>	<b>\$591</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$591)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #5 ORCH PKWY-PLUMERIA (357)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$203			(\$203)	\$0			\$0
<b>Total M.D. #5 ORCH PKWY-PLUMERIA (357)</b>	<b>\$203</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$203)</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	\$434			(\$434)	\$0			\$0
<b>Total M.D. #8 ZANKER-MONTAGUE (361)</b>	<b>\$434</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$434)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #9 S TERESA/GRT OAKS (362)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$608			(\$608)	\$0			\$0
<b>Total M.D. #9 S TERESA/GRT OAKS (362)</b>	<b>\$608</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$608)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>MULTI-SOURCE HOUSING FD (448)</b>								
<b>HOUSING</b>								
Salary Program	\$8,464			(\$8,464)	\$0			\$0
<b>Total MULTI-SOURCE HOUSING FD (448)</b>	<b>\$8,464</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$8,464)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Fund  
 Clean-Up Adjustment Actions  
 2005-2006 Mid-Year Budget Review

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>								
City Hall Furniture, Fixtures & Equipment Correction			\$3,000		\$3,000			\$3,000
City Hall Occupany Correction			(\$3,000)		(\$3,000)			(\$3,000)
<b>Total SANITARY SEWER CONN FEE FD (540)</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>CITY MANAGER</b>								
Salary Program	\$540			(\$540)	\$0			\$0
<b>INFORMATION TECHNOLOGY</b>								
Salary Program	\$5,310			(\$5,310)	\$0			\$0
<b>CITY ATTORNEY</b>								
Salary Program	\$10,143			(\$10,143)	\$0			\$0
<b>TRANSPORTATION</b>								
Salary Program	\$273,120			(\$273,120)	\$0			\$0
<b>PUBLIC WORKS</b>								
Salary Program	\$24,953			(\$24,953)	\$0			\$0
<b>PLAN, BLDG AND CODE ENF</b>								
Salary Program	\$2,809			(\$2,809)	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Salary Program	\$6,574			(\$6,574)	\$0			\$0
<b>Total SEWER SVC &amp; USE CHARGE FD (541)</b>	<b>\$323,449</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$323,449)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHG CAP (545)</b>								
<b>Sanitary Sewer Capital Program</b>								
City Hall Furniture, Fixtures & Equipment Correction			\$8,000		\$8,000			\$8,000
City Hall Occupancy Correction			(\$8,000)		(\$8,000)			(\$8,000)
<b>Total SEWER SVC &amp; USE CHG CAP (545)</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 Fund  
 Clean-Up Adjustment Actions  
 2005-2006 Mid-Year Budget Review

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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>CITY MANAGER</b>								
Salary Program	\$1,340			(\$1,340)	\$0			\$0
<b>INFORMATION TECHNOLOGY</b>								
Salary Program	\$4,348			(\$4,348)	\$0			\$0
<b>CITY ATTORNEY</b>								
Salary Program	\$3,160			(\$3,160)	\$0			\$0
<b>FINANCE</b>								
Salary Program	\$3,874			(\$3,874)	\$0			\$0
<b>PUBLIC WORKS</b>								
Salary Program	\$1,058			(\$1,058)	\$0			\$0
<b>GENERAL SERVICES</b>								
Salary Program	\$447			(\$447)	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Salary Program	\$459,275			(\$459,275)	\$0			\$0
Tech Adjust - Categorization of Rent Payments (Non-Pers/Equip)		(\$67,348)			(\$67,348)			(\$67,348)
Tech Adjust - Categorization of Rent Pyts - Transfer to General Fd			\$67,348		\$67,348			\$67,348
<b>Total SJ-SC TRMNT PLANT OPER FD (513)</b>	<b>\$473,502</b>	<b>(\$67,348)</b>	<b>\$67,348</b>	<b>(\$473,502)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>STORES FUND (551)</b>								
<b>FINANCE</b>								
Operating Contingency Adjustment			(\$16,230)		(\$16,230)			(\$16,230)
Salary Program	\$16,230				\$16,230			\$16,230
<b>Total STORES FUND (551)</b>	<b>\$16,230</b>	<b>\$0</b>	<b>(\$16,230)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>




Special/Capital Fund  
 Clean-Up Adjustment Actions  
 2005-2006 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>STORM SEWER OPERATING FD (446)</b>								
<b>INFORMATION TECHNOLOGY</b>								
Salary Program	\$2,206			(\$2,206)	\$0			\$0
<b>TRANSPORTATION</b>								
Salary Program	\$60,962			(\$60,962)	\$0			\$0
<b>PUBLIC WORKS</b>								
Salary Program	\$3,511			(\$3,511)	\$0			\$0
<b>PLAN, BLDG AND CODE ENF</b>								
Salary Program	\$4,068			(\$4,068)	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Salary Program	\$43,920			(\$43,920)	\$0			\$0
Tech Adjust - Categorization of Rent Payments (Non-Pers/Equip)		\$67,348			\$67,348			\$67,348
Tech Adjust - Categorization of Rent Pyts - Transfer to General Fd			(\$67,348)		(\$67,348)			(\$67,348)
<b>Total STORM SEWER OPERATING FD (446)</b>	<b>\$114,667</b>	<b>\$67,348</b>	<b>(\$67,348)</b>	<b>(\$114,667)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SUBDIVISION PARK TRUST FD (375)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
City Hall Furniture, Fixtures & Equipment Correction			\$4,000		\$4,000			\$4,000
City Hall Occupancy Correction			(\$4,000)		(\$4,000)			(\$4,000)
<b>Total SUBDIVISION PARK TRUST FD (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>UNEMPLOYMENT INSURANC FD (157)</b>								
<b>EMPLOYEE SERVICES</b>								
Salary Program	\$2,204			(\$2,204)	\$0			\$0
<b>Total UNEMPLOYMENT INSURANC FD (157)</b>	<b>\$2,204</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,204)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Fund  
 Clean-Up Adjustment Actions  
 2005-2006 Mid-Year Budget Review

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>INFORMATION TECHNOLOGY</b>								
Salary Program			\$34		\$34			\$34
<b>EMPLOYEE SERVICES</b>								
Salary Program			\$3,510		\$3,510			\$3,510
<b>GENERAL SERVICES</b>								
Operating Contingency Adjustment			(\$50,000)	(\$37,430)	(\$87,430)			(\$87,430)
Salary Program	\$83,886				\$83,886			\$83,886
<b>Total VEHICLE MAINT &amp; OPER FD (552)</b>	<b>\$83,886</b>	<b>\$0</b>	<b>(\$46,456)</b>	<b>(\$37,430)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>WORKFORCE INVSTMNT ACT FD (290)</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Rebudget: Admin City Attorney Services			\$24,717		\$24,717	\$24,717		\$0
Rebudget: Administration SVWIN			\$509,893		\$509,893	\$509,893		\$0
Rebudget: Adult Program			\$956,882		\$956,882	\$956,882		\$0
Rebudget: Bay Area Work Program			\$8,603		\$8,603	\$8,603		\$0
Rebudget: Dislocated Worker Program			\$1,832,386		\$1,832,386	\$1,832,386		\$0
Rebudget: High Tech Program			\$541,828		\$541,828	\$541,828		\$0
Rebudget: Rapid Response Program			\$8,396		\$8,396	\$8,396		\$0
Rebudget: Technology to Teachers Program			\$218,580		\$218,580	\$218,580		\$0
Rebudget: Transportation Program			\$385,984		\$385,984	\$385,984		\$0
Rebudget: Youth Program			\$77,045		\$77,045	\$77,045		\$0
<b>Total WORKFORCE INVSTMNT ACT FD (290)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,564,314</b>	<b>\$0</b>	<b>\$4,564,314</b>	<b>\$4,564,314</b>	<b>\$0</b>	<b>\$0</b>



2005-2006

MID-YEAR  
BUDGET  
REVIEW



SECTION  
IV

COUNCIL  
REFERRALS



# Memorandum

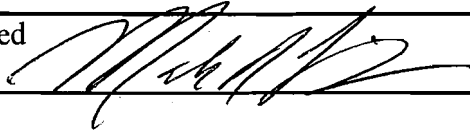
**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jeffrey L. Clet  
John Stufflebean

**SUBJECT:** ESD / WPCP EMERGENCY  
PLAN AND DUPLICATE  
SERVICES IMPLEMENTATION

**DATE:** January 23, 2006

Approved



Date

1/31/06

## INTRODUCTION

This memo is prepared in response to the Mayor's June Budget Message For Fiscal Year 2005-2006 directing the City Manager to implement the emergency response plan developed by the Environmental Services Department, in partnership with the Fire Department and the Office of Emergency Services, and eliminate duplicated services provided by both Fire and Environmental Services staff.

## BACKGROUND

Staff was asked to seek opportunities to eliminate duplicate services. It was mutually decided that CPR / AED Training, Hazardous Material Response Training, and Respiratory Protection would be considered. The evaluation determined that CPR / AED Training and a specific aspect of respiratory protection duties could be managed by the Fire Department with current staff. However, the Fire Department cannot commit to training WPCP personnel in Hazardous Material First Responder Awareness in fiscal year 2006-07 as originally conceived with the current Hazardous Incident (HIT) team staffing level, restored for 2005-2006 only. Both parties have agreed to re-evaluate this opportunity in the future if staffing restoration on HIT occurs.

## IMPLEMENTATION

The Fire Department and Environmental Services Department / Water Pollution Control Plant (WPCP) staff have mutually agreed to implement the following service changes:

1. The Fire Department will conduct the Cal-OSHA mandated annual Self Contained Breathing Apparatus (SCBA) face piece fit test for WPCP Operations Staff. This service has been contracted out by WPCP. WPCP should expect to realize a higher level of customer satisfaction from moving this service to Fire, due to Fire's flexibility to accommodate their shift schedule and by providing additional testing opportunities. This transfer of services will be effective July 1, 2006.

