

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

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**2008-2009**

OFFICE OF THE CITY MANAGER  
JANUARY 2009

2008-2009

MID-YEAR  
BUDGET  
REVIEW

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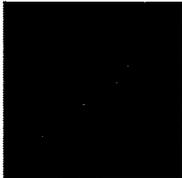


2008-2009

MID-YEAR  
BUDGET  
REVIEW



MEMORANDUM OF  
TRANSMITTAL





# Memorandum

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**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Debra Figone

**SUBJECT: 2008-2009 MID-YEAR  
BUDGET REVIEW REPORT**

**DATE:** January 30, 2009

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## **RECOMMENDATIONS**

1. Approval of the 2008-2009 Mid-Year Budget Review Report.
2. Adoption of related Appropriation Ordinance and Funding Sources Resolution amendments in various funds as detailed in Section III (Recommended Budget Adjustments and Clean-Up Actions) in the 2008-2009 Mid-Year Budget Review.
3. Approval of the net elimination of 88.5 positions, comprised of the elimination of 52.0 positions in the Airport Department, the elimination of 3.0 positions in the Fire Department, the elimination of 2.0 positions in the Police Department, the elimination of 28.5 positions in the Public Works Department, the elimination of 9.0 positions in the Transportation Department, offset by the addition of 6.0 positions in Environmental Services Department as described in Section III of the 2008-2009 Mid-Year Review document.

## **OUTCOME**

The Mid-Year Budget Review document is designed to provide an understanding of the City's financial condition during the first six months of 2008-2009. Approval of the budget actions included in the Mid-Year Budget Review will rebalance funds that have been impacted by the severe economic downturn, address current year funding needs, fund various grant-supported activities, and process technical adjustments and corrections.

## **EXECUTIVE SUMMARY**

The Administration is actively managing the City's funds to ensure the continued fiscal health of the City. Despite the difficult economic environment, the City's overall finances remain in relatively sound condition through December with the majority of funds performing within anticipated levels. The severe economic downturn, however, has negatively impacted the performance of a number of City funds, including the General Fund.

The adjustments recommended in this document are designed to bring projected revenues and expenditures into alignment in those funds where there is a high degree of certainty that without such actions there would be a significant negative impact. Given the extreme uncertainty and

volatility regarding the economy, additional adjustments may be necessary before the close of the fiscal year. Actions are also proposed to ensure the City is better positioned to address the budget shortfalls projected for next year.

With the rebalancing actions approved for the Building and Planning Development Fee Programs by the City Council on January 27, 2009 and the Mid-Year rebalancing actions contained in this report, difficult decisions have already begun to maintain the fiscal health of the City's funds. In the several funds and programs that are required to be reduced at mid-year, service delivery impacts were carefully weighed to formulate the Administration's recommendations. As we move forward into 2009-2010, the deepening recession will clearly necessitate more significant budget reductions to balance the General Fund as well as a number of other City funds. In November 2008, the General Fund Structural Deficit Elimination Plan identified a base shortfall of \$86 million over the next two years that increases to \$98 million once the unmet/deferred infrastructure needs are included. It is likely that these deficit figures will get worse when the final 2010-2014 General Fund Forecast is released at the end of February. Diligent monitoring and continued fiscal discipline will be critical during this challenging period.

### ***Mid-Year Budget Adjustment Highlights***

Following is a summary of the budget adjustments recommended in the Mid-Year Budget Review.

- ***General Fund:*** The recommended budget actions contained in this report result in a net reduction of \$9.0 million to the General Fund revenues and expenditures. Adjustments are proposed to bring revenue estimates in line with current projections, adjust expenditure budgets to meet current needs and produce year-end savings, and to recognize various grants and reimbursements.

Revenue adjustments include a net decrease of \$9.2 million based on revised projections reflecting the impact of the recession on City revenue. Not surprisingly, the largest downward adjustments are proposed in the economically sensitive categories including Sales Tax, Transient Occupancy Tax, Use of Money and Property (Interest Earnings), and Property Tax. In addition, there are a number of other adjustments with offsetting expenditure actions, including: a decrease of \$3.5 million to the transfer from the Construction Excise Tax Fund to rebalance that fund; a decrease of \$1.0 million to the Fire Development Fee Program revenue estimate to reflect lower development activity; and upward adjustments of \$4.6 million to reflect various grants and reimbursements and other adjustments.

To offset the reduction in revenues projected this year and to begin setting aside ending fund balance assumed available for use in 2009-2010 in the most recent General Fund Forecast, a number of expenditure adjustments are recommended. The largest adjustment would generate \$9.4 million in savings from the implementation of current year expenditure reductions submitted by departments in the form of Cost/Position Management Plans. Other adjustments include the elimination of the \$5.8 million Street Maintenance and Repair Reserve set aside as part of the 2007-2008 Annual Report actions, and a reduction of \$1.4

million to various City-Wide and Capital projects where the funding is no longer necessary. To meet the 2008-2009 ending fund balance estimate used in the development of the 2009-2010 Preliminary Forecast, \$16.5 million in expenditure savings is necessary. As a result of the actions described above, a portion of this total (\$6.3 million) can be set aside at mid-year as a down payment toward achieving the ending fund balance, a critical funding source for 2009-2010. Additional funding is also recommended for Fire Department training (\$0.8 million), and other required adjustments (\$0.5 million).

- ***Airport Funds:*** Activity levels at the Airport reflect the severe disruption that the Airline industry is experiencing nation-wide. As a result, passenger traffic, landings, cargo weights, and rental car activity are all below prior year levels. To account for this drop in activity, revenue estimates were reduced by 10% as part of the 2007-2008 Annual Report actions. Budget adjustments are proposed now to begin addressing the significant \$35 million deficit projected for both 2009-2010 and 2010-2011 and would also be available to offset any lower revenue collections in the current fiscal year. As part of the 2008-2009 Mid-Year Report, actions are recommended to eliminate 52 positions, of which 6 are filled, and to reduce non-personal/equipment funding for savings of \$7.2 million. In agreements made with the rental car companies and airlines, the use of \$2.2 million from two rate stabilization reserves is also recommended to help mitigate the impacts of the economy on these Airport partners.
- ***Convention Facilities and Cultural Affairs Fund:*** Operating revenues in this fund are tracking below estimated levels with an anticipated \$1.3 million year-end shortfall. This is due to a combination of a decline in 2008-2009 activity (\$400,000) and an estimated bad debt expense (\$900,000), due in large part to the recent bankruptcy of American Musical Theater. To address the anticipated revenue shortfall, actions are recommended to reduce expenditures by \$400,000 and the ending fund balance by \$900,000. Additionally, a transfer from the Personal Services allocation (\$1.0 million) to the Non-Personal/Equipment allocation is recommended to better align the budget with contract labor costs. It should be noted that the decline in Transient Occupancy Tax revenue in the current year will also have a direct negative impact on the Ending Fund Balance as the 2009-2010 Proposed Budget is developed. The actions recommended in this document are not anticipated to have a significant impact on the overall financing plan for the Convention Center Expansion Project.
- ***Community Facilities Revenue Fund (Hayes Mansion):*** Revenues generated at the Hayes Mansion are tracking below estimated levels through the first half of 2008-2009. To partially offset this lower collection level, the operator of the facility, Dolce, has developed a cost containment strategy that is expected to generate expenditure savings of approximately \$500,000. In addition, the action approved by City Council earlier this year to pay off the Comerica line of credit has resulted in lower interest costs (\$150,000) and has made available \$50,000 that was required to be set aside by the Comerica Bank line of credit agreement. It should be noted that if current trends continue and revenue declines further, the General Fund transfer may need to be increased in the 2009-2010 budget.
- ***Housing Funds:*** The volatility in the financial markets has impacted the City's ability to sell bonds at favorable rates. Actions are recommended in the Low and Moderate Income

Housing Fund to address the possibility that \$85 million in bond proceeds may not be received this fiscal year. Funding will remain, however, to support current City Council committed projects. Budget adjustments within the Housing Funds are also recommended to address a cash flow issue in the Multi-Source Housing Fund resulting from State action that temporarily froze \$3.4 million in pending reimbursements.

- ***Municipal Golf Course Fund:*** Activity at both the Los Lagos and Rancho del Pueblo Golf Courses are tracking below anticipated levels. This has resulted in lower than estimated net profit for the Los Lagos Golf Course (no net profit assumed in the Adopted Budget for Rancho del Pueblo Golf Course) and higher than projected operating subsidies for both golf courses as payments to the operators are required in the months when revenues do not cover fixed operation costs. This document includes recommendations to decrease the revenue estimate for Los Lagos Golf Course by 30% (\$190,000) to reflect the lower net profit, and increase the Los Lagos (\$50,000) and the Rancho Del Pueblo (\$75,000) operating subsidy appropriations. These adjustments would be offset by a decrease to the ending fund balance in the Municipal Golf Course Fund. To the extent that this activity trend continues, the 2009-2010 General Fund subsidy may need to be increased.
- ***Traffic Capital Funds:*** Development-related taxes that support the Traffic Capital Program are tracking well below expected levels due to significant declines in development activity. To address these lower collection levels, actions are recommended to decrease the Building and Structure Construction Tax revenue estimate by \$2.2 million from \$8.7 million to \$6.5 million and to decrease the Construction Excise Tax revenue estimate by \$6.0 million from \$13.0 million to \$7.0 million. Rebalancing actions in the Traffic Capital Program are recommended to offset this revenue reduction and include reduced transfers to the General Fund (offset by various General Fund expenditure reductions), funding shifts, project deferrals or eliminations, and the elimination or funding shifts of 10.75 positions (of which six positions are filled). The actions recommended in this document rebalance these funds for 2008-2009. The lower revenue collections will also significantly impact the upcoming 2010-2014 Capital Improvement Program.
- ***Construction and Conveyance Tax (C&C) Funds:*** Revenue adjustments include a decrease of \$4.0 million from the \$23.0 million budgeted in the 2008-2009 Adopted Budget to \$19.0 million, reflecting the impact on City collections of the drastic decline in home prices. With the exception of the Fire C&C Tax Fund, funds have sufficient ending fund balance to offset the revenue reduction. Rebalancing actions are necessary in the Fire C&C Tax Fund with reductions to special projects recommended. Moving forward, the lower revenues will impact the projects that can be funded in the 2010-2014 Capital Improvement Program. The planning efforts underway, however, have factored in this lower collection level.
- ***Other Capital Funds:*** Downward revenue adjustments due to the decreased level of development activity are also recommended for Sanitary Sewer Connection Fees, Storm Drainage Fees, Residential Construction Taxes, and Underground In-Lieu Fees. The reallocation of project funds to other sources or sufficient ending fund balances in the corresponding funds are available to offset these revenue reductions. The lower revenue levels will also impact the development of the 2010-2014 Capital Improvement Program.

- **Position Impacts:** To implement the various required rebalancing plans, a net reduction of 88.5 positions (12 filled) is recommended as part of this Mid-Year Budget Review. This is in addition to the 52 positions (28 filled) eliminated in the Planning and Building Development Fee Programs by City Council action on January 27, 2009.

In addition to the actions recommended in this document, there are three separate memoranda that are scheduled to be discussed as part of the Mid-Year Budget Review. These memoranda recommend the following: 1) approval of revisions to the Arts Stabilization Loan Fund Guidelines; 2) a \$3 increase to the parking penalty fees to enable the City to comply with the requirements of SB1407 without a negative impact on the General Fund; and 3) changes to the Public Entertainment Permit Ordinance and the Zoning Ordinance to a) allow the City to recover costs associated with police enforcement of the Public Entertainment Permit Ordinance in the Downtown Entertainment Zone and b) allow bars and nightclubs in the Downtown Entertainment Zone to stay open until 2:30 a.m. under the Soft Closing Program.

## **BACKGROUND**

The annual adopted budget is a financial plan predicated on the best information available at the time it is prepared. As with any budget, however, changing conditions create the need to modify the original plan. Through its budget policies, the City Council has designated mid-year as the appropriate time to perform a comprehensive review of the current year's budget, and the Mid-Year Budget Review as the appropriate vehicle for consideration of any revisions to the budget. This Mid-Year Budget Review document complies with that policy. It contains a comprehensive review of the status of the City's 2008-2009 Operating and Capital budgets. City Council review of this report is agendized for the February 10, 2009 Council meeting.

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

- **Transmittal Memorandum** – An overall summary of the contents of the Mid-Year Budget Review Report.
- **Section I: Operating Budget Status Report** – A review of the General Fund revenues and expenditures through Mid-Year and a review of selected special funds that have revenue and/or expenditure variances from the modified budget or other issues of interest.
- **Section II: Capital Budget Programs Status Report** – A review of the financial status of each Capital Budget Program.
- **Section III: Recommended Budget Adjustments and Clean-up Actions** – A summary of the proposed budget augmentations/reductions in the General Fund and special/capital funds, including impacts of the Cost/Position Management Plans. A summary of clean-up adjustments in a number of funds is also included to provide technical appropriation and revenue estimate adjustments.
- **Section IV: Appendix** – Financial results, prepared by the Finance Department, for all budgeted fund groups for the first six months of the year.

**ANALYSIS**

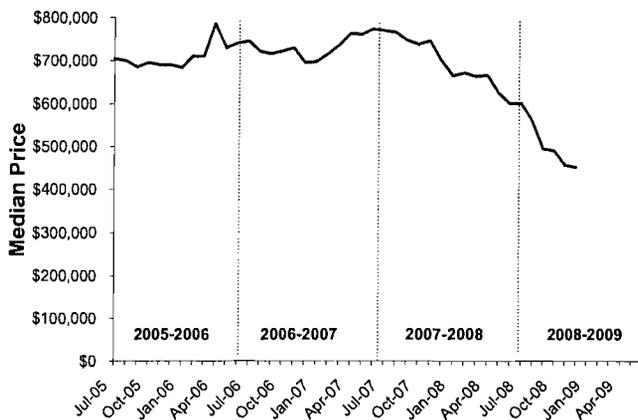
The Analysis section includes the following: an overview of the current economic environment; a discussion of General Fund performance through December; a summary of proposed General Fund budget revisions included in the Mid-Year Budget Review document; a summary of the Cost/Position Management Plan impacts; the status of selected special funds; an overview of capital budget programs; status on two City Council referrals associated with the Crossing Guard Program and the Airport West property proceeds; and next steps in the budget process.

**ECONOMIC ENVIRONMENT**

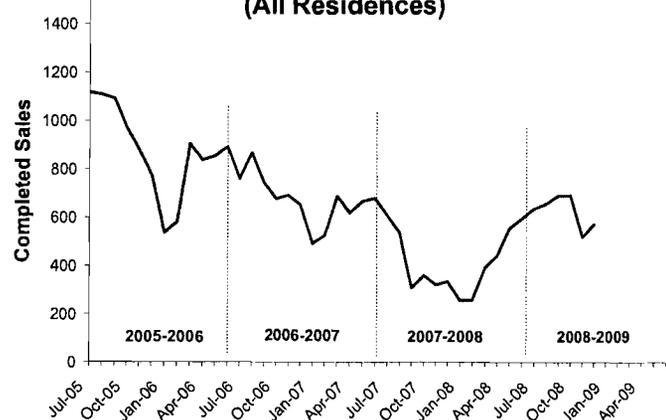
When the 2008-2009 Adopted Budget was prepared, it was assumed that an economic slowdown would impact the city for the entire fiscal year and that, as a result, only low levels of economic growth would be experienced during the fiscal year. The impacts of the slowing housing market, the sub-prime mortgage problems, and the rising cost of fuel were expected to continue to hamper growth in this region, along with the State and the nation. What was not foreseen, however, was how quickly and how severely these problems would worsen, plunging the economy into a deep global recession. In fact, many forecasters are now warning that this downturn is likely to set a new postwar record for length and is likely to be more painful than any recession since 1980-1981. Others even predict an economic disruption exceeding any experienced in this country since the Great Depression.

Through the first half of the fiscal year, the economic indicators are alarming. For example, the median home price for single family homes within the City dropped 35% from \$699,000 in December 2007 to \$452,000 in December 2008. The December 2008 figure represents the lowest median home price within the City since spring 2004. With the home prices dropping significantly, there has, however, been an increase in the number of transfers. In December, the property transfers for all types of residences were up 52% from the extremely low level experienced in December 2007.

**Single Family Home Median Price**



**Real Estate Sales (All Residences)**



It is expected that the housing market will continue to experience weak performance well into the next fiscal year and will negatively impact Construction and Conveyance Tax receipts and the Property Tax receipts. The significant slowdown in this area along with the overall slowdown in

the economy is also expected to negatively impact Sales Tax collections. The only questions are how severe the drop will be and for how long a period of time.

Job growth in the area has also started to decline and the unemployment rate continues to move upwards. The labor market continued to deteriorate in December with job losses on a local and national level. December 2008 employment figures for the San Jose Metropolitan Statistical Area of 910,600 were below both November 2008 (916,700) and December 2007 (921,600) levels. On a national level, total non-farm payroll employment fell by 524,000 in December, bringing the total job losses in 2008 to 2.6 million, the highest job loss total since 1945. The majority of these job losses (1.9 million) occurred in the last four months of the year (Source: Bureau of Labor Statistics).

**Unemployment Rate (Unadjusted)**

	<b>Dec. 2007</b>	<b>Nov. 2008</b>	<b>Dec. 2008</b>
San José Metropolitan Statistical Area	5.1%	7.2%	7.8%
State of California	5.9%	8.3%	9.1%
United States	4.8%	6.5%	7.1%

The unemployment rate in the San José metropolitan area continues to increase with a rate of 7.8% in December 2008. This figure is up significantly from 5.1% a year ago. When comparing the December 2008 unemployment rate in this region with the State and the nation, this area fares better than the State that has an

Source: California Employment Development Department

unadjusted unemployment rate of 9.1%, but is slightly worse than the nation, which currently has an unadjusted unemployment rate of 7.1%.

On a national level, the Conference Board Consumer Confidence Index fell to a new all-time low in December 2008 after a moderate increase in November 2008. The overall outlook remains very negative. "The further erosion of the Consumer Confidence Index reflects the rapid and steep deterioration of economic conditions that occurred in the fourth quarter of 2008....The overall economic outlook remains quite dismal for the first half of 2009, and only a modest recovery is expected in the second half," says Lynn Franco, director of The Conference Board Consumer Research Center.

Looking forward, it is very difficult to predict the potential impacts from the economic bailout packages, the extraordinary efforts being undertaken by the federal government and the Federal Reserve to stabilize the economy, and actions that the new Obama Administration may formulate. In this environment, economic conditions will need to be closely monitored and factored into the assessment of the City's performance in 2008-2009 as well as development of the final 2010-2014 General Fund Forecast. In November 2008, a preliminary forecast was released that projected a General Fund shortfall of almost \$60 million in 2009-2010. Considering the City's unmet/deferred infrastructure needs, the deficit grows to \$65 million for next year. This forecast was based on very limited data and will be refined as additional information becomes available. A review of the events which have taken place since that Forecast was prepared almost ensure that the shortfall projected for 2009-2010 will worsen. A final 2010-2014 Five-Year General Fund Forecast is scheduled to be released in February 2009.

## **GENERAL FUND PERFORMANCE**

General Fund revenues and transfers through December totaled \$320 million, or 39% of the budgeted estimate. While revenues to date were tracking only slightly below projected levels, receipts are expected to experience more significant declines in the second half of the fiscal year as a result of the deepening recession. The economically sensitive revenue categories that are expected to end the year below the budgeted estimates include Property Tax, Sales Tax, Transient Occupancy Tax, Business Tax, Motor Vehicle In-Lieu, and Use of Money and Property. The development-related fees are also expected to fall well below Adopted Budget levels. The lower collections in these categories are expected to be partially offset by higher collections in other categories, such as Transfers and Reimbursements.

The revenue adjustments recommended in this document address current projections for the shortfall expected as a result of the rapidly deteriorating economy. Given the current economic uncertainty and the rapidly changing economic environment, however, additional adjustments may be needed by year-end. Lower projected revenues resulting from the poor economy were factored into the 2010-2014 Preliminary General Fund Forecast that was released in November 2008, although conditions have worsened since that time. The revenue estimates for this year will continue to be updated as part of the final 2010-2014 General Fund Forecast due to be released in February and will serve as the starting point for developing the estimates for 2009-2010.

General Fund expenditures through December totaled \$413 million. This represents an increase of \$19 million, or 4.8%, from the December 2007 level of \$394 million. Encumbrances totaling \$54 million were also \$6 million (12.5%) above the December 2007 level of \$48 million. Expenditures and encumbrances through December of \$467 million constituted 48% of the total 2008-2009 modified budgeted use of funds amount (excluding reserves) of \$971 million. This was generally consistent with the 46% experienced in last year's budget at this time. Overall, expenditures are tracking as anticipated and are expected to end the year with savings. As a cost savings measure, current year expenditure reductions submitted by departments in the form of Cost/Position Management Plans are recommended in this document that would remove \$9.4 million from General Fund appropriations. Minimal General Fund savings are expected to remain after the implementation of these plans.

Section I of this document provides a detailed discussion of the General Fund revenue and expenditure performance through December.

## **RECOMMENDED GENERAL FUND BUDGET ADJUSTMENTS**

Actions resulting in a net reduction of \$9.0 million to the General Fund revenues and expenditures are recommended in this Mid-Year Budget Review. For General Fund revenues, this reflects the following: downward adjustments totaling \$9.2 million based on revised projections; a downward adjustment of \$3.5 million to the transfer from the Construction Excise Tax Fund as a rebalancing action in that fund (offset by General Fund expenditure reductions); a downward adjustment of \$1.0 million to the Fire Development Fee Program (offset by expenditure reductions/use of the Fire Development Fee Program Reserve); and upward

adjustments of \$4.6 million to reflect various grants and reimbursements (\$4.4 million) and other adjustments (\$0.2 million).

To offset the net reduction in revenues, a number of expenditure adjustments are recommended, including: a reduction of \$9.4 million to implement the Cost/Position Management Plans, the elimination of the \$5.8 million Street Maintenance and Repair Reserve; a reduction of \$3.5 million to Traffic Capital Program projects to offset the loss of General Fund revenue from the Construction Excise Tax Fund; a reduction to Fire Fee Program expenditures/reserve (\$1.0 million) to offset lower revenues; and a reduction of \$1.4 million to reduce various City-Wide and Capital projects where the funding is no longer necessary. These downward adjustments are partially offset by the establishment of a 2008-2009 Ending Fund Balance of \$6.3 million, additional funding for Fire Department training (\$0.8 million), and other required adjustments (\$0.5 million).

The following chart summarizes these recommended adjustments.

**PROPOSED GENERAL FUND ADJUSTMENTS**

**PROPOSED REVENUE ADJUSTMENTS**

- Revenue Adjustments	\$ (9,159,258)
- Traffic Capital Program Rebalancing Plan	(3,500,000)
- Development Fee Programs	(1,000,000)
- Grants/Reimbursements	4,394,117
- Other Revenue Actions	218,311

**Total Proposed Revenue Adjustments** **\$ (9,046,830)**

**PROPOSED EXPENDITURE ADJUSTMENTS**

- <b>Grants/Reimbursements</b>	<b>\$ 4,394,117</b>
- <b>Required Technical/Rebalancing Actions</b>	
Cost/Position Management Plans	(9,372,158)
Street Maintenance and Repair Reserve	(5,802,000)
Traffic Capital Program Rebalancing Plan	(3,500,000)
Review of City-Wide and Capital Project Reductions	(1,392,303)
2008-2009 Ending Fund Balance	6,280,417
Other Expenditure Actions	216,155
Sub-Total Required Technical/Rebalancing Actions	<u>(13,569,889)</u>
- <b>2008-2009 Fiscal/Program Needs</b>	
Fire Department Training	834,760
Other Required Needs	294,182
Sub-Total 2008-2009 Fiscal/Program Needs	<u>1,128,942</u>
- <b>Development Fee Programs</b>	
Fire Development Fee Program Rebalancing Plan	<u>(1,000,000)</u>
Sub-Total Development Fee Programs	(1,000,000)

**Total Proposed Expenditure Adjustments** **\$ (9,046,830)**

Proposed current year revenue estimate adjustments are described in detail in Sections I and III of this document. Following is a brief description of the General Fund expenditure adjustments recommended in this report. Additional information on these expenditure adjustments is also provided in Section III of this document.

**Summary of Proposed Adjustments in the General Fund**

**GRANTS/REIMBURSEMENTS**

<i><b>Public Safety Activities</b></i> – Recognizes and appropriates grants and reimbursements that will be received for Strike Team Reimbursements for mutual aid fire services (\$976,159); Police overtime at the Airport in response to Level Orange security reimbursed by Airport funds (\$955,000); City Manager’s Office interoperability reimbursement (\$239,669); and miscellaneous police (\$405,303) and fire (\$14,000) grants and reimbursements. Offsetting these increases is the elimination of two vacant positions (\$247,750) in the Police Department that were previously supported by card room revenues.	\$2,342,381
<i><b>Neighborhood Services Activities</b></i> – Recognizes and appropriates grants and reimbursements that will be received for the San José After School Program (\$980,937), Parks, Recreation and Neighborhood Services Fee Activities (\$90,000), Senior Nutrition (\$80,515), Landfill Enforcement (\$29,650), Neighborhood Revitalization (\$22,060), Senior Companion Program (\$10,800), Literacy Program (\$7,060), and PG&E Summer Cooling Program (\$7,000).	\$1,228,022
<i><b>San Jose Redevelopment Agency Adopted Budget Implementation</b></i> – Recognizes and appropriates funding from San Jose Redevelopment Agency to reflect the recent adoption of its budget for 2008-2009. These projects include: Safe Summer Initiative (\$500,000); two additional Code Enforcement Inspector temporary positions for Strong Neighborhoods Initiative and Neighborhood Business District areas (\$182,052); and Downtown Nightlife District (\$57,713).	\$739,765
<i><b>Miscellaneous Grants and Reimbursements</b></i> – Recognizes and appropriates funding for various grants and reimbursements received by Planning, Building and Code Enforcement (\$120,000), Human Resources (\$41,195), and Office of Economic Development (\$22,754). Offsetting these increases is a reduction for the Cycling Classic (\$100,000) to reflect anticipated performance.	\$83,949
<b>Total Grants and Reimbursements</b>	<b>\$4,394,117</b>

**REQUIRED TECHNICAL/REBALANCING ACTIONS**

<i><b>Cost/Position Management Plans</b></i> – Reduces General Fund expenditure appropriations by 1% for Public Safety Departments and 3% for all other departments and offices to implement Cost/Position Management Plans as more fully discussed by City Service Area in Section III of this document.	(\$9,372,158)
<i><b>Street Maintenance and Repair Reserve</b></i> – Eliminates the Street Maintenance and Repair Reserve that was established as part of the 2007-2008 Annual Report actions. Per City	(\$5,802,000)

Council policy, one-half of the unallocated funds remaining at the end of a fiscal year are allocated for this purpose. Due to the projected revenue shortfall in the General Fund, the liquidation of this reserve is recommended for General Fund rebalancing/ending fund balance needs.

**Maintenance Backlog-Street Resurfacing (Story Rd & Leigh Ave)** – Decreases the Maintenance Backlog-Street Resurfacing (Story Rd & Leigh Ave) project in order to mitigate the impact of a reduced transfer from the Construction Excise Tax Fund to the General Fund. This project is anticipated to be completed by Proposition 1B funds once they are received. (\$2,293,000)

**Seven Trees Blvd Sidewalk** – Decreases the Seven Trees Blvd Sidewalk project in order to mitigate the impact of a reduced transfer from the Construction Excise Tax Fund to the General Fund. Other funding sources have been identified to offset this action and ensure the project construction schedule is not impacted. (\$700,000)

**Traffic Calming Studies** – Decreases funding for traffic calming studies in order to mitigate the impact of a reduced transfer from the Construction Excise Tax Fund to the General Fund. Traffic calming activities will continue in Strong Neighborhoods Initiative areas funded in the San Jose Redevelopment Agency Adopted Budget. (\$507,000)

**Review of Prior Year Rebudgets-City-Wide Expenses** – Decreases City-Wide Expenses where funding is no longer necessary and have no service level impacts after completing a comprehensive review of carryover funds. These projects include: City Free Use of Auditorium and Other Facilities, Emergency Response and Preparedness (grant advance funding), Grand Prix Close Out, Hoffman/Via Monte Neighborhood Center Lease Payments (for payments after 2011-2012), Los Lagos Golf Course Netting, Mexican Heritage Plaza Facility Use Consultant, Planning Area Studies, Relocation of Stockton Warehouse Artifacts, San José Future Teachers Loan Program, Theater Management Realignment, and Workers' Compensation Gainsharing Program. (\$1,299,303)

**Review of Prior Year Rebudgets-Capital Projects** – Decreases Capital Project appropriations where funding is no longer necessary and have no service level impacts after completing a comprehensive review of carryover funds. These projects include: City-Wide Sidewalk Repairs (grants) (\$53,000) and Northside Community Center (\$40,000). (\$93,000)

**2008-2009 Ending Fund Balance** – Establishes a 2008-2009 Ending Fund Balance in the General Fund. In the 2009-2010 Preliminary General Fund Forecast, it was assumed that \$16.5 million would be generated from expenditure savings and the liquidation of carryover encumbrances in 2008-2009. This action sets aside a portion of that amount in preparation for the 2009-2010 fiscal year. \$6,280,417

**Arts Stabilization Flexible Fund** – Adds funding to the Arts Stabilization Flexible Fund for interest earnings earned from July 1, 2008 through February 10, 2009, per City Council policy. \$71,727

**Storm Fees** – Adds funding to the Storm Fees City-Wide appropriation that is used to pay storm fees for City facilities. This adjustment is necessary to account for the fee increase that was approved as part of the 2008-2009 Adopted Budget but not factored into the City's Storm Fees liability. \$42,413

<b><i>Salary Reserve (Surplus Voluntary Furlough/Special Reduced Work Week Program)</i></b> – Reduces the Salary Reserve by \$116,296 to reflect the higher than budgeted savings generated from the Voluntary Furlough/Special Reduced Work Week Program. The 2008-2009 Adopted Budget assumed savings of \$300,000 from these programs, which were accounted for in the Salary Reserve. Actual General Fund savings totaled \$416,296, which were applied to the Salary Reserve. This action reduces the Salary Reserve by the savings amount over the budgeted level.	(\$116,296)
<b><i>Miscellaneous Adjustments</i></b> – Allocates funding to pay school districts that have executed Waste Reduction and Cooperation agreements with the City (net \$218,311 offset by revenue); and return 9-1-1 Call Center Remodel savings to the Emergency Communication System Support Fee Fund (\$200,000).	\$218,311
<b>Total Required Technical/Rebalancing Actions</b>	<b>(\$13,569,889)</b>

<b>2008-2009 FISCAL/PROGRAM NEEDS</b>
---------------------------------------

<b><i>Fire Special Operations Training</i></b> – Provides funding for Fire staff who attended training in the first half of 2008-2009 for urban search and rescue and the hazardous incident team special operations training as a result of a change in the International Association of Firefighters Memorandum of Agreement regarding premium pays.	\$634,760
<b><i>Fire Retirement Payouts</i></b> – Provides additional funding for vacation and compensatory time balance payouts to Fire sworn personnel due to the large number of sworn retirements experienced this year.	\$241,618
<b><i>Fire Airport Rescue and Firefighting Certification Training</i></b> – Provides partial funding for Fire staff who attended training in fall 2008 for Airport Rescue and Firefighting (AARF) certification. Since Fire Station 20 responds to Mineta International Airport, all personnel staffing Engine 20 must maintain AARF certification.	\$150,000
<b><i>Fire Harassment/Discrimination Training</i></b> – Provides funding for a training consultant and design of a web-based training on harassment and discrimination, which will be delivered to all sworn personnel beginning in spring 2009.	\$50,000
<b><i>Miscellaneous Adjustments</i></b> – Adds funding for the non-reimbursed portion of the Senior Nutrition Program increases (\$29,064) and General Plan amendment fees (\$23,500) for the affordable housing project Markham Terrace to comply with the Employment Lands Framework Conversion Policy.	\$52,564
<b>Total 2008-2009 Fiscal/Program Needs</b>	<b>\$1,128,942</b>

<b>DEVELOPMENT FEE PROGRAMS</b>
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<b><i>Fire Development Fee Program Rebalancing Plan</i></b> – To address the projected revenue shortfall of \$1.0 million in the Fire Development Fee Program, two actions are included: elimination of three vacant positions, one of which is temporary; and a reduction to the Fire Fee Program Reserve (\$765,543).	<b>(\$1,000,000)</b>
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<b>Total Mid-Year Recommended Adjustments</b>	<b>(\$9,046,830)</b>
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## **2008-2009 COST/POSITION MANAGEMENT PLANS**

For the seventh time in eight years, departments were directed in November to submit mid-year Cost/Position Management plans that would create current year expenditure savings. The purpose of these plans is to generate savings in the current fiscal year that could be used to rebalance the 2008-2009 General Fund budget and to set aside a portion of the funds needed to achieve the 2008-2009 Ending Fund Balance estimate of \$16.5 million that was assumed in the 2009-2010 Preliminary General Fund Forecast. The plans are also intended to preserve position vacancies in all funding sources to provide redeployment flexibility and minimize employee layoffs in the coming year. If approved, these plans would generate \$9.4 million in personal services (\$7.1 million), non-personal/equipment (\$1.6 million), and non-departmental (\$700,000) appropriations. Recommendations to lower various departmental and non-departmental budgets in order to generate savings are included in this document. Detailed descriptions of the plans can be found in Section III of this document.

## **STATUS OF SELECTED SPECIAL FUNDS**

### Airport Operating Funds

Activity levels at the Airport reflect the severe disruption that the Airline industry is experiencing nation-wide. Passenger activity continues to fall (down 12% this fiscal year and down 14% in December). Fewer passengers translate into lower revenues from parking, rental cars and concessions. In the upcoming years, the Airport expects to face continued challenges as a result of the problems plaguing the entire Airline industry, the current recession, and additional costs related to new facilities and equipment scheduled to come on line. Rebalancing actions approved as part of the 2007-2008 Annual Report process in October were intended to address the slowdown in activity this year, although worsening activity projections may yet prove to require additional actions later this year. The Airport also projects shortfalls for the next two years with a \$35 million deficit estimated for 2009-2010 and 2010-2011. Actions to address this significant deficit are recommended to be taken immediately.

To begin addressing this multi-year shortfall, actions are recommended in this document to eliminate 52 positions (6 filled) and reduce non-personal/equipment funding for savings of \$7.2 million. In agreements made with the rental car companies and airlines, the use \$2.2 million from two rate stabilization reserves is also recommended to help mitigate the impacts of the economy on these Airport partners.

### Community Facilities Revenue Fund (Hayes Mansion)

Revenues in the Community Facilities Revenue Fund (Hayes Mansion Fund) are tracking below estimated levels through the first half of 2008-2009. To partially offset the lower than anticipated revenues being generated at the Hayes Mansion, the operator of the facility, Dolce, has developed a cost containment strategy. This strategy includes a series of expenditure reductions which are anticipated to save approximately \$500,000. In addition, the action approved by City Council earlier this year to pay off the Comerica line of credit has resulted in

lower interest costs (\$150,000) and has made available \$50,000 that was required to be set aside by the Comerica Bank line of credit agreement. It should be noted that if current trends continue and revenue declines further, the General Fund transfer may need to be increased in the 2009-2010 budget.

#### Convention and Cultural Affairs Fund

Operating revenues in the Convention and Cultural Affairs Fund are tracking below estimated levels through the first half of 2008-2009. A year-end shortfall of \$1.3 million in operating revenues is anticipated. This is due to a combination of a decline in 2008-2009 activity (\$400,000) and an estimated bad debt expense (\$900,000), due, in large part, to the recent bankruptcy of American Musical Theater. To offset this lower collection level, a \$400,000 reduction to the Miscellaneous Improvements allocation and a \$900,000 reduction to Ending Fund Balance are recommended. Also included in this document, is a recommended reduction to the Personal Services appropriation (\$1.0 million), with a corresponding increase to the Non-Personal/Equipment allocation, to better align the budget with contract labor costs. Additional cost controls will be necessary to ensure expenditures remain within budgeted levels at year-end. Lastly, it should be noted that the decline in Transient Occupancy Tax (TOT) revenue in the current year will have a direct negative impact on the Ending Fund Balance as the 2009-2010 Proposed Budget is developed. The actions recommended in this document are not anticipated to have a major impact on the overall financing plan for the Convention Center Expansion Project.

#### Low and Moderate Income Housing Fund

Revenues in the Low and Moderate Income Housing Fund are tracking significantly lower than budgeted levels. The City has had difficulty in selling \$85 million in tax allocation bonds at a favorable rate as a result of the current disruptions in the financial markets. A \$50 million line-of-credit in this Fund is available to finance expenditures this year. To account for the possibility that bonds will not be issued this year, budget adjustments are recommended in this document to reduce the bond proceeds revenue estimate by \$85 million, offset by reductions to the Loans, Grants and Site Acquisition allocation (\$40 million) and the Line of Credit Repayment allocation (\$45 million). This action would leave \$50 million in the Loans, Grants and Site Acquisition allocation, which is sufficient to cover current City Council committed projects. Market conditions will be closely monitored and a bond sale will be brought forward later in the fiscal year if the market is favorable. In the interim, the expenditure budget has been aligned with the available revenue. A \$2.7 million transfer to the Multi-Source Housing Fund is also recommended to address the cash flow problem in that fund that has resulted from delays in State payments. This transfer would be offset by a reduction to the Line of Credit Repayment (\$2.5 million) allocation and the Ending Fund Balance (\$0.2 million).

#### Multi-Source Housing Fund

Revenues in the Multi-Source Housing Fund are tracking significantly lower than budgeted levels. A portion of revenues in this fund are State grants, which are paid on a reimbursement basis. In late December, the Housing Department received notice that \$3.8 billion in committed State funding for infrastructure projects throughout California have been temporarily frozen. As

a result, \$3.4 million in pending reimbursements in this Fund are not being honored until further notice. This creates a significant cash flow issue in this fund. A multi-tiered strategy for addressing this issue is recommended in this document. Two separate transfers are proposed to cover the majority of the outstanding State grant reimbursements: a transfer from the Low and Moderate Income Housing Fund (\$2,675,000) to cover the outstanding reimbursements for affordable housing and relocation projects; and a transfer from the Housing Trust Fund (\$126,000) to supplement reimbursements for homeless projects. The remaining shortfall is recommended to be covered by a reduction to the Ending Fund Balance.

Additionally, as a result of the instability of the housing market, revenues from inclusionary in-lieu fees are tracking significantly lower than budgeted levels. To address this lower collection level, the revenue estimate and the corresponding appropriations are recommended to be reduced by \$26.9 million in this document. This recommended adjustment would bring the inclusionary in-lieu fee revenue estimate down from \$32.0 million to \$5.1 million.

#### Municipal Golf Course Fund

Activity at the Los Lagos and Rancho Del Pueblo Golf Courses are tracking below anticipated levels. Included in this document is a recommendation to decrease the revenue estimate from the Los Lagos Golf Course as net profits are anticipated to end the year \$190,000 (30%) below the budgeted estimate of \$633,000. No net profits were assumed in the budget for the Rancho del Pueblo Golf Course. The declining revenue collections have resulted in higher than projected operating subsidies for the golf courses, as payments to the operators are required in the months when revenues do not cover fixed operation costs. This document also includes recommendations to increase the Los Lagos (\$50,000) and the Rancho Del Pueblo (\$75,000) appropriations and decrease the Ending Fund Balance in the Municipal Golf Course Fund, to offset this higher cost. The Municipal Golf Course Fund will continue to be monitored closely, as the subsidy from the General Fund was reduced from \$1.25 million in 2007-2008 to \$1.0 million in 2008-2009. To the extent that this trend continues, the 2009-2010 subsidy may need to be increased.

#### Water Utility Fund

Revenue in the Water Utility Fund may end the year as much as \$1.5 million under budget due primarily to lower water sales. This shortfall could be offset by lower water costs (\$700,000), Environmental Services Department savings (\$200,000), and the Ending Fund Balance (\$600,000). If this occurs, a portion of the Ending Fund Balance could be replenished in 2009-2010 with capital project savings (\$400,000). Due to the volatility of this revenue stream, it is possible for the year-end projection to change significantly, therefore no budget actions are recommended at this time.

#### Transient Occupancy Tax Fund

Transient Occupancy Tax (TOT) collections are tracking below anticipated levels. The occupancy rate in December 2008 at the 14 major hotels was 42.7%, which is slightly below the December 2007 level of 44.9%. Room rates have also decreased from the December 2007 rate of

\$138.95 to \$129.27 in December 2008. In 2008-2009, growth of 4.0% is needed to meet the budgeted revenue estimate, however, actual collections are down 5.1% through December. Based on a study performed by the independent consultant Horwath HTL, and after accounting for adjustments from compliance audits, collections are expected to end the year 6.7% below 2007-2008 levels (allowing a drop of 7.7% from January through June 2009). If this drop occurs, revenues would fall short of the budgeted estimate by \$1.5 million. There is sufficient ending fund balance to offset this decline in revenue. However, the allocations to the three recipient organizations (Convention Facilities, San José Convention/Visitors Bureau, and Cultural Grants) will need to be reduced in the 2009-2010 budget to recoup the overpayments if the TOT decline occurs as projected. The allocations are not recommended to be reduced at this time, however, in order to give the recipient organizations time to plan for the reductions.

## **STATUS OF CAPITAL BUDGET PROGRAMS**

### **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 tracking to end the year significantly below budgeted estimates. With the continued slowdown of the local real estate market and national recession, these revenues are recommended to be adjusted downward. In some funds, this will require offsetting expenditure reductions to rebalance program funds. It is anticipated, however, 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.

The Building and Structure Construction Taxes and the Construction Excise Taxes that support the Traffic Capital Program are recommended to be revised downward significantly due to slower than anticipated development activity. Through December, Building and Structure Construction Taxes totaled \$5.2 million, which represents a decrease of 11% when compared through the first six months of last fiscal year and 59% of the current budgeted estimate of \$8.7 million. These collections, however, included a high level of December collections considered to be one-time in nature in the form of a large number of residential permits pulled prior to the implementation of new building codes. These collection levels are not considered sustainable for the remainder of the year. As a result, the revenue estimate for Building and Structure Construction Taxes are recommended to be revised downward by \$2.2 million to the revised level of \$6.5 million. Construction Excise Tax collections through December totaled \$5.9 million, down 32% from last year and 46% of the budgeted estimate of \$13.0 million. Current projections, as a result of decreased development activity, indicate that revenues will fall far below the budgeted estimate by year-end. Therefore, downward revisions to these revenues are recommended by \$6.0 million to a revised estimate of \$7.0 million.

As discussed in recent Monthly Financial Reports, Construction and Conveyance Tax (C&C) revenues that support many of the capital programs continue to experience a steep decline, reflecting the significant drop in median home price levels. Since nearly 98% of the C&C taxes

are comprised of conveyance receipts, property transfers are the main driver in this revenue category. Through December, C&C taxes totaling \$10.0 million have been received, which represents a decline of 25% from last year. In addition to these revenues, the City has since received January Conveyance Tax receipts totaling \$1.7 million. This amount is 32% lower than the January 2008 amount of \$2.5 million. With this decrease, this indicates that in 30 of the past 33 months revenues have declined compared to the same month in the prior year. The median home price of \$452,000 in December 2008 represents a 35% drop from the median home price of \$699,000 in December 2007. The December 2008 figure represents the lowest median home price within the City since spring 2004. A \$4 million downward revision to the C&C Tax estimate is recommended, reducing the estimate from \$23 million to \$19 million.

The recent freeze of infrastructure projects due to the State cash flow and budget deficit challenges continues to impact grant reimbursements related to the Traffic and Parks and Community Facilities Development Capital Programs. Staff is carefully monitoring this situation and departments are developing management plans to minimize the impact of the freeze on capital funds.

Revenue adjustments due to the decreased level of development activity are also recommended for Sanitary Sewer Connection Fees, Storm Drainage Fees, Residential Construction Taxes, and Underground In-Lieu Fees. The reallocation of project funds to other sources or sufficient ending fund balances in the corresponding funds are available to offset these revenue reductions. It should be noted, however, that the lower level of overall revenue collections will result in reduced and/or deferred projects in the upcoming 2010-2014 Capital Improvement Program.

### **Major Capital Program Expenditure Revisions**

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

#### ***Traffic Capital Program Rebalancing Actions***

As a result of the reduced revenue estimates previously discussed, several actions are recommended in this document to rebalance program funds. The following summarizes the highlights of the major recommended rebalancing actions:

- Decreases to the revenues estimate for Construction Excise Taxes (\$5.975 million) offset by the following actions:
  - Decreases to the Transfer to the General Fund (\$3.5 million). In order to offset the impact to the General Fund, the reduction of the Maintenance Backlog – Street Surface Resurfacing (Story Road and Leigh Avenue) (\$2.3 million), Seven Trees Boulevard Sidewalk project (\$700,000), and Traffic Calming Studies (\$507,000) allocations are recommended in the General Fund. Alternative funding opportunities (grants and future State Prop 1B funding) have been identified to replace the General Fund project funding. A reduction of traffic calming activities would also result from this action.

- Funding shifts to the Building and Structure Construction Tax Fund for Project Development Engineering (\$400,000), Bicycle/Pedestrian Program Management (\$248,000), ITS: Operations and Management (\$200,000), and Traffic Flow Management and Signal Retiming (\$100,000); and to the Major Collectors and Arterials Fund for Miscellaneous Street Improvements (\$250,000).
  - Decreases to the following projects: Traffic Safety Data Collection (\$315,000), Traffic Calming (\$300,000), City-Wide Emergency Repairs (\$124,000), BART Program Management (\$100,000), Local Transportation Policy and Planning (\$100,000), North San José Administration (\$100,000), Traffic Congestion Studies (\$100,000), Rural Road Safety Improvements (\$85,000), Ortho Photo Project (\$83,000), Transportation Needs Master Plan (\$50,000), and Bridge Maintenance and Repair (\$47,000).
  - Eliminates five positions and shifts 1.75 positions to other funding sources.
- Decreases to the revenue estimate for Building and Structure Construction Taxes (\$2.205 million) offset by the following actions:
    - Decreases to the following projects: Traffic Signals (\$1.3 million), Reserve – King Road: Penitencia Creek Bridge (\$1 million), Capitol Light Rail Transit (\$500,000), Hamilton Avenue (\$648,000), Branham Lane Improvements (\$425,000), ITS: Stevens Creek – West (\$159,000), Union Avenue (\$75,000), and Traffic Signals Rehabilitation (\$50,000).
    - Eliminates four positions.

### ***Construction and Conveyance Tax Rebalancing Actions***

As a result of the reduced revenue estimates discussed previously, several actions are recommended in this document to rebalance Construction and Conveyance Tax funds. The following summarizes the highlights the rebalancing of the \$4 million revenue adjustment recommended for Construction and Conveyance Taxes:

- In the *Public Safety Capital Program*, decreases to the revenue estimate for Fire Construction and Conveyance Tax collections (\$336,000) offset by the following actions:
  - Decreases to the following projects: Fire Department Turnout Cleaning (\$100,000), Underground Fuel Tank Renovation/Replacement (\$30,000), Traffic Control Equipment (\$25,000), Tools and Equipment (\$20,000), and Capital Program Management (\$27,000).
  - An Ending Fund Balance adjustment of \$124,000 generated from Fire Station 2 construction contract savings (approved by the City Council on January 13, 2009).
- Sufficient fund balance is available to offset the Construction and Conveyance Tax revenue estimate adjustments (\$3.7 million) to the remaining funds.

### ***Other Major Expenditure Revisions***

- Sale of Surplus Property estimated proceeds related to the former Main Yard in Japantown (\$14 million) and the sale of Fire Stations 12 and 17 (\$1.0 million) are recommended to be reduced as they will be delayed beyond the 2008-2009 fiscal year.
- As a result of declining revenue and a corresponding decrease in capital project expenditures, the elimination of 28.5 vacant positions in the Public Works Department that support capital project delivery is recommended.
- In the *Airport Capital Program*, adjustments to the Terminal Area Improvement, Phase I and North Concourse Building appropriations for Terminal A and B baggage screening systems primarily funded by TSA grants (\$18.1 million) are recommended.
- In the *Library Capital Program*, additional funding for the East San José Carnegie Branch from Contingency Reserves is recommended for additional costs related to unforeseen conditions of the historical building (\$600,000).
- In the *Public Safety Capital Program*, the reallocation of project savings from Fire Station 17 to Fire Station 19 is recommended in order to cover change orders not included in the construction contract.
- In the *Water Pollution Control Capital Program*, the defunding of the Digester Rehabilitation (\$15.9 million), Digester Gas Line Replacement (\$1.1 million), and Plant Infrastructure Improvements – Headworks (\$3.0 million) projects are recommended to reflect ongoing condition assessment and pre-design studies that will delay the design and construction of these projects. In addition, a reserve for the Electrical Reliability Improvements (\$5.3 million) is recommended.
- In the *Parks and Community Facilities Development Capital Program* the reallocation of funding to reserves for the Vietnamese American Community Center (\$1.1 million) to preserve funds until the start of the design phase. In addition, funding for Camden Community Center Locker Room Renovations (\$150,000) is recommended.

### **IMPACT ON POSITIONS**

The 2008-2009 Mid-Year Budget Review includes the recommended elimination of 94.5 positions and the addition of 6 positions, for a net reduction of 88.5 positions as follows:

- ***Airport Department:*** Eliminate 46 vacant positions and 6 filled positions to begin addressing the significant deficit projected for 2009-2010.
- ***Environmental Services:*** Add 6 positions to support the Stormwater Permit anticipated to be adopted by the Regional Water Quality Regional Board.

- **Fire Department:** Eliminate 3 vacant positions in the Fire Development Fee Program to partially offset the lower revenue collections.
- **Police Department:** Eliminate 2 vacant positions that were added in 2008-2009 to support the Cardroom audit function. The revenue to support these positions is no longer available.
- **Public Works:** Eliminate 28.5 vacant positions that are no longer necessary due to declines in the City's capital program activity.
- **Transportation:** Eliminate 3 vacant positions and 6 filled positions as a result of rebalancing actions necessary in the Traffic Capital Program.

### **COUNCIL REFERRALS**

In the Mayor's June Budget Message for Fiscal Year 2008-2009 that was approved by the City Council, items were referred to the 2008-2009 Mid-Year Budget Review for follow-up or potential action. Following is a status report on the School Crossing Guard Program and the Airport West property sale proceeds.

#### **Review of School Crossing Guard Program**

In the Mayor's June Budget Message approved by the City Council, the City Manager was directed to: evaluate cost effective programs in other jurisdictions; explore alternative funding sources; work with the Schools/City Collaborative on a solution to ensure the safety of our children; and evaluate which middle school intersections could be adequately secured with the installation of pedestrian activated crosswalks. This analysis was to be brought back as part of the 2008-2009 Mid-Year Budget Review.

In coordination with the Police Department, Department of Transportation and the Schools/City Collaborative, the consultant firm of Management Partners is conducting an independent evaluation of the Adult School Crossing Guard Program including alternatives for effective service delivery and opportunities to reduce costs. In addition, the analysis will include an evaluation of cost sharing and cost recovery strategies and successful crossing guard models from other jurisdictions. Management Partners is expected to complete its analysis in February 2009 and a report will be brought forward to the City Council in April 2009.

#### **Airport West Property Sale Proceeds**

In the Mayor's June Budget Message approved by the City Council, the Administration was directed to defer any proposed uses of proceeds associated with the Airport West property sale until the 2008-2009 Mid-Year Budget Review. To date, the property sale transaction has not been completed and the City has not received the sale proceeds. The City has, however, received \$6 million in option payments for the Airport West Property in 2008-2009. This reflects option payments for the first year of the two-year option period. The option payments were designed to cover the debt service on the Airport West property during the option period.

Funding from the General Fund and the Airport Operations and Maintenance Fund are used to cover the debt service payments on the Airport West property. In October 2008, budget actions were approved as part of the 2007-2008 Annual Report to apply a portion of the \$6 million in option payments received this fiscal year to offset the lease payments from the Airport Operations and Maintenance Fund for this property. The remaining funds were set aside in a \$2.3 million Airport West Proceeds Reserve in the General Fund. No actions are recommended in this document to allocate the Airport West Proceeds Reserve. It is recommended that these funds remain in reserve until the status of this property is determined.

### **LOOKING FORWARD**

Planning efforts are well underway on the development of the 2009-2010 Proposed Operating and Capital Budgets. The 2010-2014 General Fund Forecast serves as a starting point in the budget development process as it compares the projected revenues and expenditures for the upcoming five-year period. As reported to the City Council in November, the Preliminary 2010-2014 General Fund Forecast showed a General Fund deficit of \$59 million in 2009-2010 that increases to \$65 million once the unmet/deferred infrastructure needs are added. Over the next two years, the General Fund structural deficit increases to \$98 million. In late February, the Administration will bring forward an updated 2010-2014 General Fund Forecast that will take into consideration the actual performance through the first half of 2008-2009 and revised revenue and expenditure assumptions based on the current economic environment. The rapidly deteriorating economic conditions are expected to negatively impact the revenue estimates that were initially developed in November 2008.

The Mayor's March Budget Message, as reviewed and approved by the City Council, will serve as a guiding document for the Administration in its development of the 2009-2010 Proposed Budget. It is anticipated that the Mayor's March Budget Message will incorporate feedback from the Community Budget Survey, Neighborhood Association/Youth Commission Priority Setting Session, and the City Council/City Management Team Strategic Planning Retreat.