Fire, WPCP, and the Office of Emergency Services (OES) are establishing a Joint Operations Committee (JOC). The first meeting of the JOC will occur in March 2006. This Committee will continue to look for additional opportunities to eliminate duplicated services provided by both Fire and Environmental Services staff when training for emergencies and developing emergency response plans. A high priority for the JOC will be to exercise the WPCP Emergency Plan and to engage other City departments, such as the Police Department, in preparing to respond to emergencies at the WPCP. OES is the custodian of the City Emergency Response Plan and maintains the Emergency Operation Center. The support and participation of OES will be vital to the successful implementation of the WPCP Emergency Plan.

2. The Fire Department will provide CPR/AED and First Aid training to WPCP employees as needed. The CPR/AED program will be to American Heart standards, which is the current standard for the Fire Department. CPR/AED certification will occur on a two-year cycle. The First Aid program is from EMS Systems and will occur on a three-year certification cycle. The WPCP should expect to realize a higher level of customer satisfaction by moving this service to Fire. Service delivery will begin July 1, 2006 and will continue as mutually agreed. Funding has been identified in WPCP for instructor hours and materials. Both Fire and WPCP anticipate a cost savings to WPCP at no additional cost to the Fire Department. Success of the partnership and service levels provided in 2006-2007 will be evaluated towards the end of the 2006-2007 fiscal year by WPCP and the Fire Department. Fire has offered to pilot a class in the 2005-2006 fiscal year for auditing by the WPCP Training staff.

## **COORDINATION**

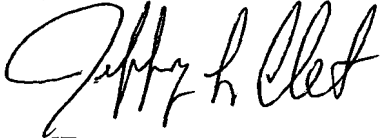
This memo is the collaborative effort between the Fire Department, Office of Emergency Services, and Environmental Services Department. Once this concept has been approved, staff will meet with the City Manager's Budget Office to ensure that all personnel and non-personnel costs are charged and funded appropriately. This will include the Cal-OSHA face fit testing, training areas identified by the Joint Operations Committee and the CPR/AED First Aid training.

## **CONCLUSION**

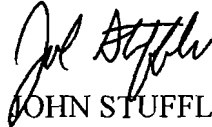
A result of evaluating the recommendation for our departments to seek opportunities to eliminate duplicate services will be improved services for WPCP, implementation of a WPCP / Fire Training Committee, and increased ability to protect the community. Having the Fire Department instruct CPR / AED and perform face piece fit tests, while representing improved customer service for WPCP will not result in significant cost savings.

Our departments will continue to explore opportunities to eliminate duplicate services.

Restoration of HIT Team staffing would allow Fire / WPCP to evaluate the feasibility of Fire assuming a greater role in training WPCP staff in the area of hazardous materials response.



JEFFREY L. CLET  
Fire Chief



JOHN STUFFLEBEAN  
Director, Environmental Services Department





# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jeffrey L. Clet

**SUBJECT:** INTEGRATED RECORDS  
MANAGEMENT SYSTEM:  
PROJECT STATUS REPORT

**DATE:** January 23, 2006

Approved

Date

1/31/06

## INTRODUCTION

In the Mayor's June Budget Message for 2005-06, the Mayor and City Council directed the Department to develop a more aggressive timeline to implement the RMS, recognizing that it is critical to manage and track staffing trends to manage staff time and better understand resource needs.

## BACKGROUND

As part of the 2005/2006 Adopted Capital Budget, the San José City Council authorized the Fire Department to purchase an integrated records management system. The original project plan called for implementation in FY 06/07 with data collection beginning in July 2007 and reporting of the data starting in July 2008. In order to facilitate the acceleration of the project, the Fire Department was able to add temporary staff funded through the end of the 2005/2006 fiscal year. The Support Services Deputy Director was hired in September 2004. A primary responsibility of this position was the purchase and implementation of the RMS. Because of previous professional experience in information technology, the Deputy Director was assigned to lead the new procurement for the Converged Network at City Hall. This project required a close to full time commitment for approximately six months. Additionally, he was assigned as the Fire Department lead on Computer Aided Dispatch project. This project faced serious challenges and was the subject of a Grand Jury investigation. Again, a significant time commitment was required to manage this project. Finally, the Fire Department's 9-1-1 communications division was operating without a Division Manager. This situation required significantly more day-to-day oversight of Fire communications by the Deputy Director.

With the additional responsibilities for the Deputy Director no longer required, the Department has been able to assign the necessary resources to the records management system that have resulted in the accelerated time frame described below.

In September 2005, the Department's Bureau of Support Services developed a project structure and solicited participation from Department members. A RMS Committee, comprised of representatives from all functional areas and all ranks of the department, was established and given responsibility for overseeing and guiding the project. Additionally, the Deputy Director of Support Services met with both the City Attorney's Office and the Finance Department to discuss coordination of the procurement process. A "kick-off" meeting was held, and the Department began the process of selecting the committee members that would facilitate the Fire Department's segment of the overall procurement process.

## ANALYSIS

The Department developed a detailed work plan with specific milestones and deliverables. The initial milestones for "Phase 1" are: a) gather user requirements from all bureaus and divisions in the Department (December 2005); b) develop user specifications separated into appropriate categories with an evaluation and scoring tool (January 2006); and, c) prepare the Fire Department's portion of the final RFP (February 28).

"Phase 2" consisting of vendor selection and negotiation of the final delivered product is tentatively scheduled to commence Spring 2006. "Phase 3" will include the installation of the selected software, integration with city enterprise software, department training, phased implementation of priority modules, in-house testing, and monitoring of system performance. Successive phases will focus on installation and implementation of additional modules, incorporating upgrades and fixes, and ensuring stability of baseline data sets.

In late November 2005, the committee began holding regular meetings and learning the skills and techniques needed to develop a comprehensive plan for identifying, articulating, and quantifying the data management needs of a large, metropolitan fire department. During each meeting, a different topic intended to improve proficiency and understanding of all project elements was presented.

The committee's initial activity was to interview peers and coworkers as a means of gathering and summarizing thoughts and ideas from a broad cross-section of the Department in regards to perceptions, preferences, and priorities of those most affected by changes in the way the Fire Department approaches data management. The findings were summarized and will be used as the foundation for the specifications that will be incorporated into the RFP. The committee has also visited another fire department to view an installed integrated RMS, ask questions, and learn from the experience of a similar organization. Further site visits and system demonstrations have been scheduled to build a broad base of knowledge and understanding within the committee.

Currently, the committee is refining and prioritizing the user specifications, has started the process of developing an evaluation and scoring tool, and is working to keep the department informed about the progress and status of the project.



HONORABLE MAYOR AND CITY COUNCIL

**Subject: Integrated Records Management System: Project Status Report**

Page 3

January 23, 2006

**STATUS**

Committee established	November	Complete
User requirements	December	Complete
Specifications/Evaluation tool	January	In Progress
FD portion of RFP	February	Pending
Procurement	Spring	Pending



JEFFREY L. CLET

Fire Chief



# Memorandum

**TO:** HONORABLE MAYOR AND CITY COUNCIL      **FROM:** Jeffrey L. Clet

**SUBJECT:** STATUS OF FIRE PREVENTION INSPECTIONS REFERRAL      **DATE:** January 26, 2006

Approved

Date

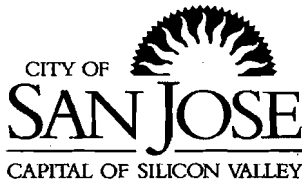
1/27/06

As part of the 2005-2006 Adopted Operating Budget, the Mayor and City Council directed the Fire Department to "Reduce the Fire Prevention Division and Require Fire Companies to Pick up Program Needs Required by State Law." Pending the completion of a comprehensive business plan, the Fire Department had planned to report in-depth analysis on this issue as part of the 2005-2006 Mid-Year Budget Review. However, work to complete this business plan has taken longer than anticipated and a draft of this plan is now tentatively scheduled to be completed by March 2006.

The business plan will include an in-depth analysis of Fire Prevention staff capacity, and options for providing customer service. There will be reviews of mandated inspections and inspections that relate to local requirements. Additionally, there will be a review of the capacity of line fire companies to absorb Fire Prevention activities beyond the current line inspection workload. The Fire Department will use the analysis in the business plan to develop a response to the Council Referral, supported by data, program evaluation, and available resource capacity.

Completion of the business plan and an analysis on the capacity of line fire companies to absorb Fire Prevention activities will be completed in time for consideration in the 2006-2007 Proposed Operating Budget, and any recommendations from the Fire Department will be presented as investment proposals for recommendation by the City Manager's Office.

JEFFREY L. CLET  
Fire Chief



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Joseph Horwedel

**SUBJECT:** SHOPPING CART PROGRAM

**DATE:** January 27, 2006

Approved

Date

1/27/06

## INFORMATION

In the Mayor's June Budget Message for FY 2005-06, Planning, Building and Code Enforcement was asked to report back to Council on the following referral:

*Working in partnership with San José grocery stores, evaluate a potential new fee when stores retrieve their carts from the City. The Manager is further directed to bring together San José grocers and businesses with shopping carts to evaluate this program and discuss possible program changes to increase the speed of removal from neighborhood streets.*

Most grocery and larger shopping establishments pick up their own carts, which are abandoned away from their premises, quickly when notified to do so. Research by staff has determined that the vast majority of carts left in landfills, or picked up by the City, are not retrieved by their owners and are not marked with the store's identity. This fact severely limits the utility and revenue potential of a retrieval fee.

When the 2006-2007 forecast for Solid Waste Enforcement Fee revenue is completed, staff will meet with the Grocers Association to look jointly for innovative approaches to reducing the presence of abandoned shopping carts in our neighborhoods. On the basis of those discussions and the availability of alternative funding sources, a proposal to improve the City's response to abandoned shopping carts will be brought to Council in the 2006-2007 budget process.

JOSEPH HOR WEDEL, ACTING DIRECTOR  
Planning, Building and Code Enforcement



# Memorandum

**TO:** HONORABLE MAYOR AND CITY COUNCIL

**FROM:** Robert L. Davis  
Chief of Police

**SUBJECT:** COMMUNITY SERVICES  
COUNCIL REFERRALS

**DATE:** January 16, 2006

Approved

Date

1/27/06

As part of the Mayor's June Budget Message For Fiscal Year 2005-2006, the City Council directed the Police Department to report back to the City Council on:

Coordinate efforts of Neighborhood Watch and SNI programs with San José Prepared. Program to educate the community in emergency preparedness and strengthen neighborhoods self-sufficiency for preparedness, safety and crime prevention.

Explore partnerships with San José community colleges and San José private schools to expand public safety protocols to these campuses.

### **Coordinate efforts of Neighborhood Watch, SNI and San José Prepared**

The Community Services Division - Neighborhood Watch staff works with the City of San José's Office of Emergency Services to promote emergency preparedness consistent with the programs offered by San José Prepared. Both programs have been promoted with SNI staff to prepare community members and groups in case of a large-scale emergency.

On September 7<sup>th</sup>, the Community Services Lieutenant met with the SNI team and passed out informational flyers about San José Prepared. The SNI team was asked to promote the program when they meet with neighborhood groups and to contact the Office of Emergency Services if they have any questions or special needs.

The Neighborhood Watch team, including the supervisor and four Crime Prevention Specialists, met with the Office of Emergency Services on Oct. 26th. They exchanged information and public outreach materials so both departments could promote each other's programs. The topic of preparedness is included at neighborhood watch orientation and kick-off meetings.

**Explore partnerships with San José schools**

The School Liaison Unit officers work with the San José Community/Evergreen College District, all private schools in San José, as well as San José State University, to establish a common protocol for a mutual aid response to campus violence situations.

The School Liaison Unit has contacted all 62 private schools in San José during the past several years to offer emergency preparedness training. The contacts have been accomplished by emails, phone calls and personal visits. The School Liaison Unit provides the service upon request. Most of the private secondary schools have adopted the Safe School Campus Initiative (SSCI) safety protocol, which includes the Code Red/Blue emergency response plan. Presentation High School is the only secondary school that has not adopted the protocol. Most of the private pre-schools and primary grade school administrators learn about the protocol but do not conduct a safety drill.

Our officers have also conducted SSCI orientations and training for County Community schools, other jurisdictions in Santa Clara County and as far away as Santa Rosa.

These recommendations have been accomplished in the current fiscal year, and will be part of the ongoing awareness and protocols training offered by the Police Community Services Division, SNI teams and San José Prepared.



ROBERT L. DAVIS  
Chief of Police



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Robert L. Davis  
Chief of Police

**SUBJECT:** WIRELESS 911 PROJECT  
IMPLEMENTATION

**DATE:** January 26, 2006

Approved

Date

1/27/06

As part of the FY05-06 Mayor's June Budget Message, the City Council directed the Police Department to report back to the City Council with information regarding the transfer of 9-1-1 cellular calls to San José's public safety communications system. A report was prepared and forwarded on August 15, 2005. This memorandum is an update to that report.

Since mid-December 2004, San José Police Communications has worked with the 6 individual cellular providers to test their respective wireless systems. Each vendor was required to meet certain State mandated standards regarding display format. The plan was to activate each provider beginning January 10, 2005, with completion no later than May 1, 2005. As each providers' network complied with the State requirements, the City of San José would turn it on. To date the following providers have been activated:

- Verizon
- Sprint
- Metro PCS
- Cingular Blue (formerly AT&T)
- T-Mobile

The only provider not active with the City is Nextel. Earlier in 2005, Nextel experienced network conversion issues and was unable to switch their service to local agencies. These issues have been solved and they have begun to switch to local agencies in Southern California. The Wireless 9-1-1 Implementation Coordinator for Santa Clara County recently asked Nextel when they will be ready for our area. Nextel officials have not given a date for activation in the San José area. However, they anticipate the activation will occur by the end of summer 2006. The City is ready to accept Nextel calls once the network issues are resolved.

ROBERT L. DAVIS  
Chief of Police



# Memorandum

**TO:** HONORABLE MAYOR AND CITY COUNCIL

**FROM:** Robert L. Davis  
Chief of Police

**SUBJECT:** FALSE ALARM REPORT

**DATE:** January 10, 2006

Approved

Date

1/27/06


As part of the FY05-06 Mayor's June Budget Message, the City Council directed the Police Department to report back to the City Council with the number of false alarm calls received by the Police Department over the last five years. A False Alarm Incident Report is completed by officers in the field after response to an alarm call, and it is determined to be false. When the reports are completed, they are routed to the License and Permits Unit in the Bureau of Administration. Information from the reports is stored in the CadMine system.

The following is a five-year summary of False Alarm reports:

<u>YEAR</u>	<u>FALSE ALARMS REPORTED</u>
FY 2000-01	24,154
FY 2001-02	20,424
FY 2002-03	18,504
FY 2003-04	15,350
FY 2004-05	<u>18,293</u>
<b><u>Total:</u></b>	<b>96,725</b>

Robert L. Davis  
Chief of Police





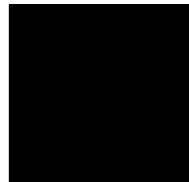
2005-2006

MID-YEAR  
BUDGET  
REVIEW



SECTION  
V

APPENDICES





THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

MEMORANDUM

TO: MARGARET MCCAHAN PRINCIPAL BUDGET ANALYST	FROM: BOB RUFF PROGRAM MANAGER
SUBJECT: SEE BELOW	DATE: December 15, 2005

SUBJECT: DETERMINATIONS REGARDING FUNDS TRANSFERRED TO  
THE CITY FOR PUBLIC IMPROVEMENT PROJECT

The Downtown Streetscape Master Plan was approved by City Council in 2003. The Master Plan provides guidelines for a number of planned public realm improvements within the Greater Downtown. Funds were placed in the Redevelopment Agency's FY05-06 budget for design and construction of improvements in the pedestrian environment.

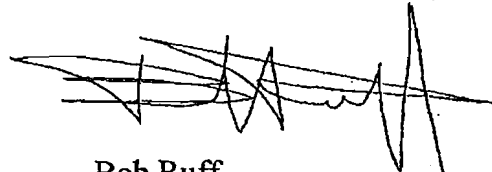
This Pedestrian Improvements project consists of the installation of new enhanced crosswalks and pedestrian countdown signals within various Downtown Redevelopment Project Areas.

Section 33445 of the Redevelopment Law requires the City Council to adopt a resolution making certain determinations with respect to publicly owned improvements funded by the Redevelopment Agency. The required findings are as follows:

1. The project includes the installation of new enhanced crosswalks and pedestrian countdown signals according to the recommendations of the Downtown Streetscape Master Plan. All work is within the Century Center, Pueblo Uno, and San Antonio Redevelopment Project Areas.
2. This project is not currently included in the City's Capital Budget and there are no other reasonable means of financing the project.
3. The Agency FY 2005-06 budget, approved in September 2005, allocates funds for this and other streetscape related projects.
4. This project replaces the existing painted crosswalks with longer lasting, highly visible and reflective crosswalks. It will also provide countdown signals at a number of intersections, an asset for downtown pedestrians.

5. The project is consistent with the Downtown Streetscape Master Plan and various goals in the five year Agency Implementation Plan.

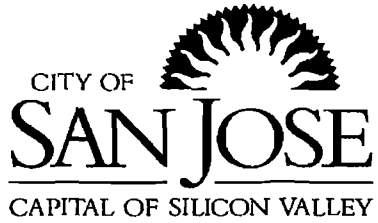
Please proceed to incorporate the necessary findings for the public project identified above into a future City Council memo requesting Adoption of Appropriation Ordinance and Funding Sources Resolution Amendments to the City-side Redevelopment Fund.



Bob Ruff  
Program Manager

Attachment

cc: David Baum  
Sandy Shayesteh.  
Patricia Deignan



**FINANCE DEPARTMENT**  
Monthly Financial Report

Financial Results for the 6 Months Ended December 31, 2005  
Fiscal Year 2005-06

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**Finance Department, City of San José**  
**Monthly Financial Report**  
**Financial Results for the 6 Months Ended December 31, 2005**  
**Fiscal Year 2005-06**

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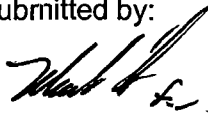
	<i>Page Reference</i>
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**Finance Department, City of San José**  
**Monthly Financial Report**  
**Financial Results for the 6 Month Ended December 31, 2005**  
**Fiscal Year 2005-06**

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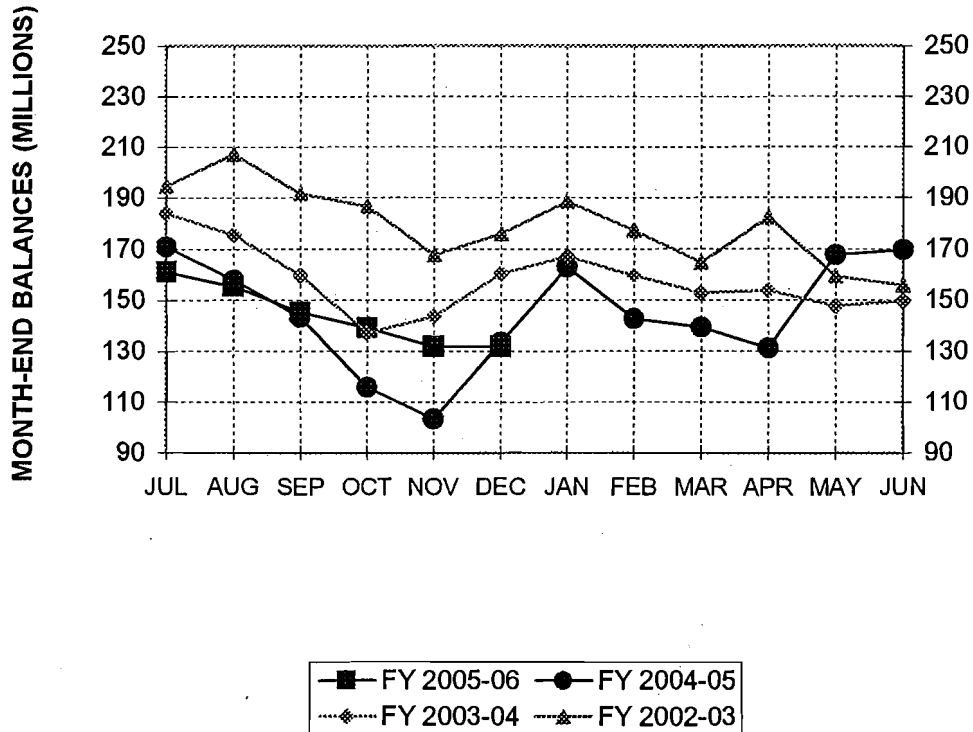
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Submitted by:



SCOTT P. JOHNSON  
Director, Finance Department

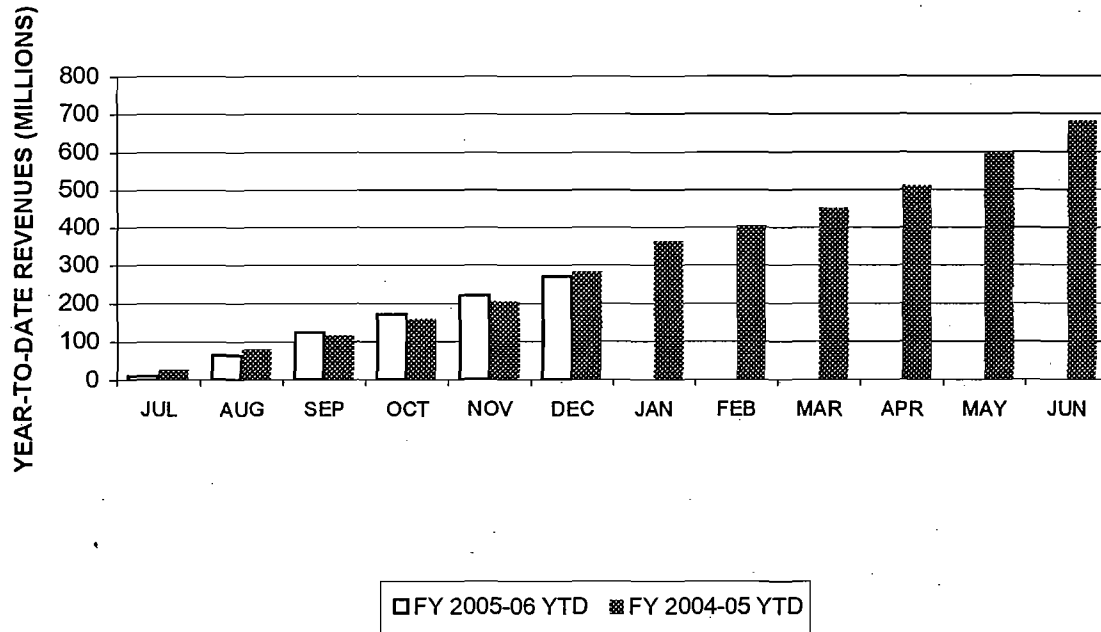
## GENERAL FUND Comparison of Cash Balances



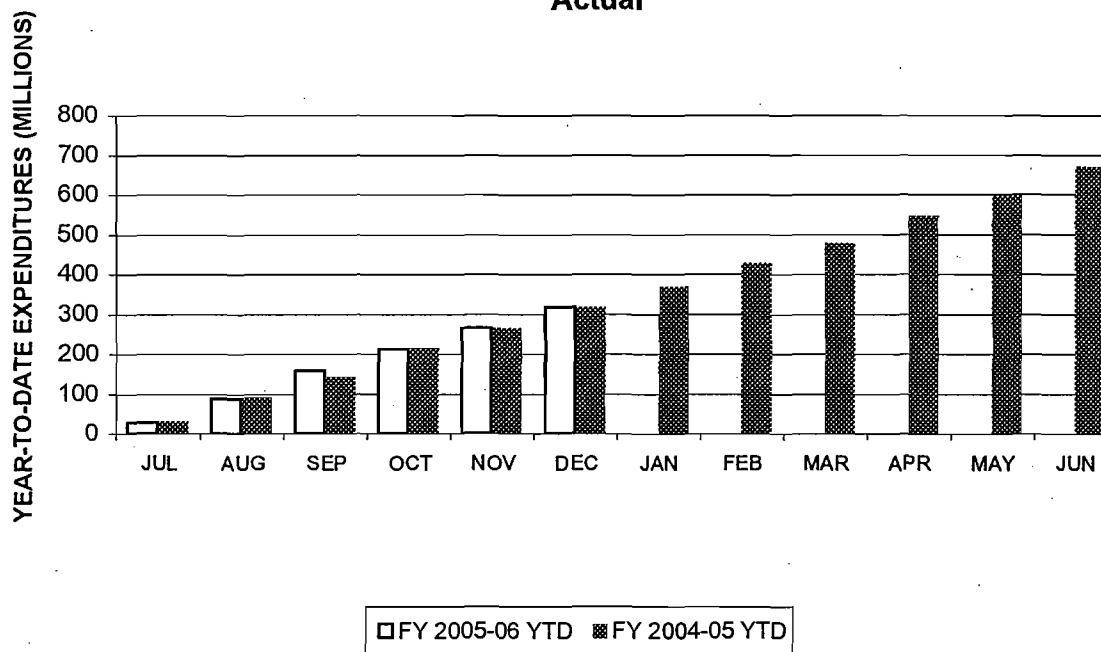
### GENERAL FUND MONTHLY CASH BALANCES

MONTH	FY 2005-06	FY 2004-05	FY 2003-04	FY 2002-03
JULY	\$ 161,103,519	\$ 170,866,370	\$ 183,924,264	\$ 194,717,774
AUGUST	155,276,638	157,724,418	175,314,756	207,161,562
SEPTEMBER	144,980,057	143,118,210	159,455,206	191,622,240
OCTOBER	139,052,451	115,750,195	136,942,140	186,563,006
NOVEMBER	131,757,140	103,292,889	143,532,949	167,575,264
DECEMBER	131,612,938	133,482,542	160,313,345	175,965,144
JANUARY		162,721,265	167,099,316	188,578,527
FEBRUARY		142,587,409	159,635,552	177,241,212
MARCH		139,318,867	152,640,588	164,511,913
APRIL		131,310,126	153,575,372	182,320,422
MAY		167,609,044	147,544,421	159,281,158
JUNE		169,498,646	149,627,714	155,673,327

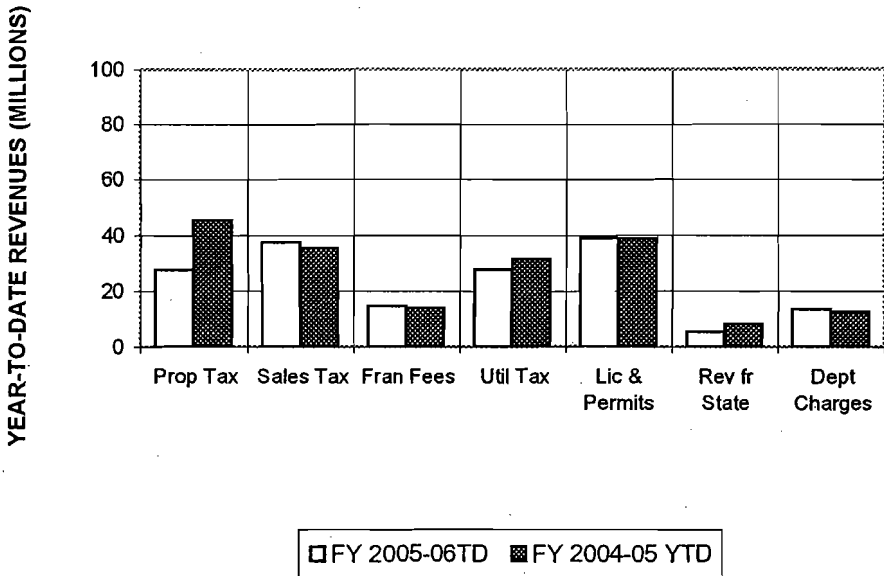
**GENERAL FUND  
Comparison of YTD Revenues  
Actual**



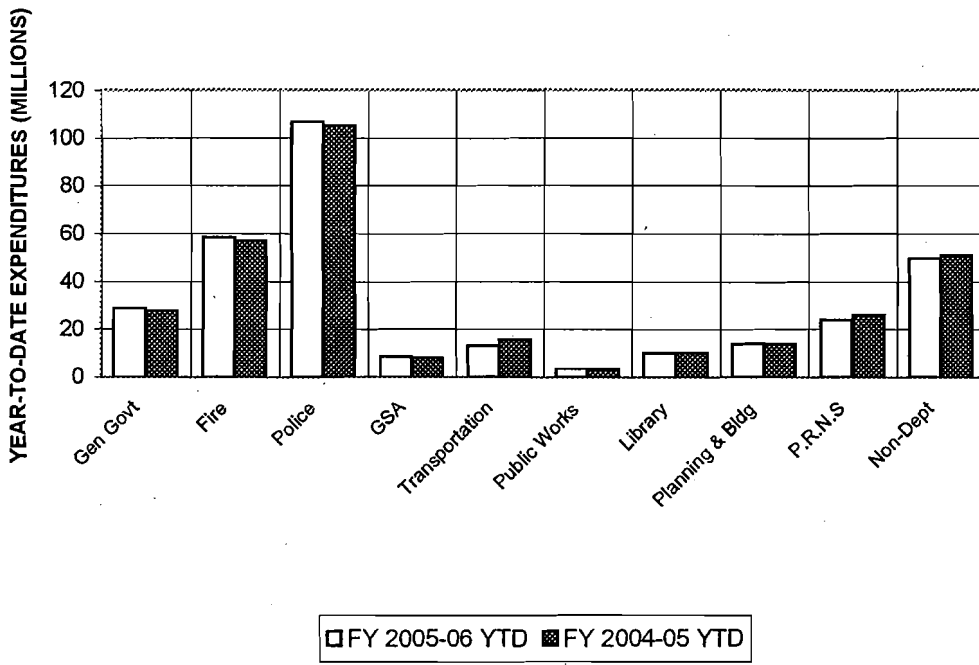
**GENERAL FUND  
Comparison of YTD Expenditures  
Actual**



**GENERAL FUND MAJOR REVENUES**  
**Comparison of YTD Actual vs. Prior YTD Actual**  
**For the 6 Months Ended December 31, 2005**



**GENERAL FUND MAJOR EXPENDITURES**  
**Comparison of YTD Actual vs. Prior YTD Actual**  
**For the 6 Months Ended December 31, 2005**



Note: State Budget Balancing actions resulted in the "Triple Flip", which suspended a portion of local government's Sales and Use Tax and Motor Vehicle License Fee revenues and replaced them with local property tax revenues. The 2005-2006 impact through December, 2005 is approximately \$15 millions.