### **PUBLIC OUTREACH/INTEREST**

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City.
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach.

This document is posted on the City's website for February 10, 2009 Council agenda.

## CONCLUSION

Despite the rapid deterioration in the economic environment, the City's overall finances remain in relatively sound condition through the mid-point of the year with the majority of the City funds generally performing within anticipated levels. However, there are a number of funds, including the General Fund, that are not tracking to meet budgeted estimates by year-end as a result of the deteriorating economy. Budget adjustments are recommended in this document to address projected shortfalls in these funds. In the case of the Airport, actions are recommended now to begin addressing the significant \$35 million deficit projected for 2009-2010. A net reduction of 88.5 positions (of which 12 are filled) is also recommended in this Mid-Year Budget Review document to implement the various rebalancing plans. This is in addition to the 52 positions (28 filled) that were approved for elimination by the City Council on January 27, 2009 to rebalance the Building and Planning Development Fee Programs.

The adjustments brought forward in this document reflect our best estimate on the impacts of the severe economic downturn on the City's various funds. Given the significant amount of uncertainty and volatility regarding the economy, however, additional adjustments may be necessary by year-end. The Administration will continue to closely monitor performance and will bring forward any additional actions necessary to ensure the City's funds remain in balance. Diligent monitoring, continued fiscal discipline, and timely actions will be critical to maintain the City's fiscal health.

As we move forward into 2009-2010, it is clear that the deep recession will necessitate significant and painful budget reductions to balance the General Fund as well as a number of other City funds. It is also likely that the General Fund deficit projected for 2009-2010 in the Preliminary Forecast issued in November will have worsened when the final 2010-2014 General Fund Forecast is released at the end of February.

The Administration will continue to provide status reports on the City's finances through the Bi-Monthly Financial Reports. This report will highlight any significant developments as well as identify any potential budget actions necessary.

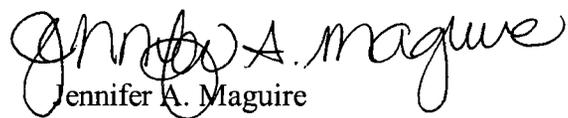
We are confronting the fiscal realities of an unprecedented tumultuous time. Working through the significant transitions facing our work force will, no doubt, result in disruptions to the high level of service delivery our community has grown to expect. Continued patience and understanding will be needed. I would like to thank Jennifer Maguire, Budget Director, members of the Budget Office, and departmental staff for their diligence in preparing the difficult recommendations contained in this report.

  
Debra Figone  
City Manager

### Certification of Funds

I hereby certify that there will be available for appropriation in the designated funds and in the amounts as listed below in fiscal year 2008-2009 monies in excess of those heretofore appropriated therefrom:

Airport Capital Improvement Fund	\$18,135,000
Airport Passenger Facilities Charge Fund	54,545
Airport Renewal and Replacement Fund	898,000
Airport Revenue Bond Improvement Fund	21,000
Airport Revenue Fund	7,829,107
Airport Surplus Revenue Fund	1,561,000
Anti-Tobacco Settlement Fund	95,456
Benefit Fund	661,200
Cash Reserve Fund	23
Construction & Conveyance Tax – Council District 4	192,977
Dental Insurance Fund	400,000
Emergency Communication System Support Fee Fund	200,000
Gift Trust Fund	400,394
Housing Trust Fund	75,000
Redevelopment Capital Project Fund	39,600
San Jose/Santa Clara Treatment Plant Capital Fund	19,667
Storm Sewer Operating Fund	75,534
Supplemental Law Enforcement Services Fund	10,000
Water Utility Fund	55,002
Workforce Investment Act Fund	10,000

  
Jennifer A. Maguire  
Budget Director



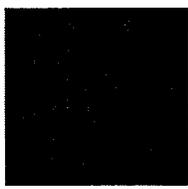
2008-2009

MID-YEAR  
BUDGET  
REVIEW



SECTION  
I

**OPERATING BUDGET**  
**STATUS REPORT**



**2008-2009**  
**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 2008-2009 budget, actual revenues and expenditures through December 31, 2008, 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. Included is a discussion of proposed revenue revisions for each revenue category.
  
- C. **Status of General Fund Expenditures** – The status of overall General Fund expenditures is provided. Included is a discussion of expenditures in the Police and Fire Departments as well as documentation on the changes to the Contingency Reserve through December 2008.
  
- D. **Status of Selected Special Funds** – A review of the mid-year status of revenue collections and expenditures for selected special funds with issues of interest or variances is provided. Included is a discussion of proposed revisions to these funds.

**GENERAL FUND**  
**2008-2009 MID-YEAR STATUS REPORT**  
**(December 31, 2008)**

<u>SOURCE OF FUNDS</u>	(A) 2008-2009 ADOPTED BUDGET	(B) CURRENT- YEAR MODIFICATIONS	(C) CARRYOVER ENCUMBRANCES	(A+B+C) CURRENT MODIFIED BUDGET	ACTUALS THROUGH DECEMBER	PRIOR-YEAR ACTUALS THROUGH DECEMBER	2008-2009 PROPOSED CHANGES
<b>FUND BALANCE</b>							
Encumbrance Reserve	0	0	41,648,048	41,648,048	41,648,048	28,219,179	0
Carryover	202,881,541	20,769,659	0	223,651,200	223,651,200	247,629,910	0
<b>SUBTOTAL</b>	<b>202,881,541</b>	<b>20,769,659</b>	<b>41,648,048</b>	<b>265,299,248</b>	<b>265,299,248</b>	<b>275,849,089</b>	<b>0</b>
<b>GENERAL REVENUE</b>							
Property Tax	208,267,000	0	0	208,267,000	59,996,604	29,021,036	(875,000)
Sales Tax	152,536,000	0	0	152,536,000	36,632,705	29,639,282	(6,223,000)
Transient Occupancy Tax	9,972,000	0	0	9,972,000	3,840,538	3,704,788	(1,054,000)
Franchise Fees	41,621,000	0	0	41,621,000	15,189,783	16,150,679	0
Utility Tax	83,690,000	0	0	83,690,000	35,190,544	33,206,587	0
Licenses & Permits	78,883,904	56,216	0	78,940,120	37,900,620	40,800,685	(1,774,650)
Fines, Forfeitures & Penalties	15,726,000	0	0	15,726,000	6,238,189	7,334,648	(800,000)
Revenue From Money/Property	13,221,500	(1,500,000)	0	11,721,500	4,956,445	7,594,793	(968,500)
Revenue From Local Agencies	48,071,886	(176,833)	0	47,895,053	24,590,051	18,285,643	3,196,346
Revenue From State Government	10,265,304	837,524	0	11,102,828	6,424,294	8,532,902	897,400
Revenue From Federal Government	3,815,311	1,609,196	0	5,424,507	717,888	2,004,716	83,754
Departmental Charges	30,863,305	42,409	0	30,905,714	14,696,467	15,596,319	(410,000)
Other Revenue	17,496,485	3,443,887	0	20,940,372	14,777,265	11,320,611	178,485
<b>SUBTOTAL</b>	<b>714,429,695</b>	<b>4,312,399</b>	<b>0</b>	<b>718,742,094</b>	<b>261,151,393</b>	<b>223,192,689</b>	<b>(7,749,165)</b>
<b>TRANSFERS AND REIMBURSEMENTS</b>							
Overhead Reimbursements	34,253,745	(513,721)	0	33,740,024	24,086,723	26,562,935	1,186,560
Transfers	51,717,001	2,804,160	0	54,521,161	28,666,187	31,437,153	(3,439,225)
Reimbursements for Services	17,817,796	0	0	17,817,796	5,613,255	6,297,348	955,000
<b>SUBTOTAL</b>	<b>103,788,542</b>	<b>2,290,439</b>	<b>0</b>	<b>106,078,981</b>	<b>58,366,165</b>	<b>64,297,436</b>	<b>(1,297,665)</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b><u>1,021,099,778</u></b>	<b><u>27,372,497</u></b>	<b><u>41,648,048</u></b>	<b><u>1,090,120,323</u></b>	<b><u>584,816,806</u></b>	<b><u>563,339,214</u></b>	<b><u>(9,046,830)</u></b>

**GENERAL FUND  
2008-2009 MID-YEAR STATUS REPORT  
(December 31, 2008)**

<u>USE OF FUNDS</u>	(A) 2008-2009 ADOPTED BUDGET	(B) CURRENT- YEAR MODIFICATIONS	(C) CARRYOVER ENCUMBRANCES	(A+B+C) CURRENT MODIFIED BUDGET	ACTUALS THROUGH DECEMBER	PRIOR-YEAR ACTUALS THROUGH DECEMBER	2008-2009 PROPOSED CHANGES
<b>DEPARTMENTAL</b>							
City Attorney	13,384,186	254,799	1,733,753	15,372,738	6,165,735	5,818,704	(188,642)
City Auditor	2,642,089	88,995	171,636	2,902,720	1,080,988	1,063,755	(86,289)
City Clerk	4,470,322	97,215	11,171	4,578,708	975,968	868,803	17,891
City Manager	12,094,184	250,671	348,860	12,693,715	5,176,031	5,066,108	(330,518)
Convention Facilities	0	0	7,255	7,255	0	0	0
Economic Development	4,273,502	209,189	531,349	5,014,040	2,122,412	2,018,880	(80,289)
Emergency Services	540,507	10,479	0	550,986	238,465	206,822	(2,947)
Environmental Services	842,189	114,533	360,164	1,316,886	183,663	227,158	(224,401)
Finance	12,501,587	329,017	319,930	13,150,534	5,519,271	4,990,687	(323,733)
Fire	158,203,354	(162,224)	430,400	158,471,530	72,807,022	74,550,478	701,097
General Services	24,926,510	69,695	1,536,228	26,532,433	12,099,871	8,772,391	(530,656)
Human Resources	7,914,135	208,923	226,417	8,349,475	3,397,126	3,230,995	(196,755)
Independent Police Auditor	830,278	39,284	6,594	876,156	410,081	376,875	(30,075)
Information Technology	17,274,309	761,492	901,016	18,936,817	7,243,770	7,092,885	(463,392)
Library	29,574,613	1,261,341	268,707	31,104,661	13,745,247	12,835,645	(838,519)
Mayor and City Council	10,338,991	(241,256)	114,200	10,211,935	3,625,317	3,313,319	(130,351)
Parks, Recreation & Neighb. Svces	59,008,629	631,935	1,619,043	61,259,607	27,403,270	29,222,444	(1,230,882)
Planning, Building & Code Enforce.	36,779,509	550,647	703,784	38,033,940	15,765,349	15,425,903	229,055
Police	281,146,892	1,981,120	2,643,775	285,771,787	125,008,176	125,784,760	(1,144,523)
Public Works	9,860,408	419,899	171,409	10,451,716	4,778,917	5,290,967	(71,361)
Redevelopment Agency	1,897,152	52,959	0	1,950,111	926,239	585,455	1,237
Transportation	32,894,600	(92,262)	1,069,927	33,872,265	14,002,601	13,954,214	(178,524)
<b>SUBTOTAL</b>	<b>721,397,946</b>	<b>6,836,451</b>	<b>13,175,618</b>	<b>741,410,015</b>	<b>322,675,519</b>	<b>320,697,248</b>	<b>(5,102,577)</b>
<b>NON-DEPARTMENTAL</b>							
City-Wide Expenses	122,659,251	8,106,406	10,361,643	141,127,300	48,256,572	39,773,179	1,133,789
Capital Contributions	33,662,749	(2,395,369)	18,110,787	49,378,167	6,457,011	7,341,391	(4,141,062)
Transfers	32,812,459	5,950,395	0	38,762,854	35,549,659	26,133,310	124,353
Earmarked Reserves	80,273,373	8,227,903	0	88,501,276	0	0	(1,061,333)
Contingency Reserve	30,294,000	646,711	0	30,940,711	0	0	0
<b>SUBTOTAL</b>	<b>299,701,832</b>	<b>20,536,046</b>	<b>28,472,430</b>	<b>348,710,308</b>	<b>90,263,242</b>	<b>73,247,880</b>	<b>(3,944,253)</b>
<b>TOTAL USE OF FUNDS</b>	<b>1,021,099,778</b>	<b>27,372,497</b>	<b>41,648,048</b>	<b>1,090,120,323</b>	<b>412,938,761</b>	<b>393,945,128</b>	<b>(9,046,830)</b>

<p><b>2008-2009</b>  <b>MID-YEAR BUDGET REVIEW</b>  <b>Section I</b></p>
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**STATUS OF GENERAL FUND REVENUES**

**Overview**

General Fund revenues and transfers through December totaled \$319.5 million, or 38.7% of budgeted estimate. While revenues to date were tracking only slightly below projected levels, receipts are expected to experience more significant declines in the second half of the fiscal year as a result of the severe recession. The revenue adjustments recommended in this document reflect the anticipated impact of the deteriorating economy.

Several of the economically sensitive revenue categories are expected to end the year below budgeted estimates, including Property Tax, Sales Tax, Transient Occupancy Tax, Business Tax, Motor Vehicle In-Lieu, and Use of Money and Property. The development-related fees are also expected to fall well below the Adopted Budget levels. The lower collections in these categories are expected to be partially offset by higher collections in other non-economically sensitive categories, including Transfers and Reimbursements and Utility Taxes. A description of the performance in each of these categories is included in this section.

General Fund receipts through December were 11.1% (\$32.0 million) above the amount received last year at this time. A significant portion of this growth, however, is the result of timing differences between collections in the two years. For example, amounts for Property Tax that were booked in December in 2008-2009 were not booked until January in 2007-2008. After taking these timing differences into account, however, we project that a number of the revenue categories will end the year below

both the prior year and the current budgeted estimates.

Recommended Adjustments

A series of adjustments that result in a net reduction of \$9.0 million to the General Fund revenue estimates are recommended in this document to (1) bring revenue estimates in line with revised projections based on economic trends and updated collection information; (2) to reduce a transfer into the General Fund from the Construction Excise Tax Fund as a budget balancing action in that fund; and (3) account for additional new revenue from grant programs and reimbursement for services, available to fund additional related expenditures.

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

<b>Category</b>	<b>\$ in millions</b>
Sales Tax	(6,223,000)
Licenses and Permits	(1,774,650)
Transfers and Reimbursements	(1,297,665)
Transient Occupancy Tax	(1,054,000)
Use of Money and Property	(968,500)
Property Tax	(875,000)
Fines, Forfeitures & Penalties	(800,000)
Departmental Charges	(410,000)
Revenue from Local Agencies	3,196,346
Revenue from the State of California	897,400
Other Revenue	178,485
Revenue from the Federal Government	83,754
<b>Total</b>	<b><u>(\$ 9,046,830)</u></b>

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

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**STATUS OF GENERAL FUND REVENUES  
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**PROPERTY TAX**

**Revenue Status**

2008-2009		2007-2008		2008-2009
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$208,267,000	\$59,966,604	28.8%	14.2%	(\$875,000)

The Property Tax category consists of Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax (retroactive collections back to the point of sale for reassessments of value due to property resale); and Homeowners Property Tax Relief.

The 2008-2009 **Current Secured Property Tax** budget estimate is \$192.1 million. Through December, actual Current Secured Property Tax collections of \$48.1 million were well above the prior year receipts of \$17.2 million due only to the timing of payments.

Based on information from the County of Santa Clara Controller-Treasurer's Office, the Secured Property Tax roll is expected to reach \$191.2 million, which is \$875,000 (less than 1%) below the 2008-2009 Modified Budget of \$192.1 million. A downward adjustment of \$875,000 is recommended in this report to reflect the lower projected revenue. With the revised Secured Property Tax estimate, year-over-year growth of 4.2% is projected, slightly below the 4.7% growth needed to meet the adopted estimate.

The 2008-2009 **Current and Prior Unsecured Property Taxes** budget estimate is \$11.1

million, which is consistent with the prior year collection level. Receipts through December totaled \$10.4 million, which was slightly above the \$10.3 million received last fiscal year. This reflects the large payment received in October, which typically accounts for approximately 90% of the total receipts in this category. Based on actual collections and information from the County, collections in this category are expected to meet the budgeted estimate of \$11.1 million by year-end.

Through December, **SB 813 Property Tax** receipts (retroactive collections back to the point of sale for reassessments of value due to property resales) of \$1.26 million were only 6.5% below the prior year level of \$1.35 million.

This collection pattern is unusual given the large declines in home prices that have occurred. The December 2008 average single family home median sales price of \$452,000 was 35% below the December 2007 figure of \$699,000. While only a small drop is currently reflected in year-to-date receipts, it is anticipated that collections will fall significantly in this area during the remainder of the year based on the current

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**PROPERTY TAX  
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housing market. Collections in the next several months will provide a much better indicator of receipts in this category since approximately 80% of the revenue in this category is typically collected in the second half of the year.

A substantial drop-off in SB 813 Property Tax receipts was anticipated when the 2008-2009

Adopted Budget was developed based on the assumption that real estate activity would continue to decline through this fiscal year. Receipts can fall by approximately 50% from the \$7.9 million collected in 2007-2008 and still meet the 2008-2009 budget estimate of \$3.9 million in this category.

**SALES TAX**

**Revenue Status**

<b>2008-2009</b>		<b>2007-2008</b>		<b>2008-2009</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$152,536,000	\$36,632,705	24.0%	19.2%	(\$6,223,000)

The Sales Tax category consists of General Sales Tax and Proposition 172 Sales Tax.

The 2008-2009 budget estimate for **General Sales Tax** is \$148.0 million, which is approximately 1% below the 2007-2008 actual collection level.

As discussed in the September-October Bi-Monthly Financial Report (MFR), the receipts for the first quarter of **General Sales Tax** for the current year were received in December. These receipts represented activity for July

through September, and in total were down 0.4% from the same quarter in the prior year.

When comparing San José's cash receipts to those of other jurisdictions, San José's decrease of 0.4% was better than the performance of Santa Clara County (down 2.8%), Northern California (down 2.2%) and the State as a whole (down 3.2%).

While cash receipts were down only 0.4% in the first quarter, Sales Tax collections on an economic basis were down 2.8%. The City's Sales Tax consultant, MuniServices Company,

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**SALES TAX  
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provided economic performance data, which is considered to a more accurate measure of the actual sales tax activity in San José for a particular period. This growth analysis measures sales tax receipts, excluding state and county pools and adjusts for anomalies, payments to prior periods, and late payments.

On an economic basis, the drop in the most recent quarter was the result of declines in every economic sector:

- General Retail: down 2.7%
- Business-to-Business: down 2.3%
- Transportation: down 2.5%
- Construction: down 6.5%
- Food Products: down 1.3%
- Miscellaneous: down 5.1%

In this most recent quarter, General Retail remained the largest sector in San José representing 26.9% of the sales tax activity, followed by Business-to-Business (25.9%), Transportation (22.0%), Food Products (14.5%), Construction (10.0%), and Miscellaneous (0.7%).

When the 2008-2009 Adopted Budget was developed, it was assumed that collections in 2008-2009 would be essentially at the 2007-2008 Adopted Budget levels. However, because collections in 2007-2008 were slightly higher than anticipated, receipts in 2008-2009 can

actually decline by approximately 1% and still meet the 2008-2009 budgeted estimate.

While collections in the first quarter of 2008-2009 are within the budgeted estimate, it is anticipated that General Sales Tax receipts in the remaining three quarters will fall well below projected levels based on the severe economic recession.

A 5% decline in Sales Tax receipts from the prior year is currently projected. This will allow a drop of approximately 6.5% in each of the remaining three quarters. Under this scenario, total collections would fall below the budgeted estimate of \$148.0 million by \$6.0 million. In order to plan for this projected decline, a downward adjustment of \$6.0 million to the General Sales Tax revenue estimate is recommended as part of this document.

The 2008-2009 **Proposition 172 Half-Cent Sales Tax** adopted budget estimate of \$4.5 million requires growth from the prior year of 0.5%. However, year-to-date receipts of \$1.9 million are 1% below the prior year. Based on the current collection trends and the expectation that Sales Tax receipts will continue to experience very weak performance, a downward adjustment of \$223,000 to the Proposition 172 Sales Tax category is recommended as part of this document.

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**STATUS OF GENERAL FUND REVENUES  
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**TRANSIENT OCCUPANCY TAX**

<b>Revenue Status</b>				
<b>2008-2009</b>		<b>2007-2008</b>		<b>2008-2009</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$9,972,000	\$3,840,538	38.5%	38.8%	(\$1,054,000)

The 2008-2009 budget estimate for the General Fund **Transient Occupancy Tax** (TOT) allocation (40% of the total tax) is \$10.0 million. To meet the budgeted estimate, growth of 4.3% over the prior year collection level is needed.

Current year collections are currently tracking below budgeted levels. Through December, collections of \$3.8 million were 3.7% above last year's level of \$3.7 million. It should be noted that the growth experienced from last year was the result of additional revenue from compliance efforts. Factoring out the compliance revenue, TOT receipts are actually 2.8% below the prior year.

In recent months, the occupancy and room rates at the 14 major hotels have been declining. In the first quarter of the fiscal year, occupancy rates were higher in two of the three months when compared to the prior year. In the second quarter, however, occupancy rates were below the prior year in every month. Room rates have declined in five of the six months of the fiscal year when compared to 2007-2008 levels. In December, total occupancy at the 14 major hotels was 42.72%, which was below the prior

year level of 44.94%. The average room rate has also declined from \$138.95 in December 2007 to \$129.27 in December 2008.

While TOT receipts are currently tracking only slightly below expected levels, it is anticipated that this category will fall further below the budgeted estimate by year end as a result of the current economic downturn. Based on a study performed by independent consultant Horwath HTL and adjustments for compliance audits, collections are expected to end the year 6.7% below 2007-2008 levels (allowing a drop of 13% from January through June 2009). If this drop occurs, revenues will fall short of the budgeted estimate by \$1.1 million.

A downward adjustment of \$1,054,000 is recommended in this document based on the lower revenue projections for this category.

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

**FRANCHISE FEES**

**Revenue Status**

2008-2009		2007-2008		2008-2009
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$41,621,000	\$15,189,783	36.5%	39.3%	\$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 2008 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. Based on currently available gross receipts information, however, it is estimated that both Gas and Electric Franchise Fees will end the year close to the budgeted estimates.

**Commercial Solid Waste (CSW) Franchise Fees** collections through December of \$3.5 million tracked below prior year levels of \$4.5 million due, in part, to timing differences in receipts and variances in accruals compared to the previous year. After factoring out these differences, collections were tracking to end the year below the budgeted estimate of \$12 million by \$1 million or more. The economic slowdown has led to a decrease in the tons of solid waste collected, and hence to a decrease in

this revenue stream. Some improvement in collections is expected in the coming months due to a reclassification of Municipal Solid Waste, which occurred in December. Staff will continue to monitor these revenues closely and bring forward adjustments at year-end, if necessary.

**Cable Television Franchise Fees** of \$1.8 million represent collections for only one quarter through December, due to the typical quarter lag in receipts. Year-to-date receipts are tracking within 1% of the prior year level, while the 2008-2009 adopted estimate allows for a drop of approximately 3%. Based on current collection trends, fees from this category are expected to meet or slightly exceed the budgeted estimate of \$6.9 million by year-end.

**City-Generated Vehicle Tow Fees** of \$492,000 are tracking within estimated levels and are expected to meet the budget estimate of \$1.2 million by year-end.

**Water Franchise Fee** revenue through December of \$105,000 is currently tracking within estimated levels and is expected to meet the 2008-2009 budget estimate of \$244,000 by year-end.

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(CONT'D.)**

**UTILITY TAX**

**Revenue Status**

2008-2009		2007-2008		2008-2009
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$83,690,000	\$35,190,544	42.0%	40.4%	\$0

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

**Electric Utility Tax** receipts of \$17.4 million were tracking close to the prior year level of \$17.3 million. Growth of 4.3% is needed, however, to meet the Electric Utility budget estimate of \$38.8 million. At this point, collections are still projected to end the year at the budgeted estimate as a result of a 6% average rate increase instituted by Pacific Gas and Electric Company effective October 2008.

**Gas Utility Tax** receipts of \$3.5 million were 8.9% above the prior year of \$3.2 million, primarily reflecting the changes in the price of gas. This trend, however, is not expected to continue. Based on commercial and residential forecasts provided by Pacific Gas and Electric Company, average gas costs are expected to drop in almost all remaining months of the fiscal year. The 2008-2009 Adopted Budget estimate of \$10.7 million actually allows for a drop of 5.1% from the prior year collection level.

Collections in the next several months will provide a much better indicator of receipts in this category since over 70% of the revenue in

this category is typically collected in the second half of the year.

**Water Utility Tax** collections of \$4.3 million through December are tracking above the prior year level of \$3.6 million. This higher collection level was primarily due to an accrual adjustment at the end of 2007-2008. Collections are currently on target to exceed the budgeted estimate of \$8.5 million by year-end. 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 will determine if adjustments to the revenue estimate will be appropriate before the end of the year.

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(CONT'D.)**

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

**Telephone Utility Taxes** receipts of \$10.0 million through December are tracking 11.2% above the prior year level of \$9.0 million. Based on the 2007-2008 actual receipts of \$26.1 million and the current collection trends, receipts are on track to meet or slightly exceed the budgeted estimate of \$25.7 million by year-end. This collection level may be impacted by

the November 2008 ballot measure approved by the voters that is scheduled to take effect in April 2009. This measure lowered the tax rate by 10% and modernized the tax base. Any adjustment to this revenue estimate will be brought forward later in the fiscal year based on actual performance.

**LICENSES AND PERMITS**

**Revenue Status**

2008-2009		2007-2008		2008-2009
<u>Budget Estimate</u>	<u>Y.T.D Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$78,940,120	\$37,900,620	48.0%	55.1%	(\$1,774,650)

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

**Business Tax** – collections of \$8.0 million through December were tracking below the prior year level of \$9.6 million. A portion of this drop was the result in changes to the billing cycle. Factoring out this difference, collections are still expected to fall below both the 2007-2008 collection level of \$12.6 million and the 2008-2009 budget estimate of \$13.3 million. The Finance Department projects that Business

Tax collections will end the year approximately \$1.0 - \$1.5 million below the budgeted estimate. The current economic slowdown has impacted the number of businesses as well as staffing levels, which directly impact Business Tax receipts. A downward adjustment of \$1.0 million is recommended in this document based on the revised projection.

**Cardroom Business Tax** – collections of \$5.8 million through December were tracking above the prior year level of \$5.0 million. Based on collection trends in recent years and actual performance through December, this revenue category is expected to exceed the budget

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

estimate of \$12.0 million by \$1 million. Based on this revised projection, an increase of \$1.0 million to this revenue is recommended in this document.

**Disposal Facility Tax (DFT)** – Receipts through December of \$5.2 million, or 39.5% of the budgeted amount (\$13.2 million), are tracking 3.7% below prior year levels of \$5.4 million. The 2008-2009 Adopted Budget allows for a drop of 5.3% in this category. Receipts are experiencing declines due to the slowdown in economic activity, which has led to the disposal of fewer tons of solid waste. Given the current economic conditions, collections may end the year slightly below the budgeted estimate. Staff will continue to monitor these revenues closely and bring forward adjustments at year-end, if necessary.

**Building Permits** – Building Permit receipts through December totaled \$10.3 million, or 43.1% of the adopted estimate of \$23.9 million. This collection level was 1.7% above the prior year level of \$10.1 million through six months. The 2008-2009 estimate was built assuming a continuation of the activity levels projected for 2007-2008, with a general fee increase of 10% and specialized fee adjustments. Actual 2007-2008 collections, however, ended the year below these estimated levels. As a result, 21% revenue growth is needed to meet the adopted revenue estimate in the Building Fee Program.

A majority of the revenue categories in the Building Fee Program have performed at lower than anticipated levels through the first half of

2008-2009 and will not come close to annual budgeted estimates. As reported in the Bi-Monthly Financial Reports and an Information Memorandum distributed to City Council on December 2, 2008, collections in this category have been tracking significantly below budget.

In response to the projected shortfall, the City Council approved a rebalancing plan on January 27, 2009 that will reduce revenue estimates by \$5.7 million (24%) to a total level of \$18.1 million. To offset the lower collection level, a combination of expenditure reductions and the use of the Building Program Fee Reserve are recommended.

An additional reduction of \$200,000 is recommended in this report to reflect the loss of overhead from the development fee program to the General Fund from actions taken on January 27, 2009. The Budget Office, in conjunction with the Planning, Building and Code Enforcement Department, will continue to analyze revenue levels to determine if any further adjustments to the revenue estimate will be necessary before the end of the year.

In December, residential building permit activity vaulted to its highest level in over four years (817 units), accounting for over one-half of all new dwelling units expected during the entire fiscal year. Permits were issued for more than 12 individual projects. This spike was largely attributed to developers pulling permits before the changes to the Uniform Building Code took effect on January 1, 2009. Developers wanted to maintain the validity of

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

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

prior plan check approvals. Permit levels are expected to fall back to the very depressed levels experienced in the months prior to December.

Building permit valuation is at a 25-year low. For the first six months of 2008-2009, new plan checks have averaged 447/month compared to last year's 542/month. In addition, the number of building inspections being requested have dropped from a typical daily count of 1,000 to a low of 200 to 561 inspections per day (in November). In December, on average, the number of daily building inspections continued to be extremely low at 432 per day.

**Fire Permits** – collections through December of \$4.7 million were tracking below (8%) estimated levels and below (7.6%) the prior year receipts of \$5.1 million. Development-related collections of \$2.3 million were 12.5% below the \$2.6 million received through December 2007, due to lower than anticipated revenue in non-renewable permits and plan check fees. Overall development activity is falling short of budgeted revenue estimates due to decreased activity in residential, commercial, and industrial development.

In anticipation of this lower collection level, the following actions are recommended as part of this report to bring the Fire Development Fee Program revenues and expenditures into alignment: a \$1.0 million downward adjustment to the budgeted revenue, elimination of 3.0 vacant positions (1.0 Senior Engineer, 1.0 Associate Engineer, and 1.0 Engineer II), and

use of \$765,000 of the Fire Fee Reserve. An additional reduction of \$150,000 is recommended in this report to reflect the loss of overhead from the Fire Development Fee Program to the General Fund.

Non-development permit revenues through December of \$2.4 million were tracking 10.8% above prior year receipts. Annual renewable permit receipts are expected to end the year at budgeted levels.

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

A downward adjustment to the Cardroom Table Fee of \$424,000 is recommended to reflect the anticipated reduction of the 2008-2009 table fee of \$31,027 to the 2007-2008 Adopted level of \$24,482.

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

**FINES, FORFEITURES, AND PENALTIES**

<b>Revenue Status</b>				
<b>2008-2009</b>		<b>2007-2008</b>		<b>2008-2009</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$15,726,000	\$6,238,189	39.7%	47.0%	(\$800,000)

Fines, Forfeitures, and Penalties include the following groups of revenue: **Parking Fines**, the City's share of **Vehicle Code Fines**, **County Municipal Court Fines**, **Administrative Citation Fines** and **Penalties**, and **Cardroom** and **Business Tax Penalties**.

Through December, this category has generated \$6.2 million, a decrease of 15% from last year. This lower collection level is primarily the result of an over-accrual in the County Municipal Court Fines category to 2007-2008 that has negatively impacted collections this year. A downward revision of \$600,000 is

recommended to address this over-accrual. An additional reduction of \$200,000 is recommended in this category based on current collection trends.

Over half of the revenue in this category is generated from Parking Fines. Through December, Parking Fines totaled \$3.4 million, or 38.9% of the budgeted estimate of \$8.7 million. Collections are tracking below expected levels due, in part, to the booking of a portion of the December receipts in January. Staff vacancies are also impacting collections in this area.

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

<b>Revenue Status</b>				
<b>2008-2009</b>		<b>2007-2008</b>		<b>2008-2009</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$11,721,500	\$4,956,445	42.3%	42.4%	(\$968,500)

The largest source of revenue in this category is **General Fund Interest Earnings**. This category also includes interest earnings from

several other funds, and interest on senior staff home loans.

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(CONT'D.)**

**REVENUE FROM THE USE OF MONEY AND PROPERTY  
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Overall, receipts of \$5.0 million through December were down 35% from the prior year level of \$7.6 million. The lower collection level in 2008-2009 is the result of lower cash balances in the General Fund as well as a lower interest yield. The pre-payment of the City's contribution to its two retirement plans in August 2008 has also reduced the interest earnings received during the year. This reduction, however, will be more than offset by expenditure savings associated with lower retirement contributions. As part of the 2007-2008 Annual Report actions, a \$1.5 million reduction to the General Fund revenue estimate for this category was approved to reflect the lower interest earnings expected as a result of the retirement contributions pre-payment.

The interest yield is also expected to be lower this fiscal year. Current economic conditions have reduced potential investment yields for the type of securities predominately included within the City's portfolio (U.S. Government

Agencies) as other market participants seek to invest in the safety of U.S. Government issues to minimize their financial exposure. As the demand for these investments rises, yields on these conservative investments decline. The Finance Department has reduced its interest earnings rate projections for 2008-2009 from 3.41% to 3.22%.

Based on lower interest rates and cash balances, interest earnings are expected to fall below budgeted estimate for the General Fund (down \$713,500) and those funds whose interest earnings are allocated to the General Fund (down \$315,000). These lower collections are expected to be partially offset by higher collections for City Hall Coffee Cart rental revenue (\$10,000) and Communications Facilities Rentals (\$50,000). A downward adjustment of \$968,500 is recommended in this report to bring the revenue estimate in line with current projections.

**REVENUE FROM LOCAL AGENCIES**

**Revenue Status**

2008-2009		2007-2008		2008-2009
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$47,895,053	\$24,590,051	51.3%	37.4%	\$3,196,346

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

**Redevelopment Agency** reimbursements through December totaled \$8.1 million, which is 46.1% of the budgeted estimate of \$17.5 million. Collections are currently tracking within estimated levels. It is anticipated that all General Fund costs incurred on behalf of the Redevelopment Agency will be reimbursed by year-end.

The Redevelopment Agency also reimburses the City for the Convention Center lease payment budgeted at \$14.3 million for 2008-2009. Through December, \$10.6 million has been received. 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. Payments through December totaled \$1.8 million and it is anticipated that the year-end receipts will be close to the budgeted estimate of \$2.4 million.

Through December, payments of \$902,000 from the **Central Fire District** for fire services provided by the City are tracking within estimated levels. The year-to-date payment reflects the true-up from 2007-2008. The largest payments for this category, which is

budgeted at \$6.0 million, are expected to be received in January and June 2009. Collections are projected to exceed the budgeted estimate due to the true-up payment from 2007-2008. An upward adjustment of \$900,000 is recommended in this document to account for this payment.

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:

- Increase of \$980,937 to recognize funding from the Alum Rock (\$415,596), Berryessa (\$199,826), and San Jose Unified (\$365,515) School Districts to support the After School Program.
- Increase of \$500,000 to recognize funding from the San Jose Redevelopment Agency to reimburse the City for eligible capital projects, which will free up funds for the Safe Summer Initiative.
- Increase of \$239,669 to recognize funding from the City of Mountain View for the Silicon Valley Regional Interoperability Project.
- Increase of \$182,052 to recognize funding from the San Jose Redevelopment Agency to support two temporary Code Enforcement Inspectors in the Strong Neighborhoods Initiative and Neighborhood Business District areas.

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(CONT'D.)**

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

- Increase of \$83,000 to recognize CAL-ID funding to support the Mobile Identification Services Project.
- Increase of \$80,515 to recognize funding from the County of Santa Clara to support the Senior Nutrition Program.
- Increase of \$76,582 to recognize funding from the County of Santa Clara for Police crossing guard services.
- Increase of \$57,713 to recognize funding from the San Jose Redevelopment Agency for Code Enforcement overtime funding to perform monthly inspections of the nightclubs and bars in the evening hours.
- Increase of \$54,818 to recognize CAL-ID funding for a Network Engineer position in the Police Department.
- Increase of \$22,060 to recognize the return of City funds from the San Jose Redevelopment Agency (SJRA) for the Edenvale/Great Oaks Project. Initially, SJRA planned to make the landscaping improvements in these neighborhoods and the City transferred funding for this project. However, the SJRA was not able to perform certain improvements and the funds have been returned to the City, which will now make the improvements.
- Increase of \$14,000 to recognize funding from the County of Santa Clara to reimburse the City for an initial supply of epinephrine auto injectors.
- Increase of \$5,000 to recognize a Regional Innovation Grant from the City of Sunnyvale to offset General Fund staff costs in the Work2Future Program.

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**REVENUE FROM THE STATE OF CALIFORNIA**

<b>Revenue Status</b>				
<b>2008-2009</b>		<b>2007-2008</b>		<b>2008-2009</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$11,102,828	\$6,424,294	57.9%	69.3%	\$897,400

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 \$1.5 million, which represents a 29% decrease from the prior year collection level of \$2.1 million. Reflecting the virtual collapse of the auto sales market, Motor Vehicle In-Lieu payments are projected to end the year below the budgeted estimate of \$5.1 million by approximately \$2.1 million based on recent collection trends. As a reflection of how severely this revenue source has been impacted, the City received no payments from the State in November and December since the Motor Vehicle In-Lieu payments were not sufficient to cover the base administrative fees that are paid before the City receives any of these funds. A payment, however, was received in January 2009. A downward adjustment of \$2,146,000 is recommended based on the updated projection. This revised estimate of \$3.0 million would allow a drop of approximately 27% from last year.

**Airplane In-Lieu Fees** of \$4.4 million have already exceeded the budgeted estimate of \$2.8 million but are slightly below the prior year collection level of \$4.8 million. Receipts in this category are expected to end the year \$1.8 million above the budgeted estimate. An upward adjustment of \$1.8 million is recommended to reflect this revised estimate.

A number of **State grants** are also budgeted in this category. It is anticipated that the majority of these grant funds will be received as budgeted. The Public Library Fund grant, however, is expected to end the year \$34,000 below budget based on the revised estimate from the State. A decrease of \$34,000 to this revenue estimate is recommended to reflect this change.

The following adjustments are recommended in this report to the Revenue from the State category to recognize additional grant funds. These grant revenues and the associated expenditures are described in Section III of this document.

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**REVENUE FROM THE STATE OF CALIFORNIA**  
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- Increase of \$920,250 to recognize reimbursement from the State for expenditures incurred by the Fire Department for strike team deployments.
- Increase of \$103,799 to recognize funding from the State Bureau of Narcotics Enforcement to support the South Bay Metro Task Force.
- Increase of \$100,681 to recognize funding from the Governor's Office of Emergency Services for the 2008-2009 Anti-Drug Abuse Grant.
- Increase of \$70,000 to recognize funding for addressing work performed for the State of California Local Update of Census Address program.
- Increase of \$29,650 to recognize funding for the Local Enforcement Agency program to be used for landfill enforcement activities.
- Increase of \$17,500 to recognize funding from the Superior Court of California to support upgrades to the Electronic Citation (E-cite) devices.
- Increase of \$10,800 to recognize funding from the Council of Aging Silicon Valley for the Senior Companion Program.
- Increase of \$7,960 to recognize funding from the State for Emergency Communications Center Equipment.
- Increase of \$7,060 to recognize a grant from California Library Literacy Services for Adult and Family Literacy programs.
- Increase of \$7,000 to recognize funding from the Office of the District Attorney to support the Rapid Enforcement Allied Computer Team (REACT).
- Increase of \$2,700 to recognize funding from the State Office of Traffic Safety for a Street Racing grant.

**REVENUE FROM THE FEDERAL GOVERNMENT**

<b>Revenue Status</b>				
<b>2008-2009</b>		<b>2007-2008</b>		<b>2008-2009</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$5,424,507	\$717,888	13.2%	27.1%	\$83,754

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**REVENUE FROM THE FEDERAL GOVERNMENT  
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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 largest grants in this category include the following: Bay Area Urban Area Security Initiative (SUASI) Grant (\$2.1 million); Internet Crimes Against Children (\$550,000); Juvenile Justice and Delinquency Prevention Grant (\$497,000); Early Childhood Education (\$277,000); Human Trafficking Prevention Grant (\$266,000); and Metropolitan Medical Strike Team Grant (\$258,000).

The following adjustments are recommended to the Revenue from the Federal Government category:

- Increase of \$55,909 to recognize reimbursement from the federal government for expenditures incurred by the Fire Department for strike team deployments.
- Increase of 42,090 to recognize funding from the United States Department of Justice for the Bulletproof Vest Partnership Grant.
- Decrease of \$14,245 to the FY 2005 Human Trafficking Prevention Grant to account for the amount of grant that was not expended before the end of the grant period and will not be received.

**DEPARTMENTAL CHARGES**

**Revenue Status**

2008-2009		2007-2008		2008-2009
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$30,905,714	\$14,696,467	47.6%	50.6%	(\$410,000)

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** – Through December, Police revenues of \$816,000 were at 46.3% of the adopted revenue estimate of \$1.8 million. Collections are tracking at the prior year level but slightly below budgeted estimates. A slight negative variance of approximately \$50,000 is currently

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**DEPARTMENTAL CHARGES**  
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projected due primarily to lower than anticipated Police Officers' Standards Training (POST) reimbursements.

**Public Works** – Development fee revenue totaled \$3.6 million through December, or 47.4% of the budgeted estimate of \$7.5 million. To meet the 2008-2009 adopted estimate, growth of 4.3% over the prior year is needed. Receipts are currently tracking within projected levels, with growth of 16.2% over last year. Several revenue categories have performed better than anticipated in the first half of 2008-2009 including residential and non-residential engineering, utility excavations, private streets engineering, and electrical design. These increases have been partially offset by lower than anticipated collections in geologic fees, materials testing non-residential, USA utilities, planned development rezonings, tentative maps, and traffic reports. Although revenues are tracking within anticipated levels, and are expected to meet the Adopted Budget estimate, the Department has expenditure control plans in place should revenues begin to fall below estimated levels. In addition, the fee reserve (\$131,000) could be used if expenditures were to exceed revenues before year-end.

The Budget Office, in conjunction with the Public Works Department, will continue to analyze revenue and expenditure levels to determine if any adjustments to the revenue estimate will be necessary. 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.

**Transportation** – Departmental fee revenue of \$626,000 is tracking above expected levels through December due to higher than projected signal review fees. Receipts in this area totaled \$243,000, which was above the annual budgeted estimate of \$195,000. Transportation fees are expected to meet the budgeted estimate of \$1.0 million by year-end.

**Library** – Overall, departmental fee revenue of \$432,000 through December tracked within estimated levels and should meet the budgeted estimate of \$1.2 million by year-end.

**Planning, Building and Code Enforcement (PBCE)** – Overall, planning fee revenues of \$2.4 million were tracking significantly lower than anticipated reaching only 35% of the budgeted year-end estimate of \$6.7 million. Anticipated year-end revenue is tracking approximately 27% below projected levels, and year-to-date revenues of \$2.4 million are well below last year's \$3.7 million level. In line with the other development-related fee areas, the 2008-2009 estimate was built assuming a continuation of the activity levels of last year, with the higher fee levels approved by City Council. For the Planning Fee Program this would require a net 1.7% increase.

All of the revenue categories in the Planning Fee Program, including both residential and non-residential, have performed at lower than anticipated levels through the first half of 2008-

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**DEPARTMENTAL CHARGES  
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2009 and will not come close to annual budgeted estimates. As reported in the Bi-Monthly Financial Reports and in an Information Memorandum distributed to the City Council on December 2, 2008, collections in this category could fall short by as much as \$2.0 million. In response to the projected shortfall, the City Council approved a rebalancing plan on January 27, 2009 that will reduce revenue estimates by \$1.8 million (28%) bringing the year end revenue estimate to \$4.9 million. An additional reduction of \$100,000 is recommended in this report to reflect the loss of overhead from the development fee program to the General Fund from actions taken on January 27, 2009.

The Budget Office, in conjunction with the Planning, Building and Code Enforcement Department, will continue to analyze revenue levels to determine if any further adjustments to the revenue estimate will be necessary before the end of the year.

**Parks, Recreation and Neighborhood Services (PRNS)** – Overall, departmental fee revenues of \$4.2 million totaled 65.3% of the budgeted estimate of \$6.5 million. This collection level exceeded expectations due to higher Fee Activity receipts. An upward adjustment of \$90,000 is recommended in this document to recognize Fee activity revenue and allocate these funds to support these fee class activities.

**Miscellaneous Departmental Charges** – This category, which is budgeted at \$6.3 million,

includes the Solid Waste Enforcement Fee with a budgeted estimate of \$3.3 million, the Business Tax Administration Fee budgeted at \$1.4 million, various Animal Control Fees budgeted at \$504,000, and other miscellaneous fees budgeted at \$1.1 million.

Through December, collections of \$2.7 million are tracking within estimated levels in most categories. It is anticipated, however, that the new Business Tax Administration Fee will fall below the budget estimate of \$1.4 million by as much as \$400,000 based on the latest estimates provided by the Finance Department. The number of business accounts for which the fee applies is significantly lower than originally anticipated when the fee was calculated. The Finance Department has done extensive work on validating the Business Tax accounts, which has resulted in the drop off of accounts that are no longer active. A downward adjustment of \$400,000 is recommended to reflect this lower collection level.

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**OTHER REVENUE**

**Revenue Status**

2008-2009		2007-2008		2008-2009
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$20,940,372	\$14,777,265	70.6%	49.9%	\$178,485

The Other Revenue category contains a number of unrelated revenue sources. Other Revenue collections through December of \$14.8 million were \$3.1 million above the prior year level of \$11.7 million.

Collections in this category are expected to end the year close to the budgeted estimate. Following is a discussion of the major sub-categories in the Other Revenue category:

In the current year, the City has received \$4.32 million in **HP Pavilion Rental, Parking, Suite, and Naming** revenue, which is approximately 1% below the budgeted estimate of \$4.38 million.

**Airport West Option Payments** in the amount of \$6.0 million is budgeted for 2008-2009. Through December, the full \$6.0 million has been received.

**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 \$112,000 was 28.0% of the adopted estimate. Activity in this category typically increases in the second half of the year, but collections may still fall short of the budgeted estimate of \$400,000. Any shortfall, however, should be offset by lower expenditures.

**Banking Services** revenue of \$435,000 tracked at 41% of the budgeted estimate of \$1.1 million. This revenue category is still on track to meet the budgeted level; however, any variance in this revenue would be offset by a corresponding variance in related expenditures.

**SB 90 Reimbursements** from the State for State-mandated programs were budgeted at \$350,000 for 2008-2009. Through December, collections totaled \$128,000. This budget estimate would be met by year-end if the City receives its funding for eligible State claims.

Through December, revenue from the **Sale of Surplus Property** totaled \$311,000, which is below the budgeted estimate of \$961,000. It is anticipated that collections will meet the budgeted estimate by year-end.

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**OTHER REVENUE  
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As described in Section III of this report, several actions are recommended to recognize revenue and allocate the funds to specific projects:

- Increase of \$157,536 to recognize Commercial Solid Waste Fees remitted by Allied Waste Services of North America for solid waste service provided to public school districts from January to October 2008.
- Increase of \$50,000 to recognize funds received as part of a developer agreement from Hitachi to mitigate the environmental impact of its project.
- Increase of \$41,195 to recognize funding from unused Flexible Spending Account funds to be allocated to the Wellness Program Reserve.
- Increase of \$22,754 to recognize gated event revenue from the American Festival concerts, the San José Jazz Festival, and the Mariachi Festival.
- Increase of \$7,000 to recognize funding from Pacific, Gas and Electric for the PG&E Summer Cooling Shelter Program.
- Decrease of \$100,000 to reduce the revenue estimate for the San José Cycling Event.

**TRANSFERS AND REIMBURSEMENTS**

**Revenue Status**

2008-2009		2007-2008		2008-2009
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$106,078,981	\$58,366,165	55.0%	60.0%	(\$1,297,665)

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 \$15.1 million. In addition, overhead associated with special and capital funds is budgeted at \$18.6 million for a total revenue estimate of \$33.7 million. Through December, overhead collections of \$24.1 million were tracking within estimated levels. As part of this document, a net upward adjustment of \$2,127,560 is recommended to

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**TRANSFERS AND REIMBURSEMENTS  
(CONT'D.)**

reflect the impact of the final 2008-2009 overhead rates for the Airport operating funds, that were released after the adoption of the budget.

**Transfers** – This category includes \$54.5 million in various transfers. Through December transfers of \$28.7 million were tracking within estimated levels. The following adjustments are recommended in this document:

- Increase the transfer from the Airport Maintenance and Operations Fund for Police Services by \$955,000 to fund Police overtime staffing at the Airport while airport security is elevated to the Orange Alert level.
- Increase the transfer from the Integrated Waste Management (IWM) Fund by \$60,775. A General Fund allocation will be used to pay public school districts that have executed Waste Reduction and Recycling Cooperation Agreements with the City for commercial solid waste fees remitted to the City by haulers. This payment from the General Fund will include the amounts associated with AB 939 fees received for commercial solid waste service to schools and remitted to the IWM Fund. The recommended transfer from the IWM Fund

will reimburse the General Fund for the payments associated with the AB 939 fees.

- Decrease the transfer from the Construction Excise Tax Fund by \$3.5 million as a budget balancing solution in this Fund. Offsetting expenditure reductions in the General Fund are also recommended.
- Decrease the transfer from the Parks and Park Yards Construction and Conveyance (C&C) Tax Funds by \$390,000 based on the revised C&C Tax revenue estimates, of which the General Fund receives a portion to support maintenance and operations.
- Decrease the transfer from the Airport Maintenance and Operations Fund for Police Services by \$51,000 to reflect a true-up of 2007-2008 costs.

**Reimbursements for Services** – The budget estimate for this category is \$17.8 million, of which \$17.2 million is expected to be generated from the three **Gas Tax Funds**. Gas Tax collections of \$5.5 million tracked below the prior year level of \$6.1 million. Based on current collection trends, receipts in this category are expected to drop below the budgeted estimate. To account for this lower collection trend, a downward adjustment of \$500,000 is recommended in this document.

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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. While revenues to date were tracking only slightly below projected levels, receipts are expected to experience more significant declines in the second half of the fiscal year as a result of the severe economic downturn. The revenue adjustments recommended in this document have been formulated to account for these steeper declines anticipated through the remainder of the fiscal year. Given the extreme volatility and uncertainty surrounding the current economic environment, additional adjustments may be necessary by year-end.

Included in this document is a net downward adjustment of \$9.0 to the General Fund revenue estimates. This includes net downward adjustments of \$13.7 million to account for current collection trends (\$9.2 million), rebalancing actions associated with the Construction Excise Tax Fund (\$3.5 million),

and rebalancing actions in the Fire Development Fee Program (\$1.0 million). This decrease was partially offset by grants and reimbursements of \$4.7 million.

Downward revenue adjustments resulting from the poor economy were factored into the 2010-2014 Preliminary General Fund Forecast that was released in November 2008. The revenue estimates for this year will continue to be updated as part of the final 2010-2014 General Fund Forecast due to be released in February 2009 and will serve as the starting point for developing the estimates for 2009-2010.

As always, staff will continue to closely monitor our current year financial status and report to the City Council any significant developments through the Bi-Monthly Financial Reports. The January/February Bi-Monthly Financial Report will be brought to the Public Safety, Finance and Strategic Support Committee in April.

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**STATUS OF GENERAL FUND EXPENDITURES**

**Overview**

Overall, General Fund expenditures are tracking as anticipated and are expected to end the year within budget.

Several expenditure reduction actions are recommended in this document to address projected revenue shortfalls in 2008-2009 and to begin setting aside 2008-2009 Ending Fund Balance that was assumed in the development of the 2009-2010 Preliminary General Fund Forecast. These include the implementation of the Cost/Position Management Plans that will reduce expenditure budgets by \$9.4 million, the elimination of the \$5.8 million Street Maintenance and Repair Reserve, a reduction of \$3.5 million to Traffic Capital Program projects to offset the loss of General Fund revenue from

the Construction Excise Tax Fund, a reduction of \$1.0 million to the Fire Development Fee Program Reserve and Fee Program expenditures to offset lower revenue collections, and a reduction of \$1.4 million to City-Wide and Capital projects that have been determined to be no longer necessary. These downward adjustments are partially offset by the establishment of a 2008-2009 Ending Fund Balance of \$6.3 million, additional funding for Fire Department training (\$0.8 million), and other required adjustments (\$0.5 million).

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

**2008-2009 General Fund Expenditures through December**  
**(\$ in Thousands)**

Category	Current Budget	Y.T.D. Actual	% of Budget	Prior Year % of Budget
Personal Services	622,304	280,739	45.1%	45.0%
Non-Personal/Equipment	104,839	36,289	34.6%	30.8%
Other Departmental	14,267	5,647	39.6%	39.1%
City-Wide Expenses	141,127	48,257	34.2%	24.0%
Capital Contributions	49,378	6,457	13.1%	15.7%
Transfers	38,763	35,550	91.7%	99.3%
Reserves	119,442	-	0.0%	0.0%
<b>Total</b>	<b>1,090,120</b>	<b>412,939</b>	<b>37.9%</b>	<b>35.4%</b>

General Fund expenditures through December totaled \$412.9 million. This represents an increase of \$19.0 million, or 4.8%, from the December 2007 level of \$393.9 million. Encumbrances totaling \$54.1 million were also

\$6.0 million (12.5%) above the December 2007 level of \$48.1 million. Expenditures and encumbrances through December of \$467.0 million constituted 48.1% of the total 2008-

**2008-2009  
MID-YEAR BUDGET REVIEW  
Section I**

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

**Overview (Cont'd.)**

2009 modified budgeted use of funds amount (excluding reserves) of \$970.7 million. This was generally consistent with the 46.1% experienced in last year's budget at this time.

Departmental Expenditures

Personal Services costs represent the largest single expense category for the City. These costs accounted for 68% of the expenditures to date. Through December, Personal Services expenditures for all City departments totaled 45.1% of the current modified budget, a slight increase from last year's level of 45.0% and slightly below budgeted expectations of 45.6%.

Non-Personal/Equipment expenditures of \$36.3 million are also tracking within anticipated levels with 34.6% expended through December. In addition to the funds actually expended, \$24.9 million was encumbered, bringing the total amount of funding committed to \$61.2 million, or 58.4% of the budget. These expenditures are expected to remain within budget for all departments.

The Other Departmental category includes the budget for the Mayor and City Council, Library Grants, and Parks, Recreation and Neighborhood Services Fee Activities. Other Departmental Expenditures totaled \$5.6 million or 39.6% of the budget. With encumbrances, the total amount committed increases slightly to \$6.0 million, or 42.3% of the budget.

As a cost savings measure, Cost/Position Management Plans are recommended as part of

Mid-Year Budget actions. Taking into account the \$8.7 million to be removed from General Fund appropriations as part of the Cost/Position Management Plan implementation (discussed elsewhere in this report), it is anticipated that departments will expend nearly all of their Personal Services and Non-Personal/Equipment allocations by the end of the year, but on an overall basis remain within budget.

Non-Departmental Expenditures

Through December, 34.2% of the City-Wide Expenses budget of \$141.1 million has been expended. With encumbrances, the total amount of funding committed equals 44.6% of the budget.

Within City-Wide Expenses, the Community and Economic Development and Strategic Support City Service Area categories represent the largest portion of funding. For the first six months of the year, these two categories are 62.3% and 36.4% committed, respectively. The expenditure tracking for these City-Wide allocations can vary significantly depending on payment schedules and the timing of projects. In some instances, the appropriations will not be fully expended by year-end because of the multi-year nature of some of these larger projects. Most of those savings will need to be rebudgeted to 2009-2010.

The Workers' Compensation Claims appropriation of \$15.2 million is a major component of the City-Wide Expenses - Strategic Support category. For the first half of the year, expenditures of \$6.9 million tracked

**2008-2009**  
**MID-YEAR BUDGET REVIEW**  
**Section I**

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

**Overview (Cont'd.)**

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

exactly at the anticipated level, with 45.6% of the appropriation expended.

General Liability Claims, another component of City-Wide Expenses - Strategic Support, is tracking below budgeted levels during the first six months of the year. Only 6.1% of the appropriation has been expended or encumbered. Expenditures in this category are traditionally difficult to predict, though, given the nature of litigation. The Budget Office and the City Attorney's Office will continue to monitor this appropriation as the year progresses.

Through December, the Sick Leave Payouts Upon Retirement allocation of \$13.1 million was only 25.8% expended. Expenditures, however, are expected to increase significantly in the second half of the year based on increases to the retirement levels of sworn personnel. The status of this appropriation will need to be monitored carefully for the remainder of the year.

The remaining City-Wide Expenses categories, Environmental and Utility Services, Public Safety, Neighborhood Services, and Transportation and Aviation Services, tracked at 32.0%, 46.5%, 44.1%, and 33.8% committed, respectively, through December. It is anticipated that the expenditure items within each of these City Service Areas will end the year within budgeted levels.

In an effort to maximize City-Wide expenditure savings, budget actions are recommended to reduce the funding that was carried over from 2007-2008 to 2008-2009 for a number of City-Wide appropriations as described in Section III of this document. It has been determined that these rebudgets are no longer needed in 2008-2009 and the budget actions are not expected to result in service impacts. A total of 11 projects would be reduced for savings of \$1.3 million. A reduction of \$76,000 to the Sunshine Reforms allocation is also recommended as part of the Cost/Position Management Plan implementation.

Through December, General Fund Capital expenditures totaled \$6.5 million and encumbrances totaled \$14.0 million, bringing the amount committed to \$20.4 million, or 41.4% of the budget. It is anticipated that the majority of the budgeted amount will be expended or rebudgeted to 2009-2010 to complete various capital projects. However, there are several recommendations in this document that would reduce these allocations. A \$3.5 million reduction to various transportation-related capital projects is recommended as part of the actions necessary to rebalance the Construction Excise Tax Fund. A reduction of \$548,000 to four projects is recommended as part of the Cost/Position Management Plans and an additional reduction of \$93,000 for two projects is recommended as a General Fund budget balancing solution. These transactions are described in Section III of this document.

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

**Overview (Cont'd.)**

Non-Departmental Expenditures (Cont'd.)

The Transfers category is 91.7% expended through December as anticipated. Almost all of the transfers are processed at the beginning of the year. A reduction of \$76,000 to the Transfer to the Vehicle Maintenance and Operations Fund is recommended as part of the Cost/Position Management Plan implementation.

There are no expenditures in the Reserves category because expenditures can not be

charged directly to a reserve. As part of the General Fund budget balancing actions, the elimination of the \$5.8 million Street Maintenance and Repair Reserve is recommended in this document. To maintain as much flexibility as possible to address more severe downturns in the economy and to plan for 2009-2010, no budget actions are recommended to reduce the Economic Uncertainty Reserve (\$15.3 million), the 2009-2010 Future Deficit Reserve (\$4.2 million), or the Contingency Reserve (\$30.9 million).

**Discussion of Selected General Fund Departments**

<b>Expenditure Status (\$ in thousands)</b>		
<u>Department</u>	<u>2008-2009 Budget</u>	<u>Y.T.D. Actual</u>
<b>Fire</b>	\$158,472	\$72,807

Overall, expenditures for the Fire Department were tracking above estimated levels through December.

Personal services expenditures of \$69.8 million through December were 46.5% expended, which is above the par level of 45.6%. Salary (46.7%), overtime (45.9%), and retirement (46.6%) expenditures tracked above par level while and health (43.9%) expenditures tracked within estimated levels. At this time, the Fire Department projects that overtime savings will be needed at year-end to offset higher salaries,

as the Department is tracking to exceed appropriated levels by year-end at the current rate of expenditures. Expenditures for salaries and retirement were tracking higher than estimated levels due to lower than anticipated vacancies. Overtime expenditures through December tracked higher than estimated primarily due to three unbudgeted activities: a new special operations training program, strike team deployments, and a higher number of staff on light duty and disability that required backfill.

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

**Discussion of Selected General Fund Departments (Cont'd.)**

Actions are recommended in this report to bring the personal services expenditures closer in line with budgeted levels. These actions include a Cost/Position Management Plan reduction of \$1.2 million (\$1.1 million from personal services) for three budgeted academies that were cancelled due to administrative delays. The elimination of 3.0 development fee funded positions accounts for an additional reduction of \$235,000 to Fire's Personal Services appropriation. These reductions are more than offset by \$2.1 million in upward adjustments in the following three areas: an increase of \$976,000 to recognize and appropriate reimbursement for strike team deployments; an increase of \$785,000 to fund the special operations training that has already taken place; and an increase of \$242,000 to cover the higher level of vacation payouts that have occurred due to significant retirements. Even with these corrections, the Fire Department will actively be taking additional actions to manage the Personal Services allocation in order to end the year within appropriated levels.

Through December, the Fire Department had a total of 273 filled paramedics (166 front-line, 5 Supervisors, and 102 support), compared to the 157 front-line Firefighter Paramedics that are necessary to fully staff all apparatus. The July Firefighter Paramedic Academy graduated 24 Recruits in November 2008. All of these positions are expected to receive paramedic accreditation by March 2009. The next Academy will be held in April 2009. The Department projects that it will be able to maintain the target staffing level of 157 front-line Firefighter Paramedics.

The Department's Non-Personal/Equipment budget of \$8.2 million was 54.6% expended or encumbered through December and is expected to end the year within the budgeted allocation.

As part of this document, development-related reductions are recommended to bring Fire's development fee program expenditures in line with anticipated revenues. These include a \$1 million downward adjustment to budgeted revenue, elimination of 3.0 vacant positions, and use of \$765,000 of the Fire Fee Reserve.

<b>Expenditure Status (\$ in thousands)</b>		
<u>Department</u>	<u>2008-2009 Budget</u>	<u>Y.T.D. Actual</u>
<b>Police</b>	\$285,772	\$125,008

On an overall basis, Police Department expenditures are tracking within anticipated

levels and are expected to end the year within budget.

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MID-YEAR BUDGET REVIEW  
Section I**

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

**Discussion of Selected General Fund Departments (Cont'd.)**

Personal Services expenditures of \$117.2 million were close to projected levels (45.1% compared to the par of 45.6%). Overtime expenditures of \$4.9 million through December, however, tracked above anticipated levels with 54.3% expended. A portion of the higher overtime expenditures was for staffing the "high" security threat level, or "Orange Alert" advisory, issued by the federal Department of Homeland Security at the Airport. Overtime expenditures through December related to the increased security threat level totaled \$402,000, with additional overtime of approximately \$553,000 projected through year-end. Accordingly, an increase of \$955,000 to the Department's Personal Services appropriation is recommended in this report, funded by a corresponding increase to the reimbursement to the General Fund from the Airport Operating Fund. In addition, the automated payouts for compensatory time over Fair Labor Standards Act (FLSA) levels (240 hours for non-sworn and 480 for sworn personnel) that were implemented at the beginning of 2008-2009 accounted for approximately \$786,000 of overtime expenditures through December.

The Department's Sworn Recruitment and Training Program aims to fill vacant positions with street ready officers within an average of 90 days. A total of \$6.4 million was budgeted in the 2008-2009 Adopted Budget to fund the Sworn Recruitment and Training Program. The Department has 1,392 authorized sworn staff and graduated 22 Police recruits from the July 2008 Academy, with the officers anticipated to be street-ready in April 2009. In addition, the

Department hired 47 Police recruits for the January 2009 Recruit Academy.

The compensatory time balance at the end of December 2008 was 242,923 hours for sworn personnel. This represents a decrease of 20,520 hours (8.4%) from the November 2008 balance of 263,443, but a 150 hour increase (0.1%) compared to the December 2007 balance of 242,773. The increase in sworn compensatory time balances continues to reflect a number of factors including responses to specific types of crimes which require immediate and intensive investigations, and the need to backfill for street-ready vacancies. A \$1.0 million buy down of compensatory time was approved in the 2007-2008 Annual Report, through a rebudget of Personal Services savings, to further assist the Department in maintaining MOA compliance and reducing the compensatory time balance liability to the City. This funding was used for a one-time buy-down of 100% of sworn personnel in the Bureau of Investigations (BOI) and 30% of sworn personnel in BFO over 240 hours. The Police Department will continue to monitor the balance and, to the extent possible, implement measures to curb the level of compensatory time accrued.

A total of \$13.4 million (51.6%) of the Department's Non-Personal/Equipment budget was expended or encumbered through December and is expected to end the year within the budgeted allocation.

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**Section I**

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

**Contingency Reserve**

Through December, the General Fund Contingency Reserve was at \$30.9 million, up by \$646,711 from the 2008-2009 Adopted Budget level of \$30.3 million. The following revisions to the Contingency Reserve were approved through December:

- An increase of \$534,642 to bring the Contingency Reserve to 3% of the budget based on the Annual Report actions.
- An increase of \$112,069 to reimburse the General Fund for prior year expenditures associated with the Willows Senior Center Fire Damage Repair Project.

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**STATUS OF SELECTED SPECIAL FUNDS**

The large majority of special fund operating budgets are tracking within estimated levels. A number of these funds, however, have been negatively impacted by the severe economic conditions. Following are status reports for selected special operating funds that have significant revenue and/or expenditure variances from the modified budget or other issues of interest through the first six months of the year. As a result of our review of these funds, several actions are recommended as part of this report to address variances that have been identified to date and bring expenditure appropriations and/or revenue estimates back in line with revised projections. These funds will continue to be monitored to ensure they stay at appropriate levels through the end of the year.

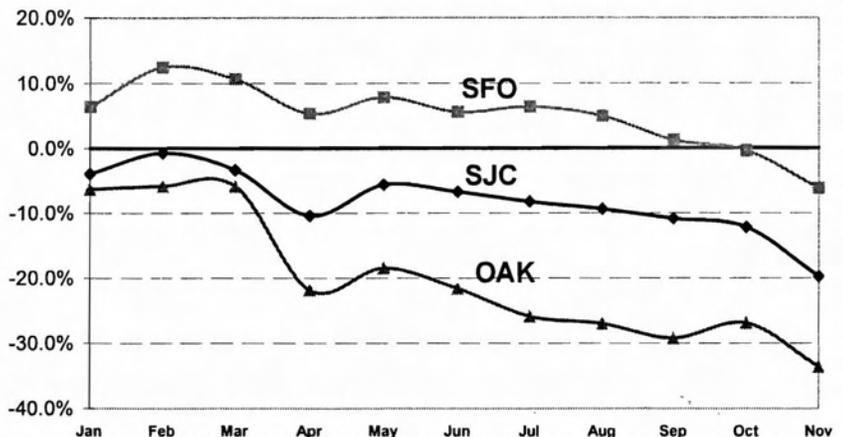
**Airport Operating Funds Overview**

**Airport Activity**

Activity levels at Mineta San José International Airport are reflective of the decline in airline industry as a whole, as well as the slow down in the global and local economy. The graphic to the right shows the impact to passenger levels in each of the three Bay Area airports for the calendar year 2008. Although December activity for San Francisco and Oakland are not yet known, all airports are trending downward. At San José, fiscal year-to-date passenger traffic, landings, and takeoffs are all well below the prior year. Cargo weights and rental car activity also trail prior year levels.

Year-to-date, passenger activity has decreased by a total of 664,198 passengers, or 12.2%. Operations at the Airport (landings and take offs) decreased by 12.6% from activity in 2007-2008, with passenger carrier operations declining 7.3% and commuter activity declining 26.9%. General Aviation operations combined reflect a decrease of 13.5% from last year. Cargo activity has declined 16.2%. Rental car

**Bay Area Airport Comparison  
Change in Monthly  
Passenger Activity Levels**



contracts, representing activity through November, trail last year by 14.2%. Parking hourly exits are down by 22.9% for the year and daily exits decreased by 4.2%. Actual parking lot revenue is 11.7% less than the previous year.

Aviation industry trends are continually monitored and reported to various Airport stakeholders. Since the July 2008 spike in aviation fuel prices, the entire industry has felt the need to be extremely vigilant in development of cost efficiency plans, load

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Section I**

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

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

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

factor and competition analysis, and development and implementation of right-sizing plans.

The Airport has been providing regular updates and status checks to City senior staff and the City Council on anticipated impacts to the Airport. Based on 2007-2008 year-end activity and projected flight schedules through the fall, the Airport reduced its budgeted revenue estimates by 10% during the Annual Report process in October 2008 to reflect a 10% reduction in passenger activity. Activity has recently dipped below those levels, and if this trend continues in the next several months, further downward adjustments to the budget may be necessary later in the year.

The Airport will continue to monitor and proactively report on activity levels and revenue performance. The following section provides details on the Airport's revenues and expenditures.

**Airport Forecast**

The Airport is currently forecasting cost and revenues associated with facilities and services including the opening of new and larger facilities, challenging aviation industry trends, and the impact of the local economy on business and leisure travel. Currently it is estimated that a \$35 million shortfall will be realized for 2009-

2010 and then another \$35 million shortfall is estimated for 2010-2011. As part of the 2008-2009 Mid-Year Budget Review, cost saving actions are recommended as part of the Airport's Cost/Position Management Plan. The chief intent of this plan is to generate significant savings that can be applied to the significant future budget challenge anticipated for 2009-2010. By addressing these issues now, the Airport will be prepared to meet the challenges in the short-term associated with lower passenger activity levels and will also be in a better position to respond once passenger and flight growth levels return.

**Airport Revenues**

As of December 31, 2008, year-to-date operating revenues in the Airport Revenue Fund total \$58.6 million. Revenues are 9.1% higher than the estimated budget and are tracking above the level of the same period last year (\$54.0 million). Reflecting the conservative estimates built into the 2008-2009 Adopted Budget, as modified by the 2007-2008 Annual Report adjustments, higher revenues are widespread across all categories with the exception of terminal rentals, which are still up, but just not by the same amount as the other revenue categories. Consistent with prior years, certain revenues were not recorded in December due to the closure of City offices for the holiday furlough.

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

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

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

Although a 10% or \$7.1 million reduction in revenues was approved in the Annual Report, Airport revenues look relatively favorable at this time. However, as discussed previously, a number of revenue categories are anticipated to decrease over the next several months. Recorded revenue lags a month or two behind the passenger activity, which has fallen below levels experienced during the earlier months of the year. It is expected that the revenue status will worsen as the year proceeds.

**Airport Expenditures**

In light of the significant drop off in activity, the Airport has developed a 2008-2009 Cost/Position Management Plan, which is recommended as part of this report. This Plan is anticipated to save close to \$7.2 million by the end of the fiscal year and will assist in positioning the Airport for the significant downsizing that will be required due to a severe revenue shortfall forecasted for both 2009-2010 and 2010-2011.

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 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 services, 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 2008 are tracking below 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 also tracking below estimated levels. Non-personal/equipment expenditures are tracking below budgeted levels primarily due to reduced shuttle bus hours and lower than anticipated cost of living adjustments. The new Compressed Natural Gas (CNG) shuttle buses which replaced the diesel buses in the rental car fleet in August 2008 are fully operational and as a result, the entire Airport shuttle bus fleet is now alternatively fueled ("clean") vehicles.

**2008-2009 Airport Cost/Position  
Management Plan**

As stated earlier, reductions described as part of the 2008-2009 Airport Cost/Position Management Plan are recommended at this time

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

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

**2008-2009 Airport Cost/Position  
Management Plan (Cont'd.)**

to reduce and manage costs in preparation for the even more challenging years ahead. Savings of \$7.2 million, which are derived from the elimination of 46 vacant positions, six filled positions, and non-personal/equipment items, are anticipated to build this year's ending fund balance to offset forecasted budget shortfalls anticipated in the 2009-2010 and the 2010-2011 fiscal years. The Airport continues to carefully monitor aviation industry activity and plan for maintenance and operations of the new facilities coming on line in the near future. By carefully managing ongoing costs, streamlining the organization, and identifying critical services, the Airport seeks to maintain an organization that successfully meets the air transportation needs of the community.

Analysis of the state of the Airport and the aviation industry financial situation has been reported to City Council several times since the spike of fuel prices this past July, and since that time, the Airport has been carefully analyzing the best way to balance the budget while meeting core responsibilities. As part of that

effort, the Airport considered current staffing levels and actual and historic non-personal/equipment spending patterns and has determined that there are ongoing reductions that can be made with minimal impact to existing service levels.

A total of 46 vacant and six filled positions are proposed for reduction in this report. For the filled positions, the City has determined that reassignment of these staff can be completed this spring given vacancies in other departments in the City. Many of the 46 positions being eliminated have been vacant for over a year and reallocations of the critical duties have already been made to meet today's needs. With short-term activity forecasted to remain at these lower levels and the capital Terminal Area Improvement Program (TAIP) well underway, the impact of these reductions will fall mainly in the area of response flexibility and proactive maintenance and service delivery. The following table shows a comprehensive list of the vacant positions and a short description of these positions and the functions impacted are identified below:

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

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

**2008-2009 Airport Cost/Position  
Management Plan (Cont'd.)**

Business Development, Marketing and  
Communications

There are four Airport Business Development, Marketing and Communications staff eliminations (1.0 vacant Marketing and Public Outreach Rep, 1.0 vacant Sr. Analyst, 1.0 filled Marketing and Public Outreach Rep, and 1.0 filled Staff Specialist) proposed in this report. If approved, this action would result in a reduction in support provided to community and neighborhood organizations, response to requests for commercial photography at the Airport and preparation of a daily internal news media digest. One fewer staff member will be available to provide general support to air service development, though given the current environment, there is reduced emphasis in this area due to reduced air service capacity and route planning. The acquisition of a new email marketing tool is anticipated, and would streamline contact database administration tasks and enable remaining Marketing and Communications staff to more efficiently manage and perform its functions. The Airport's Air Service Development team's focus will continue to be on maintaining current service and positioning the Airport for potential future restoration of service. There will likely also be a decrease in construction-related outreach programs, and a reduction in capacity for development of internal airport statistical analysis and development of presentations and air service marketing.

Airport Position Eliminations	FTEs
Accountant II (Capital)	1.00
Air Conditioning Mechanic	1.00
Airport Maintenance Supervisor	1.00
Airport Ops Specialist	1.00
Airport Ops Superintendent	1.00
Airport Ops Supervisor	4.00
Analyst II*	3.00
Building Maint. Superintendent	1.00
Custodian	8.00
Deputy Director	1.00
Electrical Maint. Superintendent	1.00
Electrician	1.00
Environ. Services Program Manager	1.00
Facility Repair Worker	3.00
Maintenance Assistant	1.00
Maintenance Manager (Capital)	1.00
Marketing & Public Outreach Rep II*	2.00
Network Tech II	1.00
Painter	1.00
Parking Control Officer	3.00
Secretary*	1.00
Sr. Account Clerk	1.00
Sr. Air Conditioning Mechanic	1.00
Sr. Airport Ops Specialist	4.00
Sr. Analyst	1.00
Sr. Electrical Engineer	1.00
Sr. Maintenance Worker	1.00
Sr. Mechanical Engineer	1.00
Sr. Office Specialist	1.00
Staff Specialist*	1.00
Supervising Property Manager	1.00
Warehouse Worker*	1.00
<b>Grand Total Airport</b>	<b>52.00</b>

\*Six positions recommended for elimination are filled including: 2 Analysts, a Marketing and Public Outreach Rep, a Secretary, Staff Specialist, and a Warehouse Worker.

**2008-2009  
MID-YEAR BUDGET REVIEW  
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**STATUS OF SELECTED SPECIAL FUNDS  
(CONT'D.)**

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

**2008-2009 Airport Cost/Position  
Management Plan (Cont'd.)**

Administration

There are total of nine positions, three of which are filled, proposed for elimination from the Administration unit and it is anticipated that these eliminations will bring staffing levels more in line with work load activity.

Training funding has already been reduced, so the impact of the proposed elimination of a filled Analyst more closely matches funding levels with resources and means the Department will need to rely more on city-wide training opportunities where applicable. Administration of mandated safety classes will be assumed by existing staff. Workers' compensation support may be reduced to minimally acceptable levels, however remaining staff will continue to support this area as well as continuing to manage to the lower recruitment activity at the Airport.

A vacant Deputy Director is also recommended for elimination as special projects earmarked for the position have been completed, and ongoing duties have already been reassigned to other Airport Deputy Directors or managers. The Finance Division has three vacant positions proposed for elimination (1.0 Supervising Property Manager, 1.0 Sr. Account Clerk, and 1.0 Accountant), and as a result, the division will experience higher workload and increased

time to complete tasks such as processing construction payments and grant documentation. The Department can also expect an increase in response time to technology work requests and special technology-specific projects with the proposed elimination of a vacant Network Technician. There are three more Administration positions also proposed for elimination, the effects of which will be mitigated by remaining staff.

Facilities and Engineering

The Facilities and Engineering Division, which provides ongoing management, maintenance, repair, and custodial services to Airport facilities and infrastructure, proposes to eliminate a total of 23 positions (of which one is filled). This reduction represents a 16% cut overall to facilities staff, which is a significant reduction since Airport infrastructure, including new facilities coming online, require a varied set of skills on a 24/7 basis to keep the Airport operating and running safely and efficiently.

Though the majority of these positions have been vacant for some time, it is anticipated that there will be impacts to the general maintenance and management of Airport facilities, including: delays in preventative and routine maintenance and increased response times to requests for maintenance; increased overtime or additional standby pay to provide minimal coverage for emergency repairs or callbacks and a reduction of electrical engineering expertise at a time

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

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

**2008-2009 Airport Cost/Position  
Management Plan (Cont'd.)**

Facilities and Engineering (Cont'd.)

when a great deal of emphasis is being placed on the management and planning for Airport power efficiencies. The Airport will have to rely on other Airport divisions' engineering staff or Public Works expertise to analyze existing and new power systems and energy use.

There is a filled Warehouse Worker proposed for elimination. Warehouse services at the Airport have changed slightly and have been relocated to the new North Concourse building. Warehoused supplies are now being purchased on a just-in-time basis, thereby reducing inventory tracking, disbursement, and distribution functions, which are the specific duties of a Warehouse Worker. It is anticipated that remaining staff will be able to perform the revamped services and functions.

Operations

There are 14 positions in the Operations Division that are proposed to be eliminated; all of these positions are vacant. In Landside Operations, the section responsible primarily for curbside coverage, impacts from these eliminated positions will be felt. There will be a reduction in staff coverage ability to address commercial operator and customer concerns in a timely manner. There will also be a reduction in

shift staffing levels that will affect curbside security crosswalk coverage and possibly impact vehicle inspections.

In the Terminal Operations section, which supports the Airport's shared-use operating model that allocates resources such as gates, ticket counters and baggage carousel assignments, the elimination of these positions will impact other shift staff at the Airport, detracting from effective resource management, administrative review and proactive customer service. There may also be an increase in overtime to provide mandatory supervisory shift coverage in the Airport Communications Center.

Position eliminations within the security compliance section of the Operations Division means that updates of the policy and procedure manuals may not occur timely; review and consultation on contractor and tenant security plans will take longer; security audits will be delayed; and the need to have staff respond to security emergencies or issues may cause overtime to increase. The loss of these vacancies, however, will be mitigated by reassignment of critical tasks to other employees.

Planning and Development

There are two positions in this unit proposed for elimination and they are a vacant capital-funded Maintenance Manager and a vacant

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

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

**2008-2009 Airport Cost/Position  
Management Plan (Cont'd.)**

Planning and Development (Cont'd.)

Environmental Services Program Manager. The loss of in-house expertise as it relates to development and maintenance of environmental initiatives and new programs with the elimination of the Environmental Services Manager position may occur. Leveraging the expertise in other City departments will help to alleviate some of this impact.

In general, most of these responsibilities will be reallocated to existing airport staff, and with lower passenger activity creating lower demand for services, many of the impacts of reducing the workforce by 52 positions can be mitigated. However, the Airport will still be challenged to operate brand new facilities, in addition to the already-existing facilities, with fewer resources.

Also included in the Department's Plan is the reduction of almost \$3.7 million in non-personal/equipment costs. Included in these reductions are a small number of contractual service obligations shown in the chart to the right.

The balance of the non-personal/equipment savings are related to general supplies, printing, travel, and training and a reduction in insurance based on actual costs. Most of these savings have been identified based on historic or known

spending patterns and will have no impact to services or programs.

**Airport Non-Personal Contractual Services  
Reductions include:**

Parking Contract Reduction	\$1,600,000
Capitalize Commercial Paper Fees	\$500,000
Contractual Ramp Patrols	\$340,000
Line Control Services	\$261,000
International Air Service Marketing	\$250,000
Air Service Development Research	\$83,000
Graphics and Organizational Devlp	\$77,000
Guadalupe Gardens Maintenance	\$50,000
Air Service Legal Research	\$23,000
Conv. Visitor Bureau Trade Show & Host Management	\$16,000

A complete financial summary of the Airport Maintenance and Operation Fund and the Airport Revenue Fund follow below.

**2008-2009  
MID-YEAR BUDGET REVIEW  
Section I**

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

**Airport Maintenance and Operation Fund**

	2008-2009 Adopted Budget	Change	2008-2009 Current Modified	2008-2009 YTD Actual	2008-2009 % of Budget	2007-2008 % of Budget
<i>Beginning Fund Balance</i>	9,424,331	302,076	9,726,407	N/A	N/A	N/A
<i>Carry-Over Encumbrance</i>	4,266,850	(506,726)	3,760,124	N/A	N/A	N/A
<i>Transfers</i>	112,062,091	(5,350,000)	106,712,091	54,693,546	51.3%	50.0%
<b>TOTAL SOURCES</b>	125,753,272	(5,554,650)	120,198,622	54,693,546		
<i>Expenditures</i>	96,761,359	(4,373,738)	92,387,621	33,285,949	36.0%	36.9%
<i>Transfers</i>	16,144,975	41,000	16,185,975	8,131,256	50.2%	75.2%
<i>Reserves</i>	8,517,319	(1,651,939)	6,865,380	N/A	N/A	N/A
<i>Ending Fund Balance – Reserved Per Master Trust Agreement</i>	4,329,619	430,027	4,759,646	N/A	N/A	N/A
<b>TOTAL USES</b>	125,753,272	(5,554,650)	120,198,622	41,417,205		

**Fund Status**

Revenues – Revenue for this fund consists of transfers from the Airport Revenue Fund. The 2008-2009 transfers into the Airport Maintenance and Operation Fund continue to occur as budgeted. Several adjustments to the transfer amount are recommended at this time including an increase for grant revenue (\$46,000) received from the Santa Clara Valley Transportation Authority (VTA) to partially reimburse Airport ground transportation operators for costs associated with conversion of

vehicles to alternative (“clean”) fuel; and an upward adjustment reflecting revenue received from bond refinancing used to fund an overhead rate increase and litigation costs. More than offsetting these increases, a significant reduction to the transfer is also recommended to reflect savings from Personal Services and Non-Personal/Equipment as detailed in the Airport Cost/Position Management Plan. The net impact of changes is a \$4.4 reduction to the transfer from the Airport Revenue Fund.

**2008-2009  
MID-YEAR BUDGET REVIEW  
Section I**

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

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

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

*Expenditures* – In personal services, the Airport department continues to operate with significant vacancies. For the first six months of 2008-2009, there was an average of 52.5 vacancies or over 13% of authorized staff. For the same period in the prior year, there was an average of 45.7 vacant positions. The Airport has expended \$198,408 or 43.8% of its overtime budget through December. This represents an increase from 2007-2008 of \$7,968 or 4.2% in overtime expenditures. Historically, overtime is primarily used for providing coverage for vacant positions and the need to maintain constant staffing levels. While this continues to apply, unique projects also require the use of overtime. The Terminal Area Improvement Program project is one example and it requires the relocation of airport tenants among other tasks. Overtime expenditures and the impact of position reductions recommended in this document will be closely monitored for the balance of the fiscal year.

Current savings in non-personal/equipment expenditures for Airport operations and services are widespread across most categories. Conservative spending, as in previous years, continues to generate savings.

Airport Workers' Compensation claims to date total \$255,988 (45.7% spent) and show an increase (\$104,503) in comparison to the mid-year total for 2007-2008.

Interdepartmental expenditures (charges for staff and services located in other City departments including Police and Fire) total \$8.9 million through December and are tracking at anticipated levels.

Several adjustments are recommended in this report. The most significant is the recommendation to reduce Airport appropriations to recognize savings associated with the 2008-2009 Airport Cost/Position Management Plan. The Plan includes the ongoing reduction of 46 vacant positions, elimination and reassignment of six filled positions and reduction of non-personal/equipment expenditures, and represents the reduction of almost \$7.2 million in Airport costs.

Also recommended as part of the Mid-Year Report are increases to the Airport Non-Personal/Equipment appropriation for expenses related to the VTA Clean Air Grant (\$46,000), litigation settlement costs (\$967,000), an increase in the Airport's overhead rate from 18.86% to 25.0% (\$1.7 million) and costs associated with supporting information technology needs of the Airport's shared-use environment (\$259,000).

An increase is also recommended that increases the transfer for Police Services by approximately \$955,000 to fund police overtime expenses related to higher levels of checkpoint

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MID-YEAR BUDGET REVIEW  
Section I**

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

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

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

Expenditures (Cont'd.)

staffing required due to the Level Orange Alert originally instituted in August 2006.

Fund Balance – A small (\$94,000) technical correction to the ending fund balance in the Airport Maintenance and Operation Fund is recommended at this time.

<b>2008-2009</b> <b>MID-YEAR BUDGET REVIEW</b> <b>Section I</b>
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**STATUS OF SELECTED SPECIAL FUNDS  
(CONT'D.)**

**Airport Revenue Fund**

	2008-2009 Adopted Budget	Change	2008-2009 Current Modified	2008-2009 YTD Actual	2008-2009 % of Budget	2007-2008 % of Budget
<i>Beginning Fund Balance</i>	21,367,250	8,686,153	30,053,403	N/A	N/A	N/A
<i>Revenues</i>	127,042,251	(12,900,000)	114,142,251	58,093,903	50.9%	46.0%
<i>Transfers</i>	11,331,000	800,000	12,131,000	473,342	3.9%	3.0%
<b>TOTAL SOURCES</b>	159,740,501	(3,413,847)	156,326,654	58,567,245		
<i>Transfers</i>	152,395,113	(5,225,000)	147,170,113	71,735,712	48.7%	45.1%
<i>Reserves</i>	90,388	0	90,388	N/A	N/A	N/A
<i>Ending Fund Balance- Reserved per Master Trust Agreement</i>	7,255,000	1,811,153	9,066,153	N/A	N/A	N/A
<b>TOTAL USES</b>	159,740,501	(3,413,847)	156,326,654	71,735,712		

**Fund Status**

Revenues – As indicated in the overview, despite decreased activity at the Airport through December, overall revenue collections in the Airport Revenue Fund were tracking above the estimated budget.

Overall, performance of airline rates and charges slightly exceeded the budget estimate, however as noted in the summary, performance in some revenue categories is anticipated to decrease in subsequent months as recorded revenue lags a month or two behind the passenger activity. Landing fees are showing signs of decline and Airfield revenues are tracking at 35.9% above the estimated budget.

The performance of terminal concessions and miscellaneous rents compare favorably to

budget in all sectors, except for the orange alert surcharge which is based on passenger activity. Food and Beverage and Retail Concession revenue have outperformed budget estimates, but are showing signs of decline in recent months. It is also anticipated that several food and beverage locations in Terminal A will be closed towards the end of the fiscal year as a result of construction of the expanded security checkpoint area.

Parking and roadway revenues are also performing above the budget by 8.4%, reflecting higher than projected activity in areas such as rental car concession fees and long-term parking. Although parking and roadway revenue totals trail the previous year-to-date totals, the 10% activity reduction approved in

**2008-2009**  
**MID-YEAR BUDGET REVIEW**  
**Section I**

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

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

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

Revenues (Cont'd.)

the Annual Report reduced parking revenue expectations so that actual collections are in line with the budgeted estimate. General and non-aviation revenues are tracking above projections due to receipt of \$2.7 million from the liquidation of the guaranteed investment contract (GIC) for the 2001 and 2004 bond reserves. This additional revenue is recommended to be used to offset an increase to the Department overhead rate (from 18.86% to 25.0%) and to fund litigation settlement charges. Revenues are also tracking above estimates due to receipt of higher than projected investment income. Petroleum program revenues have exceeded mid-year budget estimates by 10.0%, buoyed by higher ground fuel sales and strong demand for compressed natural gas (CNG).

A decrease to Terminal Rental revenue is also recommended in this document as part of the rate stabilization amendment to the airline agreements (\$2,172,000) and was approved by Council action in August 2008.

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.

Several adjustments to the transfer amount to the Airport Maintenance and Operation Fund are recommended including increases for the

remaining balance on a grant from the VTA, an upward adjustment to the Airport overhead rate and litigation costs. Reductions reflect savings from Personal Services and Non-Personal/Equipment as detailed in the Airport Cost/Position Management Plan. The net impact of changes is a \$4.4 million reduction to the transfer from the Airport Revenue Fund. Additionally, a \$2,172,000 decrease in the transfer to the Airport Surplus Revenue Fund is recommended to apply the use of Rate Stabilization funds that reduce airline Terminal Rental rates in recognition of the challenging aviation environment.

Fund Balance – Changes to fund balance are recommended during the mid-year budget process to adjust to a reconciliation of the airline rates and charges (\$104,000) and to reflect savings resulting from the reduced transfer to the Airport Maintenance and Operation Fund associated with the Cost/Position Management Plan (\$7.2 million).

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MID-YEAR BUDGET REVIEW  
Section I**

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

**Community Facilities Revenue Fund**

	2008-2009 Adopted Budget	Change	2008-2009 Current Modified	2008-2009 YTD Actual	2008-2009 % of Budget	2007-2008 % of Budget
<i>Beginning Fund Balance</i>	506,345	239,477	745,822	N/A	N/A	N/A
<i>Carry-Over Encumbrances</i>	1,976	679	2,655	N/A	N/A	N/A
<i>Revenues</i>	4,832,702	134,675	4,967,377	1,225,352	24.7%	38.9%
<i>Transfers</i>	4,376,353	2,168	4,378,521	4,352,815	99.4%	100.0%
<b>TOTAL SOURCES</b>	9,717,376	376,999	10,094,375	5,578,167		
<i>Expenditures</i>	5,204,084	77,639	5,281,723	1,999,399	37.9%	49.6%
<i>Transfers</i>	4,068,106	11,583	4,079,689	2,103,303	51.6%	43.2%
<i>Unrestricted Ending Fund Balance</i>	445,186	287,777	732,963	N/A	N/A	N/A
<b>TOTAL USES</b>	9,717,376	376,999	10,094,375	4,102,702		

**Fund Status**

Revenues – Revenues in the Community Facilities Revenue Fund are from two primary sources: 1) revenues from the operation of the Hayes Mansion paid to the City by the operator of the facility (Dolce), and 2) transfers from the General Fund to cover operating shortfalls. Through the first half of 2008-2009, operating revenues are tracking below estimated levels and are expected to end the year short of the budgeted level. While only \$1.2 million has been received in revenue from Dolce, it should be noted that December revenues of \$1.15 million were not reflected in December due to a timing issue in the booking of revenues received. These revenues have since been booked and will be reflected in the January reports.

Expenditures – Expenditures through December in the Community Facilities Revenue Fund are tracking within budgeted levels. However, as a result of the recent downturn in the economy and a decline in visitors, Dolce has developed a cost containment strategy to reduce expenditure levels. In addition to reducing operating expenses at the Hayes Mansion (\$500,000), utilization of interest savings realized on the Comerica line of credit (\$150,000) and the usage of an unbudgeted account (\$50,000) that was required by Comerica Bank as part of the contract for the line of credit will be required to prevent a negative adjustment to the Ending Fund Balance at the end of the year. Interest savings realized can be attributed to the restructuring of the Hayes Mansion debt and the City Council's decision to pay the line of credit off earlier this year.

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MID-YEAR BUDGET REVIEW  
Section I**

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

**Community Facilities Revenue Fund  
(Cont'd.)**

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

*Fund Balance* – No adjustments to the Ending Fund Balance are recommended at this time, however, if current trends continue and revenues decline further, the General Fund transfer may need to be increased in the 2009-2010 budget.

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MID-YEAR BUDGET REVIEW  
Section I**

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

**Convention and Cultural Affairs Fund**

	2008-2009 Adopted Budget	Change	2008-2009 Current Modified	2008-2009 YTD Actual	2008-2009 % of Budget	2007-2008 % of Budget
<i>Beginning Fund Balance</i>	6,429,143	1,176,970	7,606,113	N/A	N/A	N/A
<i>Carry-Over Encumbrances</i>	338,432	351,053	689,485	N/A	N/A	N/A
<i>Revenues</i>	12,137,829	0	12,137,829	3,728,600	30.7%	39.8%
<i>Transfers</i>	7,749,585	480,500	8,230,085	1,799,896	21.9%	50.0%
<b>TOTAL SOURCES</b>	26,654,989	2,008,523	28,663,512	5,528,496		
<i>Expenditures</i>	18,195,114	(2,988)	18,192,126	9,788,724	53.8%	46.6%
<i>Transfers</i>	243,868	0	243,868	243,868	100.0%	100.0%
<i>Reserves</i>	700,000	345,818	1,045,818	N/A	N/A	N/A
<i>Unrestricted Ending Fund Balance</i>	7,516,007	1,665,693	9,181,700	N/A	N/A	N/A
<b>TOTAL USES</b>	26,654,989	2,008,523	28,663,512	10,032,592		

**Fund Status**

Revenues – Through December, operating revenues in the Convention and Cultural Affairs Fund are tracking below anticipated levels. Team San José (TSJ) management continues to actively evaluate the current business environment and identify potential business opportunities to boost revenue despite the instability of the current economic environment. Half way through the year, nearly every operating revenue category, with the exception of contract labor (ushers and stagehands) is tracking below estimated levels. It should be noted that additional contract labor revenues are offset by labor expenses. At this time, operating revenues are anticipated to end the year

approximately \$1.3 million below the budgeted revenue estimate. This shortfall is due to a combination of a decline in 2008-2009 activity (\$400,000) and an estimate for bad debt (\$900,000), due in large part to the recent bankruptcy of the American Musical Theater. Therefore, it is recommended in this report that the operating revenue estimate be reduced by \$1.3 million.

Approximately \$1.8 million of the fund's revenues came from a transfer from the Transient Occupancy Tax (TOT) Fund. This transfer was made based on budgeted estimates. It should be noted that the December transfer from the TOT Fund did not occur in the month of December, and will therefore be booked in

**2008-2009**  
**MID-YEAR BUDGET REVIEW**  
**Section I**

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

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

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

Revenues (Cont'd.)

January. For 2008-2009, the TOT estimate assumed a growth rate of 4.0% over 2007-2008 revenue levels, however, through December, actual collections are down 5.1%. Based on a study performed by the independent consultant Horwath HTL and after accounting for adjustments from compliance audits, collections are expected to end the year 6.7% below 2007-2008 levels. This assumes greater declines in the second half of the fiscal year, allowing for a drop of 7.7% (January to June 2009). As a result of the lower than budgeted revenue collections, it is currently anticipated that there will be \$766,000 less in TOT funding available to be transferred to this fund. The budgeted estimate for this transfer, however, is not recommended to be reduced at this time. Rather, the 2009-2010 transfer amount will reflect the actual 2008-2009 shortfall in order to allow for the reduction to be absorbed over the next 18 months.

Expenditures – Expenditures through December in the Convention and Cultural Affairs Fund are tracking within anticipated levels with the exception of non-personal/equipment expenditures, which are tracking extremely high. The overage in this category is primarily a result of higher than anticipated contract labor (stagehands and ushers) usage. As noted above,

the majority of contract labor expenses are reimbursed by event organizers. Conversely, personal services expenditures are tracking below estimated levels due a high level of vacancies (15.75 positions). A transfer of personal services vacancy savings to the Non-Personal/Equipment appropriation in the amount of \$1.0 million is therefore recommended in this report to re-align the budget with how labor costs are being recorded. Additionally, a decrease to the Miscellaneous Improvements appropriation in the amount of (\$400,000) is recommended to partially offset lower than anticipated revenue collections. It is anticipated that the remaining funding in this appropriation will be sufficient to address critical minor capital repairs and improvements.

Fund Balance – The actions recommended in this report are intended to rebalance the fund. It is therefore recommended as part of this report to decrease the Ending Fund Balance by \$900,000 to offset the necessary bad debt expense. It should also be noted that the decline in TOT revenue (estimated reduction of \$766,000) in the current year will have a direct negative impact on the fund balance in the 2009-2010 Proposed Budget as the overpayment in the current year will need to be recouped next year. This decline was anticipated and accounted for in the scenarios recently presented to the City Council as part of the Convention Center Expansion Plan of Finance. The additional \$900,000 reduction to the fund

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

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

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

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

*Fund Balance (Cont'd.)*

balance was not, however, included in the scenarios, but it is currently estimated that this additional cost would not have a significant impact to the overall financing plan.

**2008-2009  
MID-YEAR BUDGET REVIEW  
Section I**

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

**Low and Moderate Income Housing Fund**

	2008-2009 Adopted Budget	Change	2008-2009 Current Modified	2008-2009 YTD Actual	2008-2009 % of Budget	2007-2008 % of Budget
<i>Beginning Fund Balance</i>	10,632,104	(5,321,318)	5,310,786	N/A	N/A	N/A
<i>Carry-Over Encumbrances</i>	35,193,079	(107,501)	35,085,578	N/A	N/A	N/A
<i>Revenues</i>	185,132,046	(629,500)	184,502,546	19,448,999	10.5%	26.6%
<b>TOTAL SOURCES</b>	230,957,229	(6,058,319)	224,898,910	19,448,999		
<i>Expenditures</i>	219,382,855	3,130,183	222,513,038	49,590,266	22.3%	38.4%
<i>Transfers</i>	1,028,763	(34,742)	994,021	994,021	100.0%	100.0%
<i>Reserves</i>	150,000	58,220	208,220	N/A	N/A	N/A
<i>Unrestricted Ending Fund Balance</i>	10,395,611	(9,211,980)	1,183,631	N/A	N/A	N/A
<b>TOTAL USES</b>	230,957,229	(6,058,319)	224,898,910	50,584,287		

**Fund Status**

Revenues – Revenues in the Low and Moderate Income Housing Fund are tracking significantly lower than budgeted levels due to the economic downturn and the Housing Department’s resulting difficulty in selling \$85.0 million in Tax Allocation Bonds. The Department is currently facing a severe revenue shortfall, as this bond sale was assumed in the 2008-2009 Adopted Budget. As a result of the delay in the bond sale, rebalancing actions in this fund are recommended in this report. While the Department continues to monitor the financial market in order to be prepared to sell the bonds at the end of 2008-2009 if the market conditions are favorable, it appears increasingly likely that the bond sale will need to be deferred until 2009-2010. In response, the Department

recommends reducing the 2008-2009 estimate for Bond Sale Proceeds from \$85.0 million to zero. This will require the Department to draw down their entire \$50.0 million line of credit to bring revenues to a level that can sustain current projects. Should the bond issuance happen in 2008-2009, debt service on the line of credit will be fully paid upon the issuance of the bonds, with the remaining bond proceeds being used for additional affordable housing projects.

Expenditures – Expenditures through December in the Low and Moderate Income Housing Fund are tracking within budgeted levels. Due to the delay in completing the bond sale, however, this document includes a recommendation to reduce the Loans/Grants/Site Acquisition allocation by \$40 million in order to align expenditures with anticipated revenue collections. Projects that

**2008-2009  
MID-YEAR BUDGET REVIEW  
Section I**

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

**Low and Moderate Income Housing Fund  
(Cont'd.)**

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

Expenditures (Cont'd.)

are in progress or are in the later stages of development will not be affected by this reduction. However, a number of projects in the earlier planning stages have been placed on hold until the bond sale occurs. Also included in this document is a recommended \$47.5 million decrease to the Line of Credit Payment appropriation. The remaining \$2.5 million in this appropriation will be reserved to pay down debt service on the line of credit, should the bond sale not occur in 2008-2009.

In addition, a portion of the fund balance in this fund is recommended to be used to establish a transfer to the Multi-Source Housing Fund in the amount of \$2,675,000. This action will help to prevent the Multi-Source Housing Fund

Ending Fund Balance from going negative in 2008-2009 due to a projected revenue shortfall as a result of outstanding State grant reimbursements that have been frozen and are considered unlikely to be received in 2008-2009.

The Personal Services appropriation in this fund is recommended to be increased by \$150,000 to cover unanticipated temporary staffing costs resulting from backfilling six long-term paid absences.

Fund Balance – The actions recommended in this report are intended to keep the fund in balance and prevent a negative fund balance at the end of the year. Should the bond sale be delayed further than currently anticipated, additional affordable housing projects will have to remain on hold until financing can be acquired.

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MID-YEAR BUDGET REVIEW  
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**STATUS OF SELECTED SPECIAL FUNDS  
(CONT'D.)**

**Multi-Source Housing Fund**

	2008-2009 Adopted Budget	Change	2008-2009 Current Modified	2008-2009 YTD Actual	2008-2009 % of Budget	2007-2008 % of Budget
<i>Beginning Fund Balance</i>	11,424,949	(2,263,348)	9,161,601	N/A	N/A	N/A
<i>Carry-Over Encumbrances</i>	1,893,945	(595,602)	1,298,343	N/A	N/A	N/A
<i>Revenues</i>	42,215,581	13,347,124	55,562,705	1,230,710	2.2%	66.7%
<b>TOTAL SOURCES</b>	55,534,475	10,488,174	66,022,649	1,230,710		
<i>Expenditures</i>	52,703,219	11,320,826	64,024,045	5,016,704	7.8%	15.2%
<i>Transfers</i>	917	0	917	917	100.0%	100.0%
<i>Reserves</i>	2,257,883	(1,797,792)	460,091	N/A	N/A	N/A
<i>Unrestricted Ending Fund Balance</i>	572,456	965,140	1,537,596	N/A	N/A	N/A
<b>TOTAL USES</b>	55,534,475	10,488,174	66,022,649	5,017,621		

**Fund Status**

Revenues – Revenues in the Multi-Source Housing Fund are tracking significantly lower than anticipated levels. This is primarily due to delays in grant reimbursements from the State and a significant decline in in-lieu fee revenue.

In late December, the Housing Department received notice that \$3.8 billion in committed State funding for infrastructure projects throughout California have been frozen. As a result, \$3.4 million in pending reimbursement requests and close-out costs for State reimbursed projects for the BEGIN Program, the Cal-Home Programs, and Workforce Housing Program are not being honored until further notice. It is anticipated that these reimbursements will not be received until at

least 2009-2010; therefore, in this report, the revenue estimate for this revenue source is recommended to be reduced by \$3.4 million. In response to the revenue shortfalls that are now anticipated in this fund as a result of the State's actions, several recommendations are included in this report to rebalance the fund. Minimal expenditures (\$300,000 for close-out costs) will be made in these programs until the State budget situation is resolved and the City is reimbursed for expenditures already incurred.

As a result of the current instability of the economy and slowdown of housing development, inclusionary housing projects have remained inactive and no in-lieu fees have been collected through December. In-lieu fee revenues are also recommended to be reduced by \$26.9 million to \$5.1 million, in order to

**2008-2009**  
**MID-YEAR BUDGET REVIEW**  
**Section I**

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

**Multi-Source Housing Fund**  
**(Cont'd.)**

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

Revenues (Cont'd.)

more accurately reflect anticipated revenue collections.

Expenditures – While expenditures in this fund are tracking within budgeted levels, significant reductions are being recommended to rebalance the fund at this time due to lower than anticipated revenue collections.

In response to the in-lieu fee collections shortfall, the In-Lieu Fee Projects appropriation is recommended to be reduced by \$25.9 million, bringing the total allocation down to \$4.5 million. This reduction is not anticipated to have significant impacts as the projects that were budgeted in this appropriation in 2008-2009 were in the early stages of development and have been delayed indefinitely due to the inability of developers to secure the outside funding necessary to supplement the in-lieu fees. In addition, the Predevelopment Loans and Grants appropriation, which is also supported by in-lieu fees, is recommended to be reduced by \$1.0 million from \$1.5 million to \$500,000. This reduction is not anticipated to have significant impacts.

As a result of the significant cash flow challenges this fund is facing, a multi-tiered strategy for addressing this issue is recommended in this document. Two separate transfers are recommended to cover a portion of the \$3.4 million in outstanding State grant reimbursements (\$3.1 million) and close-out costs (\$300,000) for State reimbursed projects. Proceeds from the \$50.0 million line of credit in the Low and Moderate Income Housing Fund (\$2,675,000) are recommended to be transferred into this fund. This transfer will cover the outstanding reimbursements for affordable housing and rehabilitation projects. In addition, a transfer from the Housing Trust Fund (\$126,000) is recommended to supplement reimbursements for homeless projects. The remaining shortfall, will be offset by a reduction (\$600,000) to the Ending Fund Balance.

Fund Balance – The actions recommended in this report are intended to rebalance the fund and prevent a negative fund balance at the end of the year. This document includes a recommended reduction of \$600,000 to the Ending Fund Balance to account for expenditures originally anticipated to be reimbursed by the State and are ineligible to be reimbursed by transfers from the Low and Moderate Income Housing Fund or the Housing Trust Fund.

<b>2008-2009</b> <b>MID-YEAR BUDGET REVIEW</b> <b>Section I</b>
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**STATUS OF SELECTED SPECIAL FUNDS  
(CONT'D.)**

**Municipal Golf Course Fund**

	2008-2009 Adopted Budget	Change	2008-2009 Current Modified	2008-2009 YTD Actual	2008-2009 % of Budget	2007-2008 % of Budget
<i>Beginning Fund Balance</i>	791,470	133,174	924,644	N/A	N/A	N/A
<i>Carry-Over Encumbrances</i>	10,793	0	10,793	N/A	N/A	N/A
<i>Revenues</i>	1,123,000	0	1,123,000	562,261	50.0%	52.0%
<i>Transfers</i>	1,000,000	0	1,000,000	1,000,000	100.0%	100.0%
<b>TOTAL SOURCES</b>	2,925,263	133,174	3,058,437	1,562,261		
<i>Expenditures</i>	2,174,931	0	2,174,931	1,363,341	62.7%	58.3%
<i>Unrestricted Ending Fund Balance</i>	750,332	133,174	883,506	N/A	N/A	N/A
<b>TOTAL USES</b>	2,925,263	133,174	3,058,437	1,363,341		

**Fund Status**

Revenues – Revenues in the Municipal Golf Course Fund are tracking below budgeted levels. Revenues consist primarily of course fees at the San Jose Municipal, Rancho del Pueblo, and Los Lagos Golf Courses, which have been adversely impacted from the downturn in the economy. Revenues from San Jose Municipal Golf Course are based on a fixed percentage of the gross sales by agreement. The estimated revenues from this course are expected to be only slightly less than the estimate of \$464,000. For the Rancho del Pueblo and Los Lagos Golf Courses, only the net profits from the operation of the courses are paid into the Municipal Golf Course Fund. All revenues are intended to offset or partially offset

the debt service costs of these facilities. The San Jose Municipal Golf Course has no debt service obligations, but the revenue is used to help offset the debt service costs of the other two courses. Net profits at Los Lagos are anticipated to end the year \$190,000 (30%) below the budgeted estimate of \$633,000.