**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS**  
**FOR THE 6 MONTHS ENDED DECEMBER 31, 2005**  
*(UNAUDITED)*  
*(\$000's)*

	ADOPTED FY 2005-06 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2005-06 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	\$ -	-	22,517	22,517	22,517	100.00%	22,812	110.40%	20,664	(296)	-1.30%
Liquidation of c/o Encumbrance	-	-	-	-	-	-	-	-	-	-	-
Available Balance	135,756	30,316	-	166,072	166,072	100.00%	153,454	100.00%	153,454	12,617	8.22%
<b>Total Fund Balance</b>	<b>135,756</b>	<b>30,316</b>	<b>22,517</b>	<b>188,588</b>	<b>188,588</b>	<b>100.00%</b>	<b>176,267</b>	<b>101.23%</b>	<b>174,118</b>	<b>12,322</b>	<b>6.99%</b>
<b>General Revenues</b>											
Property Tax	143,996	-	-	143,996	27,497	19.10%	45,486	31.58%	144,048	(17,989)	-39.55%
Sales Tax (Note 2)	135,243	-	-	135,243	37,405	27.66%	35,337	26.55%	133,113	2,068	5.85%
Transient Occupancy Tax	6,450	-	-	6,450	2,729	42.31%	2,468	38.50%	6,409	261	10.59%
Franchise Fees	33,138	264	-	33,402	14,503	43.42%	13,941	41.34%	33,722	562	4.03%
Utility Tax	67,844	-	-	67,844	27,556	40.62%	31,217	42.72%	73,081	(3,662)	-11.73%
Licenses and Permits	72,270	-	-	72,270	38,894	53.82%	38,702	52.91%	73,151	192	0.50%
Fines, Forfeits and Penalties	12,695	-	-	12,695	6,510	51.28%	5,574	41.69%	13,370	936	16.80%
Use of Money and Property	6,217	-	-	6,217	4,116	66.21%	2,768	34.83%	7,946	1,349	48.73%
Revenue from Local Agencies	41,928	295	-	42,224	20,017	47.41%	26,707	59.27%	45,056	(6,690)	-25.05%
Revenue from State of Cal.	10,892	1,493	-	12,385	5,418	43.75%	8,128	60.35%	13,467	(2,709)	-33.34%
Revenue from Federal Government	9,854	3,338	-	13,192	1,843	13.97%	468	18.07%	2,593	1,374	293.38%
Departmental Charges (Note 1)	27,366	137	-	27,503	13,394	48.70%	12,519	44.56%	28,094	876	6.99%
Other Revenues	19,563	2,241	-	21,804	9,198	42.19%	6,092	33.15%	18,380	3,106	50.97%
<b>Total General Revenues</b>	<b>587,457</b>	<b>7,768</b>	<b>-</b>	<b>595,226</b>	<b>209,079</b>	<b>35.13%</b>	<b>229,407</b>	<b>38.72%</b>	<b>592,430</b>	<b>(20,327)</b>	<b>-8.86%</b>
<b>Transfers &amp; Reimbursements</b>											
Overhead Reimbursements	27,512	-	-	27,512	18,144	65.95%	19,841	67.46%	29,411	(1,696)	-8.55%
Transfers from Other Funds	50,295	-	-	50,295	36,667	72.90%	26,292	61.49%	42,759	10,375	39.46%
Reimbursements for Services	17,515	-	-	17,515	6,511	37.17%	6,155	35.32%	17,428	355	5.77%
<b>Total Transfers &amp; Reimburse</b>	<b>95,322</b>	<b>-</b>	<b>-</b>	<b>95,322</b>	<b>61,322</b>	<b>64.33%</b>	<b>52,288</b>	<b>58.36%</b>	<b>89,598</b>	<b>9,034</b>	<b>17.28%</b>
<b>Total Sources</b>	<b>\$ 818,535</b>	<b>38,084</b>	<b>22,517</b>	<b>879,136</b>	<b>458,990</b>	<b>52.21%</b>	<b>457,961</b>	<b>53.49%</b>	<b>856,146</b>	<b>1,028</b>	<b>0.22%</b>

Note 1 - See Supplemental Schedule on Page 7

Note 2 - State Budget Balancing actions resulted in the "Triple Flip", which suspended a portion of local government's Sales and Use Tax and Motor Vehicle License Fee revenues and replaced them with local property tax revenues. The 2005-2006 impact through December, 2005, is approximately \$15 million.

**CITY OF SAN JOSE  
GENERAL FUND SOURCE AND USE OF FUNDS  
EXPENDITURES  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2005  
( 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 2005-06	BUDGET		FY 2005-06	ACTUAL	ENCUMBR	ACTUAL %	YTD	OF PRIOR	BUDGETARY		CUR YTD ACTUAL
	BUDGET	AMENDMENTS		BUDGET	ACTUAL	ENCUMBR	OF BUDGET	ACTUAL(1)	YEAR-END	BASIS		LESS PRIOR YTD
		ENCUMBR						ACTUAL	ACTUAL	ACTUAL(1)	ACTUAL	
<b>General Government</b>												
Mayor and Council	\$ 7,854	(181)	21	7,694	2,936	11	38.16%	2,726	45.52%	6,009	210	7.72%
City Attorney	11,694	-	1,446	13,141	4,770	1,238	36.30%	5,025	46.93%	12,154	(255)	-5.08%
City Auditor	2,217	-	8	2,224	1,002	11	45.03%	993	47.30%	2,107	9	0.88%
City Clerk	2,355	310	35	2,700	960	18	35.57%	1,132	54.10%	2,127	(171)	-15.14%
City Manager	8,645	-	198	8,843	3,638	329	41.14%	3,352	52.74%	6,553	287	8.55%
Finance	9,773	-	310	10,083	4,320	424	42.84%	3,545	46.37%	7,940	775	21.86%
Information Technology	14,134	(167)	577	14,544	6,119	550	42.07%	6,597	50.67%	13,595	(478)	-7.24%
Employee Services	5,653	-	385	6,038	2,614	422	43.29%	2,730	48.64%	5,998	(116)	-4.27%
Redevelopment Agency	1,414	-	-	1,414	578	-	40.84%	568	47.76%	1,189	10	1.73%
Independent Police Auditor	696	-	2	698	309	3	44.31%	312	45.62%	687	(3)	-1.00%
Office of Economic Development	4,721	107	304	5,132	1,556	311	30.32%	642	42.05%	1,831	914	142.27%
Office of Emergency Services	257	-	-	257	104	-	40.42%	106	45.98%	231	(3)	-2.37%
Total General Government	69,412	69	3,287	72,767	28,905	3,314	39.72%	27,727	48.52%	60,421	1,178	4.25%
<b>Public Safety</b>												
Fire	125,607	315	349	126,271	58,372	1,260	46.23%	57,085	47.63%	120,212	1,287	2.25%
Police	237,775	420	1,718	239,913	106,689	3,010	44.47%	105,148	45.79%	231,369	1,541	1.47%
Total Public Safety	363,382	735	2,067	366,184	165,061	4,269	45.08%	162,233	46.42%	351,581	2,828	1.74%
<b>Capital Maintenance</b>												
General Services	20,267	340	722	21,329	8,467	2,596	39.70%	7,867	47.94%	17,150	600	7.62%
Transportation	29,834	526	945	31,305	13,068	2,012	41.74%	15,442	49.81%	31,950	(2,375)	-15.38%
Public Works	6,742	280	381	7,403	3,519	442	47.53%	3,305	41.24%	8,395	213	6.46%
Total Capital Maintenance	56,843	1,146	2,048	60,037	25,054	5,050	41.73%	26,615	48.01%	57,495	(1,561)	-5.87%

(1) Does not include encumbrance balance.