Due to the fact that the course fees have been unable to cover the fixed costs of operating the facilities as well as the debt service, a General Fund subsidy has been required to allow the fund to support the debt service payments. In the 2008-2009 budget, the subsidy was reduced from \$1.25 million to \$1.0 million due to the contractually required increase of revenues from the San Jose Municipal Golf Course. As part of the agreement with the operator, the course

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

**Municipal Golf Course Fund  
(Cont'd.)**

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

Revenues (Cont'd.)

contribution was increased from 2% of the gross sales to 8.5%. This increase in revenue was expected to offset the reduction of the General Fund subsidy for the two other golf courses. With the declining revenue collections in 2008-2009, the 2009-2010 General Fund subsidy may need to be increased from the \$1.0 million level if operations at those two courses continue to decline.

Expenditures – Expenditures in the Municipal Golf Course Fund are generally made for two purposes: payments to the operators of the Rancho Del Pueblo and Los Lagos Golf Courses in months when course fees are unable to cover the fixed costs of operating the facilities or payment of the debt service for the bonds used to develop the two courses. Through December, it appears that the Rancho del Pueblo Golf

Course appropriation will need to be increased by \$75,000 (from \$125,000 to \$200,000) and the Los Lagos Golf Course appropriation will need an additional \$50,000 (from \$75,000 to \$125,000). A recommendation is included in this report to increase these appropriations, with a corresponding reduction to the Ending Fund Balance.

Fund Balance – The Ending Fund Balance is recommended to be reduced by \$315,000 to offset revenue declines and expenditure increases in this fund. A recommendation to decrease the budgeted revenue estimate (from \$633,000 to \$443,000) for the Los Lagos Golf Course is included in this document as revenues are coming in at significantly lower than anticipated levels. In addition, the Los Lagos Golf Course and Rancho del Pueblo Golf Course appropriations are recommended to be increased by \$125,000 to pay the operator for fixed costs at the facilities that are above and beyond the revenue collected.

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

**Transient Occupancy Tax Fund**

	2008-2009 Adopted Budget	Change	2008-2009 Current Modified	2008-2009 YTD Actual	2008-2009 % of Budget	2007-2008 % of Budget
<i>Beginning Fund Balance</i>	4,058,358	58,597	4,116,955	N/A	N/A	N/A
<i>Carry-Over Encumbrances</i>	126,697	274,681	401,378	N/A	N/A	N/A
<i>Revenues</i>	14,984,440	0	14,984,440	5,266,791	35.1%	41.3%
<b>TOTAL SOURCES</b>	19,169,495	333,278	19,502,773	5,266,791		
<i>Expenditures</i>	9,576,553	760,687	10,337,240	5,415,697	52.4%	49.2%
<i>Transfers</i>	7,200,127	482,500	7,682,627	1,800,438	23.4%	49.0%
<i>Reserves</i>	1,051,000	(961,000)	90,000	N/A	N/A	N/A
<i>Unrestricted Ending Fund Balance</i>	1,341,815	51,091	1,392,906	N/A	N/A	N/A
<b>TOTAL USES</b>	19,169,495	333,278	19,502,773	7,216,135		

**Fund Status**

Revenues – Revenues in the Transient Occupancy Tax (TOT) Fund are tracking below budgeted levels. For 2008-2009, the Adopted Budget estimate assumed a growth rate of 4.0% over 2007-2008 receipts. As a result of a decline in TOT collections in recent months following the adoption of the budget, through December actual collections are down 5.1% from 2007 levels. Based on a study performed by the independent consultant Horwath HTL, and after accounting for adjustments from compliance audits, deeper than anticipated declines are now expected, with overall collections ending the year 6.7% below 2007-2008 levels. This assumes greater declines in the second half of 2008-2009, allowing for a

drop of 7.7% (January to June 2009). If this drop occurs, revenues would fall short of the budgeted estimate by \$1.5 million.

In the first quarter of 2008-2009, occupancy rates were higher in two of the three months when compared to last year's rates. However, in recent months, occupancy rates for the 14 major hotels have steadily declined from the prior year's rate. The occupancy rate in December 2008 at the 14 major hotels was 42.7%, which is slightly lower than last year's level of 44.9%. Room rates have decreased slightly from the December 2007 rate of \$138.95 to \$129.27 in December 2008.

Expenditures – Expenditures through December in the TOT Fund are tracking within budgeted

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

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

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

Expenditures (Cont'd.)

levels. As a result of the decline in TOT revenue collections, the allocations to the three recipient organizations (Convention and Visitors Bureau, Cultural Grants Administration, and Convention Facilities O&M) will need to be reduced. The allocations, which are directly related to TOT collections, are not recommended to be reduced at this time in order to give the recipient organizations time to plan for the reductions but will instead be recouped by reducing 2009-2010 transfer levels. The arts community, which receives approximately 25% of TOT revenues, is not likely to feel significant impacts from the 2008-2009 TOT decline, as a reserve of \$392,000 was built into the 2008-

2009 Cultural Grants allocation in anticipation of lower than budgeted TOT collections. The Convention and Visitors Bureau (approximately 25% of TOT collections) will need to plan for this reduction in its 2009-2010 budget. This reduction will also reduce the 2009-2010 transfer into the Convention and Cultural Affairs Fund, which receives approximately 50% of TOT collections.

Fund Balance – No adjustments to the Ending Fund Balance in the Transient Occupancy Tax Fund are recommended at this time. It is anticipated, however, that the Ending Fund Balance will experience a sharp decline in 2008-2009 as a result of declining TOT revenues, but will then be corrected in the 2009-2010 budget when the allocations to the three recipient organizations are reduced.

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

**Water Utility Fund**

	2008-2009 Adopted Budget	Change	2008-2009 Current Modified	2008-2009 YTD Actual	2008-2009 % of Budget	2007-2008 % of Budget
<i>Beginning Fund Balance</i>	3,029,180	29,464	3,058,644	N/A	N/A	N/A
<i>Carry-Over Encumbrances</i>	412,554	137,402	549,956	N/A	N/A	N/A
<i>Revenues</i>	25,959,000	0	25,959,000	15,731,921	60.6%	58.3%
<i>Transfers</i>	800,000	35,391	835,391	861,571	103.1%	N/A
<b>TOTAL SOURCES</b>	30,200,734	202,257	30,402,991	16,593,492		
<i>Expenditures</i>	23,997,228	193,556	24,190,784	10,493,305	43.4%	45.9%
<i>Transfers</i>	3,132,232	52,358	3,184,590	1,885,590	59.2%	59.9%
<i>Reserves</i>	1,417,000	24,017	1,441,017	N/A	N/A	N/A
<i>Unrestricted Ending Fund Balance</i>	1,654,274	(67,674)	1,586,600	N/A	N/A	N/A
<b>TOTAL USES</b>	30,200,734	202,257	30,402,991	12,378,895		

**Fund Status**

Revenues – Approximately 84.1% (\$14.0 million) of the fund’s revenues (\$16.6 million) to-date come from Metered Sales of potable water to residential, commercial, and industrial customers, with another 9.3% (\$1.5 million) coming from Metered Recycled Water Sales.

Metered Recycled Water Sales are tracking as expected, with 76.9% of the budgeted amount (\$2.0 million) received to date. Revenue from Metered Sales of potable water is tracking 5.2% lower than expected year-to-date. Several factors combined to curtail potable water sales

including conservation, the worsening economy, and the real estate market downturn. The most recent projections show revenue will end the year \$1.5 million under budget. However, due to the volatility of this revenue stream, the year-end projection may change significantly. Although no adjustments are recommended at this time, staff will continue to monitor the situation closely and recommend changes as required.

Expenditures – Expenditures in the Environmental Services Non-Personal/Equipment appropriation are tracking below expected levels, largely because lower potable

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

**Water Utility Fund  
(Cont'd.)**

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

Expenditures (Cont'd.)

water sales have translated into a need to buy less water. If water sales end the year as currently projected (\$1.5 million below budget), then it can be expected that savings of approximately \$700,000 will be realized by year-end. Additional savings of \$200,000 are expected in the Non-Personal/Equipment (\$100,000) and Personal Services (\$100,000) appropriations by the end of the year.

Fund Balance – Under current projections, the Ending Fund Balance may decrease by as much as \$600,000 by the end of the year. If this occurs, a portion of the Ending Fund Balance could be replenished in 2009-2010 with capital project savings (\$400,000). However, due to the volatility of the revenue stream, no adjustments to the Ending Fund Balance in the Water Utility Fund are recommended at this time. Staff will continue to monitor the situation closely and recommend adjustments as required.

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CAPITAL BUDGET  
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**2008-2009  
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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 2008-2009 Adopted Capital Budget totaled \$1.2 billion. Through the first six months of the year, the City Council approved budget adjustments that, in total, increased the capital budget by \$128.3 million to over \$1.3 billion. The majority of the increase (\$79.5 million) reflects the impact of technical adjustments that were processed as part of the 2007-2008 Annual Report. These adjustments primarily consist of an increase of \$63.8 million to account for changes to fund balance and an increase of \$8.8 million for rebudgets of unexpended project funds. The remainder of approved adjustments to the budget through the first six months of the fiscal year included a short-term loan to the Redevelopment Agency from Sanitary Sewer Capital Funds (\$34.4 million), the addition of a small number of new projects, projects with changes in cost and/or scope, as well as technical adjustments to funding sources.

During the first half of the year, construction-related revenues were impacted significantly by the national recession and financial market turmoil. In addition, the significant decline in the median price of homes continues to drive down the City's Construction and Conveyance Tax collections. As a result, rebalancing actions for a number of capital programs are recommended in this document and described later in this document. Sufficient ending fund balance is available in most cases to offset these revenue revisions, however, rebalancing actions are necessary in the Building and Structure Construction Tax Fund and Construction Excise Tax Fund in the Traffic Capital Program, Fire Construction and Conveyance Tax Fund in the Public Safety Capital Program, and Storm Drainage Fee Fund in the Storm Sewer Capital Program. In addition, it should be noted that lower levels of overall revenues will result in reduced and/or deferred projects in the upcoming Proposed Capital Improvement Program. In summary, downward revenue adjustments are recommended for the following:

- Construction and Conveyance Tax revenue estimate is recommended to be reduced by \$4.0 million from \$23.0 million to \$19.0 million as a result of declining home prices,
- Construction-related revenue estimates reductions for the Construction Excise Tax (down \$5.975 million to \$7.0 million), the Building and Structure Construction Tax (down \$2.205 million to \$6.5 million), the Sanitary Sewer Connection Fee (down \$407,000 to \$500,000), the Underground Utility In-Lieu Fees (down \$300,000 to \$1.0 million), the Storm Drainage Fee (down \$184,000 to \$125,000), and the Residential Construction Tax (down \$50,000 to \$100,000), and;
- Sale of Surplus Property estimated proceeds related to the former Main Yard in Japantown (\$14.0 million) and the sale of Fire Stations 12 and 17 (\$1.0 million) are recommended to be eliminated as they will be delayed beyond the 2008-2009 fiscal year.

As a result of declining revenue and the required corresponding decrease in capital project expenditures, the elimination of 28.5 vacant positions in the Public Works Department that support capital project

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

delivery is recommended in this document. In addition, the elimination of nine positions is recommended in the Traffic Capital Program as part of the recommendations included in this document to rebalance that program.

On a more positive note, project expenditures are generally tracking within budget in all programs and the economic slowdown has created a more favorable bidding environment for construction projects. However, unforeseen complications with the design documents for the South San José Police Substation will require additional funding (\$4.5–\$6.5 million) to be appropriated to the project. Options to increase funding for the substation construction will be discussed in a separate memorandum. The discussion below provides a summary of revenue and expenditure performance for each capital program area.

**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.

The Airport Capital Improvement Fund is funded by grant revenues. 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 matched by a 20% local share from the Airport. The local share is primarily funded by PFCs or Airport operating revenues. Overall, grant income in the Airport Capital Improvement Fund is tracking below budgeted levels since grant revenues are typically received on a reimbursement basis; however, a significant portion of budgeted revenue is still expected to be received by year-end. Commitments through December in the Airport

Capital Improvement Fund totaled \$16.2 million, or approximately 49% of the budget for capital projects.

Mid-year adjustments recommended for this fund include recognition of a grant agreement for \$18,135,000 from the United States Transportation Security Administration (TSA), which was approved by the City Council in October 2008. This agreement provides for reimbursement of 90% of the allowable costs of an automated in-line checked baggage explosive detection system. The remaining 10% local share is primarily funded by the Airport Revenue Bond Improvement Fund. A corresponding adjustment in the Terminal Area Improvement Program (TAIP) project is also recommended in this report.

Technical adjustments in this fund are proposed to reduce the Fire Truck appropriation (\$1,000) and reestablish the Noise Monitoring Units (\$20,000) appropriation. These adjustments would allow for the correct allocation of expenditures between grant reimbursable costs and the local share for these projects. The net impact of these actions is a decrease to the Ending Fund Balance in the amount of \$19,000.

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

AIRPORT (CONT'D.)

Financial Status (Cont'd.)

The Airport Revenue Bond Improvement Fund provides funding for major capital projects financed by bond issuances and other debt instruments. The Airport is currently using bond proceeds, including the 2007 Airport Revenue Bonds issued in September 2007, along with commercial paper to provide funding for projects in this fund. Commercial paper capacity is initially reflected in fund balance and then recorded as revenue as it is used to meet project cash flow requirements. Project progress and cash requirements make it appear these revenues are tracking above anticipated levels through December. Commitments through December in this fund totaled \$575.5 million, or approximately 80.9% of the budget for capital projects, however, it is still anticipated that total revenue in this fund will end the year approximately at budgeted levels.

Mid-year adjustments recommended in this report for this fund include the establishment of a transfer from the Airport Fiscal Agent Fund (Fund 525) reflecting balances in the 2007A and 2007B bond cost of issuance accounts that are eligible for use in the Airport Capital Improvement Program (\$21,000) and the advancement of funding for Public Parking Improvements (\$50,000) in order to fund pre-design activities for this project in 2008-2009. In addition, two other actions (to the North Concourse Building and TAIP appropriations) are recommended in this fund related to the receipt of federal grant funding for the Terminal A in-line baggage system and a concurrent

request by the airlines to increase the baggage handling program in Terminal A and Terminal B to provide features that would improve the functionality and efficiency of the systems. The net impact of these actions is an increase to the Ending Fund Balance in the amount of approximately \$2.7 million.

The Airport Renewal and Replacement Fund's primary source of revenue is a transfer from Airport operating funds. Supplementing this revenue are construction laydown rents associated with the lease of Airport West/FMC property. Other sources of revenue include interest income and tenant improvement payments, as well as a one-time transfer from the Airport Revenue Fund for the TAIP. Commitments through December in the Airport Renewal and Replacement Fund totaled \$6.6 million, or 30.7% of the budget for capital projects, and are tracking within estimated budget levels.

There are several mid-year appropriation adjustments recommended in this report for the Airport Renewal and Replacement Fund. They include recognition of additional revenue for the Tenant Improvement Payments line item (\$898,000) as well as the establishment of five new projects: Baggage Carousel Support Arms (\$260,000), Boiler Replacement (\$347,000), Central Plant Chiller Maintenance (\$36,000), Fire Bottles for Rampside Safety (\$17,000) and Runway Paint Removal (\$70,000). Other adjustments to existing appropriations include an increase for Advanced Planning (\$20,000), and Tenant Plan Review (\$300,000), a reduction in Fuel Storage Tank Repairs (\$20,000), and elimination of 2008-2009 funding for the

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(CONT'D.)**

AIRPORT (CONT'D.)

Financial Status (Cont'd.)

Terminal A Baggage Claim Escalator (\$713,000). This last project was deferred until 2009-2010. In addition, technical adjustments are proposed to increase the Fire Truck appropriation (\$1,000) and the transfer to the Airport Passenger Facility Charge Fund of \$54,545 to allow for proper recording of expenditures relating to various prior year projects. These actions result in a net increase of \$525,455 to the Ending Fund Balance.

The Airport Passenger Facility Charge Fund includes projects that have been approved by the Federal Aviation Administration for funding from PFCs, 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 are tracking below estimated levels as a result of overall lower enplanements coupled with the fact that the PFC revenues are recorded one to two months in arrears. PFC fund balance is sufficient to cover anticipated shortfalls in 2008-2009. Commitments through December in the Airport PFC Fund totaled approximately \$6.1 million or 10.6% of the budget for capital projects.

A mid-year adjustment is included in this Fund to establish a transfer from the Airport Renewal and Replacement Fund representing a net expenditure adjustment to various PFC funded projects completed in prior years. This action results in a net increase of \$54,545 to the Ending Fund Balance.

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 Construction and Conveyance (C&C) Taxes.

As discussed in detail in the Parks and Community Facilities Development Capital Program section of this document, C&C Tax receipts continue to experience significant declines. The 2008-2009 Adopted Capital Budget estimate for C&C taxes is \$23.0 million, of which 3.4% is allocated to the Communications Capital Program. The adopted C&C estimate allowed for a 14% drop from the 2007-2008 collection level, however, through the first half of the fiscal year, collections have experienced sharper declines than were originally anticipated. Therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue to \$19.0 million. As a result of this recommendation, revenues in the Communications Capital Program would be impacted by approximately \$136,000. Sufficient funding is available in the Ending Fund Balance to offset this drop in revenue.

Expenditures within this fund are tracking below budgeted levels through December. The Fire Radio Infrastructure project is expected to be completed by April 2009. Due to technical challenges, the COPS 2003-2004 Interoperability project, originally anticipated to be completed in January 2009, is now expected to be completed by March 2009. Once

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(CONT'D.)**

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**COMMUNICATIONS (CONT'D.)**

Financial Status (Cont'd.)

completed, this will allow the General Services Department to move forward with the completion of the Fire Station 22 Radio Site project. This project, which will enhance radio coverage for all City radio systems in the Almaden area, is not expected to be completed until 2009-2010. The City-Wide Supervisory Control and Data Acquisition (SCADA) Systems Feasibility Study, although scheduled to be completed this fiscal year, is not expected to be completed until 2009-2010.

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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 \$258,000 are significantly behind pace for achieving the adopted estimate of \$1.3 million. It is now anticipated that year-end collections will be approximately \$1.0 million, and the revenue estimate is recommended to be adjusted accordingly in this document. The

reduction to the revenue estimate is recommended to be offset by a decrease to the Underground Utility Program appropriation. As a result of this adjustment, fewer projects are expected to be undertaken, and those delayed will need to be deferred to future years. Expenditures are also tracking below budgeted levels through December; however, activities are expected to increase as the Public Works Department plans to request approval in February from the City Council to enter into an agreement with the Pacific Gas and Electric Company in the amount of \$1.4 million to fund construction of the Jackson/Taylor In-Lieu Fee Underground Utility District Project.

The Residential Construction Tax Contribution Fund generates its revenue from the Residential Construction Tax. Revenue collections in this category (\$89,000) are also projected to fall well short of the adopted estimate (\$150,000). It is anticipated that year-end collections will total approximately \$100,000, and the revenue estimate is recommended to be adjusted accordingly in this document, with an offsetting adjustment to the Ending Fund Balance. Expenditures are tracking below budgeted levels through December.

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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

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

LIBRARY (CONT'D.)

Financial Status (Cont'd.)

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 Parcel Tax.

As discussed in detail in the Parks and Community Facilities Development Capital Program section of this document, C&C Tax receipts continue to experience significant declines. The 2008-2009 Adopted Capital Budget estimate for C&C taxes is \$23.0 million, of which 14.22% is allocated to the Library Capital Program. The adopted C&C estimate allowed for a 14% drop from the 2007-2008 collection level, however, through the first half of the fiscal year, collections have experienced sharper declines than were originally anticipated. Therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue to \$19.0 million. As a result of this recommendation, revenues in the Library Capital Program would be impacted by approximately \$569,000. Sufficient funding is available in the Ending Fund Balance to offset this drop in revenue.

Overall, expenditures in the Library C&C Tax Fund are tracking within estimated levels through December. No expenditure adjustments to the fund are recommended at this time.

On November 7, 2000, City voters approved Measure O, a \$211.8 million general obligation bond for library improvements. In June 2007, a total of \$5.3 million in bond proceeds were obtained, which will provide sufficient funding for 2008-2009 expenditures. A total of \$205.9 million of bonds have been issued in prior fiscal years, and the 2008-2009 Adopted Capital Budget includes an additional bond issuance of \$5.9 million. It is anticipated that the remaining bond proceeds will be issued at the end of the fiscal year to ensure sufficient funding for the remaining Library Bond projects.

Expenditures in the Branch Libraries Bond Projects Fund are generally tracking within estimated levels through December. However, included in this document is a recommendation to increase the East San José Carnegie Branch project by \$600,000 primarily to provide funding for additional project management and inspection staff costs related to unforeseen conditions of the historical building. This recommendation is offset by a corresponding decrease to the Library Bond Projects Contingency Reserve.

Through December, revenues and capital project expenditures in the Library Parcel Tax Fund are tracking within estimated levels. No capital project related adjustments to the fund are recommended at this time.

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

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**MUNICIPAL IMPROVEMENTS**

Financial Status

The Municipal Improvements Capital Program provides capital improvements and maintenance for City facilities that are not funded in other capital programs. The majority of the capital expenditures in this capital program are discussed as part of the Status of General Fund Expenditures section of this document. The discussion below summarizes the status of the remaining funds included in the Civic Center Construction, Civic Center Parking, and Civic Center Improvements Funds. Activities include city-wide infrastructure projects that were funded from interest earnings in the construction bonds including technology improvements and the cleanup of Watson Park.

On the revenue side, commercial paper issuance in the Civic Center Improvement Fund totaled \$702,000 through December compared to a budget of \$6.8 million (remaining projects include storage area network, cabling/fiber optics and Police Administration Building network improvements). The remaining commercial paper issuance scheduled in this fund will be made as actual expenditures occur later in the fiscal year.

On the expenditure side, appropriations are tracking within expected levels. The projects funded in the remaining allocations include project closeout costs, cable/fiber connections to public safety facilities, additional improvements at City Hall, voice and data network enhancements at the Police Administration Building, secondary cooling at the City Hall

Network Operations Center, and cleanup of Watson Park. Any unspent project funds are anticipated to be rebudgeted at year-end to fund the completion of these projects.

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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 within projected estimates primarily due to the Enhanced Parking Security and Cleaning Plan, which charged customers a flat \$2 rate everyday after 6 pm and a flat \$3 rate everyday after 6 pm starting January 2009.

Through December, capital project expenditures in the General Purpose Parking Fund are tracking within generally expected ranges. However, there are a number of adjustments being recommended in this report. A Transfer to the General Fund for \$47,361 is being recommended as a result of net parking revenue collected from the Cirque du Soleil event. Revenues from parking attendees at the C-Lot at old City Hall were collected in the General

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

PARKING (CONT'D.)

Financial Status (Cont'd.)

Purpose Parking Fund to offset expenditures associated with signage, traffic control, and restoration costs. Since the C-Lot is not considered a Downtown parking lot, the net revenue generated will be transferred to the General Fund.

In addition, a few capital projects are being recommended for adjustments as part of this report. An increase of \$20,000 is recommended for the Facility Improvements and Maintenance appropriation to fund the implementation of the Convention Center Deck Repair project. This additional funding will provide for the final repairs necessary as a result of additional water damage discovered during construction. Also, an increase of \$100,000 is recommended for the Minor Parking Facility Repairs appropriation to fund the implementation of the Second and San Carlos Garage Elevator project. The additional funding will replace the existing machine room, equipment, and improve the overall elevator system performance and reliability. Sufficient Ending Fund Balance is available and recommended to offset these actions.

PARKS AND COMMUNITY  
FACILITIES DEVELOPMENT

Financial Status

The Parks 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.

The Parks Capital Program is funded primarily through Construction and Conveyance (C&C) Tax revenues, Parkland Dedication Ordinance Fees from development, 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 interest earnings.

Construction and Conveyance Tax Funds

As previously reported in Monthly Financial Reports, Construction and Conveyance Tax revenues continue to experience significant declines due to the slowdown in the local real estate market. Nearly 98% 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 2008-2009 has increased by 52% compared to the first six months of 2007-2008. This high level of activity is likely attributed to the low median home price, which was \$452,000 in December 2008. This figure represents a 35% drop from the median home price in December 2007 of \$699,000. The December 2008 figure represents the lowest median home price within the City since spring 2004. Additionally, the amount of time to sell these homes has increased slightly from 60 days in December 2007 to 62 days in December 2008.

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

Construction and Conveyance Tax Funds  
(Cont'd.)

The 2008-2009 Adopted Capital Budget estimate for C&C taxes is \$23.0 million, of which 65.2% is allocated to the Parks Capital Program. Through December, C&C Tax receipts totaled \$10.0 million or 44% of the adopted estimate. This figure represents a 25% decrease from the \$13.3 million collected through December 2007. In addition to these revenues, the City has since received January Conveyance Tax receipts totaling \$1.7 million. This amount is 32% lower than the January 2008 amount of \$2.5 million. With this decrease, C&C Tax collections have now experienced decreases in 30 out of the last 33 months when compared to the same months in the prior year.

The adopted C&C Tax estimate allowed for a 14% drop from the 2007-2008 collection level of \$26.8 million. However, through the first half of the fiscal year, collections have experienced sharper declines than originally anticipated. Therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue by \$4.0 million, bringing the budgeted collection level down to \$19.0 million. As a result of this recommendation, revenues in the Parks Capital Program would be impacted by \$2.6 million. Sufficient funding is available in the Council Districts and Parks City-Wide C&C Fund

Ending Fund Balances to offset this drop in revenue. Given the current state of the economy, which may continue to impact the housing market, staff will continue to monitor receipts closely and make additional recommendations, if necessary, at a later date.

A revenue estimate increase of \$310,977 is recommended in the Council District 4 Construction and Conveyance Tax Fund section of this document to recognize funding received from the Federal Government through the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) grant. SAFETEA-LU grant funding was received in November and December 2008 for the Bay Trail Reach 9 (Gold Street to San Tomas Aquino) project (\$206,100) and the Lower Guadalupe River Trail (Gold Street to Highway 880) project (\$104,877). This recommendation is offset by a corresponding increase to the Council District 4 Construction and Conveyance Tax Fund Ending Fund Balance.

Expenditures in the various Parks Construction and Conveyance Tax Funds are generally tracking within estimated levels, however, there are several expenditure adjustments recommended in this report.

The Council District 1 C&C Tax Fund includes a recommendation to eliminate the Starbird Park Irrigation Renovation project (\$185,000) and reallocate the funding to the Reserve: Starbird Park Irrigation Renovation appropriation. This project is currently on hold pending the

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FACILITIES DEVELOPMENT  
(CONT'D.)**

Construction and Conveyance Tax Funds  
(Cont'd.)

completion of the updated Starbird Park Master Plan.

The Council District 7 C&C Tax Fund and the Parks City-Wide C&C Tax Fund sections of this document both include recommendations to eliminate the Vietnamese American Community Center appropriations (\$1,000,000 – Council District 7 C&C Tax Fund, and \$133,000 – Parks City-Wide C&C Tax Fund) and reallocate the funding to the Reserve: Vietnamese American Community Center allocation. Funding for the Vietnamese American Community Center will not be needed until the design phase of the project is ready to begin, which is not anticipated to occur until after 2009-2010. In addition, the Parks City-Wide C&C Tax Fund section of this document includes a recommendation to reallocate funding (\$17,000) from the Vietnamese Cultural Heritage Garden project to the Reserve: Vietnamese American Community Center allocation. This adjustment is recommended due to funds being inadvertently charged last fiscal year to the Vietnamese American Community Center project instead of the Vietnamese Cultural Heritage Garden project.

The Council District 9 C&C Tax Fund section of this document includes a recommended increase for the Camden Community Center

Locker Room Renovation (\$150,000) project. Funding is needed to renovate the ventilation system, replace water fixtures, replace the lockers, and install new flooring and natural lighting. This adjustment will be offset by a corresponding decrease to the Reserve: Aquatics Master Plan Implementation appropriation.

In addition to the Vietnamese American Community Center funding shifts previously mentioned, the Parks City-Wide C&C Tax Fund also includes recommendations to increase the Environmental Mitigation Maintenance and Monitoring allocation (\$10,000) and the Family Camp Lease allocation (\$7,000). An increase to the Environmental Mitigation Maintenance and Monitoring allocation is recommended to ensure adequate funding is available to complete an active service agreement for mitigation monitoring of the Quail Hollow Bridge, which is located at Alum Rock Park. An increase to the Family Camp Lease allocation is recommended to ensure sufficient funding is available to pay the United States Forest Service. These two recommendations are offset by a decrease to the Parks City-Wide C&C Tax Fund Ending Fund Balance.

Parks and Recreation Bond Projects Fund

On November 7, 2000, City voters approved Measure P, a \$228.0 million general obligation bond for park and recreational improvements. In June 2008, the final bond sale for this general obligation series was issued. Bond proceeds of \$27.8 million were sold, which in conjunction with remaining interest earnings, will fund all

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**PARKS AND COMMUNITY  
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(CONT'D.)**

Parks and Recreation Bond Projects Fund  
(Cont'd.)

remaining project expenditures in the Parks and Recreation Bond Projects Fund.

Expenditures in the Parks and Recreation Bond Projects Fund are generally tracking within estimated levels. No adjustments to this fund are recommended at this time.

Other Funds

In the other funds that support the Parks and Community Facilities Development Capital Program (Emma Prusch Fund, Lake Cunningham Fund, and Subdivision Park Trust Fund), revenues and expenditures are generally tracking within estimated levels through December.

Several expenditure adjustments are recommended in the Subdivision Park Trust Fund, including eliminating the Starbird Park Irrigation Renovation appropriation (\$153,000) and reallocating the funding to the Reserve: Starbird Park Irrigation Renovation appropriation. As previously stated in the C&C Tax Funds section, the Starbird Park Irrigation Renovation project is currently on hold pending the completion of the updated Starbird Park Master Plan. Also included in this document are recommendations to increase the Aborn Park Playground Improvements project (\$32,000),

decrease the Hitachi Turnkey Project Design Review and Inspection allocation (\$67,000), and decrease the Butcher Dog Park project (\$10,000). Additional funding is needed for the Aborn Park Playground Improvements project to purchase new play equipment as well as increase the size of the playground to accommodate the new play equipment. The Hitachi Turnkey Project Design Review and Inspection allocation is recommended to be decreased due to funds for this project being expended against the Preliminary Studies – Turnkey Parks appropriation in 2007-2008. Therefore, these funds are not needed in the current fiscal year. A recommendation to decrease the Butcher Dog Park project is included in this document due to the most recent cost estimates being lower than originally anticipated. These three recommendations are offset by a \$45,000 increase to the Reserve: Future PDO/PIFO Projects appropriation.

In addition to these adjustments, the Lake Cunningham Fund includes a recommendation to increase the Lake Cunningham Playground Renovation project by \$60,000. Funding is needed to design new play lots at Lake Cunningham Park which were removed in 2007-2008 due to disrepair and have not been replaced. This adjustment will be offset by a decrease to the Reserve: Playground Renovations appropriation.

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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**PUBLIC SAFETY**

Financial Status

The Adopted 2008-2009 Public Safety Capital Program is funded from three sources: proceeds from the Neighborhood Security Act Bond Measure (\$44.4 million); Fire Construction and Conveyance (C&C) Tax Fund (\$10.2 million) and the General Fund (\$13.0 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 \$159 million general obligation bond for Police and Fire capital improvements. A total of \$146.7 million of bonds have been issued in prior fiscal years, and the 2008-2009 Adopted Capital Budget includes an additional bond issuance of \$12.3 million. Through December, revenues from Fire C&C Tax receipts are lower than estimated and therefore several project expenditures in this program are recommended to be lowered in accordance with the reduced revenue as fund balance is not sufficient to offset the revenue loss.

As discussed in detail in the Parks and Community Facilities Development Capital Program section of this document, C&C Tax receipts continue to experience significant declines. The 2008-2009 Adopted Capital Budget estimate for C&C taxes is \$23.0 million, of which 8.4% is allocated to the Fire Department in the Public Safety Capital Program. The adopted C&C estimate allowed for a 14% drop from the 2007-2008 collection

level, however, through the first half of the fiscal year, collections have experienced sharper declines than were originally anticipated. Therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue to \$19.0 million. As a result of this recommendation, revenues in the Public Safety Capital Program would be impacted by approximately \$336,000. In order to offset this reduction in revenue, a series of reductions to project expenditures is recommended in this document: Traffic Control Equipment (\$100,000), Underground Fuel Tank Renovation/Replacement (\$30,000), Capital Project Management (\$27,000), Traffic Control Equipment (\$25,000), Tools and Equipment (\$20,000), and Emergency Response Maps (\$10,000). Minimal impacts to service delivery are expected from these reductions. A reduction in the Ending Fund Balance of \$124,000 is recommended to offset the remainder of the C&C Tax revenue reduction. Savings are available as a result of favorable bids for the construction contract for the Fire Station 2 – Rebuild project, awarded by the City Council on January 13, 2009. The City Council previously approved transferring savings of \$124,000 from the Fire Station 2 – Rebuild appropriation to the Ending Fund Balance.

In the Adopted 2008-2009 Public Safety Capital Program, \$2.1 million in revenue was estimated for the sale of four former fire stations. In the 2007-2008 Annual Report, \$1.1 million in revenue was reduced due to the timing of the sales not occurring in 2008-2009. The remaining \$1.0 million is now recommended to be reduced in this document due to the current

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

Financial Status (Cont'd.)

real estate market and timing of the sales of Fire Stations 12 and 17. These sales are expected to occur in 2009-2010 or later, following community outreach. An offsetting reduction (\$1.0 million) to the Furniture, Fixtures, and Equipment (FF&E) and Facility Improvements appropriation is also recommended. These expenditures will be deferred to 2009-2010 to coincide with future station openings.

In the Neighborhood Security Act Bond Fund, a reallocation of \$100,000 in the Fire Station 17 – Relocation (Cambrian) appropriation to the Fire Station 19 – Relocation (Piedmont) appropriation is recommended. The relocation of Fire Station 17 was completed in December 2008 and came in under budget. Additional funding is needed for the Fire Station 19 relocation project to cover change orders that were inadvertently left out of the construction contract. This action would fund the current change orders, while leaving enough funding in the project's contingency reserve to cover any unforeseen complications with the project in the future.

Expenditures in this program, including General Fund funded apparatus replacements, are generally tracking within anticipated levels. Major projects include Fire Station 19 and the Police Substation, which are currently underway, and Fire Station 2 which was awarded for construction on January 13, 2009.

However, unforeseen complications with the design documents for the South San José Police Substation will require substantial additional funding (\$4.5-\$6.5 million) to be appropriated to the project. Options to increase funding for the substation construction will be discussed in a separate memorandum. Any unexpended funds for the other projects in this program will be recommended later in this fiscal year to be carried over to 2009-2010 to allow for project completion.

**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, 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 will occur as

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

Financial Status (Cont'd.)

planned by year-end, in the budgeted amount of \$16.0 million. Through the first six months, interest earnings are tracking above anticipated levels at \$771,000 or 77.1% of the budgeted amount (\$1.0 million) due to higher than expected cash balances.

Expenditures in the Sewer Service and Use Charge Capital Improvement Fund are tracking as expected, with the exception of four projects for which the timelines for project construction may be delayed into 2009-2010. The Edenvale Sanitary Supplement, Spreckles Sanitary Sewer Force Main, the 30" Old Bayshore Supplement, and the University Avenue Sanitary Sewer Replacement projects will incur only minor expenditures this year, and funding remaining from these projects is expected to be rebudgeted into 2009-2010.

Connection fees, interest earnings, and Joint Participation Revenues support the Sanitary Sewer Connection Fee Fund. Through December, collections of Sanitary Sewer Connection Fees were running well below anticipated levels due to the decrease in development activity. This report recommends decreasing the revenue estimate for Sanitary Sewer Connection Fees by \$407,000 to \$500,000. Sufficient fund balance is available to absorb this decrease without an impact on current projects. Through December, joint participation revenue collected was \$699,000,

exceeding the budgeted amount of \$186,000. 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. The additional revenue in this category will accrue to fund balance and be carried over to next year. Interest income and miscellaneous revenues total \$213,000 through December, compared to the budgeted amount of \$318,000.

Expenditures in the Sanitary Sewer Connection Fee Fund are tracking as expected and should end the year within budgeted allocations.

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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 Construction and Conveyance (C&C) Taxes.

As discussed in detail in the Parks and Community Facilities Development Capital Program section of this document, C&C Tax receipts continue to experience significant declines when compared to the record high collection levels experienced through 2006-2007. The 2008-2009 Adopted Capital Budget estimate for C&C taxes is \$23.0 million, of

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SERVICE YARDS (CONT'D.)

Financial Status (Cont'd.)

which 8.78% is allocated to the Service Yards Capital Program. The adopted C&C estimate allowed for a 14% drop from the 2007-2008 collection level, however, through the first half of the fiscal year, collections have experienced sharper declines than were originally anticipated. Therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue to \$19.0 million. As a result of this recommendation, revenues in the Service Yards Capital Program would be impacted by approximately \$351,000. Sufficient funding is available in the Ending Fund Balance to offset this drop in revenue.

The 2008-2009 Adopted Capital Budget had assumed \$14.0 million in proceeds from the sale of the Main Yard; however, due to the unlikelihood of this sale, this document includes a recommendation to decrease Earned Revenue by this amount, with a corresponding decrease to the Repayment of Phase II Commercial Paper appropriation. The sale of this property is currently under discussion, and will be delayed beyond this fiscal year. In the meantime, sufficient funding is available in the Ending Fund Balance to support interest-only payments on the outstanding Commercial Paper for several years, if necessary.

Included in this document is a recommendation to establish an appropriation in the amount of \$100,000 for a Fuel Tank Vapor Recovery

System Upgrade at both the South Service Yard and the Mabury Service Yard. This upgrade, mandated by the Bay Area Air Quality Management District (BAAQMD), is expected to be completed by April 2009. The addition of this project, which was not programmed in the 2008-2009 Adopted Capital Budget, will not cause any projects to be eliminated or deferred as there is sufficient funding in the Ending Fund Balance to offset this action.

Expenditures in this fund are tracking as expected and should end the year within budgeted levels.

STORM SEWER

Financial Status

The purpose of the Storm Sewer System is to collect storm water separate from the Sanitary Sewer System, assure the quality of the runoff through best practices, and convey the runoff to nearby creeks and rivers. The Storm Sewer Capital Program is primarily funded by Storm Drainage Fees, transfers from the Storm Sewer Operating Fund and interest earnings.

In the Storm Sewer Capital Fund, transfers from the Storm Sewer Operating Fund have totaled \$1.1 million or 33.3% of the budgeted amount (\$3.4 million). The full amount is expected to be transferred by year-end. Through December, interest earnings are tracking below projected levels at \$38,000, which represents 29.2% of the budgeted amount (\$130,000). If the interest

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STORM SEWER (CONT'D.)

Financial Status (Cont'd.)

revenue collected does fall below the budgeted estimate by year-end, there is sufficient fund balance to cover the shortfall in this fund.

In the Storm Drainage Fee Fund, Storm Drainage Fees generate the majority of revenues for this fund. Through December, collections of Storm Drainage Fees totaled \$51,000, which is 16.7% of the estimated revenues (\$309,000). Storm Drainage fees are collected from developers for the construction or reconstruction of the storm drainage system. Due to the slow development environment, this report recommends decreasing the revenue estimate for Storm Drainage Fees by \$184,000, to \$125,000. To offset this decrease, a shift in funding for the Chateau Drive Storm Drain Improvement project is recommended as part of this report. This action would decrease the project's funding in the Storm Drainage Fee Fund and increase project funding in the Storm Sewer Capital Fund.

The remaining expenditures in both of these funds are tracking as expected and should end the year within the budgeted allocation.

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 primarily by Building and Structure Construction Taxes and Construction Excise Taxes. Revenues in both categories are tracking well below estimated levels, and recommendations to reduce the revenue estimates are included in this report. Since the ending fund balance in the funds which support this program are not sufficient to offset this drop in revenue, extensive project expenditure reductions based on program priorities are also being recommended as detailed below.

Building and Structure Construction Tax Fund

Building and Structure Construction Tax receipts through December totaled \$5.2 million (59.2% of the current 2008-2009 estimate of \$8.7 million). This represents a decrease (11%) from last year's year-to-date receipts of \$5.8 million. The budgeted estimate for this category, however, allows for a 9.5% drop in 2008-2009 compared to the actual 2007-2008 performance. It should be noted, however, that this total includes above average December 2008 collections, not deemed sustainable for the remainder of the year, which resulted from residential permits that were pulled prior to the implementation of new building codes. As a result, current projections indicate that revenues

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TRAFFIC (CONT'D.)

Building and Structure Construction Tax Fund  
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will fall well below the budgeted estimate by year-end; therefore, a recommendation to adjust the revenue estimate downward by \$2.2 million bringing the estimate to \$6.5 million is included in this report.

Revenue from grants and reimbursements are tracking below estimated levels primarily due to the status of various federal and State grants. Postponements in Intelligent Transportation Systems (ITS) projects are the primary contributing factor to the anticipated delays in federal reimbursements. Since these projects are funded on a reimbursement basis, this delayed collection in revenues is coupled by lower expenditures. The revenue estimates and appropriations for these grants will be rebudgeted into the next fiscal year as part of the 2010-2014 Proposed Capital Improvement Program. A grant reimbursement from the State for the Traffic Signal Communications and Synchronization (\$5.8 million) project has been placed on hold until the State's cash flow and State budget deficit are addressed. Actual expenditures spent, thus far, represent the City's local match and the Department of Transportation plans to freeze expenditure spending beyond the City's local match portion until a more positive outlook on the State's cash flow situation is known. Staff will continue to monitor these revenues closely and bring forward any necessary adjustments to these revenues at the year-end clean-up process.

There are several revenue adjustments being recommended in this report. An increase of \$80,000 is recommended to increase the Autumn Street Corridor Planning project. Funding has been received from Cousins Properties, Inc. to construct an at-grade railroad crossing at Autumn Street. A corresponding increase to the project budget is also recommended. In addition, an increase of \$67,000 is recommended to increase the Traffic Signals project. Funding (\$40,000) was received from a developer to replace damaged interconnect cables at a traffic signal located on Monterey Road between Curtner Avenue and Alma Avenue. Additional funding (\$27,000) was also received from various developers for the purchase of traffic signal controller equipment at several intersections.

In order to rebalance this fund, as a result of the recommended downward revenue revision, there are a number of expenditure adjustments recommended in this report. A decrease of \$1.3 million to the Traffic Signals project is recommended. This will require the elimination of two filled positions and defer the award of two traffic signal projects (Cherry/Hillsdale and Miller/Rainbow). These projects will be delayed until the funding has been secured. A decrease of \$500,000 to the Capitol Light Rail Transit to Eastridge project is also recommended which will require the elimination of two vacant positions and defer project development activity associated with this regional project. Funding may be restored once the Valley Transportation Authority resumes the project. Decreases to the Reserve – King Road: Penitencia Creek Bridge project

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TRAFFIC (CONT'D.)

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

(\$1,000,000) and the Branham Lane Improvements project (\$425,000) are also recommended. These projects will be deferred until full project funding can be secured. Decreases to the following projects are recommended as a result of project savings: Hamilton Avenue – Meridian Avenue to Hamilton Way (\$648,000); Union Avenue at Ross Creek (\$75,000); Taylor Street: First to Coleman (\$40,000); and Oakland Road: Route 101 to Montague (\$25,000). Also, decreases to the ITS: Stevens Creek – West (\$159,000) project and the Traffic Signals Rehabilitation (\$50,000) project are recommended as a result of work scope reduction.

As a result of necessary rebalancing actions in the Construction Excise Tax Fund the reallocation of funding sources for several projects from the Construction Excise Tax Fund to the Building and Structure Construction Tax Fund are also recommended in this report: Project Development Engineering (\$300,000); Bicycle/Pedestrian Program Management (\$248,000); ITS: Operations and Management (\$200,000); and Traffic Flow Management and Signal Retiming (\$100,000).

In contrast, an increase of \$1,468,000 to the Jackson Street: Light Rail Transit to Japantown is recommended to accelerate the project in order to meet federal grant reimbursement

deadlines. The reimbursement for this project is anticipated to be received in 2009-2010. To offset all the adjustments to the Building and Structure Construction Tax Fund recommended in this document, a decrease of \$299,000 to the Ending Fund Balance is recommended.

Construction Excise Tax Fund

Tax receipts through December for the Construction Excise Tax Fund totaled \$5.9 million, which represents a 32.1% decrease over last year's \$8.7 million received over the same period. Collections for the first six months of this year total 45.7% of the 2008-2009 estimate of \$12.975 million. The budgeted estimate for this category requires a 4.3% increase in 2008-2009 compared to actual 2007-2008 performance. However, as previously mentioned, this total includes above average December 2008 collections, not deemed sustainable for the remainder of the year, which resulted from residential permits that were pulled prior to the implementation of new building codes. Prior to the abnormal collections, monthly collections in this tax totaled approximately \$260,000 in November 2008 and current indications point to another sluggish month in January 2009. Current projections, as a result of the decreased development activity, indicate that revenues will fall far below the budgeted estimate by year-end; therefore, a recommendation to adjust the revenue estimate by \$5.975 million bringing the revenue estimate to \$7.0 million is included in this report.

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**TRAFFIC (CONT'D.)**

Construction Excise Tax Fund (Cont'd.)

In addition, funding from the State for the Proposition 42 – Pavement Maintenance project is tracking below estimated levels as a result of the State placing the funds on hold until the State's cash flow crisis and State budget deficit are addressed. In addition, with recent information indicating that the actual amount of revenue for Proposition 42 will be less than originally estimated, a decrease of \$2.0 million to the revenue estimate and corresponding appropriation are recommended.

There are two small upward revenue adjustments being recommended in this report. An increase of \$80,000 is recommended for the Bicycle and Pedestrian Facilities project to allow use of funds received from the Valley Transportation Authority. The project's budget is recommended to be augmented by this amount plus an additional \$50,000. This additional funding will support bicycle/pedestrian signs and striping, and improvements on Bird Avenue. Also, an increase of \$300,000 is recommended to increase the Fiber Optics Engineering project. The additional revenue recognizes additional permit fees expected to be collected from fiber cable companies. The funding will provide for the installation of conduits, vaults, and cables in the public right-of-way.

There are a number of actions recommended in this report to decrease project expenditures in order to rebalance the budget as a result of the

revenue reductions recommended in this fund. The largest action decreases a transfer to the General Fund in the amount of \$3.5 million. Associated reductions in the General Fund for several capital improvements projects are recommended to offset this decrease in General Fund revenue.

Decreases to the following projects are a result of shifting funding sources for these projects from the Construction Excise Tax Fund to other funding sources: Project Development Engineering – transfers project funding to the Building and Structure Construction Tax Fund and eliminates one filled position (\$400,000); Miscellaneous Street Improvements – transfers \$250,000 in project funding to the Major Collectors and Arterials Fund; Bicycle/Pedestrian Program Management – transfers project funding to the Building and Structure Construction Tax Fund and eliminates one filled position (\$248,000); ITS: Operations and Management – transfers \$200,000 in project funding to the Building and Structure Construction Tax Fund; and Traffic Flow Management and Signal Retiming – transfers \$100,000 in project funding to the Building and Structure Construction Tax Fund. In addition, decreases to the following projects are recommended as part of the recommended plan to rebalance the fund: Traffic Safety Data Collection (\$315,000) which will reduce the scope of work; Traffic Calming (\$300,000) as a result of reduced activity in development areas; City-Wide Emergency Repairs (\$124,000) which will reduce funding for any unanticipated repairs; BART Project Management (\$100,000) which will eliminate one filled position; Local

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TRAFFIC (CONT'D.)

Construction Excise Tax Fund (Cont'd.)

Transportation Policy and Planning (\$100,000) which will transfer projects and one position to existing funds in the Building and Structure Construction Tax Fund; North San José Administration (\$100,000) which will eliminate one vacant position; Traffic Congestion Studies (\$100,000) which will eliminate one filled position; Transportation Demand Management and Taxi Program (\$100,000) which will shift the funding source for one position to existing General Purpose Parking Funds; Rural Road Safety Improvements (\$85,000) which will defer this project; Ortho Photo Project (\$83,000) and Transportation Needs Master Plan (\$50,000) which both result from project savings; and Bridge Maintenance and Repair (\$47,000) which will defer minor non-safety related repairs. To offset all the adjustments to the Construction Excise Tax Fund recommended in this document, an increase of \$177,000 to the Ending Fund Balance is recommended.

Other Funds

The Traffic Capital Program is also supported in small part by the Major Collectors and Arterials Fund and the North San José Traffic Impact Fee Fund. The Major Collectors and Arterials Fund allocates developer contributions for specific purposes related to major collectors and arterials, including signal retiming necessitated by increased congestion caused by development. Revenues received through December totaled \$89,000 or 35.7% of the 2008-2009 budgeted

estimate of \$250,000. This revenue source is traditionally very unpredictable since it is based on developers' decisions. Collections in this category will be closely monitored with actions recommended at year-end should revenue continue to fall below budgeted estimates. An increase to the Miscellaneous Street Improvements project (\$250,000) is recommended as a result of shifting the funding source for this project from the Construction Excise Tax Fund to the Major Collectors and Arterials Fund. The North San José Traffic Impact Fee Fund allocates developer contributions for traffic impacts from the new industrial and residential development within the North San José area. Revenues received through December totaled \$4,000, which represents less than 1% of the budgeted revenue estimate. The lower than estimated revenue collection is due to the slowdown in developer activity in the North San José area. A decrease to the revenue estimate of \$1,547,000 is recommended as well as offsetting decreases to the Montague Expressway Improvements project (\$74,000) and the Ending Fund Balance (\$1,473,000).

The Traffic Capital Program also receives significant funding from the General Fund. A decrease of \$2,293,000 to the Maintenance Backlog – Street Surface Resurfacing (Story Rd and Leigh Ave) project is recommended to offset the reduction in the General Fund as a result of decreasing a transfer to the General Fund for Pavement Maintenance from the Construction Excise Tax Fund. The City of San José has been approved to receive \$14.6 million in Proposition 1B funds from the State, and this anticipated funding is expected to support this

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**TRAFFIC (CONT'D.)**

Other Funds (Cont'd.)

project. However, these funds are being held until the State's cash flow and budget deficit are addressed. In addition, to offset the recommended decrease of a transfer to the General Fund for General Purpose uses from the Construction Excise Tax Fund, a decrease to the Seven Trees Boulevard Sidewalk project (\$700,000) and the Traffic Calming (\$507,000) appropriation are recommended in this report. The decrease to the Seven Trees Boulevard Sidewalk Project will be offset by other funding sources without impacting the project schedule. The remaining funding in this project will continue project development and design efforts. The decrease to the Traffic Calming appropriation will impact the number of traffic calming studies and projects that can be completed this fiscal year. However, in order to balance the budget and compared to other highly valuable core services, this reduction is recommended. Also, the Adopted San Jose Redevelopment Agency Budget includes funding for traffic calming studies and projects in various Strong Neighborhoods Initiative areas. To mitigate the impacts of this reduction, staff will focus its efforts in conjunction with the San Jose Redevelopment Agency on traffic calming in Strong Neighborhoods Initiative areas.

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**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 Plant 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.

Through December, revenues from Tributary Agencies are tracking close to year-to-date estimates. Collections through the first six months of the year totaled \$7.2 million, or 59.3% of the budgeted amount (\$12.1 million). Through December, interest revenues totaled \$1.5 million or 35.3% of the budgeted amount (\$4.1 million). Transfers from the Sewer Service and Use Charge Fund and the Sewage Treatment Plant Connection Fee Fund, on the other hand, are occurring as scheduled and are expected to reach the budgeted amount for 2008-2009 (\$22.7 million).

The San José/Santa Clara Treatment Plant Capital Fund has been significantly impacted by the ongoing turmoil in the financial markets. Several actions are being taken with regard to the San José-Santa Clara Clean Water Financing

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

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

Financial Status (Cont'd.)

Authority's bond financing. These actions required that a total of \$10.8 million from the Ending Fund Balance be set aside. Due to a downgrade of the surety bond policy used to meet the reserve requirement for the Authority's 2005A Bonds, \$5.4 million was taken from the Ending Fund Balance to fund the reserve requirement in January 2009. An additional \$1.7 million was used to fund a reserve requirement for the 2009A bonds currently being issued. These funds (\$7.1 million) will not be available to the San José/Santa Clara Treatment Plant Capital Fund until either the bonds mature or an alternate mechanism is found to fund the reserve requirement. Finally, provisions in the Standby Bond Purchase Agreement between the Authority and Depfa Bank would require the City to make principal amortization payments on the 2005B Bonds ahead of schedule if the Bonds are not refinanced. While staff anticipates that the 2005B bonds will be refinanced before principal amortization payments are required, \$3.7 million has been set aside in the event payments need to be made. If this money is not used to fund the principal amortization payments, approximately \$3.5 million will return to the Ending Fund Balance during 2008-2009, and the remaining balance will fund the increased interest rate on the bonds. As a result of these actions, reprioritization of projects or alternative funding mechanisms will be evaluated and

recommended as part of the upcoming Capital budget process.

Three capital projects are undergoing assessments which will push their construction schedule beyond the current fiscal year. The Digester Rehabilitation and Digester Gas Line Replacement projects are undergoing a pre-design study to explore the suitability of digesting alternate feedstock, including fats, oil and grease, and organic wastes. The study will also evaluate alternative technologies for heating and mixing the digesters, and options for integrating pre-digestion treatment and thickening of digester feedstocks. Staff anticipates that the study will conclude within 2008-2009, that the design phase will take place in 2009-2010, and that construction efforts will begin in 2010-2011. Because of the significant delay in these projects, this report recommends that \$15.9 million for the Digester Rehabilitation project and \$1.1 million for the Digester Gas Line project be returned to the Ending Fund Balance.