**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**EXPENDITURES**  
**FOR THE 6 MONTHS ENDED DECEMBER 31, 2005**  
*( UNAUDITED )*  
*( \$000's )*

	ADOPTED FY 2005-06 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2005-06 BUDGET	YEAR-TO-DATE ACTUAL ENCUMBR		CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL(1)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL(1)	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
<b>Community Service</b>												
Library	24,312	309	113	24,734	10,147	246	41.03%	10,040	44.09%	22,886	108	1.07%
Planning, Bldg & Code Enf.	33,118	340	233	33,691	13,874	445	41.18%	13,812	46.18%	30,142	63	0.45%
Park, Rec & Neigh Svcs	50,744	434	2,409	53,587	23,996	4,595	44.78%	26,051	48.89%	55,692	(2,055)	-7.89%
Environmental Services	1,472	13	57	1,541	465	479	30.14%	296	25.88%	1,199	169	57.17%
Total Community Services	109,645	1,096	2,812	113,553	48,482	5,765	42.70%	50,197	46.87%	109,919	(1,715)	-3.42%
Total Dept. Expenditures	\$ 599,282	3,048	10,214	612,542	267,502	18,399	43.67%	266,773	46.87%	579,416	729	0.27%
<b>Non-Dept Expenditures</b>												
City-wide Expenditures:												
Econ & Neighborhood Develop.	\$ 29,043	2,823	154	32,021	13,951	2,526	43.57%	12,084	65.61%	18,575	1,866	15.44%
Environmental & Utility Services	638	11	193	842	176	475	20.88%	63	15.77%	582	113	178.67%
Public Safety	6,507	3,522	2,796	12,825	3,022	1,339	23.56%	1,647	43.55%	6,577	1,375	83.53%
Recreation & Cultural Services	21,057	1,936	2,257	25,250	9,128	5,612	36.15%	8,953	46.11%	21,675	176	1.96%
Transportation Services	2,192	-	358	2,550	834	477	32.70%	721	41.81%	1,966	113	15.66%
Strategic Support	58,801	3,514	2,001	64,316	15,814	3,193	24.59%	17,434	47.27%	38,994	(1,620)	-9.29%
Total City-wide Expenditures	118,238	11,806	7,759	137,803	42,924	13,622	31.15%	40,901	50.73%	88,369	2,023	4.95%
Capital Contributions	14,360	3,870	4,544	22,773	3,114	3,601	13.67%	6,158	43.78%	18,622	(3,044)	-49.44%
Transfers to Other Funds	3,509	2,397	-	5,907	3,609	-	61.11%	3,913	63.55%	6,157	(303)	-7.75%
Total Non-Dept Expenditures	136,107	18,073	12,303	166,484	49,648	17,223	29.82%	50,972	50.55%	113,148	(1,325)	-2.60%
<b>Reserves</b>												
Contingency Reserves	24,719	(500)	-	24,219	24,219	-	100.00%	25,326	0.00%	-	(1,107)	-4.37%
Earmarked Reserves	58,426	17,465	-	75,891	75,891	-	100.00%	61,811	0.00%	-	14,080	22.78%
Total Reserves	83,145	16,965	-	100,111	100,111	-	100.00%	87,137	0.00%	-	12,974	14.89%
<b>Total Uses</b>	<b>\$ 818,535</b>	<b>38,084</b>	<b>22,517</b>	<b>879,136</b>	<b>417,260</b>	<b>35,622</b>	<b>47.46%</b>	<b>404,882</b>	<b>30.21%</b>	<b>692,564</b>	<b>12,378</b>	<b>3.06%</b>

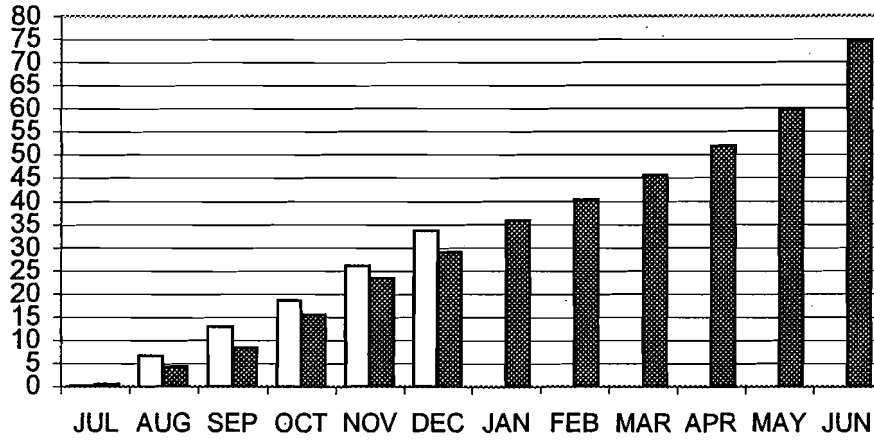
(1) Does not include encumbrance balance.

**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**FOR THE 6 MONTHS ENDED DECEMBER 31, 2005**  
**SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES**  
*(UNAUDITED)*  
*(\$000's)*

	ADOPTED	YTD		REVISED	CUR	CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END	CUR YTD LESS	% CHANGE
	FY 2005-06	BUDGET	C/O	FY 2005-06	YTD	ACTUAL %	YTD	OF PRIOR	BUDGETARY	PRIOR YTD	CUR YTD ACTUAL
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	OF BUDGET	ACTUAL	YEAR-END	BASIS	ACTUAL	LESS PRIOR YTD
								ACTUAL	ACTUAL	ACTUAL	ACTUAL
Police	\$ 1,243	-	-	1,243	736	59.23%	577	41.01%	1,408	159	27.53%
Public Works	7,047	-	-	7,047	3,414	48.44%	3,128	38.15%	8,201	285	9.12%
Transportation	888	-	-	888	636	71.61%	505	50.69%	997	130	25.80%
Library	950	-	-	950	499	52.47%	354	28.78%	1,229	145	40.96%
Planning, Bldg & Code Enf	5,761	-	-	5,761	2,725	47.30%	2,491	44.30%	5,624	233	9.37%
Parks Rec & Neigh Svcs	8,405	-	-	8,405	4,211	50.10%	4,124	55.47%	7,434	87	2.11%
Miscellaneous Dept Charges	3,071	137	-	3,208	1,175	36.61%	1,339	41.82%	3,202	(164)	-12.28%
<b>Total Departmental Revenues</b>	<b>\$ 27,366</b>	<b>137</b>	<b>-</b>	<b>27,503</b>	<b>13,394</b>	<b>48.70%</b>	<b>12,519</b>	<b>44.56%</b>	<b>28,094</b>	<b>876</b>	<b>6.99%</b>

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

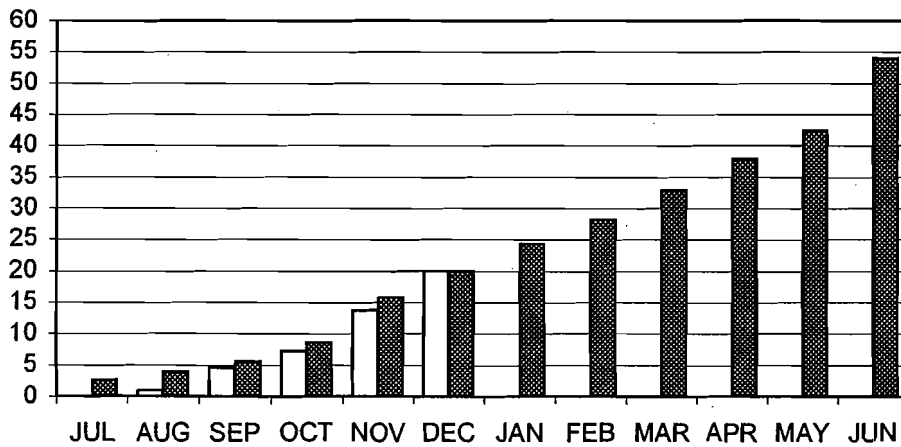
YEAR-TO-DATE REVENUES (MILLIONS)



□ FY 2005-06 YTD    ■ FY 2004-05 YTD

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

YEAR-TO-DATE EXPENDITURES (MILLIONS)



□ FY 2005-06 YTD    ■ FY 2004-05 YTD

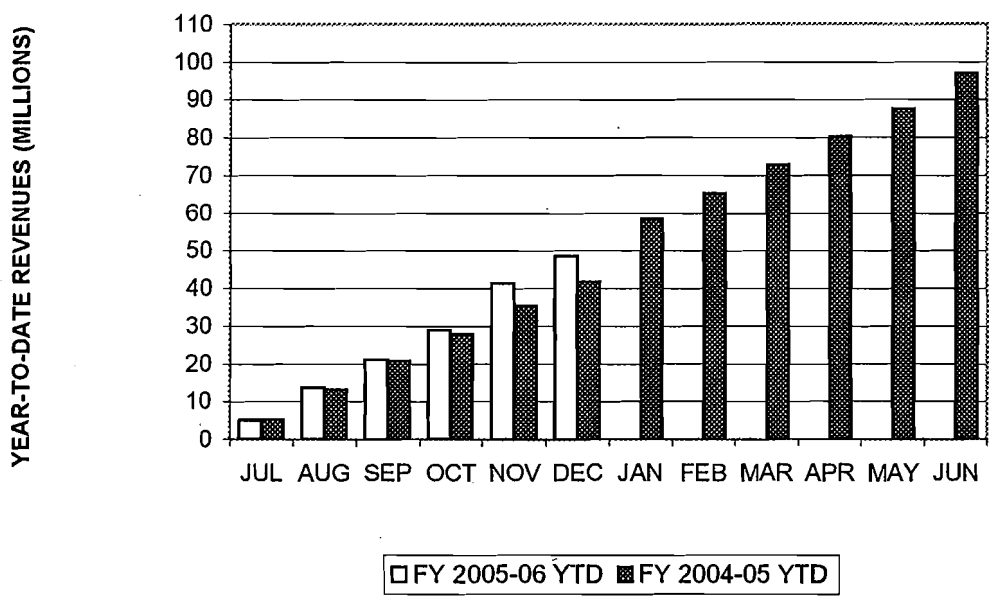
**CITY OF SAN JOSE  
SPECIAL REVENUE FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2005  
(UNAUDITED)  
(\$000's)**

	ADOPTED FY 2005-06 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2005-06 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
<b>Construction/Conveyance Tax</b>							
Prior Year Encumbrance	\$ -	-	4,621	4,621	4,621	N/A	6,945
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	76,825	9,688	-	86,513	86,513	N/A	65,105
Revenues	59,283	3,536	-	62,819	33,661	N/A	28,947
<b>Total Sources</b>	<b>136,108</b>	<b>13,224</b>	<b>4,621</b>	<b>153,952</b>	<b>124,794</b>	<b>N/A</b>	<b>100,997</b>
<b>Total Uses</b>	<b>136,108</b>	<b>13,224</b>	<b>4,621</b>	<b>153,952</b>	<b>20,002</b>	<b>6,355</b>	<b>19,919</b>
<b>Gas Tax</b>							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	-	-	-	-	-	N/A	-
Revenues	17,000	-	-	17,000	7,793	N/A	7,586
<b>Total Sources</b>	<b>17,000</b>	<b>-</b>	<b>-</b>	<b>17,000</b>	<b>7,793</b>	<b>N/A</b>	<b>7,586</b>
<b>Total Uses</b>	<b>17,000</b>	<b>-</b>	<b>-</b>	<b>17,000</b>	<b>6,431</b>	<b>-</b>	<b>6,155</b>
<b>Building and Structures</b>							
Prior Year Encumbrance	-	-	10,249	10,249	10,249	N/A	15,067
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	20,926	8,699	-	29,625	29,625	N/A	27,088
Revenues	14,087	1,273	-	15,360	7,273	N/A	8,864
<b>Total Sources</b>	<b>35,013</b>	<b>9,972</b>	<b>10,249</b>	<b>55,233</b>	<b>47,146</b>	<b>N/A</b>	<b>51,020</b>
<b>Total Uses</b>	<b>35,013</b>	<b>9,972</b>	<b>10,249</b>	<b>55,233</b>	<b>7,077</b>	<b>13,287</b>	<b>8,776</b>
<b>Residential Construction</b>							
Prior Year Encumbrance	-	-	2	2	2	N/A	-
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	578	500	-	1,078	1,078	N/A	902
Revenues	212	-	-	212	147	N/A	198
<b>Total Sources</b>	<b>790</b>	<b>500</b>	<b>2</b>	<b>1,291</b>	<b>1,226</b>	<b>N/A</b>	<b>1,100</b>
<b>Total Uses</b>	<b>\$ 790</b>	<b>500</b>	<b>2</b>	<b>1,291</b>	<b>103</b>	<b>1</b>	<b>111</b>

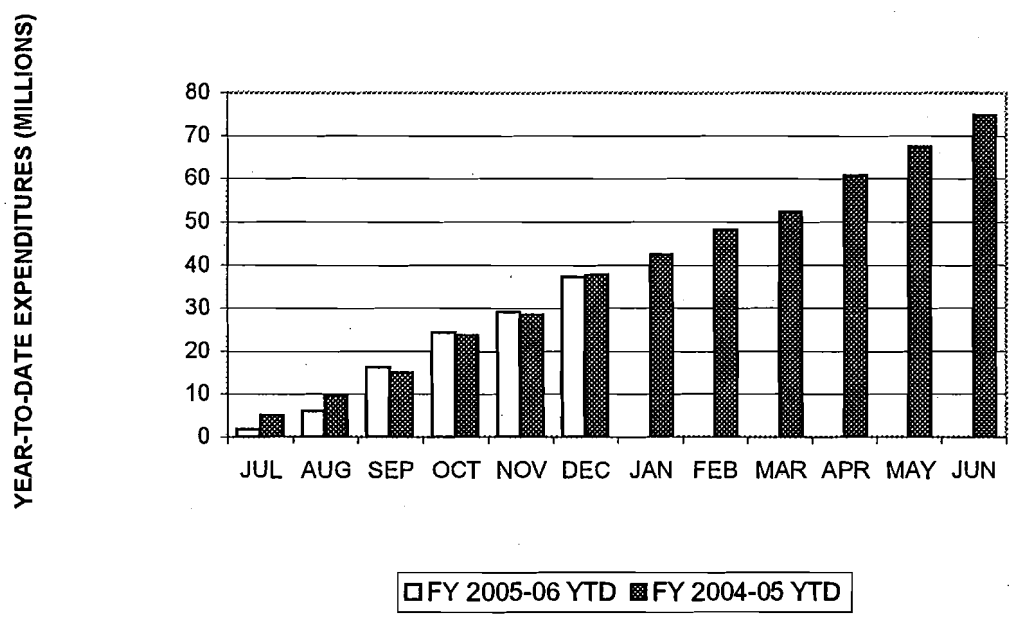
**CITY OF SAN JOSE  
SPECIAL REVENUE FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2005  
(UNAUDITED)  
(\$000's)**

	ADOPTED FY 2005-06 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2005-06 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
<b>Transient Occupancy Tax</b>							
Prior Year Encumbrance	\$ -	-	65	65	65	N/A	79
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	1,638	374	-	2,012	2,012	N/A	390
Revenues	9,627	-	-	9,627	4,150	N/A	3,690
<b>Total Sources</b>	<b>11,265</b>	<b>374</b>	<b>65</b>	<b>11,704</b>	<b>6,228</b>	<b>N/A</b>	<b>4,160</b>
<b>Total Uses</b>	<b>11,265</b>	<b>374</b>	<b>65</b>	<b>11,704</b>	<b>4,427</b>	<b>509</b>	<b>3,404</b>
<b>Conventions, Arts &amp; Enter</b>							
Prior Year Encumbrance	-	-	139	139	139	N/A	383
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	68	(309)	-	(241)	(241)	N/A	(874)
Revenues	13,828	318	-	14,145	5,280	N/A	6,063
<b>Total Sources</b>	<b>13,896</b>	<b>8</b>	<b>139</b>	<b>14,043</b>	<b>5,178</b>	<b>N/A</b>	<b>5,572</b>
<b>Total Uses</b>	<b>13,896</b>	<b>8</b>	<b>139</b>	<b>14,043</b>	<b>7,618</b>	<b>225</b>	<b>6,840</b>
<b>Golf</b>							
Prior Year Encumbrance	-	-	11	11	11	N/A	35
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	52	7	-	59	59	N/A	523
Revenues	1,985	300	-	2,285	2,109	N/A	845
<b>Total Sources</b>	<b>2,037</b>	<b>307</b>	<b>11</b>	<b>2,354</b>	<b>2,178</b>	<b>N/A</b>	<b>1,403</b>
<b>Total Uses</b>	<b>2,037</b>	<b>307</b>	<b>11</b>	<b>2,354</b>	<b>560</b>	<b>11</b>	<b>750</b>
<b>Other Funds</b>							
Prior Year Encumbrance	-	-	31,465	31,465	31,465	N/A	29,540
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	131,273	22,196	-	153,469	153,469	N/A	131,889
Revenues	366,981	19,304	-	386,284	148,938	N/A	120,204
<b>Total Sources</b>	<b>498,254</b>	<b>41,500</b>	<b>31,465</b>	<b>571,218</b>	<b>333,871</b>	<b>N/A</b>	<b>281,633</b>
<b>Total Uses</b>	<b>\$ 498,254</b>	<b>41,500</b>	<b>31,465</b>	<b>571,218</b>	<b>146,227</b>	<b>95,958</b>	<b>144,463</b>

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



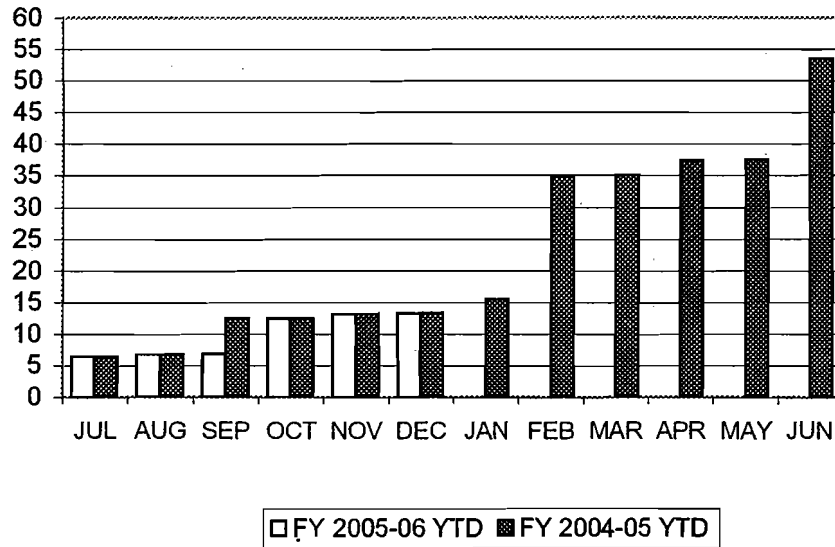
**AIRPORT MAINTENANCE & OPERATING FUND 523  
Comparison of YTD Expenditures**





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

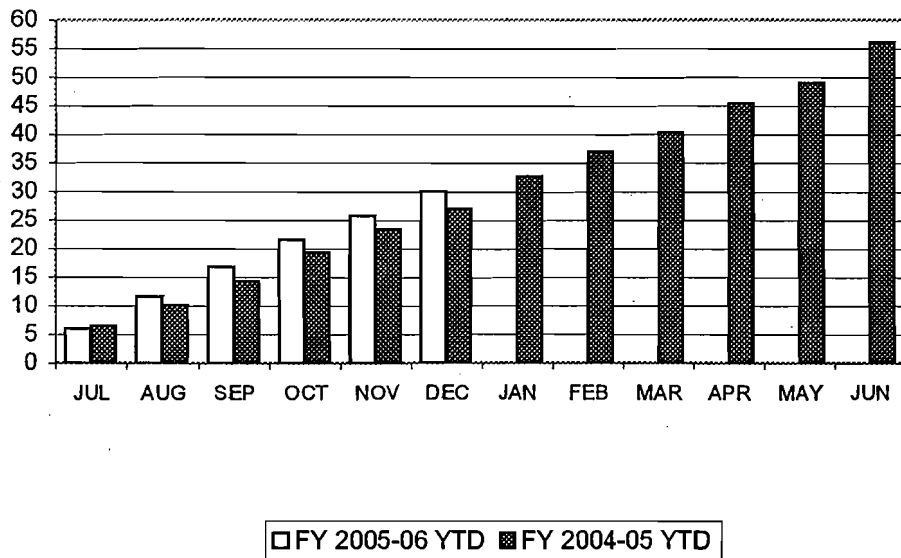
YEAR-TO-DATE REVENUES (MILLIONS)