The Headworks Enhancement project, funded by the Plant Infrastructure Improvements appropriation, is also delayed. An assessment of the old headworks was necessary before commencement of design and construction, and is expected to be awarded during 2008-2009. Due to the delay, this report recommends that \$3.0 million for this project be returned to the Ending Fund Balance. The Environmental Services Department plans to bring this project forward in the upcoming Proposed Capital Improvement Program budget process, at the current amount, but with a revised timeline.

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(CONT'D.)**

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

Financial Status (Cont'd.)

The South Bay Water Reservoir Facility may be delayed beyond the current fiscal year, as negotiations with the City's partner in the project, the Santa Clara Water District, are still in process.

This report recommends an augmentation to the Alternative Disinfection project budget (\$500,000). This project funds an ongoing effort to expand and convert the existing sodium hypochlorite backup facilities into the primary source of disinfection, thereby eliminating the reliance upon the gaseous chlorine process. This augmentation captures savings realized in the project last year, and funds construction management.

This report also recommends the establishment of a Reserve for Electrical Reliability Improvements (\$5.3 million) to ensure sufficient funding for future years of the Plant Electrical Reliability project, approved in the 2008-2009 Capital Improvement Program. Tributary agencies have contributed \$1.7 million since 2007-2008 toward this reserve, with the balance (\$3.6 million) representing the City's share of the reserve.

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**WATER UTILITY SYSTEM**

Financial Status

The San José Municipal Water System provides water utility service, in accordance with the 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 Water Utility Fund.

Through December, fee collections in the Water Utility System Capital Fund totaled only \$104,000 or 12.8% of the budgeted amount for 2008-2009 (\$810,000). This fee revenue is tracking far below expected levels due to much lower than anticipated development activity. Service Connection, Meter Installation, and Advanced System Design fees are collected as reimbursements for actual expenditures. Expenditure savings in these categories will offset the overall fee revenue shortfall, however due to expenditure and payment patterns, it is unlikely that the full savings will be captured in the current fiscal year. Staff will continue to monitor these revenues and bring forward adjustments at year-end, if necessary.

Interest earnings in the Water Utility System Capital Fund totaled \$93,000 through December, or 98.9% of the budget estimate of \$94,000. Interest earnings are expected to exceed the budgeted amount due to higher than anticipated cash balance levels.

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

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

Financial Status (Cont'd.)

Transfers from the 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, the revenue, as well as interest income, may be used only for the construction of new facilities to service future

developments. Due to income from two projects, "The First" and "The America Center", fee collections totaled \$491,000 and have exceeded the budgeted amount for 2008-2009 (\$100,000). The revenue collected is set aside in a reserve for projects necessitated by system growth. Interest earnings totaled \$53,000 of the budgeted amount (\$72,000).

Expenditures in this program are tracking as estimated and are expected to end the year within the budgeted allocations.

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RECOMMENDED  
BUDGET ADJUSTMENTS AND  
CLEAN-UP ACTIONS

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

**Recommended Budget Adjustments**

This section of the Mid-Year Budget Review summarizes recommended budget adjustments and is broken down by General Fund and Special/Capital Funds. This section includes the following types of changes:

**General Fund**

**Required Technical/Rebalancing Actions** – This section recommends adjustments to expenditures and revenues that are either necessary for General Fund rebalancing/ending fund balance needs or are unavoidable due to previous City Council direction. The largest changes include: downward adjustments to departmental and non-departmental budgets to implement Cost/Position Management Plans (\$9.4 million) as described in detail directly following this overview; downward adjustments to General Fund revenue based on current collection trends and the impact of the severe economic recession (\$9.2 million); establishment of a 2008-2009 Ending Fund Balance in the General Fund (\$6.3 million) to set aside a portion of the ending fund balance assumed in the development of the 2009-2010 General Fund Forecast; elimination of the Street Maintenance Reserve (\$5.8 million) as a budget balancing solution; and implementation of the Traffic Capital Program rebalancing plan (\$3.5 million).

**Grants/Reimbursements** – These actions recognize new grant revenue or reimbursements from other agencies and appropriate the funds for these purposes (\$4.4 million).

**Development Fee Programs** – Actions are recommended to bring expenditures in line with adjusted revenue estimates. In the Fire Department's Development Fee Program, this includes a reduction to the Program's revenue estimate (\$1.0 million) offset by a decrease to the Personal Services appropriation through the elimination of three vacant positions (\$235,000) and a reduction to the Fire Fee Program Reserve (\$765,000). It should be noted that the Planning and Building Development Fee Programs are also experiencing significantly decreased activity and revenue. To address these shortfalls, the City Council approved a rebalancing plan for the Planning and Building Development Fee Programs on January 27, 2009 that reduced the Building revenue estimate by \$5.7 million, and Planning revenue by \$1.8 million, offset by a combination of expenditure reductions and use of reserves.

**2008-2009 Fiscal/Program Needs** – These recommended adjustments include current year actions to fund newly emerging, urgent budget issues such as increases to the Fire Department's Personal Services appropriation for special operations training (\$785,000), Fire Department retiree payouts (\$242,000), and Fire Department harassment/discrimination training (\$50,000); Parks, Recreation and Neighborhood Services Department senior nutrition matching funds (\$29,000); and Planning, Building and Code Enforcement Department fees for an affordable housing project (\$24,000).

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**RECOMMENDED BUDGET ADJUSTMENTS  
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(CONT'D.)**

**Recommended Budget Adjustments Overview (Cont'd.)**

**Special/Capital Funds**

**Special Fund Adjustments** – These actions rebalance programs to adjust for significantly lower revenue estimates or the inability to issue bonds at a favorable rate, recognize new grants and reimbursements, reflect changes in project and program allocations based on revised cost estimates, and establish a limited number of new projects and programs.

**Capital Fund Adjustments** – These actions rebalance programs to adjust for significantly lower revenue estimates in the current year, adjust capital allocations based on revised cost estimates and project timing, reallocate project funding to and from reserves, and establish a limited number of new projects to address current year needs.

**Clean-Up Actions**

**General Fund & Special/Capital Funds**

This section consists of clean-up actions for the General Fund and Special/Capital Funds based on ongoing review and monitoring of the budget through six months of the fiscal year. Revisions are required to technically correct existing appropriations or to implement salary and benefit changes that have been approved by the City Council in 2008-2009. The following types of adjustments are included:

**Fund Balance Reconciliations** – These actions revise the Beginning Fund Balance estimates in the 2008-2009 budget based on the final reconciliation included in the Comprehensive Annual Financial Report.

**Salary Program** – The 2008-2009 Salary Program includes net-zero appropriation adjustments to various departments and funds to reflect salary and benefit changes that became effective after the adoption of the 2008-2009 Operating Budget and the 2007-2008 Annual Report actions that were approved on October 21, 2008. The General Fund increases were all anticipated and are funded from the Salaries and Benefits Earmarked Reserve.

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(CONT'D.)**

**Clean-Up Actions** (Cont'd.)

**General Fund & Special/Capital Funds** (Cont'd.)

**Voluntary Furlough/Reduced Work Week Program** – These net-zero adjustments to various departments reflect implementation of the Voluntary Furlough/Special Reduced Work Week Program. Savings (\$416,000 in the General Fund, \$1,147,000 in all funds) are generated from employees taking unpaid time off (up to 45 hours) without the loss of accrued benefits (vacation, sick leave, and seniority) or reducing their weekly scheduled hours by as much as eight hours per week during the year. A portion (\$300,000) of this savings was assumed in the development of the 2008-2009 Adopted Operating Budget and was temporarily funded from the Salary Reserve. The actions reflected here remove the funds from the departments and restore the savings to the Salaries and Benefits Earmarked Reserve. The General Fund savings (\$116,000) above the amount assumed in the 2008-2009 Adopted Operating Budget are recommended to be used for General Fund rebalancing/ending fund balance needs.

**Overhead Adjustments** – Net-zero overhead adjustments are recommended to align budgeted overhead with the salary program and furlough/reduced workweek adjustments. The recommended actions are primarily offset by fund balances in special and capital funds.

**Net-Zero Transfers/Reallocations** – These actions include net-zero transfers between appropriations and funds, redistributing funding to accurately reflect previously-approved budget actions.

**Cost/Position Management Plans**

Contained in this document is the recommended implementation of 2008-2009 Cost/Position Management Plans. In response to the preliminary projected General Fund shortfall of \$60-\$65 million for 2009-2010, departments (in coordination with appropriate City Service Areas (CSA)) were assigned current year Cost/Position Management Plan (CPMP) reduction targets to achieve 2008-2009 General Fund cost savings with the least impact on City services. All General Fund departments were assigned a 3% target (applied to their adjusted base budget), with the exception of the Fire Department, the Police Department, and the Office of Emergency Services. These Public Safety departments and office were assigned a 1% target. These plans were intended to (1) generate additional savings as a means of helping to achieve the 2008-2009 Ending Fund Balance estimate of \$16.5 million that was assumed in the 2009-2010 Preliminary General Fund Forecast and (2) to preserve position vacancies in all funding sources to provide redeployment flexibility and minimize, to the extent possible, employee layoffs in the coming

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(CONT'D.)**

**Cost/Position Management Plans** (Cont'd.)

year. With approval of the recommendations contained in this report, a total of \$9.4 million in cumulative General Fund savings is proposed to be achieved by year-end. These savings will be generated from departmental personal services (\$7.1 million), non-personal/equipment (\$1.6 million), and various non-departmental General Fund (\$700,000) appropriations. The identified savings are recommended to be removed from each department's appropriations in this document. As detailed in this section, these savings will be utilized towards building the 2008-2009 Ending Fund Balance appropriation in the General Fund and for rebalancing actions necessary at Mid-Year as a result of steeper than previously anticipated General Fund revenue declines. Specific information, detailed by CSA and department, regarding the proposed implementation of 2008-2009 Cost/Position Management Plans is provided below.

*Community and Economic Development CSA*

Cost/Position Management Plan actions proposed in the Community and Economic Development CSA, which is comprised of the following Departments: Economic Development, Housing, and portions of the Fire, Planning, Building and Code Enforcement (PBCE), and Public Works Departments, would generate \$107,000 in General Fund savings. The portions of the PBCE, Public Works, and Fire Department Budgets that are in this CSA are largely funded by development fees and, although contained in the General Fund, are accounted for separately and are not considered available for General Fund uses. Rebalancing actions for the Fire Department Development Fee Program are necessary due to the economic downturn and are discussed elsewhere in this document. At the January 27, 2009 City Council meeting, rebalancing actions for PBCE will be considered due to steep declines in development fee revenue generated this year. The Housing Department, which is funded entirely from special restricted funding sources, will be holding two positions vacant this year as potential placement opportunities. PBCE will achieve its overall CPMP savings target of \$129,000 through reductions in the Neighborhood Services CSA. The \$107,000 that will be generated in this CSA is expected to be achieved primarily through positions which were vacant the first half of the year in the Office of Economic Development and by reducing overtime and temporary staffing in Arts and Cultural Development. No service or performance level impact is anticipated from these actions.

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(CONT'D.)**

**Cost/Position Management Plans** (Cont'd.)

*Environmental and Utility Services CSA*

The Environmental and Utility Services CSA, which is comprised of the Environmental Services Department (ESD) and the Department of Transportation (DOT), will generate \$13,000 in General Fund savings from the CPMPs if the actions proposed in this document are approved. Since DOT does not have a General Fund budget in this CSA, they did not have a reduction target to achieve and the CPMP savings generated by DOT are discussed in the Transportation and Aviation CSA. Therefore, the entire \$13,000 is generated by ESD which has a very small General Fund budget. The savings will be realized through a non-personal/equipment reduction to funding that was intended for Arena Monitoring and Reporting. Securing consultant services at a lower-than expected cost, preparing reports in-house, and delaying indoor air monitoring until the second half of 2009 will allow the Department to achieve this reduction.

*Neighborhood Services CSA*

The Neighborhood Services CSA is comprised of the Parks, Recreation and Neighborhood Services, Library, and portions of the General Services and PBCE Departments. Approval of the actions proposed in this CSA would generate \$2,283,000 in General Fund savings. These savings will primarily be realized through positions which were vacant the first half of the year and maintaining current vacancies (15.59 positions), shifting the cost of General Fund positions to other appropriate funding sources, and reducing overtime and non-personal/equipment expenditures. A summary of the proposed Neighborhood Services CSA Cost/Position Management Plan is outlined below:

- **Library** – \$776,000 in savings will be generated by a one-time shift in the cost of General Fund Library positions to the Library Parcel Tax Fund. No direct public services will be impacted as a result of this reduction; however fewer dollars will be available in the Library Parcel Tax Fund for library materials and automation projects in the future.
- **Planning, Building and Code Enforcement** – \$132,000 will be generated by continuing to hold a Code Enforcement Inspector vacant that was budgeted to support the Weed and Seed Program, and not purchasing a car for this position. This position was added as part of the Mayor's June 2008 Budget Message but was never filled. Existing staff will continue to respond to resident complaints in Council Districts 5 and 8.

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**Cost/Position Management Plans** (Cont'd.)

*Neighborhood Services CSA (Cont'd.)*

- **General Services** – \$30,000 will be generated from a reduction to the overtime budget (\$15,000) and non-personal/equipment budget (\$15,000) for the Animal Care and Services program. The non-personal/equipment reduction will result in less print and radio advertising for spring adoption events, and reduce funds available for printing costs for information/educational handouts. This \$5,000 reduction to the marketing allocation represents a 25% reduction in this category. The remaining reduction to non-personal/equipment of \$10,000 will reduce the training allocation to \$9,700. Training will be limited to include arrest and firearm training for Animal Service Officers and euthanasia certification for required staff.
- **Parks, Recreation and Neighborhood Services Department** – \$1,404,000 in savings will be generated. The following list contains the highlights from the PRNS plan:
  - Holding 4.5 part-time Recreation Leaders vacant (\$151,000) and reducing non-personal/equipment (\$350,000). The part-time Recreation Leaders positions support the Roosevelt and Mayfair Community Centers, which are not yet fully operational. No impacts are anticipated as a result. The majority of the non-personal/equipment reduction will also be at these new community centers, and no programmatic impacts are anticipated as the Fixtures, Furnishings & Equipment budget is sufficient to furnish start-up costs.
  - Holding 5.09 part-time positions (\$235,000) in various program areas, including the aquatics program, vacant. Holding these positions vacant will not create a reduction in health and safety issues or reduce services by perceivable levels.
  - Shifting the cost of a Staff Specialist from the Safe Schools Campus Initiative Program to the BEST Program, due to a vacancy in the BEST Program (\$80,000). There will be no programmatic impact to the Safe Schools Campus Initiative as a result of this shift due to the administrative nature of the position.
  - Holding 4.0 positions that support Neighborhood Parks and the Anti-Litter programs (\$228,000) vacant. Health and safety checks and prompt graffiti removal will continue, however litter pickup, weed abatement, grounds maintenance, and equipment repairs may not be completed as quickly as a result.
  - Realizing \$165,000 in vacancy savings from several administrative positions which were vacant for portions of this year or will be held vacant for portions of the second half of 2008-2009. In addition, the parks maintenance overtime budget will be reduced by \$88,000.

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(CONT'D.)**

**Cost/Position Management Plans** (Cont'd.)

*Public Safety CSA*

Approval of the proposed actions in the Public Safety CSA, which is comprised of the Emergency Services, Fire, Independent Police Auditor, and Police Departments, would generate \$3,634,000 in General Fund savings. These savings would primarily be realized through positions that were vacant the first half of the year, maintaining current vacancies (15.5 positions), deferring Fire academies, and reducing non-personal/equipment expenditures. While the reductions included in the Cost/Position Management Plans may have service level implications, in most cases the negative effects from the reductions have already been realized as the positions have been vacant. The actions recommended in the Cost/Position Management Plan for this CSA are summarized below:

- **Emergency Services** – \$5,000 in savings will be generated through non-personal/equipment savings identified in supplies and travel. The Office anticipates minimal service impacts.
- **Fire** – \$1,184,000 in savings will be generated from the cancellation of one of three budgeted Fire Fighter Recruit academies and redeployment of sworn positions managing academies to line duties (\$665,000) and cancellation of two Fire Engineer academies (\$519,000). These academies could not be held regardless of whether they were included in this Plan due to outstanding administrative processes (background checks and testing material acquisition). Through December, the Fire Department had 166 front-line Fire Fighter Paramedics, compared to the 157 that are necessary to fully staff all apparatus. The 24 Recruits that graduated in November 2008 will be available to fill vacancies when they are accredited, anticipated by March 2009. The Department projects that it will be able to maintain the target staffing level of 157 front-line Firefighter Paramedics. For the Fire Engineer academies, a new promotional list triggered processes to comply with MOA and civil service rules. With the resulting resources and timeline required, no Fire Engineer Academy could be conducted before June 30, 2009. At this time, the Department anticipates conducting two Fire Engineer academies in August 2009 to fill anticipated Fire Engineer vacancies. Until these are filled, higher overtime costs would result from backfilling vacancies with overtime, offset by vacancy savings. The Department will manage its minimum staffing levels to maintain service levels within its existing appropriation.
- **Independent Police Auditor** – \$26,000 in savings will be generated through vacancy savings from the Independent Police Auditor position. The position became vacant on January 1, 2009 and it is not anticipated that a new Independent Police Auditor will be hired until March or April of 2009.

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(CONT'D.)**

**Cost/Position Management Plans** (Cont'd.)

*Public Safety CSA (Cont'd.)*

- **Police Department** – \$2,419,000 in savings will be generated. The following list contains the highlights from the Police plan:
  - \$1,670,000 in vacancy savings from the Public Safety Dispatching Unit. Ten positions were vacant during the first half of the year, although they have since been filled. The Department anticipates filling nine of 19 remaining vacant positions in 2008-2009. Current levels of service will be maintained, with funding for overtime to cover the 24-hour demands of this until achieved through departmental vacancy savings.
  - \$444,000 in vacancy savings from the Department's Records Unit. Four positions were vacant during the first half of the year and have since been filled. The Department anticipates filling only one of the five and a half remaining vacant positions in 2008-2009. The Department also anticipates it will have enough savings at the end of 2008-2009 to rebudget \$300,000 that was allocated to help with the backlog in the records unit to 2009-2010. Current levels of service will be maintained; however, some backlog in records will continue into 2009-2010.
  - \$203,000 in vacancy savings from various positions in the department that were only recently filled or are anticipated to be filled by spring 2009.
  - \$70,000 in vacancy savings from a Supervising School Crossing Guard that will be held vacant for the remainder of 2008-2009. Current levels of service will be maintained with two supervisors to oversee the crossing guard program.
  - \$32,000 in savings from the January 2009 Recruit Academy having fewer recruits (50) than budgeted (63).

*Transportation and Aviations Services CSA*

Approval of actions recommended in the Transportation and Aviation Services CSA, whose partners include the Department of Transportation (DOT) and the Airport Department, would generate a total of \$728,000 in General Fund savings. These savings would be achieved wholly by the DOT since the Airport has no expenditures carried in the General Fund (the Airport funds, however, have their own set of fiscal issues being addressed in this document and discussion of these can be found in the Status of Selected Special Funds). The proposed savings in the DOT result from reducing funding in various maintenance backlog projects and non-personal/equipment funding in traffic maintenance. The following list contains the highlights from the DOT plan:

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**Cost/Position Management Plans** (Cont'd.)

*Transportation and Aviations Services CSA (Cont'd.)*

- \$375,000 will be generated from a reduction to the Maintenance Backlog – Traffic Sign Replacement project. This reduction will result in fewer traffic sign replacements (approximately 15,000 traffic signs over a three-year period). \$250,000 will remain in the appropriation to replace 10,000 traffic signs at the end of this year. The City is currently meeting the recommended replacement schedule of 10,000 signs annually, and with the remaining replacements this year, the current condition of the City's traffic signs will be at an acceptable level.
- \$180,000 will be generated by a reduction to the non-personal/equipment budget in traffic maintenance, which represents approximately 10% of traffic maintenance funding. A portion of this funding was budgeted for unanticipated streetlight outages, which will result in a delay in repairing non-safety related outages. The reduction will also result in the deferral of approximately 1,200 traffic and street name signs, representing a 12% reduction from the level of signs currently being preventatively maintained. Lastly, this reduction will result in the deferral of approximately 69,000 square feet of roadway markings (approximately 7%) of the 1 million square feet of roadway markings that are currently being preventatively maintained.
- \$98,000 will be generated from a reduction to the Maintenance Backlog – Neighborhood Appearance project which will result in approximately 30-40 fewer replacements of the City's oldest streetlight poles. The department will still have remaining funding to replace old streetlight poles in the event of an emergency.
- \$55,000 will be generated from the Maintenance Backlog – Transportation Infrastructure project which will result in fewer installations of approximately 13,750 raised pavement markers (buttons). \$45,000 will remain in the appropriation for the installation of approximately 11,250 markers. No safety impacts are anticipated to occur from this reduction as roadway striping remains a priority.
- \$20,000 will be generated from the Maintenance Backlog – Safety Enhancements project which will result in less timely repairs of streetlight outages in the winter months. Streetlight repair requests are currently completed within two weeks and this reduction will delay the completed repair time by one to two days. Streetlight repairs will be prioritized to ensure those with safety implications are completed first.

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**RECOMMENDED BUDGET ADJUSTMENTS  
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(CONT'D.)**

**Cost/Position Management Plans** (Cont'd.)

*Strategic Support CSA*

Approval of actions recommended in the Strategic Support CSA, which is comprised of the Finance, General Services, Human Resources, Information Technology, and Public Works Departments, would generate \$1,699,000 in General Fund savings. These savings would be realized through vacancy savings from the first half of the year, maintaining current vacancies (10.5 positions), as well as reducing overtime, vehicle replacement, and non-personal/equipment expenditures. The actions proposed in the Cost/Position Management Plan for this CSA are summarized below:

- **Finance** – \$ 316,000 in savings will be generated from holding an Accountant II position vacant, salary savings resulting from various vacancies throughout the year, and non-personal/equipment savings. Due to these vacancies, certain tasks such as technical support for database development and PeopleSoft query reporting have been temporarily reassigned to other staff creating delays in their other duties. Service level impacts have been mitigated through the utilization of temporary staffing resources.
- **General Services** – \$595,000 in savings will be generated through a combination of Personal Services (\$257,000), Non-Personal/Equipment (\$262,000), and Vehicle Replacement (\$76,000) reductions. Personal Services savings will be achieved by holding a Deputy Director position, a Custodian, and an Assistant to the Director position vacant, as well as a reduction to the Department's overtime allocation. Service level implications resulting from this reduction include reduced management oversight and less coordination of department-wide and city-wide issues. Non-personal/equipment savings will be generated through reductions in the Department's training and contractual services allocations. Service level implications resulting from these reductions include delayed preventative maintenance services, the removal of plants at City Hall, and the elimination of the University of California, Santa Cruz Peregrine Falcon Contract. The City will continue to provide staff support and web streaming services during the breeding season, and donations and sponsorships will be sought to mitigate any impacts from the elimination of the falcon contract. Savings will also be generated through a reduction to the non-public safety vehicle replacements. No service level impacts are anticipated as a result of this reduction.

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**Cost/Position Management Plans** (Cont'd.)

*Strategic Support CSA (Cont'd.)*

- **Human Resources** – \$219,000 in savings will be generated by holding a Senior Analyst and two Analyst II positions vacant. Service level impacts include a slight reduction to current service levels in supervision, city-wide recruitment support, and general analytical support. The majority of these duties have been absorbed by current staff to the extent possible.
- **Public Works** – \$76,000 will be generated through a reduction in non-personal/equipment expenditures. Travel and training will be limited to legally mandated circumstances with minimal impacts anticipated.
- **Information Technology** – \$463,000 will be generated by continuing to hold four positions vacant (\$187,000) and reducing non-personal/equipment expenditures (\$276,000). Service level impacts from holding vacant an Information Systems Analyst, a Supervising Applications Analyst, a Program Manager II, and a part-time Senior Systems Applications Programmer include a continuation of the current service levels with increased customer wait times related to the HelpDesk and Desktop Support functions, delay in server-related projects such as migration of key applications from Unix to Windows, continued lack of city-wide coordination of Geographic Information System (GIS) efforts, and a one month delay in preparation for the implementation of the new Happy Hollow Park and Zoo ticketing/payment system which will not affect the opening schedule. No service-level impacts are anticipated from the non-personal/equipment reductions.

The Cost/Position Management Plans for the Mayor, City Council and Appointees, which have been reviewed by the Mayor's Budget Office, would achieve \$882,000 in General Fund savings. These savings would be realized through vacancy savings achieved through the first half of the year, unpaid leaves of absences, as well as reducing non-personal/equipment expenditures. The actions included in the Cost/Position Management Plan are summarized below:

- **City Attorney** – \$236,000 will be generated through salary savings as a result of unpaid leaves of absences, and vacancy savings. Much of the negative effects resulting from these reductions have already been realized; therefore, minimal future service level impacts are anticipated.

**2008-2009  
MID-YEAR BUDGET REVIEW  
Section III**

**RECOMMENDED BUDGET ADJUSTMENTS  
AND CLEAN-UP ACTIONS  
(CONT'D.)**

**Cost/Position Management Plans** (Cont'd.)

*Strategic Support CSA (Cont'd.)*

- **City Auditor** – \$81,000 will be generated through salary savings as well as vacancy savings from the first half of the year.
- **City Clerk** – \$76,000 will be generated from not filling a Legislative Secretary position. This position, which is funded through the Sunshine Reform Taskforce appropriation, has never been filled; therefore, minimal service level impacts are anticipated.
- **City Manager** – \$329,000 will be generated through salary savings as a result of unpaid leaves of absences, vacancy savings achieved through the first half of the year, and non-personal/equipment expenditure savings. These reductions are expected to have minimal impacts to current service levels.
- **Mayor/City Council** – \$160,000 will be generated through a combination of personal services and non-personal/equipment savings. Service level impacts will be determined separately by the Mayor's Office and each of the City Council Offices.

## General Fund Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>9-1-1 Call Center Furniture, Fixtures, and Equipment</i></b>	POLICE		(\$200,000)	
<p>In the 2008-2009 Adopted Budget, \$1,071,000 was transferred from the Emergency Communication System Support (ECSS) Fee Fund to the Police Department's Non-Personal/Equipment appropriation to purchase Furniture, Fixtures, and Equipment for the 9-1-1 Call Center remodel. This action reduces the remodel project appropriately to capture \$200,000 of project savings to be transferred back to the ECSS Fee Fund as the use of this funding is restricted to emergency communications related purposes. Another \$32,000 in projected savings will remain in the Police Department to fund any unforeseen overages in the remodel project. Any final remaining funds at year-end will be transferred to the ECSS Fee Fund.</p>				
<b><i>9-1-1 Call Center-Transfer to Emergency Commun Sys Supp Fee Fd</i></b>	TRANSFERS		\$200,000	
<p>This action establishes the transfer from the General Fund to the Emergency Communication System Support (ECSS) Fee Fund (Fund 154) of the savings from the Furniture, Fixtures, and Equipment for the 9-1-1 Call Center remodel project described above.</p>				
<b><i>Arts Stabilization Flexible Fund</i></b>	CITY-WIDE EXPENSES		\$71,727	
<p>Recognizes and appropriates interest earnings from July 1, 2008 through February 10, 2009 to the Arts Stabilization Flexible Fund. Per City Council policy, interest earnings related to the Arts Stabilization Loan Fund/Flexible Funds are to be retained and allocated to the Flexible Fund. Amendments to the Arts Stabilization Loan Fund Guidelines are recommended under a separate City Council memorandum and one of the recommendations is to discontinue the practice of automatic increases to this fund, but rather have funding needs evaluated in the annual budget process.</p>				
<b><i>Auditorium and CPA Rental Payments</i></b>	CITY-WIDE EXPENSES		(\$24,501)	
<p>Reduces funding for the Auditorium and CPA Rental Payments appropriation. A comprehensive review of carryover funds in City-Wide Expenses and Capital Contributions appropriations has been completed. It has been determined that a portion of the funding remaining for this project is no longer necessary and will have no service level impact. The savings are recommended for General Fund rebalancing/ending fund balance needs.</p>				
<b><i>City's Storm Fees Liability</i></b>	CITY-WIDE EXPENSES		\$42,413	
<p>Provides additional funding for the Storm Fees appropriation. Due to a 30% fee increase that was approved as part of the 2008-2009 Adopted Budget, the City's liability for storm fees on City properties requires adjustment. This would increase the allocation from \$153,850 to \$196,263.</p>				

## General Fund Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<i>City-Wide Sidewalk Repairs (Grants)</i>	CAPITAL PROJECTS		(\$53,000)	
<p>Reduces funding for City-Wide Sidewalk Repairs grants in the amount of \$53,000. A comprehensive review of carryover funds in City-Wide Expenses and Capital Contributions appropriations has been completed. It has been determined that a portion of the funding remaining for this project is no longer necessary and will have no service level impact. The savings are recommended for General Fund rebalancing/ending fund balance needs.</p>				
<i>Commercial Solid Waste (Payment to School Districts)</i>	CITY-WIDE EXPENSES		\$430,209	\$218,311
<p>Increases the Commercial Solid Waste Fees from Solid Waste Service to Public Schools appropriation by \$430,209 to pay public school districts that have executed Waste Reduction and Recycling Cooperation Agreements with the City. Per these agreements, the City returns commercial solid waste fees remitted to the City by haulers from July 1, 2007 through November 1, 2008 to eligible school districts. In December 2008, funds of \$1.4 million were appropriated for payments to eligible school districts. After further review, staff has determined that there is an additional \$430,209 in potential payments to school districts. Of this amount, school districts are currently eligible for \$349,734 in payments. The balance (\$80,475) represents the City's liability if additional school districts execute Waste Reduction and Recycling Cooperation Agreements. It is recommended that this increase be offset by: 1) decreasing the Environmental Services General Fund Personal Services (\$102,360) and Non-Personal/Equipment (\$109,538) appropriations; 2) increasing the Integrated Waste Management Fund's (IWM) transfer to the General Fund for Commercial Solid Waste AB939 fees remitted for solid waste service to schools in the IWM fund (\$60,775); and 3) recognizing additional revenue and increasing the Other Revenue estimate for Commercial Solid Waste fees remitted by Allied Waste Services of North America for solid waste service provided to public school districts from January to October 2008 (\$157,536).</p>				
<i>Commercial Solid Waste (Reallocation)</i>	ENVIRONMENTAL SERVICES		(\$211,898)	
<p>Allocates savings from the Environmental Services General Fund Personal Services (\$102,360) and Non-Personal/Equipment (\$109,538) appropriations to help offset the additional costs associated with the Commercial Solid Waste Fees from Solid Waste Service to Public Schools appropriation as described above.</p>				
<i>Cost/Position Management Plans Savings</i>	CITY ATTORNEY		(\$236,359)	
<i>Cost/Position Management Plans Savings</i>	CITY AUDITOR		(\$80,689)	
<i>Cost/Position Management Plans Savings</i>	CITY MANAGER		(\$329,407)	

## General Fund Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<i>Cost/Position Management Plans Savings</i>	ECONOMIC DEVELOPMENT		(\$107,063)	
<i>Cost/Position Management Plans Savings</i>	EMERGENCY SERVICES		(\$5,415)	
<i>Cost/Position Management Plans Savings</i>	ENVIRONMENTAL SERVICES		(\$12,503)	
<i>Cost/Position Management Plans Savings</i>	FINANCE		(\$315,661)	
<i>Cost/Position Management Plans Savings</i>	FIRE		(\$1,183,446)	
<i>Cost/Position Management Plans Savings</i>	GENERAL SERVICES		(\$548,989)	
<i>Cost/Position Management Plans Savings</i>	HUMAN RESOURCES		(\$218,959)	
<i>Cost/Position Management Plans Savings</i>	INDEPENDENT POLICE AUDITOR		(\$25,985)	
<i>Cost/Position Management Plans Savings</i>	INFORMATION TECHNOLOGY		(\$462,894)	
<i>Cost/Position Management Plans Savings</i>	LIBRARY		(\$775,954)	
<i>Cost/Position Management Plans Savings</i>	PARKS, REC AND NEIGH SVCS		(\$1,404,235)	
<i>Cost/Position Management Plans Savings</i>	PLAN, BLDG AND CODE ENF		(\$128,831)	
<i>Cost/Position Management Plans Savings</i>	POLICE		(\$2,419,492)	
<i>Cost/Position Management Plans Savings</i>	PUBLIC WORKS		(\$76,335)	
<i>Cost/Position Management Plans Savings</i>	TRANSPORTATION		(\$180,000)	

## General Fund Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<i>Cost/Position Management Plans Savings-Sunshine Reform</i>	CITY-WIDE EXPENSES		(\$75,949)	
<i>Cost/Position Management Plans Savings/CD #1</i>	MAYOR & COUNCIL		(\$5,690)	
<i>Cost/Position Management Plans Savings/CD #10</i>	MAYOR & COUNCIL		(\$5,690)	
<i>Cost/Position Management Plans Savings/CD #2</i>	MAYOR & COUNCIL		(\$5,690)	
<i>Cost/Position Management Plans Savings/CD #3</i>	MAYOR & COUNCIL		(\$5,690)	
<i>Cost/Position Management Plans Savings/CD #4</i>	MAYOR & COUNCIL		(\$5,690)	
<i>Cost/Position Management Plans Savings/CD #5</i>	MAYOR & COUNCIL		(\$5,690)	
<i>Cost/Position Management Plans Savings/CD #6</i>	MAYOR & COUNCIL		(\$5,690)	
<i>Cost/Position Management Plans Savings/CD #7</i>	MAYOR & COUNCIL		(\$5,690)	
<i>Cost/Position Management Plans Savings/CD #8</i>	MAYOR & COUNCIL		(\$5,690)	
<i>Cost/Position Management Plans Savings/CD #9</i>	MAYOR & COUNCIL		(\$5,690)	
<i>Cost/Position Management Plans Savings/Council General</i>	MAYOR & COUNCIL		(\$73,062)	
<i>Cost/Position Management Plans Savings/Mayor</i>	MAYOR & COUNCIL		(\$30,321)	
<i>Cost/Position Mgt Plan Savings-Maint Backlog/Neigh Appearance</i>	CAPITAL PROJECTS		(\$98,062)	

## General Fund Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<i>Cost/Position Mgt Plan Savings-Maint Backlog/Safety Enhancements</i>	CAPITAL PROJECTS		(\$20,000)	
<i>Cost/Position Mgt Plan Savings-Maint Backlog/Traff Safety Replace</i>	CAPITAL PROJECTS		(\$375,000)	
<i>Cost/Position Mgt Plan Savings-Maint Backlog/Trans Infrastructure</i>	CAPITAL PROJECTS		(\$55,000)	
<i>Cost/Position Mgt Plan Savings-Transf to Vehicle Maint and Op Fnd</i>	TRANSFERS		(\$75,647)	
<p>Decreases the Transfer to the Vehicle Maintenance and Operations Fund by \$75,647. Funds were provided for the replacement of non-public safety vehicles; however, due to savings resulting from a City Council approved action to replace sixteen in-service sedans in the Planning, Building and Code Enforcement Department with more fuel-efficient hybrid models using fee-generated funds, this funding is no longer necessary. The sedans replaced by this action will remain in service and be used to replace older, less reliable sedans that had been previously included on the current year vehicle replacement list. A corresponding decrease in the Transfer to the Vehicle Maintenance and Operations Fund is recommended elsewhere in this document.</p>				
<i>Emergency Response and Preparedness (Grant Advance Funding)</i>	CITY-WIDE EXPENSES		(\$100,000)	
<p>Reduces funding for the Emergency Response and Preparedness appropriation. A comprehensive review of carryover funds in City-Wide Expenses and Capital Contributions appropriations has been completed. It has been determined that a portion of the funding remaining for this project is no longer necessary and will have no service level impact. The savings are recommended for General Fund rebalancing/ending fund balance needs.</p>				
<i>Ending Fund Balance</i>	EARMARKED RESERVES		\$6,280,417	
<p>Establishes a 2008-2009 Ending Fund Balance in the General Fund. A total of \$16.5 million in 2008-2009 Ending Fund Balance was assumed as part of the 2009-2010 Preliminary General Fund Forecast. The funding for this action is available as the cumulative result of the various actions described in this section as "rebalancing/ending fund balance needs" and from a portion of cost/position management plan savings. This proposal, combined with liquidation of carryover encumbrance actions described elsewhere in this document, would set aside approximately 50% of the required need at mid-year.</p>				

## General Fund Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<p><b><i>Grand Prix Closeout Costs</i></b></p> <p>Reduces funding for the Grand Prix Closeout Costs appropriation. A comprehensive review of carryover funds in City-Wide Expenses and Capital Contributions appropriations has been completed. It has been determined that a portion of the funding remaining for this project is no longer necessary and will have no service level impact. The savings are recommended for General Fund rebalancing/ending fund balance needs.</p>	CITY-WIDE EXPENSES		(\$120,000)	
<p><b><i>Hoffman/Via Monte Center (Lease Payments)</i></b></p> <p>Reduces funding for the Hoffman/Via Monte Center appropriation. A comprehensive review of carryover funds in City-Wide Expenses and Capital Contributions appropriations has been completed. It has been determined that a portion of the funding remaining for this project is no longer necessary and will have no service level impact. The savings are recommended for General Fund rebalancing/ending fund balance needs.</p>	CITY-WIDE EXPENSES		(\$370,000)	
<p><b><i>Los Lagos Golf Course Netting</i></b></p> <p>Reduces funding for the Los Lagos Golf Course Netting appropriation. A comprehensive review of carryover funds in City-Wide Expenses and Capital Contributions appropriations has been completed. It has been determined that a portion of the funding remaining for this project is no longer necessary and will have no service level impact. The savings are recommended for General Fund rebalancing/ending fund balance needs.</p>	CITY-WIDE EXPENSES		(\$31,092)	
<p><b><i>Maint Backlog-Street Surface Resurfacing (Story Rd &amp; Leigh Ave)</i></b></p> <p>Decreases the Maintenance Backlog - Street Surfacing Resurfacing (Story Rd &amp; Leigh Ave) project to offset reduced transfers to the General Fund as part of the rebalancing actions in the Traffic Capital Program as a result of significantly reduced revenues in the Construction Excise Tax Fund. The City has been approved to receive \$14.6 million in Prop 1B funds for pavement maintenance; however, the State has frozen these funds until the State's cash flow crisis and budget deficit have been addressed. The pavement maintenance on these two locations were originally scheduled for completion next fiscal year, and staff is anticipating that when the Prop 1B funds will be released, the project will be funded by these funds instead.</p>	CAPITAL PROJECTS		(\$2,293,000)	

## General Fund Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>Mexican Heritage Plaza Facility Use Consultant</i></b>	CITY-WIDE EXPENSES		(\$50,000)	
<p>Reduces funding for the Mexican Heritage Plaza Facility Use Consultant appropriation. A comprehensive review of carryover funds in City-Wide Expenses and Capital Contributions appropriations has been completed. It has been determined that a portion of the funding remaining for this project is no longer necessary and will have no service level impact. The savings are recommended for General Fund rebalancing/ending fund balance needs.</p>				
<b><i>Northside Community Center</i></b>	CAPITAL PROJECTS		(\$40,000)	
<p>Reduces funding for Northside Center in the amount of \$40,000. A comprehensive review of carryover funds in City-Wide Expenses and Capital Contributions appropriations has been completed. It has been determined that a portion of the funding remaining for this project is no longer necessary and will have no service level impact. The savings are recommended for General Fund rebalancing/ending fund balance needs.</p>				
<b><i>Planning Area Studies</i></b>	CITY-WIDE EXPENSES		(\$18,750)	
<p>Reduces funding for the Planning Area Studies appropriation. A comprehensive review of carryover funds in City-Wide Expenses and Capital Contributions appropriations has been completed. It has been determined that a portion of the funding remaining for this project is no longer necessary and will have no service level impact. The savings are recommended for General Fund rebalancing/ending fund balance needs.</p>				
<b><i>Relocation of Stockton Warehouse Artifacts</i></b>	CITY-WIDE EXPENSES		(\$23,000)	
<p>Reduces funding for the Relocation of Stockton Warehouse Artifacts appropriation. A comprehensive review of carryover funds in City-Wide Expenses and Capital Contributions appropriations has been completed. It has been determined that a portion of the funding remaining for this project is no longer necessary and will have no service level impact. The savings are recommended for General Fund rebalancing/ending fund balance needs.</p>				
<b><i>Revenue Adjustment - Departmental Charges</i></b>	REVENUE ADJUSTMENTS			(\$500,000)
<p>A decrease of \$500,000 to the Department Charges revenue estimate is recommended to reflect the following: lower Business Tax Administration Fee revenue (\$400,000) based on a revised estimate of the number of active Business Tax accounts; and lower Planning Fee revenue associated with lost overhead (\$100,000).</p>				
<b><i>Revenue Adjustment - Fines, Forfeitures, and Penalties</i></b>	REVENUE ADJUSTMENTS			(\$800,000)
<p>A decrease of \$800,000 to the Fines, Forfeitures, and Penalties revenue estimate is recommended to reflect current collection trends and to correct a prior year over-accrual.</p>				

## General Fund Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>Revenue Adjustment - Licenses and Permits</i></b>				(\$526,900)
	REVENUE ADJUSTMENTS			
A decrease of \$526,900 to the Licenses and Permits revenue estimate is recommended to reflect lower Business Tax revenues (down \$1.0 million), higher Cardroom Tax revenues (up \$1.0 million), loss of Building (\$200,000) and Fire (\$150,650) Permit revenue associated with lost overhead, and lower Cardroom Table Fees (\$176,250).				
<b><i>Revenue Adjustment - Property Tax</i></b>				(\$875,000)
	REVENUE ADJUSTMENTS			
A decrease of \$875,000 to the Property Tax revenue estimate is recommended to reflect lower projected revenue from Secured Property Taxes. Based on information from the County of Santa Clara Controller-Treasurer's Office, Secured Property Tax collections are expected to reach \$191.2 million, which is slightly below the adopted estimate of \$192.1 million.				
<b><i>Revenue Adjustment - Revenue from Local Agencies</i></b>				\$981,582
	REVENUE ADJUSTMENTS			
An increase of \$905,000 to the Revenue from Local Agencies revenue estimate is recommended to reflect the following: higher than projected Central Fire District payments (\$900,000) due to a true-up payment from 2007-2008; reimbursement from Santa Clara County for Police Crossing Guard services (\$76,582); and a City of Sunnyvale Regional Innovation Grant (\$5,000).				
<b><i>Revenue Adjustment - Revenue from the State of California</i></b>				(\$380,000)
	REVENUE ADJUSTMENTS			
A decrease of \$380,000 to the Revenue from the State of California revenue estimate is recommended to reflect the following: lower Motor Vehicle In-Lieu revenue based on the significant declines experienced this year (\$2,146,000); lower Public Library Fund grant revenue (\$34,000) based on a revised estimate from the State; and higher Airplane In-Lieu payments (\$1,800,000) based on actual collections.				
<b><i>Revenue Adjustment - Sales Tax</i></b>				(\$6,223,000)
	REVENUE ADJUSTMENTS			
A decrease of \$6,223,000 to the Sales Tax revenue estimate is recommended to reflect a \$6 million reduction to the General Sales Tax estimate and a \$223,000 reduction to the Proposition 172 Sales Tax estimate. The 2008-2009 Adopted Budget allows for a 1% decline in Sales Tax revenues from the 2007-2008 collection level. This downward adjustment would bring the budgeted decrease to 5% in 2008-2009 and would allow declines of approximately 6.5% in each of the remaining three quarters of the fiscal year.				

## General Fund Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>Revenue Adjustment - Transfers and Reimbursements</i></b>	REVENUE ADJUSTMENTS			\$1,186,560
An increase of \$1,186,560 to the Transfers and Reimbursements revenue estimate is recommended to reflect the following: an increase to Airport Overhead (\$2.1 million) based on the final 2008-2009 overhead rates; a decrease to the Gas Tax estimate (\$500,000) based on current collection trends; a decrease to the Parks Construction and Conveyance (C&C) Tax Fund Transfer (\$390,000) based on lower C&C revenues of which the General Fund receives a portion for maintenance activities; and a decrease to the Transfer from the Airport Operations and Maintenance Fund for Police Services (\$51,000) to reflect the true-up of 2007-2008 costs.				
<b><i>Revenue Adjustment - Transient Occupancy Tax</i></b>	REVENUE ADJUSTMENTS			(\$1,054,000)
A decrease of \$1,054,000 to the Transient Occupancy Tax revenue estimate is recommended to reflect the anticipated impact of the severe economic downturn. To meet the Adopted Budget estimate, growth of 4.3% over 2007-2008 collection levels is needed. Based on a study performed by independent consultant Horwath HTL and adjustments for compliance audits, collections are now expected to end the year 6.7% below last year.				
<b><i>Revenue Adjustment - Use of Money and Property</i></b>	REVENUE ADJUSTMENTS			(\$968,500)
A decrease of \$968,500 to the Use of Money and Property General Fund revenue estimate is recommended to reflect lower interest earnings for the General Fund (\$713,500) and other funds (\$315,000), partially offset by additional facility rental revenues (\$60,000).				
<b><i>Salary &amp; Benefits Reserve-Surplus Vol Furlough/Reduced Work Week</i></b>	EARMARKED RESERVES		(\$116,296)	
The 2008-2009 Adopted Budget assumed that the Voluntary Furlough/Special Reduced Work Week Program would realize savings of \$300,000 in the General Fund. The amount of savings from employees enrolled in this program in the General Fund is actually \$416,296. The additional savings of \$116,296 is recommended for General Fund rebalancing/ending fund balance needs.				
<b><i>San José Future Teachers Loan Program</i></b>	CITY-WIDE EXPENSES		(\$13,297)	
Reduces funding for the San José Future Teachers Loan Program appropriation. A comprehensive review of carryover funds in City-Wide Expenses and Capital Contributions appropriations has been completed. It has been determined that a portion of the funding remaining for this project is no longer necessary and will have no service level impact. The savings are recommended for General Fund rebalancing/ending fund balance needs.				

## General Fund Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>Seven Trees Blvd Sidewalk Project</i></b>	CAPITAL PROJECTS		(\$700,000)	
<p>Decreases the Seven Trees Boulevard Sidewalk Project to offset reduced transfers to the General Fund as a result of rebalancing actions in the Traffic Capital Program as a result of significantly reduced revenues in the Construction Excise Tax Fund. The project will provide for the design and construction of sidewalk improvements along Seven Trees Boulevard. The remaining funding in this project will continue project development and design efforts. The construction portion of the project will be funded next year by other funding sources that will be brought forward as part of the 2009-2010 Proposed Capital Budget process.</p>				
<b><i>Street Maintenance and Repair Reserve</i></b>	EARMARKED RESERVES		(\$5,802,000)	
<p>Eliminates the Street Maintenance and Repair Reserve. In October 2008, per City Council policy, one-half of the net available fund balance was allocated in a reserve for street maintenance projects. Due to the projected revenue shortfall in the General Fund, the liquidation of this reserve is recommended for General Fund rebalancing/ending fund balance needs.</p>				
<b><i>Theater Management Realignment</i></b>	CITY-WIDE EXPENSES		(\$50,000)	
<p>Reduces funding for the Theater Management Realignment appropriation. A comprehensive review of carryover funds in City-Wide Expenses and Capital Contributions appropriations has been completed. It has been determined that a portion of the funding remaining for this project is no longer necessary and will have no service level impact. The savings are recommended for General Fund rebalancing/ending fund balance needs.</p>				
<b><i>Traffic Calming</i></b>	CAPITAL PROJECTS		(\$507,000)	
<p>Decreases the Traffic Calming appropriation to offset reduced transfers to the General Fund as a result of rebalancing actions in the Traffic Capital Program as a result of significantly reduced revenues in the Construction Excise Tax Fund. This project was intended to provide funding for traffic calming studies and installation of traffic calming devices; however, in order to rebalance the budget and when comparing this project to other highly valuable core services, this reduction is recommended. The majority of the remaining \$143,000 in this appropriation has addressed planned traffic calming improvements in the neighborhoods. In addition, the Adopted Redevelopment Agency Budget includes funding for traffic calming studies and projects in various SNI areas. To mitigate the impacts of this reduction, staff will focus its efforts in conjunction with the Redevelopment Agency on traffic calming in SNI areas.</p>				

## General Fund Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>Transfer from Construction Excise Tax Fund</i></b>	REVENUE ADJUSTMENTS			(\$3,500,000)
Decreases the estimate for Transfers to reflect the rebalancing of the Traffic Capital Program as a result of significantly reduced revenues in the Construction Excise Tax Fund. A reduction in this transfer is necessary due to a sharp decline of these taxes collected from developers in the Construction Excise Tax Fund. Reductions to the Maintenance Backlog - Street Surface Resurfacing (Story Rd & Leigh Ave) (\$2.3 million), Seven Trees Boulevard Sidewalk Project (\$700,000), and Traffic Calming (\$507,000) projects are recommended to offset this action.				
<b><i>Workers' Compensation Gainsharing Program</i></b>	CITY-WIDE EXPENSES		(\$498,663)	
Reduces funding for the Workers' Compensation Gainsharing Program appropriation. A comprehensive review of carryover funds in City-Wide Expenses and Capital Contributions appropriations has been completed. It has been determined that a portion of the funding remaining for this project is no longer necessary and will have no service level impact. The savings are recommended for General Fund rebalancing/ending fund balance needs.				
<b>TOTAL REQUIRED TECHNICAL/REBALANCING ACTIONS</b>			<b>(\$13,569,889)</b>	<b>(\$12,440,947)</b>
<b>GRANTS/REIMBURSEMENTS</b>				
<b><i>2008-2009 Anti-Drug Abuse Grant</i></b>	CITY-WIDE EXPENSES		\$100,681	\$100,681
Appropriates funding to the Police Department for 18 officers to attend the California Narcotics Officers Association Training Seminar as well as funding narcotics related investigations equipment. This equipment includes a GPS tracking and locating system, a cell phone forensics system, and surveillance equipment. Funding will be reimbursed by the County of Santa Clara acting as the fiscal agent for the Governor's Office of Emergency Services. A corresponding increase to Revenue from the State of California is also recommended.				
<b><i>Bulletproof Vest Partnership Grant</i></b>	CITY-WIDE EXPENSES		\$42,090	\$42,090
Appropriates funding to the Police Department for the purchase of bulletproof vests. The United States Department of Justice will reimburse the Police Department for 50% of vests purchased through September 30, 2010. A corresponding increase to Revenue from the Federal Government is also recommended.				

## General Fund Recommended Budget Adjustments Summary 2008-2009 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>Cal-ID System Staffing</i></b>	POLICE		\$54,818	\$54,818
Increases the Police Department's Personal Services appropriation to fund 61% of a temporary Network Engineer position assigned by the Cal-ID Regional Access Network (RAN) Board to the San Jose Police Department to administer, support, and maintain the Cal-ID automated systems. The Cal-ID RAN Board approved the reimbursement of this position in its 2008-2009 Adopted Budget. The City comprises 39% of the Cal-ID RAN and as a result must pay for its share of the position. The City's cost will be covered by savings from vacant positions within the Department. A corresponding increase to Revenue from Local Agencies is also recommended.				
<b><i>Census Bureau Addressing</i></b>	PLAN, BLDG AND CODE ENF		\$70,000	\$70,000
Provides funding to the Planning, Building and Code Enforcement Department for addressing work performed for the State of California Local Update of Census Address program. A corresponding increase to Revenue from the State of California is also recommended.				
<b><i>Code Enforcement in SNI and Neighborhood Business Dist Areas</i></b>	PLAN, BLDG AND CODE ENF		\$182,052	\$182,052
As directed in the 2008-2009 Mayor's Redevelopment Agency Capital Budget Message and approved by City Council, this action provides one-time funding from the San Jose Redevelopment Agency for the Planning, Building, and Code Enforcement Department to support the costs of two temporary Code Enforcement Inspectors in the Strong Neighborhoods Initiative (SNI) and Neighborhood Business District (NBD) areas. The addition of these positions will supplement the proactive code enforcement programs operating in the SNI and NBD areas. A corresponding increase to Revenue from Local Agencies is also recommended.				
<b><i>Downtown Nightclub District Enhanced Code Enforcement</i></b>	PLAN, BLDG AND CODE ENF		\$57,713	\$57,713
Increases funding to the Planning, Building, and Code Enforcement Department's Personal Services appropriation in the amount of \$57,713 to be reimbursed by the San Jose Redevelopment Agency (Project Service Memorandum 562). This project provides overtime funding for Code Enforcement Inspectors to perform monthly inspections of all the nightclubs and bars in the Downtown during the period from November 2008 through July 2009 focusing on nightclubs and bars that possess Conditional Use Permits. Inspectors will also respond to complaints involving nightclubs and bars that are creating a public nuisance to nearby businesses or neighborhoods in the Downtown area. The Department's Code Enforcement Division will implement this project and conduct the inspections in the evening hours while the nightclubs are open. A corresponding increase to Revenue from Local Agencies is also recommended.				