□ FY 2005-06 YTD ■ FY 2004-05 YTD

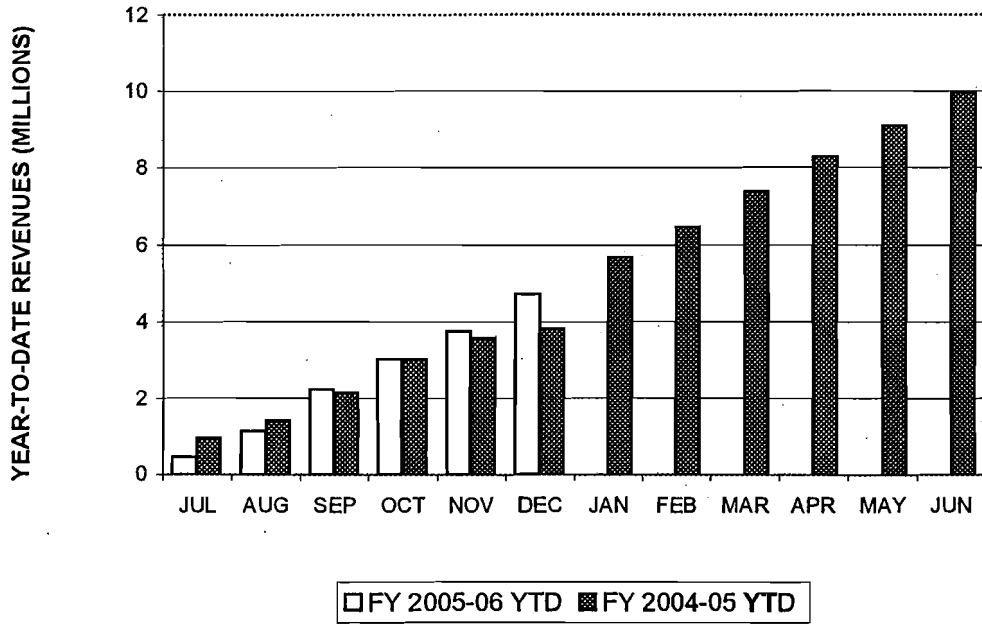
**WPCP OPERATING FUND 513  
Comparison of YTD Expenditures**

YEAR-TO-DATE EXPENDITURES (MILLIONS)

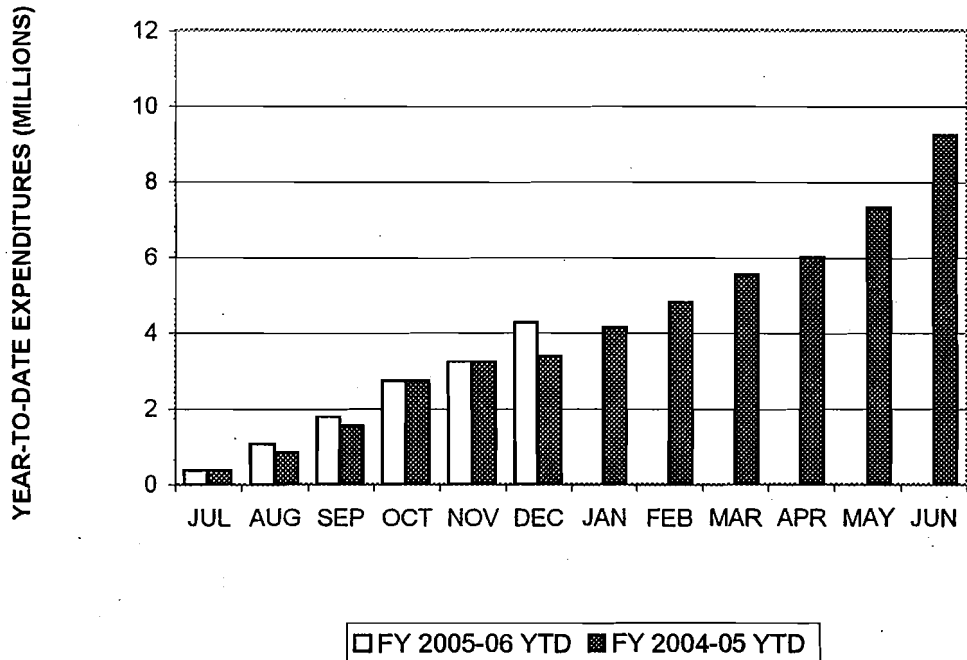


□ FY 2005-06 YTD ■ FY 2004-05 YTD

**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, 2005  
(UNAUDITED)  
(\$000's)**

	ADOPTED FY 2005-06 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2005-06 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
<b>Airport</b>							
Prior Year Encumbrance	\$ -	-	47,699	47,699	47,699	N/A	61,107
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	366,456	44,202	-	410,657	410,657	N/A	430,396
Revenues	562,545	4,020	-	566,565	108,842	N/A	110,366
<b>Total Sources</b>	<b>929,001</b>	<b>48,222</b>	<b>47,699</b>	<b>1,024,922</b>	<b>567,199</b>	<b>N/A</b>	<b>601,869</b>
<b>Total Uses</b>	<b>929,001</b>	<b>48,222</b>	<b>47,699</b>	<b>1,024,922</b>	<b>119,347</b>	<b>110,211</b>	<b>117,204</b>
<b>(Note 1)</b>							
<b>Waste Water Treatment</b>							
Prior Year Encumbrance	-	-	139,532	139,532	139,532	N/A	75,895
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	111,243	7,661	-	118,905	118,905	N/A	193,600
Revenues	174,148	-	-	174,148	50,304	N/A	39,574
<b>Total Sources</b>	<b>285,391</b>	<b>7,661</b>	<b>139,532</b>	<b>432,584</b>	<b>308,740</b>	<b>N/A</b>	<b>309,068</b>
<b>Total Uses</b>	<b>285,391</b>	<b>7,661</b>	<b>139,532</b>	<b>432,584</b>	<b>90,254</b>	<b>113,209</b>	<b>86,328</b>
<b>(Note 2)</b>							
<b>Municipal Water</b>							
Prior Year Encumbrance	-	-	2,323	2,323	2,323	N/A	1,506
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	11,454	38	-	11,492	11,492	N/A	14,795
Revenues	26,153	153	-	26,306	16,501	N/A	14,153
<b>Total Sources</b>	<b>37,607</b>	<b>191</b>	<b>2,323</b>	<b>40,121</b>	<b>30,317</b>	<b>N/A</b>	<b>30,454</b>
<b>Total Uses</b>	<b>37,607</b>	<b>191</b>	<b>2,323</b>	<b>40,121</b>	<b>13,309</b>	<b>2,507</b>	<b>14,447</b>
<b>Parking</b>							
Prior Year Encumbrance	-	-	925	925	925	N/A	2,376
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	12,341	3,750	-	16,091	16,091	N/A	17,315
Revenues	9,116	-	-	9,116	4,719	N/A	3,814
<b>Total Sources</b>	<b>21,457</b>	<b>3,750</b>	<b>925</b>	<b>26,132</b>	<b>21,735</b>	<b>N/A</b>	<b>23,505</b>
<b>Total Uses</b>	<b>\$ 21,457</b>	<b>3,750</b>	<b>925</b>	<b>26,132</b>	<b>4,277</b>	<b>1,397</b>	<b>3,397</b>

Note 1 - All Airport Funds, including operating, revenue, capital and debt service.

Note 2 - All Waste Water Funds, including operating, revenue, capital and debt service.

**CITY OF SAN JOSE  
CAPITAL PROJECT FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2005  
(UNAUDITED)  
(\$000's)**

	ADOPTED FY 2005-06 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBER	REVISED FY 2005-06 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBER	
<b>Construction Excise</b>							
Prior Year Encumbrance	\$ -	-	2,711	2,711	2,711	N/A	4,374
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	12,714	9,252	-	21,966	21,966	N/A	25,763
Revenues	17,341	8,018	-	25,359	9,068	N/A	9,439
<b>Total Sources</b>	<b>30,055</b>	<b>17,270</b>	<b>2,711</b>	<b>50,036</b>	<b>33,745</b>	<b>N/A</b>	<b>39,575</b>
<b>Total Uses</b>	<b>30,055</b>	<b>17,270</b>	<b>2,711</b>	<b>50,036</b>	<b>13,046</b>	<b>2,515</b>	<b>14,439</b>
<b>Redevelopment Projects</b>							
Prior Year Encumbrance	-	-	8,583	8,583	8,583	N/A	6,812
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	6,969	3,120	-	10,089	10,089	N/A	13,365
Revenues	-	4,912	-	4,912	5,162	N/A	6,247
<b>Total Sources</b>	<b>6,969</b>	<b>8,032</b>	<b>8,583</b>	<b>23,584</b>	<b>23,835</b>	<b>N/A</b>	<b>26,423</b>
<b>Total Uses</b>	<b>6,969</b>	<b>8,032</b>	<b>8,583</b>	<b>23,584</b>	<b>8,224</b>	<b>7,112</b>	<b>6,794</b>
<b>Other</b>							
Prior Year Encumbrance	-	-	83,130	83,130	83,130	N/A	141,536
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	189,559	(49,062)	-	140,497	140,497	N/A	91,671
Revenues	107,995	62,136	-	170,131	19,158	N/A	122,903
<b>Total Sources</b>	<b>297,554</b>	<b>13,074</b>	<b>83,130</b>	<b>393,758</b>	<b>242,785</b>	<b>N/A</b>	<b>356,110</b>
<b>Total Uses</b>	<b>\$ 297,554</b>	<b>13,074</b>	<b>83,130</b>	<b>393,758</b>	<b>40,623</b>	<b>66,227</b>	<b>49,996</b>

**CITY OF SAN JOSE  
OTHER FUND TYPES  
SOURCE AND USE OF FUNDS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2005  
(UNAUDITED)  
(\$000's)**

	ADOPTED FY 2005-06 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2005-06 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
<b>Trust and Agency</b>							
Prior Year Encumbrance	\$ -	-	73	73	73	N/A	571
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	2,987	(315)	-	2,671	2,671	N/A	2,749
Revenues	4,759	17	-	4,776	1,487	N/A	2,474
<b>Total Sources</b>	<b>7,745</b>	<b>(298)</b>	<b>73</b>	<b>7,520</b>	<b>4,232</b>	<b>N/A</b>	<b>5,794</b>
<b>Total Uses</b>	<b>\$ 7,745</b>	<b>(298)</b>	<b>73</b>	<b>7,520</b>	<b>714</b>	<b>327</b>	<b>2,357</b>