## General Fund Recommended Budget Adjustments Summary 2008-2009 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>Electronic Citation Reporting Modifications</i></b>	POLICE		\$17,500	\$17,500
Increases the Police Department's Personal Services appropriation to upgrade the software and reporting capabilities of the Electronic Citation (E-cite) devices used by officers in the field. Officers will be able to more accurately record overweight vehicle information on traffic citation forms as well as gain better access to the central E-cite database. Funding will be reimbursed by the County of Santa Clara acting as the fiscal agent for the Superior Court of California. A corresponding increase to Revenue from the State of California is also recommended.				
<b><i>Emergency Communications Center Equipment</i></b>	POLICE		\$7,960	\$7,960
Increases the Police Department's Non-Personal/Equipment appropriation to purchase monitors, workstations, and video cards for the Emergency Communications Center retrofitting project. Funding for this equipment comes from the California 9-1-1 Emergency Communications Office. A corresponding increase to Revenue from the State of California is also recommended.				
<b><i>Epinephrine Injector Reimbursement</i></b>	FIRE		\$14,000	\$14,000
Increases the Fire Department's Non-Personal/Equipment funding for an initial supply of epinephrine auto injectors that were partially reimbursed by the County of Santa Clara. A corresponding increase to Revenue from Local Agencies is also recommended.				
<b><i>FY2005 Human Trafficking Prevention Grant</i></b>	CITY-WIDE EXPENSES		(\$14,245)	(\$14,245)
This action reduces the FY2005 Human Trafficking Prevention Grant appropriation in the Police Department due to the grant period ending on July 31, 2008. \$15,550 was rebudgeted for this grant in 2008-2009; however, only \$1,305 was spent before the end of the grant period. A corresponding decrease to Revenue from the Federal Government is recommended.				
<b><i>Habitat Conservation Plan</i></b>	CITY-WIDE EXPENSES		\$50,000	\$50,000
Increases the Habitat Conservation Plan appropriation to recognize funds received as part of a developers agreement from Hitachi to mitigate the environmental impact of its project. These funds will be used to pay the County of Santa Clara for a portion of the City's share of development of the Habitat Conservation Plan. A corresponding increase to Other Revenue is also recommended.				
<b><i>Library Literacy Grants</i></b>	LIBRARY		\$7,060	\$7,060
Recognizes the receipt of a grant from the Adult and Family Literacy programs and appropriates the funding. These programs help adults increase their basic literacy skills and learn how to support the emerging literacy needs of their young children. A corresponding increase to Revenue from the State of California is also recommended.				

## General Fund Recommended Budget Adjustments Summary 2008-2009 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 Grant</i></b>	PLAN, BLDG AND CODE ENF		\$29,650	\$29,650
Provides grant funding from the State of California for the Local Enforcement Agency (LEA) program to be used for landfill enforcement activities. The LEA grant from the State is an annual grant for the development of the LEA solid waste facility inspection and permitting program. Grants are reviewed and audited by the California Integrated Waste Management Board (CIWMB) through annual grant audits and periodic program certification audits. Funds are used for non-personal items and services such as testing supplies and training. A corresponding increase to Revenue from the State of California is also recommended.				
<b><i>Mobile Identification Services Project</i></b>	CITY-WIDE EXPENSES		\$83,000	\$83,000
Appropriates funding to the Police Department for software, hardware, support, and maintenance for fingerprint identification capability in the field. The Mobile Identification Services Project uses the Electronic Citation (e-Cite) devices to allow officers in the field to more quickly and efficiently identify subjects through remote real-time fingerprint analysis. The Cal-ID Regional Access Network (RAN) Board approved the reimbursement for this portion of the project in its 2008-2009 adopted budget. A corresponding increase to Revenue from Local Agencies is also recommended.				
<b><i>Neighborhood Revitalization Strategy</i></b>	CITY-WIDE EXPENSES		\$22,060	\$22,060
Recognizes and appropriates funding in the Neighborhood Revitalization Strategy fund to support the Edenvale/Great Oaks project. Initially, the San Jose Redevelopment Agency (SJRA) planned to make the landscaping improvements in these neighborhoods, and the City had transferred funding specifically for this project. However, the project required certain improvements that the SJRA could not perform, and SJRA has returned the funds to the City. The City will now make the landscaping improvements. A corresponding increase to Revenue from Local Agencies is also recommended.				
<b><i>Orange Security Alert</i></b>	POLICE		\$955,000	\$955,000
Increases the Police Department's Personal Services appropriation to fund overtime staffing at the Airport while airport security is elevated to the Orange Alert level. This increase will be reimbursed by a transfer from the Airport Maintenance and Operations Fund. A corresponding increase to Transfers and Reimbursements revenue category is also recommended.				
<b><i>PG&amp;E Summer Cooling Shelter Program</i></b>	CITY-WIDE EXPENSES		\$7,000	\$7,000
This action recognizes and appropriates revenue from PG&E to assist with the costs of operating the summer cooling shelter program. A corresponding increase to Other Revenue is also recommended.				

## General Fund Recommended Budget Adjustments Summary 2008-2009 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>Parades, Festivals, and Celebrations Grants Program</i></b>	ECONOMIC DEVELOPMENT		\$22,754	\$22,754
Increases the Office of Economic Development's non-personal/equipment funding and recognizes gated event revenue received from American Festival concerts (\$3,826), the San José Jazz Festival (\$17,340), and the Mariachi Festival (\$1,588). The funding will be dedicated to the Parades, Festivals, and Celebrations Grants Program that is budgeted in the Department's Non-Personal/Equipment appropriation. A corresponding increase to Other Revenue is also recommended.				
<b><i>Parks, Recreation and Neighborhood Services Fee Activity</i></b>	PARKS, REC AND NEIGH SVCS		\$90,000	\$90,000
Increases the Parks, Recreation and Neighborhood Services Department Fee Activities appropriation due to increased fee class activity for youth, teens and adult programs at the Camden, Almaden and Northside community centers. A corresponding increase to Revenue from Departmental Charges is also recommended.				
<b><i>Police Division of Gaming Control Staffing</i></b>	POLICE	( 2.00)	(\$247,750)	(\$247,750)
In the 2008-2009 Adopted Budget, two Senior Auditor positions and associated non-personal/equipment funding were added to the Police Department's Division of Gaming Control funded through an increased table fee. It is now anticipated that the 2008-2009 approved table fee of \$31,027 per table will be reduced to \$24,482 per table. To bring program costs back in line with reduced revenues, this action eliminates two vacant Senior Auditor positions and related non-personal/equipment funding. A corresponding decrease to Licenses and Permits revenue category is also recommended.				
<b><i>REACT Task Force Staffing</i></b>	POLICE		\$7,000	\$7,000
Increases the Police Department's Personal Services appropriation to support overtime staffing for the Rapid Enforcement Allied Computer Team (REACT) Task Force to address high technology crimes. These activities are reimbursed by the Office of the District Attorney. A corresponding increase to Revenue from the State of California is also recommended.				

## General Fund Recommended Budget Adjustments Summary 2008-2009 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>Safe Summer Initiative</i></b>	CITY-WIDE EXPENSES		\$500,000	\$500,000
<p>As directed in the 2008-2009 Mayor's Redevelopment Agency Capital Budget Message as approved by the City Council, this action increases funding to support the Safe Summer Initiative aimed at gang prevention by increasing the number of youth participants in over 400 different activities. To offset the costs of this initiative, the San Jose Redevelopment Agency will support additional capital improvement projects previously intended to be funded in the General Fund, thereby making funds available to support this initiative. The Agency's support will fund additional costs in association with the construction of a pass interceptor trench and vapor barrier around the perimeter of the Martin Park Landfill and additional Security Improvements to support the implementation of energy efficient improvements to the City's parking garages. A corresponding increase to Revenue from Local Agencies is also recommended.</p>				
<b><i>San José After School - Year 3 District Contracts</i></b>	CITY-WIDE EXPENSES		\$980,937	\$980,937
<p>Provides funding to the Parks, Recreation and Neighborhood Services Department from the Alum Rock (\$415,596), Berryessa (\$199,826), and San Jose Unified (\$365,515) School Districts. This funding will be used to provide temporary staffing and non-personal/equipment funding for after school programs within these school districts. The After-School Program provides education, literacy, arts, nutrition, recreation, and enrichment services to San Jose students. A corresponding increase to Revenue from Local Agencies is also recommended.</p>				
<b><i>San José Cycling Classic</i></b>	CITY-WIDE EXPENSES		(\$100,000)	(\$100,000)
<p>Decreases the San José Cycling Classic Event appropriation and corresponding revenues to accurately reflect current sponsorship and registration fee estimates. The scale of the event has been adjusted proportionately to ensure that expenditures do not exceed revenues. A corresponding decrease to Other Revenue is also recommended.</p>				
<b><i>Senior Companion Program</i></b>	PARKS, REC AND NEIGH SVCS		\$10,800	\$10,800
<p>This action recognizes revenue from the Council of Aging Silicon Valley and appropriates the funds accordingly. Funds will be utilized 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. A corresponding increase to Revenue from the State of California is also recommended.</p>				

## General Fund Recommended Budget Adjustments Summary 2008-2009 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>Senior Nutrition Program</i></b>	PARKS, REC AND NEIGH SVCS		\$80,515	\$80,515
Increases the Senior Nutrition Program based on increases provided by Santa Clara County in its 2008-2009 Nutrition Agreement. This increase provides various cost-of-living adjustments for existing services, impacting nine nutrition sites. In addition, this increase supports additional staffing levels at Northside Senior Nutrition Center. A corresponding increase to Revenue from Local Agencies is also recommended.				
<b><i>Silicon Valley Regional Interoperability Project</i></b>	CITY-WIDE EXPENSES		\$239,669	\$239,669
Recognizes and appropriates funding from the City of Mountain View for the Silicon Valley Regional Interoperability Project (SVRIP). The funding will support the assignment of a temporary Executive Director to enhance inter-agency coordination and communication between 19 separate jurisdictions' public safety agencies. A corresponding increase to Revenue from Local Agencies is also recommended.				
<b><i>South Bay Metro Task Force</i></b>	POLICE		\$103,799	\$103,799
Increases the Police Department's Personal Services and Non-Personal/Equipment appropriations for operations associated with the South Bay Metro Task Force, which focuses on narcotics related investigations. Funding includes overtime for two officers primarily assigned to the Task Force (\$35,799), overtime for other officers participating in Narcotics Covert Investigations (\$50,000), and the lease of two undercover vehicles in 2008-2009 (\$18,000). A corresponding increase to Revenue from the State of California is also recommended.				
<b><i>Street Racing Grant</i></b>	POLICE		\$2,700	\$2,700
Increases the Police Department's Personal Services appropriation to fund overtime for officers to conduct trainings and operations to lessen the incidents of street racing in San José. The City of Elk Grove, acting as the fiscal agent for the State Office of Traffic Safety, will reimburse the San José Police Department through the end of the grant period on September 30, 2009. A corresponding increase to Revenue from the State of California is also recommended.				
<b><i>Strike Team Deployments</i></b>	FIRE		\$976,159	\$976,159
Increases the Fire Department's Personal Services appropriation and recognizes reimbursements from the State of California and federal government to fund overtime for strike team deployments. The Department deployed strike teams to a number of out-of-county wild land fire incidents resulting in increased overtime expenditures during the summer and fall of 2008. A corresponding increase to Revenue from the State of California (\$920,250) and Revenue from the Federal Government (\$55,909) are also recommended.				

**General Fund Recommended Budget Adjustments Summary  
2008-2009 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>				
<i>Wellness Program Reserve</i>	EARMARKED RESERVES		\$41,195	\$41,195
Increases the Wellness Program Reserve to reflect additional revenue received from unused Flexible Spending Account funds that were returned to the City. Funds will be recommended to be allocated in the 2009-2010 budget process. A corresponding increase to Other Revenue is also recommended.				
<b>TOTAL GRANTS/REIMBURSEMENTS</b>		( 2.00)	<b>\$4,394,117</b>	<b>\$4,394,117</b>
<b>DEVELOPMENT FEE PROGRAMS</b>				
<i>Fire Development Fee Program Personal Services</i>	FIRE	( 3.00)	(\$235,457)	
Decreases the Fire Department's Personal Services appropriation to partially offset a projected shortfall in Development Fee Program revenues. The reduction of three vacant positions, one of which was temporary, is recommended to more closely align revenues and expenditures (1.0 Senior Engineer, 1.0 Engineer II, 1.0 Associate Engineer). A corresponding reduction to the estimate for Fire Development Fee Program revenue is also recommended elsewhere in this section.				
<i>Fire Development Fee Program Reserve</i>	EARMARKED RESERVES		(\$764,543)	
A decrease of \$764,543 to the Fire Department's Development Fee Program Earmarked Reserve is recommended to offset lower revenue collections. A corresponding reduction to the estimate for Fire Development Fee Program revenue is also recommended elsewhere in this section.				
<i>Fire Development Fee Program Revenue</i>	REVENUE ADJUSTMENTS			(\$1,000,000)
Decreases the revenue estimate for Licenses and Permits by \$1 million to reflect lower than anticipated collections in the Fire Development Fee Program. Corresponding reductions to the Fire Personal Services appropriation (\$235,457) and the Fire Development Fee Program Reserve (\$764,543) are also recommended in this document.				
<b>TOTAL DEVELOPMENT FEE PROGRAMS</b>		( 3.00)	<b>(\$1,000,000)</b>	<b>(\$1,000,000)</b>

## General Fund Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>2008-2009 FISCAL/PROGRAM NEEDS</b>				
<b><i>Fire Aircraft Rescue Fire Fighting Certification Training</i></b>	FIRE		\$150,000	
Increases the Fire Department's Personal Services (\$100,000) and Non-Personal/Equipment (\$50,000) appropriations to fund a portion of the Aircraft Rescue Fire Fighting (ARFF) certification training attended by sworn staff in fall 2008. Since Fire Station 20 responds to Mineta San José International Airport, all sworn personnel staffing Engine 20 must maintain ARFF certification. The Department expended \$379,000 to train 43 personnel, with 19 receiving recertification and 24 first-time certification. The Airport funded a portion of this training in its transfer to the General Fund from the Airport Maintenance and Operation Fund. This action appropriates a portion (\$150,000) of the remaining unfunded training costs.				
<b><i>Fire Harassment/Discrimination Training</i></b>	FIRE		\$50,000	
Increases the Fire Department's Non-Personal/Equipment appropriation for a consultant to deliver harassment and discrimination training. The consultant will deliver trainings during duty shifts for all sworn personnel beginning in spring 2009.				
<b><i>Fire Special Operations Training</i></b>	FIRE		\$634,760	
Increases the Fire Department's Personal Services appropriation to fund urban search and rescue (USAR) (\$315,560) and hazardous incident team (HIT) (\$319,200) special operations training held in the first half of 2008-2009. The Department spent approximately \$635,000 to train personnel in USAR and HIT skills as a result of a change in the IAFF MOA regarding premium pays. This training resulted in significant unbudgeted expenditures that have impacted the Department's Personal Services appropriation. This adjustment is necessary to ensure the Department stays within appropriated levels through year-end without impacting service delivery.				
<b><i>Markham Terrace General Plan Update Fees</i></b>	CITY-WIDE EXPENSES		\$23,500	
Provides funding for the fees for producing a General Plan amendment for Markham Terrace, an affordable housing project. This additional cost is in response to the Employment Lands Framework Conversion Policy which requires no net loss of employment lands as a result of a rezoning or a General Plan amendment.				
<b><i>Senior Nutrition Program</i></b>	PARKS, REC AND NEIGH SVCS		\$29,064	
Increases the Senior Nutrition Program based on increases approved by Santa Clara County in its 2008-2009 Nutrition Agreement. This increase provides various cost-of-living adjustments for existing services, impacting various nutrition sites. This funding is the City's contribution for three of the nutrition sites.				

**General Fund Recommended Budget Adjustments Summary  
2008-2009 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>2008-2009 FISCAL/PROGRAM NEEDS</b>				
<i>Sworn Fire Retiree Payouts</i>	FIRE		\$241,618	
<p>Increases the Fire Department's Personal Services appropriation to fund vacation leave and compensatory time balance payouts for retiring sworn personnel. The Department is projected to spend approximately \$826,000. This adjustment is necessary as the Department's allocation for vacation and compensatory time payouts is insufficient to cover a significantly higher level of sworn retirements in 2008-2009.</p>				
<b>TOTAL 2008-2009 FISCAL/PROGRAM NEEDS</b>			<b>\$1,128,942</b>	<b>\$0</b>

***General Fund Recommended Budget Adjustments Totals***

<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
( 5.00)	(\$9,046,830)	(\$9,046,830)

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT CAPITAL IMPVT FUND (520)</b>				
<b>Ending Fund Balance Adjustment</b>	Airport Capital Program		(\$19,000)	
Decreases the Ending Fund Balance to offset actions recommended in this report.				
<b>Fire Truck</b>	Airport Capital Program		(\$1,000)	
Decreases the Airport's Fire Truck appropriation by \$1,000 to allow for the proper recording of grant and local share funds. A corresponding transaction in the Airport Renewal and Replacement Fund (Fund 527), where the local share match is funded, is also recommended.				
<b>Noise Monitoring Units</b>	Airport Capital Program		\$20,000	
Re-establishes the Noise Monitoring Units appropriation in 2008-2009 to correctly distinguish the grant reimbursable costs of this project from the local share. The local share match is already recorded in the Airport Renewal and Replacement Fund (Fund 527).				
<b>TSA Grant Income</b>	Airport Capital Program			\$18,135,000
Recognizes grant income received from the Transportation Security Administration (TSA) for a new baggage screening system in Terminal A. A corresponding action to establish a Terminal Area Improvement, Phase I appropriation in this fund is also recommended.				
<b>Terminal Area Improvement, Phase I</b>	Airport Capital Program		\$18,135,000	
Establishes a Terminal Area Improvement, Phase I appropriation in the Airport Capital Improvement Fund. This action appropriates grant income received from the Transportation Security Administration (TSA) for a new baggage screening system in Terminal A. The new system, which is part of the Airport's Terminal Area Improvement Program (TAIP), will include conveyors that will move passengers' checked bags to an array of automated screening machines and to staging areas for aircraft loading. A corresponding action to recognize the grant revenue is also recommended.				
<b>TOTAL AIRPORT CAPITAL IMPVT FUND (520)</b>			<b>\$18,135,000</b>	<b>\$18,135,000</b>
<b>AIRPORT CUST FAC &amp; TRANS FD (519)</b>				
<b>Airport Overhead Rate Adjustment</b>	Airport		\$14,234	
Increases the Airport's Non-Personal/Equipment appropriation by \$14,234 to account for the adjusted Airport overhead rate from 18.86% to 25% that is paid to the General Fund for Airport-funded positions.				
<b>Overhead Rate Adjustment/Contingency Reserve</b>	Airport		(\$14,234)	
Decreases the Airport's Contingency Reserve to offset the adjustment in the Airport's overhead rate from 18.86% to 25%.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT CUST FAC &amp; TRANS FD (519)</b>				
<b>Rate Stabilization Reserve</b>	Airport		\$674,708	
Retitles the Reserve for Bus Acquisition to a newly-titled reserve called Rate Stabilization Reserve. This allocation is now available as a rate stabilization tool since the Airport and the Rental Car Agencies have determined that the purchase of additional buses is no longer warranted given the location of the new rental car garage. A portion of this new reserve allocation (\$70,000) is being recommended in this document to offset the rental car agencies contribution.				
<b>Rental Car Agencies Contribution</b>	Airport			(\$70,000)
Reduces the contribution from the rental car agencies by \$70,000. Funding from the Rate Stabilization Reserve is available and will be used to offset a portion of the contribution in 2008-2009.				
<b>Reserve for Bus Acquisition</b>	Airport		(\$744,708)	
Reallocates funds earmarked in a Reserve for Bus Acquisition to a newly-titled reserve called Rate Stabilization Reserve. This allocation is now available as a rate stabilization tool since the Airport and the Rental Car Agencies have determined that the purchase of additional buses is no longer warranted given the location of the new rental car garage.				
<b>TOTAL AIRPORT CUST FAC &amp; TRANS FD (519)</b>			<b>(\$70,000)</b>	<b>(\$70,000)</b>
<b>AIRPORT FISCAL AGENT FUND (525)</b>				
<b>Bond Cost of Issuance Account Balance/Reserve for Debt Svc</b>	Airport		(\$21,000)	
Reduces the Ending Fund Balance - Reserve for Debt Service to offset the transfer of the bond issuance account balance to the Airport Capital Improvement Program.				
<b>Bond Cost of Issuance Balance/Trans to Airport Rev Bond Imprvmt Fd</b>	Airport		\$21,000	
Establishes a transfer of \$21,000 to the Airport Revenue Bond Improvement Fund (Fund 526). This transfer allows the use of remaining funds associated with the Airport's 2007A and 2007B Cost of Issuance Account balances. Master Trust Agreement compliance requires that these funds be held by the Fiscal Agent Fund (Fund 525) for one year after issuance, and now balances are eligible for transfer and use in the Airport Capital Improvement Program.				
<b>TOTAL AIRPORT FISCAL AGENT FUND (525)</b>			<b>\$0</b>	<b>\$0</b>
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>				
<b>2008-2009 Airport Cost/Position Management Plan</b>	Airport	( 52.00)	(\$7,153,146)	
The 2008-2009 Airport Cost/Position Management Plan eliminates 46 vacant and 6 filled positions and reduces non-personal/equipment funding throughout the department. The reduction of these costs in the current year will help to support the budget strategy being developed for 2009-2010. More discussion of this transaction can be found in the Status of Selected Special Funds section of this report.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>				
<b><i>2008-2009 Airport Cost/Position Mgmt Plan/Trans fr Airport Rev Fd</i></b>	Airport			(\$7,153,146)
Reduces the Transfer from the Airport Revenue Fund (Fund 521) to recognize savings associated with the 2008-2009 Airport Cost/Position Management Plan.				
<b><i>Airline Rates and Charges Reconciliation</i></b>	Airport		(\$94,009)	
Reduces Operating Contingency resulting from a reconciliation of the Adopted Airline Rates and Charges schedule and the 10% reduction in projected revenues taken as part of the 2007-2008 Annual Report.				
<b><i>Airline Rates and Charges Reconciliation/Res per Master Trust Agrmnt</i></b>	Airport		\$94,009	
Increases the Ending Fund Balance - Reserve per Master Trust Agreement to offset the reduction to Operating Contingency from the 2008-2009 Airline Rates and Charges reconciliation.				
<b><i>Airport Contingency Reserve</i></b>	Airport		(\$42,399)	
Decreases the Airport's Contingency Reserve to partially offset the costs associated with a litigation settlement agreement and the change in the Airport's overhead rate from 18.86% to 25%.				
<b><i>Airport Curfew Program Tech Correction/Trans to Airport Rev Fd</i></b>	Airport		\$83,476	
Establishes a Transfer to the Airport Revenue Fund (Fund 521) to move unprogrammed curfew fees out of the Airport Maintenance and Operation Fund (Fund 523). There are corresponding actions recommended in the Airport Revenue Fund.				
<b><i>Airport Curfew Program Technical Correction/Contingency Reserve</i></b>	Airport		(\$83,476)	
Reduces the Airport Contingency Reserve to offset the transfer to the Airport Revenue Fund (521) of curfew program fee funds.				
<b><i>Airport Interdepartmental Overhead Rate Adjustment</i></b>	Airport		\$62,819	
Increases the Airport's Overhead appropriation by \$62,819 to account for the adjusted Airport overhead rate from 18.86% to 25% that is paid to the General Fund for non-Airport department positions supported by the Airport.				
<b><i>Airport Overhead Rate Adjustment</i></b>	Airport		\$1,680,988	
Increases the Airport's Non-Personal/Equipment appropriation by \$1,680,988 to account for the adjusted Airport overhead rate from 18.86% to 25% that is paid to the General Fund for Airport-funded positions.				
<b><i>Airport Police Services Reconciliation</i></b>	Airport		(\$51,471)	
Decreases the Transfer to the General Fund for Police Services to account for over payment of Police Services costs at the Airport during 2007-2008.				
<b><i>Airport Police Services Reconciliation/Contingency Reserve</i></b>	Airport		\$51,471	
Increases the Contingency Reserve to offset the transaction above that accounts for over payment of Police Services costs at the Airport during 2007-2008.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>				
<b><i>Airport Technology Services - Shared Use</i></b>	Airport		\$259,000	
Increases the Airport's Non-Personal/Equipment appropriation to fund the increased maintenance costs that result from the Council-approved AirIT contract amendment that provides additional technical support to the Airport for the implementation of the shared-use operating module.				
<b><i>Airport Technology Services - Shared Use/Contingency Reserve</i></b>	Airport		(\$259,000)	
Reduces the Airport Contingency Reserve to fund the increase in operating costs for the Airport shared-use operating module.				
<b><i>Bond Refinancing Guaranteed Investment Contracts</i></b>	Airport			\$2,668,000
Increases the Transfer from the Airport Revenue Fund (Fund 521) to recognize additional revenue from guaranteed investment contracts associated with the refinancing of 2001A and 2004C/D series bonds in the total amount of \$2,668,000. These funds are available for general use by the Airport, and as a result, are being transferred to the Airport Maintenance and Operation Fund (Fund 523). These additional funds will be used to pay for costs associated with a litigation settlement agreement (\$966,592) and to offset the change in the Airport's overhead rate from 18.86% to 25% (\$1,743,807). These actions will be slightly offset by a decrease to the Operating Contingency to help cover the costs.				
<b><i>Curfew Settlement Agreement</i></b>	Airport		\$966,592	
Increases the Airport's Non-Personal/Equipment appropriation to fund the settlement costs associated with a curfew-related litigation.				
<b><i>Orange Security Alert</i></b>	Airport		(\$955,000)	
Decreases the Orange Security Alert appropriation to fund overtime costs associated with Airport Orange Alert level security at checkpoints. This reduction funds the transfer to the General Fund to pay for the current level of overtime needed in 2008-2009.				
<b><i>Orange Security Alert/Transfer to the General Fund for Police Services</i></b>	Airport		\$955,000	
Increases the Transfer from the Airport Maintenance and Operation Fund (Fund 523) to reimburse the General Fund for police services at the Airport, in this case specifically related to level orange security alert at checkpoints. This increase reimburses police overtime expenses in 2008-2009.				
<b><i>VTA Clean Air Grant</i></b>	Airport		\$45,700	
Increases the Airport's Non-Personal/Equipment appropriation to recognize receipt of grant funding to be used to support the conversion of ground transportation vehicles to alternative fuel.				
<b><i>VTA Clean Air Grant/Transfer from Airport Revenue Fund</i></b>	Airport			\$45,700
Recognizes grant revenue received (via a Transfer from the Airport Revenue Fund - Fund 521) from the Santa Clara Valley Transportation Authority (VTA) to partially reimburse Airport ground transportation operators for costs associated with conversion of vehicles to alternative fuel.				
<b>TOTAL AIRPORT MAINT &amp; OPER FUND (523)</b>		<b>( 52.00)</b>	<b>(\$4,439,446)</b>	<b>(\$4,439,446)</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT PASS FACIL CHG FUND (529)</b>				
<b>Ending Fund Balance Adjustment</b>	Airport Capital Program		\$54,545	
Increases the Ending Fund Balance to offset the Transfer from the Airport Renewal and Replacement Fund (Fund 527).				
<b>Transfer from Airport Renewal and Replacement Fund</b>	Airport Capital Program			\$54,545
Establishes a Transfer from the Airport Renewal and Replacement Fund (Fund 527) to the Airport Passenger Facility Charge (PFC) Fund (Fund 529). This action transfers project expenditures to accurately reflect those projects that were previously approved for PFC-funding by the Federal Aviation Administration.				
<b>TOTAL AIRPORT PASS FACIL CHG FUND (529)</b>			\$54,545	\$54,545
<b>AIRPORT RENEW &amp; REPL FUND (527)</b>				
<b>Advanced Planning</b>	Airport Capital Program		\$20,000	
Increases the Advanced Planning appropriation by \$20,000 for additional funds needed to complete the Airfield and Airspace Study already underway. A corresponding decrease to the Fuel Storage Tank Repairs appropriation is recommended to offset this transaction.				
<b>Baggage Carousel Support Arms</b>	Airport Capital Program		\$260,000	
Establishes a Baggage Carousel Support Arms appropriation to enable the department to make much needed repairs to the baggage carousels. This funding will purchase parts and supplies for the replacement of the baggage carousel support arms and steel pans.				
<b>Boiler Replacement</b>	Airport Capital Program		\$347,000	
Establishes a Boiler Replacement appropriation to enable the department to purchase two high efficiency boilers that will replace current boilers that are experiencing service issues. With the North Concourse coming on line, it is imperative that there are boilers in place that can handle the load of all existing airport buildings in addition to the new North Concourse.				
<b>Central Plant Chiller Maintenance</b>	Airport Capital Program		\$36,000	
Establishes a Central Plant Chiller Maintenance appropriation to fund the maintenance and servicing of the 450-ton Carrier chillers in the Central Plant. These two chillers are overdue for a three-year service and are experiencing numerous failure issues.				
<b>Ending Fund Balance Adjustment</b>	Airport Capital Program		\$525,455	
Increases the Ending Fund Balance to offset actions recommended in this report.				
<b>Fire Bottles for Rampside Safety</b>	Airport Capital Program		\$17,000	
Establishes a Fire Bottles for Rampside Safety appropriation to purchase fire bottles to be located rampside at each boarding gate, as required by regulations from the National Fire Protection Safety Association and the Federal Aviation Administration. Prior to the Airport's change to a shared-use environment, the responsibility for ensuring a fire bottle was maintained rampside at each boarding gate belonged to the airline leasing the gate, but now that responsibility has been transferred to the Airport.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 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 FUND (527)</b>				
<b><i>Fire Truck</i></b>	Airport Capital Program		\$1,000	
Increases the Airport's Fire Truck appropriation by \$1,000 to allow for the proper recording of grant and local share funds. A corresponding transaction in the Airport Capital Improvement Fund (Fund 520), where the grant portion is funded, is also recommended.				
<b><i>Fuel Storage Tank Repairs</i></b>	Airport Capital Program		(\$20,000)	
Decreases the Fuel Storage Tank Repairs appropriation by \$20,000 to offset the increase in the Advanced Planning appropriation. This additional funding will be used to continue with the Airport's Airfield and Airspace Study that is currently underway.				
<b><i>Runway Paint Removal</i></b>	Airport Capital Program		\$70,000	
Establishes a Runway Paint Removal appropriation to fund the removal of the centerline markings on Runway 30R. Last year the centerline markings on 30L were removed and this action addresses the opposite runway. This removal is necessary for aircraft safety.				
<b><i>Tenant Improvement Payments</i></b>	Airport Capital Program			\$898,000
Increases this revenue source in the Airport Renewal and Replacement Fund (Fund 527) to reflect payments from airport tenants for improvement projects associated with the four retail and food and beverage concessionaires. While full payment will be remitted in 2008-2009, these payments totalling \$898,000 represent work to be completed in 2008-2009 and 2009-2010.				
<b><i>Tenant Plan Review</i></b>	Airport Capital Program		\$300,000	
Increases the Tenant Plan Review appropriation to reflect airport tenant improvement projects associated with the four retail and food and beverage concessionaires. As stated in their agreements, costs for tenant improvements are fully reimbursable. This allocation (\$300,000) represents a portion of the entire payment (\$898,000) and covers the cost of work to be completed in 2008-2009.				
<b><i>Terminal A Baggage Claim Escalator</i></b>	Airport Capital Program		(\$713,000)	
Defers the Terminal A Baggage Claim Escalator project and reduces in 2008-2009 this project's funding from \$713,000 to \$0. In an effort to coordinate the schedules of other related projects and to minimize inconvenience to the traveling public, this project will be deferred until 2009-2010. These funds will now be made available to fund other more critical projects this year.				
<b><i>Transfer to the Airport Passenger Facility Charge Fund</i></b>	Airport Capital Program		\$54,545	
Establishes a Transfer to the Airport Passenger Facility Charge (PFC) Fund (Fund 529). This action would transfer project expenditures from the Airport Renewal and Replacement Fund (Fund 527) to the Airport Passenger Facility Charge Fund (Fund 529) to accurately reflect those projects that were previously approved for PFC-funding by the Federal Aviation Administration.				
<b>TOTAL AIRPORT RENEW &amp; REPL FUND (527)</b>			<b>\$898,000</b>	<b>\$898,000</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 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 FUND (526)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Airport Capital Program		\$2,722,000	
Increases the Ending Fund Balance to offset actions recommended in this report.				
<b><i>North Concourse Building</i></b>	Airport Capital Program		\$17,559,000	
Increases the North Concourse Building appropriation by a total of \$17,559,000 to reflect several adjustments, including: an increase of \$14.9 million for enhancements to the Airport's baggage handling system in Terminal A and Terminal B at the request of the airlines to provide additional features that would improve the functionality and efficiency of the system; an increase for the interest expense on commercial paper drawn for the Owner Controlled Insurance Program (\$484,000); and an increase of \$2,175,000 that reallocates funding from the Terminal Area Improvement, Phase I project in order to consolidate funds for the Terminal B baggage handling system.				
<b><i>Public Parking Improvements</i></b>	Airport Capital Program		\$50,000	
Establishes in 2008-2009 the Public Parking Improvements appropriation in the amount of \$50,000. This action advances, for the purpose of funding pre-design activities, a portion of the funds currently programmed in the Airport's Capital Improvement Program in 2009-2010.				
<b><i>Terminal Area Improvement, Phase I</i></b>	Airport Capital Program		(\$20,310,000)	
Decreases the Terminal Area Improvement, Phase I appropriation by \$20,310,000. Grant funding from the Transportation Security Administration in the amount of \$18,135,000 was received and is now available to fund the baggage handling system component of this project. There are corresponding transactions in the Airport Capital Improvement Fund (Fund 520). Additionally, a decrease of \$2,175,000 that reallocates these resources from this project to the North Concourse Building project also for the baggage handling system is also recommended. Finally, there is a corresponding action in the North Concourse Building appropriation.				
<b><i>Transfer from Airport Fiscal Agent Fund (Fund 525)</i></b>	Airport Capital Program			\$21,000
Establishes a transfer in 2008-2009 from the Airport Fiscal Agent Fund (Fund 525) that reflects the 2007A and 2007B bond cost of issuance account balances that, in accordance with the Airport's Master Trust Agreement, are eligible for use in the Airport Capital Improvement Program.				
<b>TOTAL AIRPORT REV BOND IMP FUND (526)</b>			<b>\$21,000</b>	<b>\$21,000</b>
<b>AIRPORT REVENUE FUND (521)</b>				
<b><i>Airline Rates and Charges Recon/Res per Master Trust Agreement</i></b>	Airport		\$103,931	
Increases the Ending Fund Balance - Reserve per Master Trust Agreement to offset the additional revenues recognized from the 2008-2009 Airline Rates and Charges reconciliation.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT REVENUE FUND (521)</b>				
<b><i>Airline Rates and Charges Reconciliation</i></b>	Airport			\$103,931
Recognizes additional revenue resulting from a reconciliation of the Adopted Airline Rates and Charges schedule and the 10% reduction in projected revenues taken as part of the 2007-2008 Annual Report.				
<b><i>Airport Airline Rate Stabilization Fd/Trans to Airport Surplus Rev Fd</i></b>	Airport		(\$2,172,000)	
Uses Airline Rate Stabilization funds reflected as a reduction to the Transfer to the Airport Surplus Revenue Fund (Fund 524). This transaction acts as an offset to the reduction in terminal rent revenues of \$2,172,000.				
<b><i>Airport Airline Rate Stabilization Fund/Terminal Rents</i></b>	Airport			(\$2,172,000)
Reduces 2008-2009 terminal rents by \$2,172,000, an action that was approved by City Council in August 2008 as an airline rate stabilization measure and was also approved by the Airlines via contract amendments.				
<b><i>Airport Cost/Position Mgmt Plan/Res per Master Trust Agreement</i></b>	Airport		\$7,153,146	
Increases the Ending Fund Balance - Reserve per Master Trust Agreement to recognize anticipated savings associated with the 2008-2009 Airport Cost/Position Management Plan.				
<b><i>Airport Cost/Position Mgmt Plan/Trans to Airport Maint and Op Fd</i></b>	Airport		(\$7,153,146)	
Reduces the transfer to the Airport Maintenance and Operation Fund (Fund 523) by \$7.2 million. The 2008-2009 Airport Cost/Position Management Plan eliminates 46 vacant positions, 6 filled positions and non-personal/equipment funding throughout the department. The reduction of the transfer associated with these costs in the current year will help to support the Airport's budget strategy for 2009-2010. A corresponding increase to the Ending Fund Balance - Reserve per Master Trust Agreement will allow these funds to be reserved and available in 2009-2010.				
<b><i>Airport Curfew Prog Tech Correction/Trans fr Airport Maint and Op Fd</i></b>	Airport			\$83,476
Establishes a transfer from the Airport Maintenance and Operation Fund (Fund 523) to consolidate unprogrammed curfew fee funds making them available for future programs.				
<b><i>Airport Curfew Program Technical Correction</i></b>	Airport		\$83,476	
Increases the Curfew Reserve in the Airport Revenue Fund (Fund 521) in recognition of the transfer back of curfew fee funds from the Airport Maintenance and Operation Fund (Fund 523). This action will consolidate unprogrammed curfew fee funds making them available for future programs.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT REVENUE FUND (521)</b>				
<b><i>Bond Refinancing Guaranteed Investment Contracts</i></b>	Airport			\$2,668,000
Recognizes additional revenue from guaranteed investment contracts associated with the refinancing of 2001A and 2004C/D series bonds in the amount of \$2,668,000. These funds are available for general use by the Airport, and as a result, are being transferred to the Airport Maintenance and Operation Fund (Fund 523) to pay for the increased costs associated with an overhead rate change and a litigation settlement agreement.				
<b><i>Bond Refinancing Investmt Contracts/Trans to Airport Main and Op Fd</i></b>	Airport		\$2,668,000	
Increases the Transfer to the Airport Maintenance and Operation Fund (Fund 523) to fund the increased costs associated with a new higher Airport overhead rate (from 18.86% to 25%) and a litigation settlement agreement.				
<b><i>VTA Clean Air Grant Revenue</i></b>	Airport			\$45,700
Recognizes grant revenue received from the Santa Clara Valley Transportation Authority (VTA) to partially reimburse Airport ground transportation operators for costs associated with conversion of vehicles to alternative fuel.				
<b><i>VTA Clean Air Grant/Transfer to Airport Maint and Op Fd</i></b>	Airport		\$45,700	
Increases the transfer to the Airport Maintenance and Operation Fund (Fund 523) to recognize receipt of grant revenue from the Santa Clara Valley Transportation Authority (VTA) to partially reimburse Airport ground transportation operators for costs associated with conversion of vehicles to alternative fuel.				
<b>TOTAL AIRPORT REVENUE FUND (521)</b>			<b>\$729,107</b>	<b>\$729,107</b>
<b>AIRPORT SURPLUS REV FD (524)</b>				
<b><i>Airport Airline Rate Stabilization Fd/Res per Master Trust Agrmnt</i></b>	Airport		(\$2,172,000)	
Uses Airline Rate Stabilization funds by decreasing the Ending Fund Balance - Reserve per Master Trust Agreement. This transaction is an offset to the decrease in the Transfer to the Airport Revenue Fund (Fund 521) and decrease in the terminal rents.				
<b><i>Airport Airline Rate Stabilization Fd/Trans from Airport Rev Fd</i></b>	Airport			(\$2,172,000)
Reduces the Transfer from the Airport Revenue Fund (Fund 521) by \$2,172,000. On August 19, 2008, City Council approved the use of up to \$2,172,000 from the Airport Airline Rate Stabilization Fund to reduce projected 2008-2009 terminal rents. This action was taken in recognition of the financial challenges faced by the airline industry. The airlines have recently approved amendments to the airline agreements required for this action.				
<b>TOTAL AIRPORT SURPLUS REV FD (524)</b>			<b>(\$2,172,000)</b>	<b>(\$2,172,000)</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 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>Health Premiums</b>	Human Resources		\$661,200	\$661,200
Increases the Health Premiums appropriation to account for a health rate increase effective January 2009. A corresponding increase to revenue to reflect the increase in the City's contribution rate would offset this adjustment.				
<b>TOTAL BENEFIT FUND (160)</b>			<b>\$661,200</b>	<b>\$661,200</b>
<b>BLDG &amp; STRUCT CONST TAX FD (429)</b>				
<b>Autumn Street Corridor Planning</b>	Traffic Capital Program		\$80,000	\$80,000
Increases the Autumn Street Corridor Planning project and recognizes the corresponding revenue received from Cousins Properties, Inc. to construct an at-grade railroad crossing at Autumn Street. The funding represents the developer's contribution towards acquiring the property necessary to complete the project.				
<b>Bicycle/Pedestrian Program Management</b>	Traffic Capital Program		\$248,000	
Shifts the funding source for the Bicycle/Pedestrian Program Management project from the Construction Excise Tax Fund to the Building and Structure Construction Tax Fund as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding for activities that support the planning efforts and grant project development required to establish and maintain the City's pedestrian and bicycle efforts. The majority of this effort supports projects along major collectors and arterials.				
<b>Branham Lane Improvements</b>	Traffic Capital Program		(\$425,000)	
Decreases the Branham Lane Improvements project as a result of deferring the project as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Building and Structure Construction Tax Fund. The project will be deferred until full project funding can be secured. The remaining funds will be used to finalize the environmental phase of this project.				
<b>Capitol Light Rail Transit to Eastridge</b>	Traffic Capital Program	( 2.00)	(\$500,000)	
Decreases funding and eliminates two vacant positions (1.0 Engineer and 1.0 Senior Engineer) that supported the Capitol Light Rail Transit to Eastridge project and defers project development activity associated with this regional project as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Building and Structure Construction Tax Fund. The savings are a result of City staff support functions and project funding that will not be needed until the Valley Transportation Authority resumes the project.				
<b>Earned Revenue: Building and Structure Construction Tax</b>	Traffic Capital Program			(\$2,205,000)
Decreases the revenue estimate for Building and Structure Construction Taxes as a result of a significant decline in developer activity. The current revenue estimate of \$8.7 million is recommended to be revised downward by \$2.2 million to \$6.5 million. Impacts to the projects funded by these taxes are described elsewhere in this section.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 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><i>Ending Fund Balance Adjustment</i></b>	Traffic Capital Program		(\$299,000)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Hamilton Avenue - Meridian Avenue to Hamilton Way</i></b>	Traffic Capital Program		(\$648,000)	
Decreases the Hamilton Avenue - Meridian Avenue to Hamilton Way project to capture project savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Building and Structure Construction Tax Fund. The savings were a result of a reduction in the scope of work. The original project included the modification of an existing traffic signal that was later removed from the project scope. The project has been completed.				
<b><i>ITS: Operations and Management</i></b>	Traffic Capital Program		\$200,000	
Shifts the funding source for the ITS: Operations and Management project from the Construction Excise Tax Fund to the Building and Structure Construction Tax Fund as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding for operations and management activities that support the retiming of traffic signals. The majority of this effort supports projects along major collectors and arterials.				
<b><i>ITS: Stevens Creek - West</i></b>	Traffic Capital Program		(\$159,000)	
Decreases the ITS: Stevens Creek - West project as a result of reducing the scope of work for this project as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Building and Structure Construction Tax Fund. The reduction in scope will result in delaying the installation of surveillance cameras along Forest Avenue; however, there are plans to add these cameras when funding can be secured.				
<b><i>Jackson Street: Light Rail Transit to Japantown</i></b>	Traffic Capital Program		\$1,468,000	
Increases the Jackson Street: Light Rail Transit to Japantown project to accelerate the project in order to meet federal grant reimbursement deadlines. The reimbursement for this project is expected to be received in 2009-2010.				
<b><i>Local Transportation Policy and Planning</i></b>	Traffic Capital Program	1.00		
Shifts the funding source for one Senior Transportation Specialist from the Construction Excise Tax Fund to existing funding in the Building and Structure Construction Tax Fund associated with the Local Transportation Policy and Planning project as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding for the implementation of the City's Transportation Impact Policy and local policy, planning, land use, and transportation studies.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 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><i>Oakland Road: Route 101 to Montague</i></b>	Traffic Capital Program		(\$25,000)	
Decreases the Oakland Road: Route 101 to Montague project to capture project savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Building and Structure Construction Tax Fund. The project has been completed and these savings will help offset the revenue reduction in the Building and Structure Construction Tax Fund.				
<b><i>Project Development Engineering</i></b>	Traffic Capital Program		\$300,000	
Shifts the funding source for the Project Development Engineering project from the Construction Excise Tax Fund to the Building and Structure Construction Tax Fund as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding for development engineering that supports the City's effort to secure grant funds. The majority of this effort supports projects along major collectors and arterials.				
<b><i>Reserve - King Road: Penitencia Creek Bridge</i></b>	Traffic Capital Program		(\$1,000,000)	
Decreases funding for the King Road: Penitencia Creek Bridge reserve as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Building and Structure Construction Tax Fund. The project requires coordination with the Santa Clara Valley Water District and the Army Corp of Engineers due to the flood control improvements needed on Penitencia Creek, and since the approval for those improvements have not been finalized, the project schedule has been delayed.				
<b><i>Taylor Street: First to Coleman</i></b>	Traffic Capital Program		(\$40,000)	
Decreases the Taylor Street: First to Coleman project to capture project savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Building and Structure Construction Tax Fund. The project has been completed.				
<b><i>Traffic Flow Management and Signal Retiming</i></b>	Traffic Capital Program		\$100,000	
Shifts the funding source for the Traffic Flow Management and Signal Retiming project from the Construction Excise Tax Fund to the Building and Structure Construction Tax Fund as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding for activities that support the retiming of traffic signals. The majority of this effort supports projects along major collectors and arterials.				
<b><i>Traffic Signals</i></b>	Traffic Capital Program	( 2.00)	(\$1,300,000)	
Decreases funding and eliminates two filled positions (1.0 Associate Engineering Technician and 1.0 Engineer) for the Traffic Signals project as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Building and Structure Construction Tax Fund. This action will result in the deferral of the award of the Cherry/Hillsdale and Miller/Rainbow traffic signal modification construction contracts and the deferral of the design and construction of the new traffic signal at Jackson Street and Pacheco Street. The award for these projects are planned for the future years when additional funding is secured.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 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><i>Traffic Signals</i></b>	Traffic Capital Program		\$67,000	\$67,000
Increases the Traffic Signals project and recognizes the corresponding revenue from two developers. Funding (\$40,000) was received from a developer to replace damaged interconnect cables at a traffic signal located on Monterey Road between Curtner Avenue and Alma Avenue. In addition, funding (\$27,000) was received from various developers for the purchase of traffic signal controller equipment at several intersections.				
<b><i>Traffic Signals Rehabilitation</i></b>	Traffic Capital Program		(\$50,000)	
Decreases the Traffic Signals Rehabilitation project as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Building and Structure Construction Tax Fund. The decrease will reduce the scope of work associated with the consultant contract for the design of the rehabilitation of changeable message signs. The design of the project will be deferred until a funding source for the construction of the project can be identified.				
<b><i>Union Avenue at Ross Creek</i></b>	Traffic Capital Program		(\$75,000)	
Decreases the Union Avenue at Ross Creek project to capture project savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Building and Structure Construction Tax Fund. The project has been completed.				
<b>TOTAL BLDG &amp; STRUCT CONST TAX FD (429)</b>		( 3.00)	(\$2,058,000)	(\$2,058,000)
<b>BRANCH LIB BOND PROJECT FD (472)</b>				
<b><i>Contingency Reserve: Library Bond Projects</i></b>	Library Capital Program		(\$600,000)	
Decreases the Contingency Reserve: Library Bond Projects appropriation to offset the recommended increase to the East San José Carnegie Branch project.				
<b><i>East San José Carnegie Branch</i></b>	Library Capital Program		\$600,000	
Increases the East San José Carnegie Branch project by \$600,000. Additional funding is needed for increased project management and inspection staff costs related to unforeseen conditions of the historical building, scope increases due to LEED commissioning and certification, and third party inspection costs required by the California Building Code.				
<b>TOTAL BRANCH LIB BOND PROJECT FD (472)</b>			<b>\$0</b>	<b>\$0</b>
<b>CITY HALL DEBT SERVICE FUND (210)</b>				
<b><i>Transfers/Repayment of Series 2008A Bonds</i></b>	Finance		(\$3,393,236)	(\$3,393,236)
Eliminates the revenue estimate for Transfers and the Repayment of Series 2008A Bonds appropriation to correctly account for the transfer of remaining Civic Center funds in the Transfer to the Civic Center Fiscal Agent Transaction Fund to pay down Series 2008A Bonds. This transfer was incorrectly established in the City Hall Debt Service Fund.				
<b>TOTAL CITY HALL DEBT SERVICE FUND (210)</b>			<b>(\$3,393,236)</b>	<b>(\$3,393,236)</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CIVIC CENTER CONST FUND (425)</b>				
<b><i>Transfer to the City Hall Debt Service Fund</i></b>	Muni Improvements Capital Program		(\$1,748,272)	
Eliminates the Transfer to the City Hall Debt Service Fund and establishes a Transfer to the Civic Center Fiscal Agent Transaction Fund to correctly account for the transfer of remaining Civic Center funds to pay down Series 2008A Bonds. This transfer was incorrectly established to the City Hall Debt Service Fund.				
<b><i>Transfer to the Civic Center Fiscal Agent Transaction Fund</i></b>	Muni Improvements Capital Program		\$1,848,272	
Eliminates the Transfer to the City Hall Debt Service Fund and establishes a Transfer to the Civic Center Fiscal Agent Transaction Fund to correctly account for the transfer of remaining Civic Center funds to pay down Series 2008A Bonds. This transfer was incorrectly established to the City Hall Debt Service Fund.				
<b><i>Transfer to the Trustee Rebate Fund</i></b>	Muni Improvements Capital Program		(\$100,000)	
Eliminates the Transfer to the Trustee Rebate Fund reflecting arbitrage rebate payments that are no longer necessary in this fund. These funds are recommended to be transferred to the Civic Center Fiscal Agent Transaction Fund to pay down Series 2008A Bonds.				
<b>TOTAL CIVIC CENTER CONST FUND (425)</b>			<b>\$0</b>	<b>\$0</b>
<b>CIVIC CENTER PRKNG FUND (433)</b>				
<b><i>Transfer to the City Hall Debt Service Fund</i></b>	Muni Improvements Capital Program		(\$1,644,964)	
Eliminates the Transfer to the City Hall Debt Service Fund and establishes a Transfer to the Civic Center Fiscal Agent Transaction Fund to correctly account for the transfer of remaining Civic Center funds to pay down Series 2008A Bonds. This transfer was incorrectly established to the City Hall Debt Service Fund.				
<b><i>Transfer to the Civic Center Fiscal Agent Transaction Fund</i></b>	Muni Improvements Capital Program		\$1,644,964	
Eliminates the Transfer to the City Hall Debt Service Fund and establishes a Transfer to the Civic Center Fiscal Agent Transaction Fund to correctly account for the transfer of remaining Civic Center funds to pay down Series 2008A Bonds. This transfer was incorrectly established to the City Hall Debt Service Fund.				
<b>TOTAL CIVIC CENTER PRKNG FUND (433)</b>			<b>\$0</b>	<b>\$0</b>
<b>COMM DEV BLOCK GRANT FD (441)</b>				
<b><i>EDA Revolving Loan Fund Expansion</i></b>	Economic Development		\$67,000	
Increases funding to the Economic Development Administration Revolving Loan Fund Expansion appropriation to provide sufficient funding for staff support to manage the existing loan portfolio during the program's transition from the Office of Economic Development to the Housing Department.				
<b><i>Ending Fund Balance Adjustment</i></b>	Housing		(\$67,000)	
Decreases the Ending Fund Balance to offset the action recommended above.				
<b>TOTAL COMM DEV BLOCK GRANT FD (441)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX CENTRAL FD (390)</b>				
<b><i>Earned Revenue: Construction and Conveyance Tax</i></b>	Parks & Comm Fac Dev Capital Program			(\$2,560,000)
Decreases the Earned Revenue estimate by \$2,560,000 in the Parks Central Construction and Conveyance (C&C) Tax Fund to reflect lower than estimated 2008-2009 C&C Tax receipts. Collections have experienced sharper declines than were originally anticipated, therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue from \$23.0 million to \$19.0 million. In the Parks Central C&C Tax Fund, sufficient funding is available in the Ending Fund Balance to offset this drop in revenue.				
<b><i>Needs-Based Transfer: Council District 1</i></b>	Parks & Comm Fac Dev Capital Program		(\$136,000)	
Decreases the Needs-Based Transfer to the Council District 1 Construction and Conveyance (C&C) Tax Fund by \$136,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.				
<b><i>Needs-Based Transfer: Council District 2</i></b>	Parks & Comm Fac Dev Capital Program		(\$79,000)	
Decreases the Needs-Based Transfer to the Council District 2 Construction and Conveyance (C&C) Tax Fund by \$79,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.				
<b><i>Needs-Based Transfer: Council District 3</i></b>	Parks & Comm Fac Dev Capital Program		(\$143,000)	
Decreases the Needs-Based Transfer to the Council District 3 Construction and Conveyance (C&C) Tax Fund by \$143,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.				
<b><i>Needs-Based Transfer: Council District 4</i></b>	Parks & Comm Fac Dev Capital Program		(\$89,000)	
Decreases the Needs-Based Transfer to the Council District 4 Construction and Conveyance (C&C) Tax Fund by \$89,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.				
<b><i>Needs-Based Transfer: Council District 5</i></b>	Parks & Comm Fac Dev Capital Program		(\$170,000)	
Decreases the Needs-Based Transfer to the Council District 5 Construction and Conveyance (C&C) Tax Fund by \$170,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.				
<b><i>Needs-Based Transfer: Council District 6</i></b>	Parks & Comm Fac Dev Capital Program		(\$139,000)	
Decreases the Needs-Based Transfer to the Council District 6 Construction and Conveyance (C&C) Tax Fund by \$139,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.				
<b><i>Needs-Based Transfer: Council District 7</i></b>	Parks & Comm Fac Dev Capital Program		(\$149,000)	
Decreases the Needs-Based Transfer to the Council District 7 Construction and Conveyance (C&C) Tax Fund by \$149,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.				
<b><i>Needs-Based Transfer: Council District 8</i></b>	Parks & Comm Fac Dev Capital Program		(\$107,000)	
Decreases the Needs-Based Transfer to the Council District 8 Construction and Conveyance (C&C) Tax Fund by \$107,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.				
<b><i>Needs-Based Transfer: Council District 9</i></b>	Parks & Comm Fac Dev Capital Program		(\$95,000)	
Decreases the Needs-Based Transfer to the Council District 9 Construction and Conveyance (C&C) Tax Fund by \$95,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX CENTRAL FD (390)</b>				
<b><i>Needs-Based Transfer: Council District 10</i></b>	Parks & Comm Fac Dev		(\$54,000)	
Decreases the Needs-Based Transfer to the Council District 10 Construction and Conveyance (C&C) Tax Fund by \$54,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.	Capital Program			
<b><i>Special Needs Transfer: Council District 1</i></b>	Parks & Comm Fac Dev		(\$29,000)	
Decreases the Special Needs Transfer to the Council District 1 Construction and Conveyance (C&C) Tax Fund by \$29,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.	Capital Program			
<b><i>Special Needs Transfer: Council District 2</i></b>	Parks & Comm Fac Dev		(\$29,000)	
Decreases the Special Needs Transfer to the Council District 2 Construction and Conveyance (C&C) Tax Fund by \$29,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.	Capital Program			
<b><i>Special Needs Transfer: Council District 3</i></b>	Parks & Comm Fac Dev		(\$29,000)	
Decreases the Special Needs Transfer to the Council District 3 Construction and Conveyance (C&C) Tax Fund by \$29,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.	Capital Program			
<b><i>Special Needs Transfer: Council District 4</i></b>	Parks & Comm Fac Dev		(\$29,000)	
Decreases the Special Needs Transfer to the Council District 4 Construction and Conveyance (C&C) Tax Fund by \$29,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.	Capital Program			
<b><i>Special Needs Transfer: Council District 5</i></b>	Parks & Comm Fac Dev		(\$29,000)	
Decreases the Special Needs Transfer to the Council District 5 Construction and Conveyance (C&C) Tax Fund by \$29,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.	Capital Program			
<b><i>Special Needs Transfer: Council District 6</i></b>	Parks & Comm Fac Dev		(\$29,000)	
Decreases the Special Needs Transfer to the Council District 6 Construction and Conveyance (C&C) Tax Fund by \$29,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.	Capital Program			
<b><i>Special Needs Transfer: Council District 7</i></b>	Parks & Comm Fac Dev		(\$29,000)	
Decreases the Special Needs Transfer to the Council District 7 Construction and Conveyance (C&C) Tax Fund by \$29,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.	Capital Program			
<b><i>Special Needs Transfer: Council District 8</i></b>	Parks & Comm Fac Dev		(\$29,000)	
Decreases the Special Needs Transfer to the Council District 8 Construction and Conveyance (C&C) Tax Fund by \$29,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.	Capital Program			
<b><i>Special Needs Transfer: Council District 9</i></b>	Parks & Comm Fac Dev		(\$29,000)	
Decreases the Special Needs Transfer to the Council District 9 Construction and Conveyance (C&C) Tax Fund by \$29,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.	Capital Program			
<b><i>Special Needs Transfer: Council District 10</i></b>	Parks & Comm Fac Dev		(\$29,000)	
Decreases the Special Needs Transfer to the Council District 10 Construction and Conveyance (C&C) Tax Fund by \$29,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.	Capital Program			

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX CENTRAL FD (390)</b>				
<b><i>Transfer to General Fund: Parks Maintenance Costs</i></b>	Parks & Comm Fac Dev Capital Program		(\$384,000)	
Decreases the transfer to the General Fund for Parks Maintenance Costs by \$384,000 to reflect lower than estimated 2008-2009 Construction and Conveyance (C&C) Tax receipts. Each year, 15% of the Parks C&C Tax revenue is transferred to the General Fund for parks maintenance costs. Included in this document is a recommendation to decrease the overall C&C Tax revenue for 2008-2009, therefore, this transfer would be reduced accordingly.				
<b><i>Transfer to Parks City-Wide C&amp;C Tax Fund</i></b>	Parks & Comm Fac Dev Capital Program		(\$725,000)	
Decreases the transfer to the Parks City-Wide Construction and Conveyance (C&C) Tax Fund by \$725,000 to reflect lower than estimated 2008-2009 C&C Tax receipts.				
<b>TOTAL CONST/CONV TAX CENTRAL FD (390)</b>			(\$2,560,000)	(\$2,560,000)
<b>CONST/CONV TAX COMM FUND (397)</b>				
<b><i>Earned Revenue: Construction and Conveyance Tax</i></b>	Communications Capital Program			(\$136,000)
Decreases the Earned Revenue estimate by \$136,000 in the Communications Construction and Conveyance (C&C) Tax Fund to reflect lower than estimated 2008-2009 C&C Tax receipts. Collections have experienced sharper declines than were originally anticipated, therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue from \$23.0 million to \$19.0 million. In the Communications C&C Tax Fund, sufficient funding is available in the Ending Fund Balance to offset this drop in revenue.				
<b><i>Ending Fund Balance Adjustment</i></b>	Communications Capital Program		(\$136,000)	
Decreases the Ending Fund Balance in the Communications Construction and Conveyance Tax Fund to offset the adjustment recommended in this document.				
<b>TOTAL CONST/CONV TAX COMM FUND (397)</b>			(\$136,000)	(\$136,000)
<b>CONST/CONV TAX FIRE FUND (392)</b>				
<b><i>Capital Project Management</i></b>	Public Safety Capital Program		(\$27,000)	
This action reduces the Capital Project Management appropriation to offset the reduced Construction and Conveyance Tax receipts. Minimal impacts are expected from this reduction as changes in staffing have resulted in savings.				
<b><i>Earned Revenue: Construction and Conveyance Tax</i></b>	Public Safety Capital Program			(\$336,000)
Decreases the Earned Revenue estimate by \$336,000 in the Fire Construction and Conveyance (C&C) Tax Fund to reflect lower than estimated 2008-2009 C&C Tax receipts. Collections have experienced sharper declines than were originally anticipated, therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue from \$23.0 million to \$19.0 million. In the Fire C&C Tax Fund, a rebalancing of projects is required to maintain a positive Ending Fund Balance. Service impacts, as a result of this action, are discussed elsewhere in this section.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX FIRE FUND (392)</b>				
<p><b>Emergency Response Maps</b></p> <p>This action reduces the Emergency Response Maps appropriation to offset the reduced Construction and Conveyance Tax receipts. Minimal impacts are expected from this reduction; however, possible deferral of some map updates could result.</p>	Public Safety Capital Program		(\$10,000)	
<p><b>Ending Fund Balance Adjustment</b></p> <p>Reduces the Ending Fund Balance to offset actions recommended in this report. Savings are available as a result of favorable bids for the construction contract for the Fire Station 2 – Rebuild project, awarded by the City Council on January 13, 2009. The City Council approved transferring savings of \$124,000 from the Fire Station 2 - Rebuild appropriation to the Ending Fund Balance.</p>	Public Safety Capital Program		(\$124,000)	
<p><b>FF&amp;E and Facility Improvements</b></p> <p>Reduces the Furniture, Fixtures, and Equipment (FF&amp;E) and Facility Improvements appropriation in order to offset a reduction of revenue from the sale of two fire stations (12 and 17) that was assumed in the 2008-2009 Adopted Capital Budget. A reduction to this appropriation will not affect planned expenditures in 2008-2009 as expenditures will be deferred to 2009-2010.</p>	Public Safety Capital Program		(\$1,000,000)	
<p><b>Sale of Fire Station Revenue</b></p> <p>Removes the estimated revenue from the sale of Fire Stations 12 and 17 in 2008-2009 to reflect the current downturn in the real estate market and the timing needed to sell the stations. These sales are expected to occur in 2009-2010 or later, following community outreach.</p>	Public Safety Capital Program			(\$1,000,000)
<p><b>Tools and Equipment</b></p> <p>This action reduces the Tools and Equipment appropriation to offset the reduced Construction and Conveyance Tax receipts. Minimal impacts are expected from this reduction, and the purchase of tools and equipment will be conducted on an as needed basis rather than according to the current replacement schedule.</p>	Public Safety Capital Program		(\$20,000)	
<p><b>Traffic Control Equipment</b></p> <p>This action reduces the Traffic Control Equipment appropriation to offset the reduced Construction and Conveyance Tax receipts. This reduction will result in ten fewer signals receiving preemption equipment this year. The Fire Department will revise the distribution plan for allocating traffic preemption equipment.</p>	Public Safety Capital Program		(\$25,000)	
<p><b>Turnout Cleaning</b></p> <p>This action reduces the Turnout Cleaning appropriation to offset the reduced Construction and Conveyance Tax receipts. Minimal impacts are expected from this reduction as it eliminates carry-over funds from prior years and maintains the annual funding level.</p>	Public Safety Capital Program		(\$100,000)	
<p><b>Underground Fuel Tank Renovation/Replacement</b></p> <p>This action reduces the Underground Fuel Tank Renovation/Replacement appropriation to offset the reduced Construction and Conveyance Tax receipts. Minimal impacts are expected from this reduction, and any unanticipated costs exceeding the remaining appropriation balance will be funded through the Facilities Improvement appropriation.</p>	Public Safety Capital Program		(\$30,000)	

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX FIRE FUND (392)</b>				
<b>TOTAL CONST/CONV TAX FIRE FUND (392)</b>			<b>(\$1,336,000)</b>	<b>(\$1,336,000)</b>
<b>CONST/CONV TAX LIBRARY FD (393)</b>				
<b>Earned Revenue: Construction and Conveyance Tax</b>	Library Capital Program			(\$569,000)
Decreases the Earned Revenue estimate by \$569,000 in the Library Construction and Conveyance (C&C) Tax Fund to reflect lower than estimated 2008-2009 C&C Tax receipts. Collections have experienced sharper declines than were originally anticipated, therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue from \$23.0 million to \$19.0 million. In the Library C&C Tax Fund, sufficient funding is available in the Ending Fund Balance to offset this drop in revenue.				
<b>Ending Fund Balance Adjustment</b>	Library Capital Program		(\$569,000)	
Decreases the Ending Fund Balance in the Library Construction and Conveyance Tax Fund to offset adjustments recommended in this document.				
<b>TOTAL CONST/CONV TAX LIBRARY FD (393)</b>			<b>(\$569,000)</b>	<b>(\$569,000)</b>
<b>CONST/CONV TAX PK CD 1 FUND (377)</b>				
<b>Ending Fund Balance Adjustment</b>	Parks & Comm Fac Dev Capital Program		(\$165,000)	
Decreases the Ending Fund Balance in the Council District 1 Construction and Conveyance Tax Fund to offset adjustments recommended in this document.				
<b>Reserve: Starbird Park Irrigation Renovation</b>	Parks & Comm Fac Dev Capital Program		\$185,000	
Establishes the Reserve: Starbird Park Irrigation Renovation appropriation. A related action in this document eliminates the Starbird Park Irrigation Renovation allocation due to the project being on hold pending the completion of the updated Starbird Park Master Plan.				
<b>Starbird Park Irrigation Renovation</b>	Parks & Comm Fac Dev Capital Program		(\$185,000)	
Eliminates the Starbird Park Irrigation Renovation project. This project is currently on hold pending the completion of the updated Starbird Park Master Plan. A related action in this document establishes the Reserve: Starbird Park Irrigation Renovation appropriation.				
<b>Transfer from Central Fund: Construction and Conveyance Tax</b>	Parks & Comm Fac Dev Capital Program			(\$165,000)
Decreases the Central Fund transfer to the Council District 1 Construction and Conveyance (C&C) Tax Fund by \$165,000 to reflect lower than estimated 2008-2009 C&C Tax receipts. Collections have experienced sharper declines than were originally anticipated, therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue from \$23.0 million to \$19.0 million. In the Council District 1 C&C Tax Fund, sufficient funding is available in the Ending Fund Balance to offset this drop in revenue.				
<b>TOTAL CONST/CONV TAX PK CD 1 FUND (377)</b>			<b>(\$165,000)</b>	<b>(\$165,000)</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PK CD 2 FUND (378)</b>				
<b>Ending Fund Balance Adjustment</b>	Parks & Comm Fac Dev Capital Program		(\$108,000)	
Decreases the Ending Fund Balance in the Council District 2 Construction and Conveyance Tax Fund to offset adjustments recommended in this document.				
<b>Transfer from Central Fund: Construction and Conveyance Tax</b>	Parks & Comm Fac Dev Capital Program			(\$108,000)
Decreases the Central Fund transfer to the Council District 2 Construction and Conveyance (C&C) Tax Fund by \$108,000 to reflect lower than estimated 2008-2009 C&C Tax receipts. Collections have experienced sharper declines than were originally anticipated, therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue from \$23.0 million to \$19.0 million. In the Council District 2 C&C Tax Fund, sufficient funding is available in the Ending Fund Balance to offset this drop in revenue.				
<b>TOTAL CONST/CONV TAX PK CD 2 FUND (378)</b>			<b>(\$108,000)</b>	<b>(\$108,000)</b>
<b>CONST/CONV TAX PK CD 3 FUND (380)</b>				
<b>Ending Fund Balance Adjustment</b>	Parks & Comm Fac Dev Capital Program		(\$172,000)	
Decreases the Ending Fund Balance in the Council District 3 Construction and Conveyance Tax Fund to offset adjustments recommended in this document.				
<b>Transfer from Central Fund: Construction and Conveyance Tax</b>	Parks & Comm Fac Dev Capital Program			(\$172,000)
Decreases the Central Fund transfer to the Council District 3 Construction and Conveyance (C&C) Tax Fund by \$172,000 to reflect lower than estimated 2008-2009 C&C Tax receipts. Collections have experienced sharper declines than were originally anticipated, therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue from \$23.0 million to \$19.0 million. In the Council District 3 C&C Tax Fund, sufficient funding is available in the Ending Fund Balance to offset this drop in revenue.				
<b>TOTAL CONST/CONV TAX PK CD 3 FUND (380)</b>			<b>(\$172,000)</b>	<b>(\$172,000)</b>
<b>CONST/CONV TAX PK CD 4 FUND (381)</b>				
<b>Earned Revenue</b>	Parks & Comm Fac Dev Capital Program			\$310,977
Increases the Earned Revenue estimate by \$310,977 to reflect the receipt of two grants from the Federal Government through the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) grant. SAFETEA-LU grant funding was received in November and December 2008 for the Bay Trail Reach 9 (Gold Street to San Tomas Aquino) project (\$206,100) and the Lower Guadalupe River Trail (Gold Street to Highway 880) project (\$104,877).				
<b>Ending Fund Balance Adjustment</b>	Parks & Comm Fac Dev Capital Program		\$192,977	
Increases the Ending Fund Balance in the Council District 4 Construction and Conveyance Tax Fund to offset adjustments recommended in this document.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PK CD 4 FUND (381)</b>				
<b><i>Transfer from Central Fund: Construction and Conveyance Tax</i></b>	Parks & Comm Fac Dev Capital Program			(\$118,000)
Decreases the Central Fund transfer to the Council District 4 Construction and Conveyance (C&C) Tax Fund by \$118,000 to reflect lower than estimated 2008-2009 C&C Tax receipts. Collections have experienced sharper declines than were originally anticipated, therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue from \$23.0 million to \$19.0 million. In the Council District 4 C&C Tax Fund, sufficient funding is available in the Ending Fund Balance to offset this drop in revenue.				
<b>TOTAL CONST/CONV TAX PK CD 4 FUND (381)</b>			<b>\$192,977</b>	<b>\$192,977</b>
<b>CONST/CONV TAX PK CD 5 FUND (382)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		(\$199,000)	
Decreases the Ending Fund Balance in the Council District 5 Construction and Conveyance Tax Fund to offset adjustments recommended in this document.				
<b><i>Transfer from Central Fund: Construction and Conveyance Tax</i></b>	Parks & Comm Fac Dev Capital Program			(\$199,000)
Decreases the Central Fund transfer to the Council District 5 Construction and Conveyance (C&C) Tax Fund by \$199,000 to reflect lower than estimated 2008-2009 C&C Tax receipts. Collections have experienced sharper declines than were originally anticipated, therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue from \$23.0 million to \$19.0 million. In the Council District 5 C&C Tax Fund, sufficient funding is available in the Ending Fund Balance to offset this drop in revenue.				
<b>TOTAL CONST/CONV TAX PK CD 5 FUND (382)</b>			<b>(\$199,000)</b>	<b>(\$199,000)</b>
<b>CONST/CONV TAX PK CD 6 FUND (384)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		(\$168,000)	
Decreases the Ending Fund Balance in the Council District 6 Construction and Conveyance Tax Fund to offset adjustments recommended in this document.				
<b><i>Transfer from Central Fund: Construction and Conveyance Tax</i></b>	Parks & Comm Fac Dev Capital Program			(\$168,000)
Decreases the Central Fund transfer to the Council District 6 Construction and Conveyance (C&C) Tax Fund by \$168,000 to reflect lower than estimated 2008-2009 C&C Tax receipts. Collections have experienced sharper declines than were originally anticipated, therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue from \$23.0 million to \$19.0 million. In the Council District 6 C&C Tax Fund, sufficient funding is available in the Ending Fund Balance to offset this drop in revenue.				
<b>TOTAL CONST/CONV TAX PK CD 6 FUND (384)</b>			<b>(\$168,000)</b>	<b>(\$168,000)</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PK CD 7 FUND (385)</b>				
<b>Ending Fund Balance Adjustment</b>	Parks & Comm Fac Dev Capital Program		(\$178,000)	
Decreases the Ending Fund Balance in the Council District 7 Construction and Conveyance Tax Fund to offset adjustments recommended in this document.				
<b>Reserve: Vietnamese American Community Center</b>	Parks & Comm Fac Dev Capital Program		\$1,000,000	
Establishes the Reserve: Vietnamese American Community Center appropriation. A related action in this document eliminates the Vietnamese American Community Center project due to the funding not being needed until the design phase begins, which is not anticipated to occur until after 2009-2010.				
<b>Transfer from Central Fund: Construction and Conveyance Tax</b>	Parks & Comm Fac Dev Capital Program			(\$178,000)
Decreases the Central Fund transfer to the Council District 7 Construction and Conveyance (C&C) Tax Fund by \$178,000 to reflect lower than estimated 2008-2009 C&C Tax receipts. Collections have experienced sharper declines than were originally anticipated, therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue from \$23.0 million to \$19.0 million. In the Council District 7 C&C Tax Fund, sufficient funding is available in the Ending Fund Balance to offset this drop in revenue.				
<b>Vietnamese American Community Center</b>	Parks & Comm Fac Dev Capital Program		(\$1,000,000)	
Reallocates funding for the Vietnamese American Community Center project to a reserve. This funding will not be needed until the design phase begins, which is not anticipated to occur until after 2009-2010. A related action in this document establishes the Reserve: Vietnamese American Community Center appropriation.				
<b>TOTAL CONST/CONV TAX PK CD 7 FUND (385)</b>			<b>(\$178,000)</b>	<b>(\$178,000)</b>
<b>CONST/CONV TAX PK CD 8 FUND (386)</b>				
<b>Ending Fund Balance Adjustment</b>	Parks & Comm Fac Dev Capital Program		(\$136,000)	
Decreases the Ending Fund Balance in the Council District 8 Construction and Conveyance Tax Fund to offset adjustments recommended in this document.				
<b>Transfer from Central Fund: Construction and Conveyance Tax</b>	Parks & Comm Fac Dev Capital Program			(\$136,000)
Decreases the Central Fund transfer to the Council District 8 Construction and Conveyance (C&C) Tax Fund by \$136,000 to reflect lower than estimated 2008-2009 C&C Tax receipts. Collections have experienced sharper declines than were originally anticipated, therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue from \$23.0 million to \$19.0 million. In the Council District 8 C&C Tax Fund, sufficient funding is available in the Ending Fund Balance to offset this drop in revenue.				
<b>TOTAL CONST/CONV TAX PK CD 8 FUND (386)</b>			<b>(\$136,000)</b>	<b>(\$136,000)</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PK CD 9 FUND (388)</b>				
<b><i>Camden Community Center Locker Room Renovation</i></b>	Parks & Comm Fac Dev Capital Program		\$150,000	
Establishes the Camden Community Center Locker Room Renovation project. Funding is needed to renovate the ventilation system to mitigate mold growth and eliminate an unpleasant odor, replace water fixtures to meet standard requirements, install new flooring, replace the lockers, install natural lighting, and provide extra amenities.				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		(\$124,000)	
Decreases the Ending Fund Balance in the Council District 9 Construction and Conveyance Tax Fund to offset adjustments recommended in this document.				
<b><i>Reserve: Aquatics Master Plan Implementation</i></b>	Parks & Comm Fac Dev Capital Program		(\$150,000)	
Reduces the Reserve: Aquatics Master Plan Implementation appropriation and re-allocates the funding to the Camden Community Center Locker Room Renovation project.				
<b><i>Transfer from Central Fund: Construction and Conveyance Tax</i></b>	Parks & Comm Fac Dev Capital Program			(\$124,000)
Decreases the Central Fund transfer to the Council District 9 Construction and Conveyance (C&C) Tax Fund by \$124,000 to reflect lower than estimated 2008-2009 C&C Tax receipts. Collections have experienced sharper declines than were originally anticipated, therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue from \$23.0 million to \$19.0 million. In the Council District 9 C&C Tax Fund, sufficient funding is available in the Ending Fund Balance to offset this drop in revenue.				
<b>TOTAL CONST/CONV TAX PK CD 9 FUND (388)</b>			<b>(\$124,000)</b>	<b>(\$124,000)</b>
<b>CONST/CONV TAX PK CD10 FD (389)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		(\$83,000)	
Decreases the Ending Fund Balance in the Council District 10 Construction and Conveyance Tax Fund to offset adjustments recommended in this document.				
<b><i>Transfer from Central Fund: Construction and Conveyance Tax</i></b>	Parks & Comm Fac Dev Capital Program			(\$83,000)
Decreases the Central Fund transfer to the Council District 10 Construction and Conveyance (C&C) Tax Fund by \$83,000 to reflect lower than estimated 2008-2009 C&C Tax receipts. Collections have experienced sharper declines than were originally anticipated, therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue from \$23.0 million to \$19.0 million. In the Council District 10 C&C Tax Fund, sufficient funding is available in the Ending Fund Balance to offset this drop in revenue.				
<b>TOTAL CONST/CONV TAX PK CD10 FD (389)</b>			<b>(\$83,000)</b>	<b>(\$83,000)</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PK YARDS FD (398)</b>				
<b><i>Earned Revenue: Construction and Conveyance Tax</i></b>	Parks & Comm Fac Dev Capital Program			(\$48,000)
Decreases the Earned Revenue estimate by \$48,000 in the Park Yards Construction and Conveyance (C&C) Tax Fund to reflect lower than estimated 2008-2009 C&C Tax receipts. Collections have experienced sharper declines than were originally anticipated, therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue from \$23.0 million to \$19.0 million. In the Park Yards C&C Tax Fund, sufficient funding is available in the Ending Fund Balance to offset this drop in revenue.				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		(\$41,000)	
Decreases the Ending Fund Balance in the Park Yards Construction and Conveyance Tax Fund to offset adjustments recommended in this document.				
<b><i>Transfer to General Fund: Park Yards Operating and Maint. Costs</i></b>	Parks & Comm Fac Dev Capital Program		(\$7,000)	
Decreases the transfer to the General Fund for Park Yards Operating and Maintenance Costs by \$7,000 to reflect lower than estimated 2008-2009 Construction and Conveyance (C&C) Tax receipts. Each year, 15% of the Park Yards C&C Tax revenue is transferred to the General Fund for operating and maintenance costs. Included in this document is a recommendation to decrease the overall C&C Tax revenue for 2008-2009, therefore, this transfer would be reduced accordingly.				
<b>TOTAL CONST/CONV TAX PK YARDS FD (398)</b>			<b>(\$48,000)</b>	<b>(\$48,000)</b>
<b>CONST/CONV TAX PKS CW FUND (391)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		(\$742,000)	
Decreases the Ending Fund Balance in the Parks City-Wide Construction and Conveyance Tax Fund to offset adjustments recommended in this document.				
<b><i>Environmental Mitigation Maintenance and Monitoring</i></b>	Parks & Comm Fac Dev Capital Program		\$10,000	
Increases the Environmental Mitigation Maintenance and Monitoring appropriation by \$10,000. This additional allocation will ensure adequate funding is available to complete an active service agreement for mitigation monitoring of the Quail Hollow Bridge, which is located at Alum Rock Park.				
<b><i>Family Camp Lease</i></b>	Parks & Comm Fac Dev Capital Program		\$7,000	
Increases the Family Camp Lease allocation by \$7,000 to ensure sufficient funding is available to pay the United States Forest Service for lease costs associated with Family Camp. The City is currently re-negotiating the Family Camp lease with the United States Forest Service, and has not yet been invoiced for 2008-2009. However, the most current estimate for the 2008-2009 lease is \$37,000, which is \$7,000 higher than the budgeted allocation.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PKS CW FUND (391)</b>				
<b><i>Reserve: Vietnamese American Community Center</i></b>	Parks & Comm Fac Dev Capital Program		\$150,000	
Establishes the Reserve: Vietnamese American Community Center appropriation. A related action in this document eliminates the Vietnamese American Community Center project (\$133,000) due to the funding not being needed until the design phase begins, which is not anticipated to occur until after 2009-2010. Additionally, in 2007-2008 project expenditures were inadvertently charged to the Vietnamese American Community Center project, instead of the Vietnamese Cultural Heritage Garden allocation. Therefore, this document includes a recommendation to decrease the Vietnamese Cultural Heritage Garden project by \$17,000 and restore the funding to the Reserve: Vietnamese American Community Center appropriation.				
<b><i>Transfer from Central Fund: Construction and Conveyance Tax</i></b>	Parks & Comm Fac Dev Capital Program			(\$725,000)
Decreases the Central Fund transfer to the Parks City-Wide Construction and Conveyance (C&C) Tax Fund by \$725,000 to reflect lower than estimated 2008-2009 C&C Tax receipts. Collections have experienced sharper declines than were originally anticipated, therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue from \$23.0 million to \$19.0 million. In the Parks City-Wide C&C Tax Fund, sufficient funding is available in the Ending Fund Balance to offset this drop in revenue.				
<b><i>Vietnamese American Community Center</i></b>	Parks & Comm Fac Dev Capital Program		(\$133,000)	
Reallocates funding for the Vietnamese American Community Center project to a reserve. This funding will not be needed until the design phase begins, which is not anticipated to occur until after 2009-2010. A related action in this document establishes the Reserve: Vietnamese American Community Center appropriation.				
<b><i>Vietnamese Cultural Heritage Garden</i></b>	Parks & Comm Fac Dev Capital Program		(\$17,000)	
Decreases the Vietnamese Cultural Heritage Garden allocation by \$17,000. In 2007-2008 project expenditures were inadvertently charged to the Vietnamese American Community Center project, instead of the Vietnamese Cultural Heritage Garden allocation. A related action in this document restores this funding to the Reserve: Vietnamese American Community Center appropriation.				
<b>TOTAL CONST/CONV TAX PKS CW FUND (391)</b>			<b>(\$725,000)</b>	<b>(\$725,000)</b>
<b>CONST/CONV TAX SRVC YDS FD (395)</b>				
<b><i>Earned Revenue: Construction and Conveyance Tax</i></b>	Service Yards Capital Program			(\$351,000)
Decreases the Earned Revenue estimate by \$351,000 in the Service Yards Construction and Conveyance (C&C) Tax Fund to reflect lower than estimated 2008-2009 C&C Tax receipts. Collections have experienced sharper declines than were originally anticipated, therefore, included in this document is a recommendation to decrease the overall C&C Tax revenue from \$23.0 million to \$19.0 million. In the Service Yards C&C Tax Fund, sufficient funding is available in the Ending Fund Balance to offset this drop in revenue.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX SRVC YDS FD (395)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Service Yards Capital Program		(\$451,000)	
Decreases the Ending Fund Balance in the Service Yards Construction and Conveyance Tax Fund to offset adjustments recommended in this document.				
<b><i>Fuel Tank Vapor Recovery System Upgrade</i></b>	Service Yards Capital Program		\$100,000	
Establishes an appropriation for a mandated Fuel Tank Vapor Recovery System upgrade at the South Service Yard and Mabury Service Yard. This mandate, issued in June 2008 by the Bay Area Air Quality Management District, requires owners/operators of non-retail gasoline stations to upgrade vapor recovery systems by April 2009 to help reduce air pollution.				
<b><i>Repayment of Phase II Commercial Paper</i></b>	Service Yards Capital Program		(\$14,000,000)	
Decreases the Repayment of Phase II Commercial Paper appropriation in the amount of \$14.0 million to offset the action listed below. Sufficient ending fund balance is available to fund the interest-only payments on the outstanding Commercial Paper for several years, if necessary.				
<b><i>Sale of the Main Yard</i></b>	Service Yards Capital Program			(\$14,000,000)
Decreases the estimate for Earned Revenue in the amount of \$14.0 million to reflect a delay in the sale of the Main Yard. The sale of this property, which was scheduled to occur in 2008-2009, is currently under discussion and will likely occur in the future. A corresponding decrease to the Repayment of Phase II Commercial Paper is also recommended in this report.				
<b>TOTAL CONST/CONV TAX SRVC YDS FD (395)</b>			<b>(\$14,351,000)</b>	<b>(\$14,351,000)</b>
<b>CONSTRUCTION EXCISE TAX FD (465)</b>				
<b><i>BART Project Management</i></b>	Traffic Capital Program	( 1.00)	(\$100,000)	
Eliminates one filled Engineer for the BART Project Management project as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. The activity level associated with the project development phase has slowed down in the recent months; therefore, a reduced level of staff support is recommended until federal funding for the construction of the project can be secured.				
<b><i>Bicycle and Pedestrian Facilities</i></b>	Traffic Capital Program		\$130,000	\$80,000
Increases the Bicycle and Pedestrian Facilities project and recognizes \$80,000 in revenue from the Valley Transportation Authority (VTA) for bicycle/pedestrian signs and striping, and for improvements on Bird Avenue. The additional funding (\$50,000) will provide for the installation of on-street bicycle racks, which will be fully reimbursed in 2009-2010.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 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>Bicycle/Pedestrian Program Management</i></b>	Traffic Capital Program	( 1.00)	(\$248,000)	
Shifts the funding source for the Bicycle/Pedestrian Program Management project from the Construction Excise Tax Fund to the Building and Structure Construction Tax Fund and eliminates one filled Engineering Technician as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding for activities that support the planning efforts and grant project development required to establish and maintain the City's pedestrian and bicycle efforts. The majority of this effort supports projects along major collectors and arterials.				
<b><i>Bridge Maintenance and Repair</i></b>	Traffic Capital Program		(\$47,000)	
Decreases the Bridge Maintenance and Repair project as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding for the maintenance and minor repairs of existing bridges, and this reduction will result in the deferral of minor non-safety related type of repairs to City bridges. Minor safety related repairs will be made using the remaining funds in this project.				
<b><i>City-Wide Emergency Repairs</i></b>	Traffic Capital Program		(\$124,000)	
Decreases the City-Wide Emergency Repairs project as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding for unanticipated street infrastructure repairs damaged by natural disasters and accidents. It is anticipated that there will be no impact to the current service level unless a major event occurs.				
<b><i>Earned Revenue: Construction Excise Tax</i></b>	Traffic Capital Program			(\$5,975,000)
Decreases the revenue estimate for the Construction Excise Taxes as a result of a significant decline in developer activity. The current revenue estimate of \$12.975 million is recommended to be revised downward by \$5.975 million to \$7 million. Impacts to the projects funded by these taxes are described elsewhere in this section.				
<b><i>Ending Fund Balance Adjustment</i></b>	Traffic Capital Program		\$177,000	
Increases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Fiber Optics Permit Engineering</i></b>	Traffic Capital Program		\$300,000	\$300,000
Recognizes additional revenue for Fiber Optics Permit Fees and increases the funding for the Fiber Optics Permit Engineering project. The additional permit fees collected from fiber cable companies are for the installation of conduits, vaults, and cables in the public right-of-way.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 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>ITS: Operations and Management</i></b>	Traffic Capital Program		(\$200,000)	
Shifts the funding source for the ITS: Operations and Management project from the Construction Excise Tax Fund to the Building and Structure Construction Tax Fund as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding for operations and management activities that support the retiming of traffic signals. The majority of this effort supports projects along major collectors and arterials.				
<b><i>Local Transportation Policy and Planning</i></b>	Traffic Capital Program	( 1.00)	(\$100,000)	
Shifts the funding source for one Senior Transportation Specialist from the Construction Excise Tax Fund to existing funding in the Building and Structure Construction Tax Fund associated with the Local Transportation Policy and Planning project as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding for the implementation of the City's Transportation Impact Policy and local policy, planning, land use, and transportation studies.				
<b><i>Miscellaneous Street Improvements</i></b>	Traffic Capital Program		(\$250,000)	
Shifts the funding source for the Miscellaneous Street Improvements appropriation from the Construction Excise Tax Fund to the Major Collectors and Arterials Fund as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding for several sidewalk improvement projects along major collectors and arterials.				
<b><i>North San José Administration</i></b>	Traffic Capital Program	( 1.00)	(\$100,000)	
Eliminates one vacant Senior Office Specialist that supported the North San José Administration project as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This position supported the collection and management of the North San José development fees program. However, due to the lack of development activity in that area, eliminating this vacant position will have no impact to current service levels.				
<b><i>Ortho Photo Project</i></b>	Traffic Capital Program		(\$83,000)	
Decreases the Ortho Photo Project due to project savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. The project has been completed.				
<b><i>Project Development Engineering</i></b>	Traffic Capital Program	( 1.00)	(\$400,000)	
Shifts the funding source for the Project Development Engineering project from the Construction Excise Tax Fund to the Building and Structure Construction Tax Fund (\$300,000) and eliminates one filled Associate Engineering Technician (\$100,000) as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding for development engineering that supports the City's effort to secure grant funds. The majority of this effort supports projects along major collectors and arterials.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 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>Prop 42 - Pavement Maintenance</i></b>	Traffic Capital Program		(\$2,000,000)	(\$2,000,000)
Decreases the Prop 42 - Pavement Maintenance project and the corresponding revenue due to lower than anticipated revenue collections. This project provides funding for street sealing and resurfacing various City streets to improve the overall condition of the City's street network. The amount of Prop 42 funds are based on gas consumption, and with lower gas consumption activity, a lower level of collections are anticipated.				
<b><i>Rural Road Safety Improvements</i></b>	Traffic Capital Program		(\$85,000)	
Decreases the Rural Road Safety Improvements project as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding to make safety improvements along rural roads in San José. The project is being deferred until a source of funding can be identified.				
<b><i>Traffic Calming</i></b>	Traffic Capital Program		(\$300,000)	
Decreases the Traffic Calming project as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding for the installation of traffic calming devices in development areas and neighborhoods; however, with the recent decreased level in development activity, there have been fewer demands for traffic calming measures in development areas. The remaining funds will address traffic calming concerns in the neighborhoods.				
<b><i>Traffic Congestion Studies</i></b>	Traffic Capital Program	( 1.00)	(\$100,000)	
Eliminates one filled Associate Engineer in the Traffic Congestion Studies project as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This position prepares and conducts traffic studies associated with development proposals; however, with the recent decreased level in development activity, a reduced level of staff support is recommended.				
<b><i>Traffic Flow Management and Signal Retiming</i></b>	Traffic Capital Program		(\$100,000)	
Shifts the funding source for the Traffic Flow Management and Signal Retiming project from the Construction Excise Tax Fund to the Building and Structure Construction Tax Fund as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding for activities that support the retiming of traffic signals. The majority of this effort supports projects along major collectors and arterials.				
<b><i>Traffic Safety Data Collection</i></b>	Traffic Capital Program		(\$315,000)	
Decreases the Traffic Safety Data Collection project as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding for the acquisition and installation of automated traffic counting devices.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 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>Transfer to the General Fund - General Purpose</i></b>	Traffic Capital Program		(\$1,207,000)	
Decreases the Transfer to the General Fund - General Purpose as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. To offset the decrease in transfers to the General Fund, staff is recommending to decrease the Seven Trees Boulevard Sidewalk (\$700,000) and Traffic Calming (\$507,000) projects in the General Fund.				
<b><i>Transfer to the General Fund - Pavement Maintenance</i></b>	Traffic Capital Program		(\$2,293,000)	
Decreases the Transfer to the General Fund - Pavement Maintenance as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. To offset the decrease in transfers to the General Fund, staff is recommending to defer the Maintenance Backlog - Street Surface Resurfacing (Story Rd & Leigh Ave) project in the General Fund by a corresponding amount until the State releases the Prop 1B - Pavement Maintenance funds. The City has been approved to receive \$14.6 million in Prop 1B funds for pavement maintenance; however, the State has frozen these funds until the State's cash flow crisis and State budget deficit have been addressed.				
<b><i>Transportation Demand Management and Taxi Program</i></b>	Traffic Capital Program	( .75)	(\$100,000)	
Shifts the funding source for one Parking/Ground Transportation Administration position from the Construction Excise Tax Fund to existing funds in the General Purpose Parking Fund as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. The position provides oversight to the City's Taxicab Service Model which includes organization and management of the Taxicab Advisory Team meetings, and collection and management of taxi service data that is used in the model. This action should have no impact to current service levels.				
<b><i>Transportation Needs Master Plan</i></b>	Traffic Capital Program		(\$50,000)	
Decreases the Transportation Needs Master Plan to capture project savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. The Master Plan has been completed.				
<b>TOTAL CONSTRUCTION EXCISE TAX FD (465)</b>		( 6.75)	(\$7,595,000)	(\$7,595,000)
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Convention Facilities Dept		(\$900,000)	
Decreases the Ending Fund Balance to offset actions recommended in this report.				
<b><i>Miscellaneous Improvements</i></b>	Convention Facilities Dept		(\$400,000)	
Decreases the Convention Facilities Miscellaneous Improvements appropriation by \$400,000 to \$170,000 to partially offset the recommended reduction in operating revenues included in this report. It is anticipated that the remaining funding in this appropriation will be sufficient to address critical minor capital repairs and improvements.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>				
<b><i>Non-Personal/Equipment</i></b>	Convention Facilities Dept		\$1,000,000	
Increases the Convention Facilities Non-Personal/Equipment appropriation by \$1.0 million to pay for higher than anticipated usher and stagehand labor at the Convention Center facilities. A corresponding decrease to the Personal Services appropriation is included in this document to offset this action.				
<b><i>Operating Revenues</i></b>	Convention Facilities Dept			(\$1,300,000)
Decreases Operating Revenues by \$1.3 million from \$12.1 million to \$10.8 million. This reduction is necessary as a result of a combination of declining activity in 2008-2009 (\$400,000), which has resulted in lower than anticipated revenue collections, as well as an estimated bad debt expense (\$900,000). A significant portion of the bad debt write-off expense can be attributed to the American Musical Theater, which declared bankruptcy at the end of 2008.				
<b><i>Personal Services</i></b>	Convention Facilities Dept		(\$1,000,000)	
Decreases the Convention Facilities Personal Services appropriation by \$1.0 million to pay for contract usher and stagehand labor costs which are recorded as a non-personal expense. This savings is anticipated due to 16 current Convention Facilities vacancies. A corresponding increase to the Non-Personal/Equipment appropriation is included in this document to offset this action.				
<b>TOTAL CONV/CULTURAL AFFAIRS FUND (536)</b>			(\$1,300,000)	(\$1,300,000)
<b>DENTAL INSURANCE FUND (155)</b>				
<b><i>Dental HMO Plan</i></b>	Human Resources		\$107,000	
Increases funding in the Dental HMO Plan due to higher than anticipated enrollment in the Plan. A corresponding increase in revenue and decrease in Ending Fund Balance is recommended in this report.				
<b><i>Ending Fund Balance Adjustment</i></b>	Human Resources		(\$113,000)	
Decreases the Ending Fund Balance to offset actions recommended in this report.				
<b><i>Non-Personal/Equipment</i></b>	Human Resources		\$6,000	
Increases the Non-Personal/Equipment appropriation due to higher administrative costs as a result of increased enrollment in the Delta Dental PPO plan. This action will be offset by a decrease to Ending Fund Balance.				
<b><i>Participant Contributions</i></b>	Human Resources			\$200,000
Increases revenue due to higher than anticipated enrollment in the Dental HMO and PPO Plans. Corresponding increases in related expenditures are recommended in this report.				
<b><i>Payment of Claims</i></b>	Human Resources		\$400,000	
Increases the Payment of Claims appropriation to fund higher than anticipated dental plan utilization in the Delta Dental PPO Plan. A corresponding increase in revenue and decrease in Ending Fund Balance is recommended in this report.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>DENTAL INSURANCE FUND (155)</b>				
<i>Retiree Contributions</i>	Human Resources			\$200,000
Increases revenue due to higher than anticipated enrollment in the Dental HMO and PPO Plans. Corresponding increases in related expenditures are recommended in this report.				
<b>TOTAL DENTAL INSURANCE FUND (155)</b>			<b>\$400,000</b>	<b>\$400,000</b>
<b>DOWNTOWN PBID (302)</b>				
<i>Downtown Property and Business Improvement District</i>	Transportation		\$25,000	
Increases the Downtown Property and Business Improvement District appropriation to offset the recommended adjustment to the Highway 87 Downtown Gateway Clean-up project.				
<i>Highway 87 Downtown Gateway Clean-up</i>	Transportation		(\$25,000)	
As part of the Mayor's June 2008 Budget Message, an allocation for the Highway 87 Downtown Gateway Clean-up was established with the City contributing half of the costs (\$25,000) and the Property and Business Improvement District (PBID) contributing the other half (\$25,000). Unfortunately, the PBID Board did not approve funding half of the costs associated with this project because parts of the clean-up were outside of the PBID area. However, the San José Downtown Association (SJDA) have expressed that they are able to do the clean-up and have raised the funds, through various Downtown groups, necessary for this project. This action decreases the Highway 87 Downtown Gateway Clean-up project to reflect the PBID no longer leading the clean-up efforts. A corresponding increase to the Downtown PBID appropriation is also recommended to offset this decrease.				
<b>TOTAL DOWNTOWN PBID (302)</b>			<b>\$0</b>	<b>\$0</b>
<b>ECON DEV ENHANCEMENT FD (439)</b>				
<i>Ending Fund Balance Adjustment</i>	Economic Development		(\$241,235)	
A technical adjustment to eliminate the Ending Fund Balance to complete the transfer of responsibility of the Small Business Loan Program from the City to the San Jose Redevelopment Agency.				
<i>Transfer of the Small Business Loan Program</i>	Economic Development		(\$500,000)	
A technical adjustment to complete the transfer of responsibility of the Small Business Loan Program from the City to the San Jose Redevelopment Agency.				
<i>Transfer to the Redevelopment Agency</i>	Economic Development		\$741,235	
A technical adjustment to complete the transfer of responsibility of the Small Business Loan Program (SBLP) from the City to the San Jose Redevelopment Agency. This transfer reflects the reallocation of the SBLP planned expenditures (\$500,000) and Ending Fund Balance to the San Jose Redevelopment Agency.				
<b>TOTAL ECON DEV ENHANCEMENT FD (439)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>EDW BYRNE MEMORIAL JAG FD (474)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Police		(\$2,261)	
Reduces the Ending Fund Balance to fund actions recommended in this report.				
<b><i>JAG 2006-08</i></b>	Police		\$42	
This action appropriates unexpended and unencumbered interest revenue in order to use the funding before the grant spending deadline of September 30, 2009.				
<b><i>JAG 2007-09</i></b>	Police		\$2,219	
This action appropriates unexpended and unencumbered interest revenue in order to use the funding before the grant spending deadline of September 30, 2010.				
<b>TOTAL EDW BYRNE MEMORIAL JAG FD (474)</b>			<b>\$0</b>	<b>\$0</b>
<b>EMER COMM SYS SUPP FEE FD (154)</b>				
<b><i>Transfer from General Fund</i></b>	Transfers		\$200,000	\$200,000
Increases the transfer from the General Fund to the Emergency Communication System Support (ECSS) Fee Fund (Fund 154) to account for savings from the Furniture, Fixtures, and Equipment for the 9-1-1 Call Center remodel project and also increases the Ending Fund Balance in the ECSS Fee Fund. A corresponding action to decrease the Police Department's Non-Personal/Equipment appropriation is recommended elsewhere in this document.				
<b>TOTAL EMER COMM SYS SUPP FEE FD (154)</b>			<b>\$200,000</b>	<b>\$200,000</b>
<b>GENERAL PURPOSE PARKING FD (533)</b>				
<b><i>Facility Improvements and Maintenance</i></b>	Parking Capital Program		\$20,000	
Increases the Facility Improvements and Maintenance appropriation to fund the implementation of the Convention Center Deck Repair project. This additional funding will provide for the final repairs necessary as a result of water damage.				
<b><i>Minor Parking Facility Repairs</i></b>	Parking Capital Program		\$100,000	
Increases the Minor Parking Facility Repairs appropriation to support the implementation of the Second and San Carlos Garage Elevator Repair project. This additional funding will replace the existing machine room, equipment, and improve the overall elevator system performance and reliability.				
<b><i>Ending Fund Balance Adjustment</i></b>	Transportation		(\$167,361)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Transfer to the General Fund</i></b>	Transportation		\$47,361	
Establishes a Transfer to the General Fund as a result of net parking revenue generated from the 2008 Cirque du Soleil event. Revenue from parking attendees at the Old City Hall C-Lot was collected in the General Purpose Parking Fund to offset expenditures associated with signage, traffic control, and restoration costs. Since the C-Lot is not considered a Downtown parking lot, the net revenue generated will be transferred to the General Fund.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>GENERAL PURPOSE PARKING FD (533)</b>				
<b><i>Transportation Demand Management and Taxi Program</i></b>	Transportation	.75		
Shifts the funding source for one Parking/Ground Transportation Administration position from the Construction Excise Tax Fund to existing funds in the General Purpose Parking Fund. The position provides oversight to the City's Taxicab Service Model which includes organization and management of the Taxicab Advisory Team meetings, and collection and management of taxi service data that is used in the model. This action will have no impact to current service levels.				
<b>TOTAL GENERAL PURPOSE PARKING FD (533)</b>		.75	<b>\$0</b>	<b>\$0</b>
<b>GIFT TRUST FUND (139)</b>				
<b><i>Library - General Gifts</i></b>	Library		\$367,282	\$367,282
Increases the Library - General Gifts appropriation to recognize and appropriate gifts made to support the following: furnishings, fixtures, equipment and materials for the Joyce Ellington Branch (\$100,000), Pearl Avenue Branch (\$70,000), and Willow Glen Branch (\$150,000); support for the Branch Homework Center at the Alviso Branch Library (\$26,350); the purchase of materials and programming needs for branch libraries (\$9,032); materials for the Almaden Branch (\$7,000); support to four branches for materials and programming needs (\$4,600); and support for the Gift of Reading Program at the Berryessa Branch (\$300).				
<b><i>Library Literacy Project</i></b>	Library		\$1,000	\$1,000
Recognizes and appropriates gifts made to support the Library Literacy Project. This funding will be used to support literacy programming.				
<b><i>Almaden Winery Improvement</i></b>	Parks, Rec And Neigh Svcs		\$29,300	\$29,300
Recognizes and appropriates funding from the Los Madres 1999 Almaden Winery Youth Lot Fund for shade design and improvements at Almaden Winery Park.				
<b><i>Community Service Project</i></b>	Police		\$1,800	\$1,800
Increases the Community Service Project appropriation by \$1,800 to recognize and appropriate gifts made to support the Police Department's Youth Safety campaign.				
<b><i>Traffic Calming Improvements</i></b>	Transportation		\$1,012	\$1,012
Recognizes and establishes funding to support the purchase and installation of traffic calming improvements in residential neighborhoods.				
<b>TOTAL GIFT TRUST FUND (139)</b>			<b>\$400,394</b>	<b>\$400,394</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>HOUSING TRUST FUND (440)</b>				
<b><i>Auto Repair Assistance Program</i></b>	Housing		\$75,000	
Establishes a new appropriation for the Auto Repair Assistance Program. This program will provide a one-time assistance of up to \$500 for auto repairs for the homeless and at-risk population so that qualified clients may achieve a greater level of self-sufficiency and not join the ranks of the unhoused population of the City. This funding is expected to assist up to 150 families over a three-year timeframe and comes from a grant from the Metropolitan Transportation Commission. A corresponding increase to recognize the revenue is also recommended in this report.				
<b><i>Ending Fund Balance Adjustment</i></b>	Housing		(\$126,000)	
Decreases the Ending Fund Balance to offset actions recommended in this report.				
<b><i>Lifeline Transportation Program Grant</i></b>	Housing			\$75,000
Recognizes grant revenue in the amount of \$75,000 from the Metropolitan Transportation Commission, as part of its Lifeline Transportation Program, for the Auto Repair Assistance Program. A corresponding increase to the Auto Repair Assistance Program is also recommended in this report.				
<b><i>Multi-Source Housing Fund Transfer</i></b>	Housing		\$126,000	
Establishes a transfer to the Multi-Source Housing Fund in the amount of \$126,000. In late December, the department received notice that \$3.8 billion in committed State funding for infrastructure projects throughout California had become frozen. As a result \$3.4 million in pending reimbursement requests (\$3.1 million) and close out costs for State reimbursed projects (\$300,000) in the Multi-Source Housing Fund are not being honored by the State until further notice. It is now anticipated that these reimbursements will not be received until 2009-2010. This transfer will cover a portion of the outstanding grant reimbursements that are frozen.				
<b>TOTAL HOUSING TRUST FUND (440)</b>			<b>\$75,000</b>	<b>\$75,000</b>
<b>INTEGRATED WASTE MGT FUND (423)</b>				
<b><i>Commercial Solid Waste Fees/Transfer to General Fund</i></b>	Environmental Services		\$60,775	
Increases the transfer to the General Fund to reimburse the General Fund for the portion of the payments to schools under the Commercial Solid Fees from Solid Waste Service to Public Schools appropriation associated with AB939 Fees. The Integrated Waste Management Fund has received AB939 Fees for commercial solid waste service to schools. The General Fund is paying eligible school districts an amount equal to the AB939 Fees remitted by haulers for commercial solid waste service to those school districts. Because the AB939 Fees are remitted to the Integrated Waste Management Fund, this fund is reimbursing the General Fund for the payment made to the schools from the General Fund.				
<b><i>Ending Fund Balance Adjustment</i></b>	Environmental Services		(\$60,775)	
Reduces the Ending Fund Balance to offset the transfer to the General Fund recommended in this document.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 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>Recycle Plus Rate Review</i></b>	Environmental Services		\$130,000	
Increases the Environmental Services Non-Personal/Equipment appropriation to add funding to an existing contract with R3 Consultants for a Recycle Plus rate review and rate model update. This funding is needed to evaluate the rate implications of extending five Recycle Plus agreements for an additional two years, as referenced in the Zero Waste Workplan adopted by City Council in December 2008.				
<b><i>Single-Family Recycle Plus</i></b>	Environmental Services		(\$130,000)	
Decreases the Single-Family Recycle Plus appropriation to offset an increase in Environmental Services Non Personal/Equipment appropriation for a Recycle Plus rate review and rate model update. The review will evaluate the rate implications of extending five Recycle Plus agreements for an additional two years, as referenced in the Zero Waste Workplan adopted by Council in December of this year.				
<b>TOTAL INTEGRATED WASTE MGT FUND (423)</b>			<b>\$0</b>	<b>\$0</b>
<b>LAKE CUNNINGHAM FUND (462)</b>				
<b><i>Lake Cunningham Playground Renovation</i></b>	Parks & Comm Fac Dev Capital Program		\$60,000	
Establishes the Lake Cunningham Playground Renovation project. Funding is needed to design new play lots at Lake Cunningham Park, which were removed in 2007-2008 due to disrepair, and have not been replaced. Completion of the design work will allow the City to develop estimates for the construction of the play lots, which will be used in various grant applications.				
<b><i>Reserve: Playground Renovations</i></b>	Parks & Comm Fac Dev Capital Program		(\$60,000)	
Decreases the Reserve: Playground Renovations appropriation and re-allocates the funding to the Lake Cunningham Playground Renovation project.				
<b>TOTAL LAKE CUNNINGHAM FUND (462)</b>			<b>\$0</b>	<b>\$0</b>
<b>LIBRARY PARCEL TAX FUND (418)</b>				
<b><i>Cost/Position Management Plan Savings - Personal Services</i></b>	Library		\$775,954	
Increases the Library Department's Personal Services appropriation by \$775,954 as part of the Library Department's Cost/Position Management Plan recommended in this document. This action shifts a portion of the Library Department's personal services costs from the General Fund to the Library Parcel Tax Fund.				
<b><i>Ending Fund Balance Adjustment</i></b>	Library		(\$775,954)	
Decreases the Ending Fund Balance to offset the action recommended above.				
<b>TOTAL LIBRARY PARCEL TAX FUND (418)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 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>Ending Fund Balance Adjustment</b>	Human Resources		(\$148,439)	
Decreases the Ending Fund Balance to offset the action recommended below.				
<b>Life Insurance Premiums</b>	Human Resources		\$148,439	
Increases funding for the Life Insurance Fund Premiums appropriation due to higher than expected enrollment in the plan.				
<b>TOTAL LIFE INSURANCE FUND (156)</b>			<b>\$0</b>	<b>\$0</b>
 <b>LOW/MOD INCOME HOUSING FD (443)</b>				
<b>Earned Revenue Adjustment</b>	Housing			(\$85,000,000)
Decreases the estimate for Bond Sale Proceeds by \$85 million. This reduction is necessary as a result of the current inability to complete the \$85 million bond sale that was assumed in the 2008-2009 Adopted Budget, due to unfavorable market conditions. Decreases to the Line of Credit Payment and Loans, Grants, and Site Acquisition appropriations are recommended as a result of the lower than anticipated revenue collection in 2008-2009.				
<b>Ending Fund Balance Adjustment</b>	Housing		(\$325,000)	
Decreases the Ending Fund Balance to offset actions recommended in this report.				
<b>Line of Credit Payment</b>	Housing		(\$47,500,000)	
Decreases the Line of Credit Payment appropriation by \$47.5 million to \$2.5 million. This reduction is necessary to bring expenditures into alignment with anticipated revenue collection. It is anticipated that the line of credit will be repaid once bond proceeds are received.				
<b>Loans, Grants, and Site Acquisition</b>	Housing		(\$40,000,000)	
Decreases the Loans, Grants, and Site Acquisition appropriation by \$40 million. The remaining funds of \$50 million are sufficient to cover City Council committed projects. This reduction is necessary as a result of the current inability to complete the \$85 million bond sale that was assumed in the 2008-2009 Adopted Budget. Bringing expenditures into alignment with anticipated revenue collections will keep the fund from going negative in 2008-2009. Should the economy improve and lead to more favorable market conditions, the bond sale would proceed and this appropriation may need to be increased to further the City's affordable housing goals.				
<b>Multi-Source Housing Fund Transfer</b>	Housing		\$2,675,000	
Establishes a transfer to the Multi-Source Housing Fund in the amount of \$2,675,000. In late December, the Housing Department received notice that \$3.8 billion in committed State funding for infrastructure projects throughout California had been frozen. As a result, \$3.4 million in pending reimbursement requests (\$3.1 million) and close out costs for State reimbursed projects (\$300,000) in the Multi-Source Housing Fund are not being honored by the State until further notice. It is now anticipated that these reimbursements will not be received until 2009-2010. This transfer is intended to offset a portion of the outstanding grant reimbursements that will not be received.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>LOW/MOD INCOME HOUSING FD (443)</b>				
<b><i>Personal Services</i></b>	Housing		\$150,000	
Increases the Personal Services appropriation to pay for higher than anticipated personnel costs. Six staff members are on long-term leave, and the cost of backfilling these positions exceeds the amount of funding currently available.				
<b>TOTAL LOW/MOD INCOME HOUSING FD (443)</b>			<b>(\$85,000,000)</b>	<b>(\$85,000,000)</b>
<b>MAJOR COLLECT &amp; ARTRLS FD (421)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Traffic Capital Program		(\$250,000)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
<b><i>Miscellaneous Street Improvements</i></b>	Traffic Capital Program		\$250,000	
Shifts the funding source for the Miscellaneous Street Improvements appropriation from the Construction Excise Tax Fund to the Major Collectors and Arterials Fund as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding for several sidewalk improvement projects along major collectors and arterials.				
<b>TOTAL MAJOR COLLECT &amp; ARTRLS FD (421)</b>			<b>\$0</b>	<b>\$0</b>
<b>MULTI-SOURCE HOUSING FD (448)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Housing		(\$599,000)	
Decrease the Ending Fund Balance to offset actions recommended in this report.				
<b><i>Grant Revenue</i></b>	Housing			(\$3,400,000)
Decreases the Grant Revenue estimate by \$3.4 million to \$17.5 million (from a budgeted revenue estimate of \$20.9 million). This reduction is necessary as a result of \$3.4 million in pending State grant reimbursements (\$3.1 million) and close out costs for State reimbursed projects (\$300,000) that are not being honored until further notice. It is anticipated that these reimbursements will not be received until 2009-2010.				
<b><i>In-Lieu Fee Projects</i></b>	Housing		(\$25,900,000)	
Decreases the In-Lieu Fee Projects appropriation by \$25.9 million to \$4.5 million to offset the anticipated reduction of In-Lieu Fee collections due to the significantly declining housing market, inclusionary housing projects, and associated In-Lieu Fee revenues. This action will offset a portion of the reduction to the budgeted estimate for In-Lieu Fee revenues.				
<b><i>In-Lieu Fee Revenue</i></b>	Housing			(\$26,900,000)
Decreases the In-Lieu Fee Revenue estimate by \$26.9 million to \$5.1 million (from a budgeted revenue estimate of \$32 million) to reflect the sharp decline in inclusionary housing projects due to the current economic climate.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>MULTI-SOURCE HOUSING FD (448)</b>				
<b><i>Predevelopment Loans and Grants</i></b>	Housing		(\$1,000,000)	
Decreases the Predevelopment Loans and Grants appropriation to offset a portion of the reduction to the budgeted estimate for In-Lieu Fee revenues.				
<b><i>Transfers</i></b>	Housing			\$2,801,000
Establishes an estimate for Transfers in the amount of \$2,801,000 to account for the transfers from the Low and Moderate Income Housing Fund (\$2,675,000) and the Housing Trust Fund (\$126,000). In late December, the Housing Department received notice that \$3.8 billion in committed State funding for infrastructure projects throughout California had been frozen. As a result, \$3.4 million in pending reimbursement requests (\$3.1 million) and close out costs for State reimbursed projects (\$300,000) are not being honored until further notice. It is anticipated that these reimbursements will not be received until 2009-2010. These transfers will cover a portion of the outstanding State grant reimbursements that will not be received in 2008-2009.				
<b>TOTAL MULTI-SOURCE HOUSING FD (448)</b>			(\$27,499,000)	(\$27,499,000)
<b>MUNICIPAL GOLF COURSE FUND (518)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks, Rec And Neigh Svcs		(\$315,000)	
Reduces the Ending Fund Balance to offset actions recommended in this report.				
<b><i>Los Lagos Golf Course</i></b>	Parks, Rec And Neigh Svcs		\$50,000	
Increases the Los Lagos Golf Course appropriation by \$50,000. This action is necessary to make higher than anticipated payments to the operator of the facility in months when the revenues are not sufficient to cover fixed costs. The course has been experiencing decreased play in recent months due to the severe economic recession.				
<b><i>Los Lagos Golf Course Revenue</i></b>	Parks, Rec And Neigh Svcs			(\$190,000)
Decreases the revenue estimate for Los Lagos Golf Course due to declining revenue totals as a result of the recession. With a decline in the number of rounds of golf played at the course in this fiscal year, it no longer appears likely that Los Lagos Golf Course will achieve its budgeted revenue estimate of \$633,000. This recommendation will decrease the revenue estimate by \$190,000 to \$443,000.				
<b><i>Rancho Del Pueblo Golf Course</i></b>	Parks, Rec And Neigh Svcs		\$75,000	
Increases the Rancho Del Pueblo Golf Course appropriation by \$75,000. This action is necessary to make higher than anticipated payments to the operator of the facility in months when the revenues are not sufficient to cover fixed costs. The course has been experiencing decreased play in recent months due to the severe economic recession.				
<b>TOTAL MUNICIPAL GOLF COURSE FUND (518)</b>			(\$190,000)	(\$190,000)

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>NEIGHBHD SECURITY BOND FD (475)</b>				
<b>Fire Station 17 - Relocation (Cambrian)</b>	Public Safety Capital Program		(\$100,000)	
Decreases the Fire Station 17 - Relocation (Cambrian) appropriation to offset the recommended increase to the Fire Station 19 - Relocation (Piedmont) appropriation.				
<b>Fire Station 19 - Relocation (Piedmont)</b>	Public Safety Capital Program		\$100,000	
Reallocates \$100,000 in project savings from the Fire Station 17 appropriation to the Fire Station 19 appropriation. The relocation of Fire Station 17 was completed in December 2008 and came in under budget. Additional funding is needed for the Fire Station 19 relocation project to cover change orders that were inadvertently left out of the construction contract.				
<b>TOTAL NEIGHBHD SECURITY BOND FD (475)</b>			<b>\$0</b>	<b>\$0</b>
<b>NSJ TRAFFIC IMPACT FEE FUND (349)</b>				
<b>Earned Revenue: North San José Traffic Impact Fees</b>	Traffic Capital Program		(\$74,000)	(\$1,547,000)
Decreases the revenue estimate for the North San José Traffic Impact Fees and the Montague Expressway Improvements project as a result of a decline in North San José development activity.				
<b>Ending Fund Balance Adjustment</b>	Traffic Capital Program		(\$1,473,000)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
<b>TOTAL NSJ TRAFFIC IMPACT FEE FUND (349)</b>			<b>(\$1,547,000)</b>	<b>(\$1,547,000)</b>
<b>REDEV CAPITAL PROJECT FD (450)</b>				
<b>Reimbursement for Consultant Services</b>	Economic Development		\$39,600	\$39,600
Establishes an appropriation to the Office of Economic Development for the reimbursement of consultant services in the amount of \$39,600 for Project Service Memorandum 565. Consultant services would be used to assist in the development of the McEnery Convention Center Expansion and Renovation Project. Said services include acting as the liaison for the City Administration in the negotiation of the Convention Center Construction; on-going coordination of technical, operational, financial, legal, and logistical issues associated with the construction program for the expansion; and the establishment of a sinking fund in conjunction with Team San José to support the repairs and replacement of items related to the facility. These services are being coordinated through the Office of Economic Development. The source of funding for this project would be monthly transfers for the actual cost of consultant services from the San Jose Redevelopment Agency not to exceed \$39,600.				
<b>TOTAL REDEV CAPITAL PROJECT FD (450)</b>			<b>\$39,600</b>	<b>\$39,600</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>RES CONST TAX FUND (420)</b>				
<b><i>Earned Revenue: Residential Construction Tax</i></b>	Developer Assisted Capital Program			(\$50,000)
Decreases the estimate for Earned Revenue to more accurately reflect Residential Construction Tax collection levels paid by developers. Sufficient Ending Fund Balance is available to offset the reduced revenue.				
<b><i>Ending Fund Balance Adjustment</i></b>	Developer Assisted Capital Program		(\$50,000)	
Decreases the Ending Fund Balance to fund the action recommended in this report.				
<b>TOTAL RES CONST TAX FUND (420)</b>			<b>(\$50,000)</b>	<b>(\$50,000)</b>
<b>SANITARY SEWER CONN FEE FD (540)</b>				
<b><i>Earned Revenue: Sanitary Sewer Connection Fee</i></b>	Sanitary Sewer Capital Program			(\$407,000)
Decreases the estimate for Earned Revenue to more accurately reflect the Sanitary Sewer Connection Fee collections paid by developers. Sufficient Ending Fund Balance is available to offset the reduced revenue.				
<b><i>Ending Fund Balance Adjustment</i></b>	Sanitary Sewer Capital Program		(\$407,000)	
Decreases the Ending Fund Balance to offset the actions recommended above.				
<b>TOTAL SANITARY SEWER CONN FEE FD (540)</b>			<b>(\$407,000)</b>	<b>(\$407,000)</b>
<b>SJ ARENA ENHANCEMENT FUND (301)</b>				
<b><i>Commercial Paper Notes</i></b>	Economic Development			(\$669,855)
Decreases the Earned Revenue estimate by \$669,855 due to the cancellation of the planned issuance of commercial paper notes. Due to the timing of reimbursements, sufficient funds are available to fund a capital enhancement without the issuance of additional commercial paper notes.				
<b><i>Ending Fund Balance Adjustment</i></b>	Economic Development		\$550,498	
Increases the Ending Fund Balance as a result of the actions recommended in this report.				
<b><i>HP Improvements - Debt Service</i></b>	Economic Development		(\$1,220,353)	
Decreases the HP Improvements - Debt Service appropriation due to the deferment of the debt service payment scheduled in 2008-2009. This recommended delay in payment is due to the reduced market demand for commercial paper notes. In addition, at this time, it is in the City's best interest to defer this payment and continue earning interest on its investment portfolio.				
<b>TOTAL SJ ARENA ENHANCEMENT FUND (301)</b>			<b>(\$669,855)</b>	<b>(\$669,855)</b>
<b>SJ-SC TRMNT PLANT CAP FUND (512)</b>				
<b><i>Alternative Disinfection</i></b>	Water Pollution Control Capital Program		\$500,000	
Increases the Alternative Disinfection appropriation by \$500,000 to rebudget savings achieved in this project in 2007-2008 for use in 2008-2009.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SJ-SC TRMNT PLANT CAP FUND (512)</b>				
<b><i>Digester Gas Line Replacement</i></b>	Water Pollution Control Capital Program		(\$1,100,000)	
Eliminates the Digester Gas Line Replacement appropriation (\$1.1 million) due to a delay of the project design phase of the Digester Rehabilitation project into 2009-2010 as described elsewhere in this document.				
<b><i>Digester Rehabilitation</i></b>	Water Pollution Control Capital Program		(\$15,900,000)	
Decreases the Digester Rehabilitation appropriation by \$15.9 million, to \$700,000, due to a delay of the project design phase into 2009-2010. A pre-design study is currently being implemented to evaluate alternative technologies for heating and mixing the digesters, and the suitability of digesting alternate feedstock, including fats, oil and grease, as well as organic food wastes. The pre-design study, expected to be completed in 2008-2009, will result in a delay of the overall design phase into 2009-2010, with construction expected to begin in 2010-2011.				
<b><i>Ending Fund Balance Adjustment</i></b>	Water Pollution Control Capital Program		\$14,195,000	
Increases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Plant Infrastructure Improvements</i></b>	Water Pollution Control Capital Program		(\$3,000,000)	
Decreases the Plant Infrastructure Improvements appropriation by \$3.0 million, to \$7.8 million, due to delays in the Headworks Enhancement Project. In order to inform the design process for this project, a condition assessment of the old headworks will be conducted prior to commencement of design and construction. As a result of the condition assessment, the project will be delayed beyond 2008-2009.				
<b><i>Reserve: Electrical Reliability Improvements</i></b>	Water Pollution Control Capital Program		\$5,305,000	
Establishes a Reserve for Electrical Reliability Improvements to fund the Plant Electrical Reliability project approved in the 2008-2009 Capital Improvement Program. Tributary Agencies have paid the San José/Santa Clara Water Pollution Control Plant \$1.7 million to be set aside in a reserve for this project, which is scheduled to begin construction in 2009-2010. Per the agreement with the Tributary Agencies, the City of San José will provide the balance of the funding for the reserve, \$3.6 million, from the Treatment Plant Capital Fund.				
<b>TOTAL SJ-SC TRMNT PLANT CAP FUND (512)</b>			<b>\$0</b>	<b>\$0</b>
<b>SJ-SC TRMNT PLANT OPER FUND (513)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Environmental Services		(\$23,205)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Non-Personal/Equipment</i></b>	Environmental Services		(\$66,951)	
Decreases the Environmental Services Department's Non-Personal/Equipment appropriation to offset an increased transfer to the General Fund for Old Martin Luther King Library building rent as described below. There is a corresponding action to decrease the rent paid by the Storm Sewer Operating Fund.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SJ-SC TRMNT PLANT OPER FUND (513)</b>				
<b><i>Old MLK Building Rent/Transfer to General Fund</i></b>	Environmental Services		\$66,951	
<p>Increases the San José/Santa Clara Treatment Plant Operating Fund's rent payment for space used by the Watershed Division of the Environmental Services Department in the Old Martin Luther King Library building. This aligns the funding for the Watershed Division's rent payment with the funding for staff occupying this portion of the building. Currently, the Storm Sewer Operating Fund makes the entire payment for the Watershed Division's rent in this building. Because a portion of Watershed staff charge their time to the Treatment Plant Operating Fund, the Environmental Services Department believes the rent payment corresponding to this headcount should also be paid by the Treatment Plant Operating Fund. The increase in rent paid by this fund is offset by a corresponding decrease in the rent payment made by the Storm Sewer Operating Fund. The Treatment Plant Operating Fund will offset the new rent payment with a decrease in the Non-Personal/Equipment appropriation.</p>				
<b><i>Plant Maintenance - Non-Personal/Equipment</i></b>	Environmental Services		\$1,200,000	
<p>Increases the Environmental Services Non-Personal/Equipment appropriation to fund expenditures in Supplies and Materials, Equipment and Vehicle Rent, Professional and Consultant Services, and Machinery and Equipment. Aging assets at the San José/Santa Clara Water Pollution Control Plant have required more spending on maintenance and related items than was budgeted. This increase is offset by a decrease in the Environmental Services Personal Services appropriation as described below.</p>				
<b><i>Plant Maintenance - Personal Services</i></b>	Environmental Services		(\$1,200,000)	
<p>Decreases the Environmental Services Personal Services appropriation to offset the increase in Non-Personal/Equipment recommended in this report. The Personal Services appropriation has sufficient vacancy savings to cover this funding shift with no impact on staffing levels.</p>				
<b><i>Stormwater Permit - Staffing</i></b>	Environmental Services	.46	\$23,205	
<p>Increases the Environmental Services Personal Services appropriation to shift a portion of the funding for a Division Manager from the Water Utility Fund to the San José/Santa Clara Treatment Plant Operating Fund. This position will be shifting its responsibilities from municipal water operations to wastewater treatment and stormwater programming.</p>				
<b>TOTAL SJ-SC TRMNT PLANT OPER FUND (513)</b>		<b>.46</b>	<b>\$0</b>	<b>\$0</b>
<b>STORM DRAINAGE FEE FUND (413)</b>				
<b><i>Chateau Drive Storm Drain Improvement Project</i></b>	Storm Sewer Capital Program		(\$150,000)	
<p>Decreases funding for the Chateau Drive Storm Drain Improvement project to partially offset the recommended decrease in earned revenue in the Storm Drainage Fee Fund. A corresponding increase to this project in the Storm Sewer Capital Fund will ensure this project remains on schedule and fully funded.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>STORM DRAINAGE FEE FUND (413)</b>				
<b><i>Earned Revenue: Storm Drainage Fees</i></b>	Storm Sewer Capital Program			(\$184,000)
Decreases the Earned Revenue estimate in the Storm Drainage Fee Fund by \$184,000 due to the slowdown in development activity. This decrease in revenue will be offset by a decrease in the Chateau Drive Storm Drain Improvement project (\$150,000), and a decrease in Ending Fund Balance (\$34,000).				
<b><i>Ending Fund Balance Adjustment</i></b>	Storm Sewer Capital Program		(\$34,000)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b>TOTAL STORM DRAINAGE FEE FUND (413)</b>			<b>(\$184,000)</b>	<b>(\$184,000)</b>
<b>STORM SEWER CAPITAL FUND (469)</b>				
<b><i>Chateau Drive Storm Drain Improvement Project</i></b>	Storm Sewer Capital Program		\$150,000	
Increases the Chateau Drive Storm Drain Improvement project in the Storm Sewer Capital Fund to offset a decrease in funding for this project in the Storm Drainage Fee Fund. The Storm Drainage Fee Fund's revenues are tracking below estimates, and in order to rebalance the Storm Drainage Fee Fund, this project's expenditures are recommended to be funded from the Storm Sewer Capital Fund.				
<b><i>Ending Fund Balance Adjustment</i></b>	Storm Sewer Capital Program		(\$150,000)	
Decreases the Ending Fund Balance to offset the Chateau Drive Storm Drain Improvement project adjustment 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>				
<b><i>Ending Fund Balance Adjustment</i></b>	Environmental Services		(\$173,000)	
Decreases the Ending Fund Balance to offset the adjustment to the Alviso Storm System Clean-up efforts.				
<b><i>Old MLK Building Rent</i></b>	Environmental Services		\$66,951	
Increases the Environmental Services Non-Personal/Equipment appropriation to offset a decrease in the rent payment for the Environmental Services Department's Watershed Division's space in the Old Martin Luther King Library building. The San José/Santa Clara Treatment Plant Operating Fund will be assuming this portion of the rent.				
<b><i>Old MLK Building Rent/Transfer to the General Fund</i></b>	Environmental Services		(\$66,951)	
Decreases the Storm Sewer Operating Fund's rent payment for space used by the Watershed Division in the Old Martin Luther King Library building. This decrease is offset by an increase to the Environmental Services Non-Personal/Equipment appropriation. There is a corresponding action to increase the rent paid by the San José/Santa Clara Treatment Plant Operating Fund. This aligns the funding for the Environmental Services Department's Watershed Division's rent payment with the funding for staff occupying this portion of the building.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>STORM SEWER OPERATING FD (446)</b>				
<b><i>Stormwater Permit - Non-Personal/Equipment</i></b>	Environmental Services		\$260,000	
Increases the Environmental Services Non-Personal/Equipment appropriation for program changes needed to meet the requirements of the Stormwater Permit, which were finalized in January 2009, and which the Regional Water Quality Control Board is expected to adopt in May 2009. This provides funding for stormwater inspections (\$105,000 this year, \$15,000 ongoing), pollutant control programs (\$10,000 ongoing), improved storm drain marking (\$140,000 ongoing), and stormwater data management (\$5,000 a year for three years).				
<b><i>Stormwater Permit - Staffing</i></b>	Environmental Services	6.34	\$269,188	
Increases the Environmental Services Personal Services appropriation for additional staff needed to meet the requirements of the Stormwater Permit, which were finalized in January 2009, and which the Regional Water Quality Control Board is expected to adopt in May 2009. Five new positions will be added on an ongoing basis: 1.0 Senior Environmental Inspector and 2.0 Environmental Inspectors who will inspect businesses and construction sites (\$126,000 in the current fiscal year, \$424,000 ongoing), and 2.0 Environmental Services Specialists who will develop and implement pollutant control programs (\$87,000 in this fiscal year, \$293,000). One position, a Systems Applications Programmer, who will evaluate and implement data system improvements needed to address the requirements of the stormwater permit, will be added for a two-and-a-half year term (\$39,000 in the current fiscal year, \$132,000 in each of the two following years). Funding for these positions in the current year will come from the Reserve for Permit. One position that currently exists in the organization, a Division Manager, will have part of its funding (0.34 FTE) shifted from the Water Utility Fund to the Storm Sewer Operating Fund, as this position will now allocate more time to work related to the stormwater permit. The impact on the Storm Sewer Operating Fund will be \$15,000 this year, and \$45,000 on an ongoing basis.				
<b><i>Stormwater Permit/Reserve for Permit</i></b>	Environmental Services		(\$1,352,986)	
Decreases the Reserve for Permit to offset actions recommended in this report.				
<b><i>Stormwater Permit - Staffing</i></b>	Public Works	.50	\$23,798	
Increases the Public Works Personal Services appropriation for staff needed to meet the requirements of the Stormwater Permit, which were finalized in January 2009, and which the Regional Water Quality Control Board is expected to adopt in May 2009. This shifts funding for half of one position, an Associate Engineer, currently funded by various capital projects to the Storm Sewer Operating Fund, as this position takes on greater responsibilities related to the stormwater permit. The impact on this fund will be \$24,000 in 2008-2009, and \$80,000 on an ongoing basis. This will be offset by decreases in various capital projects.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>STORM SEWER OPERATING FD (446)</b>				
<b><i>Alviso Storm System Clean-up</i></b>	Transportation		\$173,000	
Increases the Department of Transportation's Non-Personal/Equipment appropriation to reimburse the Department for clean-up efforts made to the Alviso Storm System. Staff discovered the presence of E.coli bacteria within the Alviso Storm System and cleaned the system to eliminate the bacteria.				
<b><i>Stormwater Permit - Vector Trucks</i></b>	Transportation		\$800,000	
Increases the Department of Transportation's Non-Personal/Equipment appropriation for two vector trucks needed to meet the requirements of the Stormwater Permit, which were finalized in January 2009, and which the Regional Water Quality Control Board is expected to adopt in May 2009. Enhanced catch-basin cleaning requirements that arise from the permit necessitate an additional investment in vector trucks. Funding is available in the Reserve for Permit to cover the cost of these trucks.				
<b>TOTAL STORM SEWER OPERATING FD (446)</b>			<b>6.84</b>	<b>\$0</b>
<b>SUBDIVISION PARK TRUST FUND (375)</b>				
<b><i>Aborn Park Playground Improvements</i></b>	Parks & Comm Fac Dev Capital Program		\$32,000	
Increases the Aborn Park Playground Improvements project by \$32,000. Additional funding is needed for park amenities not included in the original project scope, including installing new swing play equipment as well as increasing the size of the playground to accommodate the new play equipment.				
<b><i>Butcher Dog Park</i></b>	Parks & Comm Fac Dev Capital Program		(\$10,000)	
Decreases the Butcher Dog Park project by \$10,000 due to the most recent cost estimates for the project being lower than originally anticipated.				
<b><i>Hitachi Turnkey Project Design Review and Inspection</i></b>	Parks & Comm Fac Dev Capital Program		(\$67,000)	
Decreases the Hitachi Turnkey Project Design Review and Inspection appropriation by \$67,000. These funds were expended in 2007-2008 against another appropriation, and therefore are not needed in the current fiscal year.				
<b><i>Reserve: Future PDO/PIFO Projects</i></b>	Parks & Comm Fac Dev Capital Program		\$45,000	
Increases the Reserve: Future PDO/PIFO Projects to offset actions recommended in this report.				
<b><i>Reserve: Starbird Park Irrigation Renovation</i></b>	Parks & Comm Fac Dev Capital Program		\$153,000	
Establishes the Reserve: Starbird Park Irrigation Renovation appropriation. A related action in this document eliminates the Starbird Park Irrigation Renovation allocation due to the project being on hold pending the completion of the updated Starbird Park Master Plan.				
<b><i>Starbird Park Irrigation Renovation</i></b>	Parks & Comm Fac Dev Capital Program		(\$153,000)	
Eliminates the Starbird Park Irrigation Renovation project. This project is currently on hold pending the completion of the updated Starbird Park Master Plan. A related action in this document establishes the Reserve: Starbird Park Irrigation Renovation appropriation.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SUBDIVISION PARK TRUST FUND (375)</b>				
<b>TOTAL SUBDIVISION PARK TRUST FUND (375)</b>			<b>\$0</b>	<b>\$0</b>
<b>SUPPL LAW ENF SVCES FUND (414)</b>				
<b>Ending Fund Balance Adjustment</b>				
Reduces the Ending Fund Balance to fund actions recommended in this report.	Police		(\$72,405)	
<b>SLES 2001-03</b>				
This action appropriates funding that was unexpended and unencumbered by June 30, 2003 (\$14,293) and appropriates estimated interest from November 1, 2008 through February 28, 2009 (\$280) in order to return the unused balance to the State of California.	Police		\$14,573	
<b>SLES 2003-05</b>				
This action appropriates funding that was unexpended and unencumbered by June 30, 2005 (\$3,665) and appropriates estimated interest from November 1, 2008 through February 28, 2009 (\$60) in order to return the unused balance to the State of California.	Police		\$3,725	
<b>SLES 2004-06</b>				
This action appropriates funding that was unexpended and unencumbered by June 30, 2006 (\$16,996) and appropriates estimated interest from November 1, 2008 through February 28, 2009 (\$556) in order to return the unused balance to the State of California.	Police		\$17,552	
<b>SLES 2005-2007</b>				
This action appropriates funding that was unexpended and unencumbered by June 30, 2007 (\$3,347) and appropriates estimated interest from November 1, 2008 through February 28, 2009 (\$208) in order to return the unused balance to the State of California.	Police		\$3,555	
<b>SLES 2007-2009</b>				
This action appropriates unexpended and unencumbered interest revenue and recognizes additional interest revenue anticipated to be earned before the end of 2008-2009 in order to use the funding before the grant spending deadline of June 30, 2009.	Police		\$43,000	\$10,000
<b>TOTAL SUPPL LAW ENF SVCES FUND (414)</b>			<b>\$10,000</b>	<b>\$10,000</b>
<b>UNDERGROUND UTILITY FUND (416)</b>				
<b>Underground Utility Program</b>				
Reduces the Underground Utility Program appropriation to offset the action recommended below.	Developer Assisted Capital Program		(\$300,000)	
<b>Underground Utility in-Lieu Fee Collections</b>				
Reduces the estimate for Underground Utility In-Lieu Fee Collections from \$1,320,000 to \$1,020,000 to more accurately reflect actual revenue collections.	Developer Assisted Capital Program			(\$300,000)
<b>TOTAL UNDERGROUND UTILITY FUND (416)</b>			<b>(\$300,000)</b>	<b>(\$300,000)</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>VARIOUS CAPITAL FUNDS</b>				
<b><i>Right-Sizing of Capital Imprvt Program Staffing in Public Works Dept</i></b>  This action ensures that the number of staff charging to various capital programs reflects the available funding for capital projects. This includes the elimination of 28.5 vacant capital-funded positions in the Public Works Department (4.0 Associate Construction Inspectors, 3.0 Associate Engineers, 4.0 Associate Engineering Technicians, 2.0 Associate Structure/Land Designers, 2.0 Engineering Technicians, 2.0 Senior Engineering Technicians, 1.0 Principal Engineering Technician, 2.0 Construction Managers, 2.0 Survey Field Supervisors, 3.5 Engineering Trainees PT, 1.0 Senior Engineer, 1.0 Structure/Landscape Designers, 1.0 Division Manager). The elimination of these positions reflects the Department's decision early in the fiscal year to fill only the vacancies that are critical to completing current projects. Also included in this action is a funding shift for 0.5 Associate Engineer from various capital projects to the Storm Sewer Operating Fund to support the Storm Water Program Implementation.	Capital Projects	( 29.00)		
<b>TOTAL VARIOUS CAPITAL FUNDS</b>		( 29.00)	<b>\$0</b>	<b>\$0</b>
<b>VEHICLE MAINT &amp; OPER FUND (552)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>  Decreases the Ending Fund Balance to fund actions recommended in this report.	General Services		(\$14,400)	
<b><i>Fuel Tank Cleaning</i></b>  Increases the General Services Department's Non-Personal/Equipment appropriation to provide funding for an annual preventative maintenance service at all sixteen City-owned diesel tanks to keep them clean and operationally compliant. This preventative maintenance service is made necessary by the City's recent decision to transition from diesel to bio-diesel. Unlike regular diesel, bio-diesel causes water to naturally build up in the tank through condensation promoting bacterial colonization, fungi growth, dirt, oxidation, and gel formations that clog fuel systems, therefore making an ongoing preventative maintenance service necessary.	General Services		\$14,400	
<b><i>General Fund Transfer</i></b>  Decreases the Transfer from the General Fund to offset the action listed below. This action is intended to generate additional savings in the General Fund as part of the Department's Cost/Position Management Plan.	General Services			(\$75,647)
<b><i>Vehicle Replacement for Non-Public Safety Vehicles</i></b>  Decreases the General Services Department's Vehicle Replacement appropriation by \$75,647 due to savings resulting from a City Council approved action to replace sixteen in-service sedans in the Planning, Building and Code Enforcement Department with more fuel-efficient hybrid models using fee-generated funds. The sedans replaced by this action will remain in service and be used to replace older, less reliable sedans that had been previously included on the current year vehicle replacement list.	General Services		(\$75,647)	

## Special/Capital Funds Recommended Budget Adjustments Summary 2008-2009 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>VEHICLE MAINT &amp; OPER FUND (552)</b>				
<b>TOTAL VEHICLE MAINT &amp; OPER FUND (552)</b>			<b>(\$75,647)</b>	<b>(\$75,647)</b>
<b>WATER UTILITY FUND (515)</b>				
<b>Ending Fund Balance Adjustment</b>	Environmental Services		\$40,675	
Increases the Ending Fund Balance to offset the actions recommended in this report.				
<b>Stormwater Permit - Staffing</b>	Environmental Services	( .80)	(\$40,675)	
Decreases the Environmental Services Department's Personal Services appropriation to shift a portion of the funding for a Division Manager from the Water Utility Fund to the Storm Sewer Operating Fund and the San José/Santa Clara Treatment Plant Operating Fund. This position will be shifting its responsibilities from municipal water operations to wastewater treatment and stormwater programming.				
<b>TOTAL WATER UTILITY FUND (515)</b>		<b>( .80)</b>	<b>\$0</b>	<b>\$0</b>
<b>WORKFORCE INVSTMNT ACT FD (290)</b>				
<b>BusinessOwnerSpace.com Network</b>	Economic Development		\$5,000	\$5,000
Recognizes and appropriates funding from Wells Fargo Bank in support of the BusinessOwnerSpace.com Network, a virtual information portal and self-referral system for entrepreneurs and small businesses.				
<b>Regional Innovation Grant</b>	Economic Development		\$5,000	\$5,000
Provides funding and recognizes revenue from the City of Sunnyvale Employment Development Department for staff time dedicated in support of the Regional Innovation Grant project. Work2future received this grant for assistance in the development of a comprehensive, integrated, strategic regional plan to identify and overcome workforce challenges and establish more effective and efficient business practices.				
<b>TOTAL WORKFORCE INVSTMNT ACT FD (290)</b>			<b>\$10,000</b>	<b>\$10,000</b>

**General Fund  
Recommended Budget Adjustments  
2008-2009 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
<b>CAPITAL PROJECTS</b>						
City-Wide Sidewalk Repairs (Grants)			(\$53,000)	(\$53,000)		(\$53,000)
Cost/Position Mgt Plan Savings-Maint Backlog/Neigh Appearance			(\$98,062)	(\$98,062)		(\$98,062)
Cost/Position Mgt Plan Savings-Maint Backlog/Safety Enhancements			(\$20,000)	(\$20,000)		(\$20,000)
Cost/Position Mgt Plan Savings-Maint Backlog/Traff Safety Replace			(\$375,000)	(\$375,000)		(\$375,000)
Cost/Position Mgt Plan Savings-Maint Backlog/Trans Infrastructure			(\$55,000)	(\$55,000)		(\$55,000)
Maint Backlog-Street Surface Resurfacing (Story Rd & Leigh Ave)			(\$2,293,000)	(\$2,293,000)		(\$2,293,000)
Northside Community Center			(\$40,000)	(\$40,000)		(\$40,000)
Seven Trees Blvd Sidewalk Project			(\$700,000)	(\$700,000)		(\$700,000)
Traffic Calming			(\$507,000)	(\$507,000)		(\$507,000)
<b>CAPITAL PROJECTS Total</b>						
	\$0	\$0	(\$4,141,062)	(\$4,141,062)	\$0	(\$4,141,062)
<b>CITY ATTORNEY</b>						
Cost/Position Management Plans Savings	(\$236,359)			(\$236,359)		(\$236,359)
<b>CITY ATTORNEY Total</b>						
	(\$236,359)	\$0	\$0	(\$236,359)	\$0	(\$236,359)
<b>CITY AUDITOR</b>						
Cost/Position Management Plans Savings	(\$80,689)			(\$80,689)		(\$80,689)
<b>CITY AUDITOR Total</b>						
	(\$80,689)	\$0	\$0	(\$80,689)	\$0	(\$80,689)
<b>CITY MANAGER</b>						
Cost/Position Management Plans Savings	(\$159,407)	(\$170,000)		(\$329,407)		(\$329,407)

**General Fund  
Recommended Budget Adjustments  
2008-2009 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
<b>CITY MANAGER Total</b>	<b>(\$159,407)</b>	<b>(\$170,000)</b>	<b>\$0</b>	<b>(\$329,407)</b>	<b>\$0</b>	<b>(\$329,407)</b>
<b>CITY-WIDE EXPENSES</b>						
2008-2009 Anti-Drug Abuse Grant			\$100,681	\$100,681	\$100,681	\$0
Arts Stabilization Flexible Fund			\$71,727	\$71,727		\$71,727
Auditorium and CPA Rental Payments			(\$24,501)	(\$24,501)		(\$24,501)
Bulletproof Vest Partnership Grant			\$42,090	\$42,090	\$42,090	\$0
City's Storm Fees Liability			\$42,413	\$42,413		\$42,413
Commercial Solid Waste (Payment to School Districts)			\$430,209	\$430,209	\$218,311	\$211,898
Cost/Position Management Plans Savings-Sunshine Reform			(\$75,949)	(\$75,949)		(\$75,949)
Emergency Response and Preparedness (Grant Advance Funding)			(\$100,000)	(\$100,000)		(\$100,000)
FY2005 Human Trafficking Prevention Grant			(\$14,245)	(\$14,245)	(\$14,245)	\$0
Grand Prix Closeout Costs			(\$120,000)	(\$120,000)		(\$120,000)
Habitat Conservation Plan			\$50,000	\$50,000	\$50,000	\$0
Hoffman/Via Monte Center (Lease Payments)			(\$370,000)	(\$370,000)		(\$370,000)
Los Lagos Golf Course Netting			(\$31,092)	(\$31,092)		(\$31,092)
Markham Terrace General Plan Update Fees			\$23,500	\$23,500		\$23,500
Mexican Heritage Plaza Facility Use Consultant			(\$50,000)	(\$50,000)		(\$50,000)
Mobile Identification Services Project			\$83,000	\$83,000	\$83,000	\$0
Neighborhood Revitalization Strategy			\$22,060	\$22,060	\$22,060	\$0

**General Fund  
Recommended Budget Adjustments  
2008-2009 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
<b>CITY-WIDE EXPENSES</b>						
PG&E Summer Cooling Shelter Program			\$7,000	\$7,000	\$7,000	\$0
Planning Area Studies			(\$18,750)	(\$18,750)		(\$18,750)
Relocation of Stockton Warehouse Artifacts			(\$23,000)	(\$23,000)		(\$23,000)
Safe Summer Initiative			\$500,000	\$500,000	\$500,000	\$0
San José After School - Year 3 District Contracts			\$980,937	\$980,937	\$980,937	\$0
San José Cycling Classic			(\$100,000)	(\$100,000)	(\$100,000)	\$0
San José Future Teachers Loan Program			(\$13,297)	(\$13,297)		(\$13,297)
Silicon Valley Regional Interoperability Project			\$239,669	\$239,669	\$239,669	\$0
Theater Management Realignment			(\$50,000)	(\$50,000)		(\$50,000)
Workers' Compensation Gainsharing Program			(\$498,663)	(\$498,663)		(\$498,663)
<b>CITY-WIDE EXPENSES Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,103,789</b>	<b>\$1,103,789</b>	<b>\$2,129,503</b>	<b>(\$1,025,714)</b>
<b>EARMARKED RESERVES</b>						
Ending Fund Balance			\$6,280,417	\$6,280,417		\$6,280,417
Fire Development Fee Program Reserve			(\$764,543)	(\$764,543)		(\$764,543)
Salary & Benefits Reserve-Surplus Vol Furlough/Reduced Work Week			(\$116,296)	(\$116,296)		(\$116,296)
Street Maintenance and Repair Reserve			(\$5,802,000)	(\$5,802,000)		(\$5,802,000)
Wellness Program Reserve			\$41,195	\$41,195	\$41,195	\$0
<b>EARMARKED RESERVES Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$361,227)</b>	<b>(\$361,227)</b>	<b>\$41,195</b>	<b>(\$402,422)</b>

**General Fund  
Recommended Budget Adjustments  
2008-2009 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
<b>ECONOMIC DEVELOPMENT</b>						
Cost/Position Management Plans Savings	(\$107,063)			(\$107,063)		(\$107,063)
Parades, Festivals, and Celebrations Grants Program		\$22,754		\$22,754	\$22,754	\$0
<b>ECONOMIC DEVELOPMENT Total</b>	<b>(\$107,063)</b>	<b>\$22,754</b>	<b>\$0</b>	<b>(\$84,309)</b>	<b>\$22,754</b>	<b>(\$107,063)</b>
<b>EMERGENCY SERVICES</b>						
Cost/Position Management Plans Savings		(\$5,415)		(\$5,415)		(\$5,415)
<b>EMERGENCY SERVICES Total</b>	<b>\$0</b>	<b>(\$5,415)</b>	<b>\$0</b>	<b>(\$5,415)</b>	<b>\$0</b>	<b>(\$5,415)</b>
<b>ENVIRONMENTAL SERVICES</b>						
Commercial Solid Waste (Reallocation)	(\$102,360)	(\$109,538)		(\$211,898)		(\$211,898)
Cost/Position Management Plans Savings		(\$12,503)		(\$12,503)		(\$12,503)
<b>ENVIRONMENTAL SERVICES Total</b>	<b>(\$102,360)</b>	<b>(\$122,041)</b>	<b>\$0</b>	<b>(\$224,401)</b>	<b>\$0</b>	<b>(\$224,401)</b>
<b>FINANCE</b>						
Cost/Position Management Plans Savings	(\$245,661)	(\$70,000)		(\$315,661)		(\$315,661)
<b>FINANCE Total</b>	<b>(\$245,661)</b>	<b>(\$70,000)</b>	<b>\$0</b>	<b>(\$315,661)</b>	<b>\$0</b>	<b>(\$315,661)</b>
<b>FIRE</b>						
Cost/Position Management Plans Savings	(\$1,077,546)	(\$105,900)		(\$1,183,446)		(\$1,183,446)
Epinephrine Injector Reimbursement		\$14,000		\$14,000	\$14,000	\$0
Fire Aircraft Rescue Fire Fighting Certification Training	\$100,000	\$50,000		\$150,000		\$150,000
Fire Development Fee Program Personal Services	(\$235,457)			(\$235,457)		(\$235,457)

**General Fund  
Recommended Budget Adjustments  
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Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
<b>FIRE</b>						
Fire Harassment/Discrimination Training		\$50,000		\$50,000		\$50,000
Fire Special Operations Training	\$634,760			\$634,760		\$634,760
Strike Team Deployments	\$976,159			\$976,159	\$976,159	\$0
Sworn Fire Retiree Payouts	\$241,618			\$241,618		\$241,618
<b>FIRE Total</b>	<b>\$639,534</b>	<b>\$8,100</b>	<b>\$0</b>	<b>\$647,634</b>	<b>\$990,159</b>	<b>(\$342,525)</b>
<b>GENERAL SERVICES</b>						
Cost/Position Management Plans Savings	(\$271,605)	(\$277,384)		(\$548,989)		(\$548,989)
<b>GENERAL SERVICES Total</b>	<b>(\$271,605)</b>	<b>(\$277,384)</b>	<b>\$0</b>	<b>(\$548,989)</b>	<b>\$0</b>	<b>(\$548,989)</b>
<b>HUMAN RESOURCES</b>						
Cost/Position Management Plans Savings	(\$218,959)			(\$218,959)		(\$218,959)
<b>HUMAN RESOURCES Total</b>	<b>(\$218,959)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$218,959)</b>	<b>\$0</b>	<b>(\$218,959)</b>
<b>INDEPENDENT POLICE AUDITOR</b>						
Cost/Position Management Plans Savings	(\$25,985)			(\$25,985)		(\$25,985)
<b>INDEPENDENT POLICE AUDITOR Total</b>	<b>(\$25,985)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$25,985)</b>	<b>\$0</b>	<b>(\$25,985)</b>
<b>INFORMATION TECHNOLOGY</b>						
Cost/Position Management Plans Savings	(\$186,455)	(\$276,439)		(\$462,894)		(\$462,894)
<b>INFORMATION TECHNOLOGY Total</b>	<b>(\$186,455)</b>	<b>(\$276,439)</b>	<b>\$0</b>	<b>(\$462,894)</b>	<b>\$0</b>	<b>(\$462,894)</b>

General Fund  
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Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
<b>LIBRARY</b>						
Cost/Position Management Plans Savings	(\$775,954)			(\$775,954)		(\$775,954)
Library Literacy Grants			\$7,060	\$7,060	\$7,060	\$0
<b>LIBRARY Total</b>	<b>(\$775,954)</b>	<b>\$0</b>	<b>\$7,060</b>	<b>(\$768,894)</b>	<b>\$7,060</b>	<b>(\$775,954)</b>
<b>MAYOR &amp; COUNCIL</b>						
Cost/Position Management Plans Savings/CD #1			(\$5,690)	(\$5,690)		(\$5,690)
Cost/Position Management Plans Savings/CD #10			(\$5,690)	(\$5,690)		(\$5,690)
Cost/Position Management Plans Savings/CD #2			(\$5,690)	(\$5,690)		(\$5,690)
Cost/Position Management Plans Savings/CD #3			(\$5,690)	(\$5,690)		(\$5,690)
Cost/Position Management Plans Savings/CD #4			(\$5,690)	(\$5,690)		(\$5,690)
Cost/Position Management Plans Savings/CD #5			(\$5,690)	(\$5,690)		(\$5,690)
Cost/Position Management Plans Savings/CD #6			(\$5,690)	(\$5,690)		(\$5,690)
Cost/Position Management Plans Savings/CD #7			(\$5,690)	(\$5,690)		(\$5,690)
Cost/Position Management Plans Savings/CD #8			(\$5,690)	(\$5,690)		(\$5,690)
Cost/Position Management Plans Savings/CD #9			(\$5,690)	(\$5,690)		(\$5,690)
Cost/Position Management Plans Savings/Council General			(\$73,062)	(\$73,062)		(\$73,062)
Cost/Position Management Plans Savings/Mayor			(\$30,321)	(\$30,321)		(\$30,321)
<b>MAYOR &amp; COUNCIL Total</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$160,283</b>	<b>(\$160,283)</b>	<b>\$0</b>	<b>(\$160,283)</b>

**General Fund  
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Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
<b>PARKS, REC AND NEIGH SVCS</b>						
Cost/Position Management Plans Savings	(\$1,054,618)	(\$349,617)		(\$1,404,235)		(\$1,404,235)
Parks, Recreation and Neighborhood Services Fee Activity			\$90,000	\$90,000	\$90,000	\$0
Senior Companion Program		\$10,800		\$10,800	\$10,800	\$0
Senior Nutrition Program		\$29,064		\$29,064		\$29,064
Senior Nutrition Program	\$29,352	\$51,163		\$80,515	\$80,515	\$0
<b>PARKS, REC AND NEIGH SVCS Total</b>	<b>(\$1,025,266)</b>	<b>(\$258,590)</b>	<b>\$90,000</b>	<b>(\$1,193,856)</b>	<b>\$181,315</b>	<b>(\$1,375,171)</b>
<b>PLAN, BLDG AND CODE ENF</b>						
Census Bureau Addressing		\$70,000		\$70,000	\$70,000	\$0
Code Enforcement in SNI and Neighborhood Business Dist Areas	\$182,052			\$182,052	\$182,052	\$0
Cost/Position Management Plans Savings	(\$100,331)	(\$28,500)		(\$128,831)		(\$128,831)
Downtown Nightclub District Enhanced Code Enforcement	\$57,713			\$57,713	\$57,713	\$0
Local Enforcement Agency Grant		\$29,650		\$29,650	\$29,650	\$0
<b>PLAN, BLDG AND CODE ENF Total</b>	<b>\$139,434</b>	<b>\$71,150</b>	<b>\$0</b>	<b>\$210,584</b>	<b>\$339,415</b>	<b>(\$128,831)</b>
<b>POLICE</b>						
9-1-1 Call Center Furniture, Fixtures, and Equipment		(\$200,000)		(\$200,000)		(\$200,000)
Cal-ID System Staffing	\$54,818			\$54,818	\$54,818	\$0
Cost/Position Management Plans Savings	(\$2,419,492)			(\$2,419,492)		(\$2,419,492)
Electronic Citation Reporting Modifications		\$17,500		\$17,500	\$17,500	\$0

**General Fund  
Recommended Budget Adjustments  
2008-2009 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
<b>POLICE</b>						
Emergency Communications Center Equipment		\$7,960		\$7,960	\$7,960	\$0
Orange Security Alert	\$955,000			\$955,000	\$955,000	\$0
Police Division of Gaming Control Staffing	(\$232,728)	(\$15,022)		(\$247,750)	(\$247,750)	\$0
REACT Task Force Staffing	\$7,000			\$7,000	\$7,000	\$0
South Bay Metro Task Force	\$85,799	\$18,000		\$103,799	\$103,799	\$0
Street Racing Grant	\$2,700			\$2,700	\$2,700	\$0
<b>POLICE Total</b>	<b>(\$1,546,903)</b>	<b>(\$171,562)</b>	<b>\$0</b>	<b>(\$1,718,465)</b>	<b>\$901,027</b>	<b>(\$2,619,492)</b>
<b>PUBLIC WORKS</b>						
Cost/Position Management Plans Savings		(\$76,335)		(\$76,335)		(\$76,335)
<b>PUBLIC WORKS Total</b>	<b>\$0</b>	<b>(\$76,335)</b>	<b>\$0</b>	<b>(\$76,335)</b>	<b>\$0</b>	<b>(\$76,335)</b>
<b>REVENUE ADJUSTMENTS</b>						
Fire Development Fee Program Revenue				\$0	(\$1,000,000)	\$1,000,000
Revenue Adjustment - Departmental Charges				\$0	(\$500,000)	\$500,000
Revenue Adjustment - Fines, Forfeitures, and Penalties				\$0	(\$800,000)	\$800,000
Revenue Adjustment - Licenses and Permits				\$0	(\$526,900)	\$526,900
Revenue Adjustment - Property Tax				\$0	(\$875,000)	\$875,000
Revenue Adjustment - Revenue from Local Agencies				\$0	\$981,582	(\$981,582)
Revenue Adjustment - Revenue from the State of California				\$0	(\$380,000)	\$380,000

General Fund  
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Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
<b>REVENUE ADJUSTMENTS</b>						
Revenue Adjustment - Sales Tax				\$0	(\$6,223,000)	\$6,223,000
Revenue Adjustment - Transfers and Reimbursements				\$0	\$1,186,560	(\$1,186,560)
Revenue Adjustment - Transient Occupancy Tax				\$0	(\$1,054,000)	\$1,054,000
Revenue Adjustment - Use of Money and Property				\$0	(\$968,500)	\$968,500
Transfer from Construction Excise Tax Fund				\$0	(\$3,500,000)	\$3,500,000
<b>REVENUE ADJUSTMENTS Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$13,659,258)</b>	<b>\$13,659,258</b>
<b>TRANSFERS</b>						
9-1-1 Call Center-Transfer to Emergency Commun Sys Supp Fee Fd			\$200,000	\$200,000		\$200,000
Cost/Position Mgt Plan Savings-Transf to Vehicle Maint and Op Fnd			(\$75,647)	(\$75,647)		(\$75,647)
<b>TRANSFERS Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$124,353</b>	<b>\$124,353</b>	<b>\$0</b>	<b>\$124,353</b>
<b>TRANSPORTATION</b>						
Cost/Position Management Plans Savings		(\$180,000)		(\$180,000)		(\$180,000)
<b>TRANSPORTATION Total</b>	<b>\$0</b>	<b>(\$180,000)</b>	<b>\$0</b>	<b>(\$180,000)</b>	<b>\$0</b>	<b>(\$180,000)</b>
<b>Total General Fund Recommended Budget Adjustments</b>	<b>(\$4,203,698)</b>	<b>(\$1,505,762)</b>	<b>(\$3,337,370)</b>	<b>(\$9,046,830)</b>	<b>(\$9,046,830)</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments  
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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>AIRPORT CAPITAL IMPVT FUND (520)</b>								
<b>Airport Capital Program</b>								
Ending Fund Balance Adjustment				(\$19,000)	(\$19,000)			(\$19,000)
Fire Truck			(\$1,000)		(\$1,000)			(\$1,000)
Noise Monitoring Units			\$20,000		\$20,000			\$20,000
TSA Grant Income					\$0	\$18,135,000		(\$18,135,000)
Terminal Area Improvement, Phase I			\$18,135,000		\$18,135,000			\$18,135,000
<b>Total AIRPORT CAPITAL IMPVT FUND (520)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,154,000</b>	<b>(\$19,000)</b>	<b>\$18,135,000</b>	<b>\$18,135,000</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT CUST FAC &amp; TRANS FD (519)</b>								
<b>AIRPORT</b>								
Airport Overhead Rate Adjustment		\$14,234			\$14,234			\$14,234
Overhead Rate Adjustment/Contingency Reserve			(\$14,234)		(\$14,234)			(\$14,234)
Rate Stabilization Reserve			\$674,708		\$674,708			\$674,708
Rental Car Agencies Contribution					\$0	(\$70,000)		\$70,000
Reserve for Bus Acquisition			(\$744,708)		(\$744,708)			(\$744,708)
<b>Total AIRPORT CUST FAC &amp; TRANS FD (519)</b>	<b>\$0</b>	<b>\$14,234</b>	<b>(\$84,234)</b>	<b>\$0</b>	<b>(\$70,000)</b>	<b>(\$70,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT FISCAL AGENT FUND (525)</b>								
<b>AIRPORT</b>								
Bond Cost of Issuance Account Balance/Reserve for Debt Svc				(\$21,000)	(\$21,000)			(\$21,000)
Bond Cost of Issuance Balance/Trans to Airport Rev Bond Imprvmt Fd			\$21,000		\$21,000			\$21,000
<b>Total AIRPORT FISCAL AGENT FUND (525)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$21,000</b>	<b>(\$21,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>								
<b>AIRPORT</b>								
2008-2009 Airport Cost/Position Management Plan	(\$3,477,223)	(\$3,675,923)			(\$7,153,146)			(\$7,153,146)

Special/Capital Funds  
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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>AIRPORT MAINT &amp; OPER FUND (523)</b>								
<b>AIRPORT</b>								
2008-2009 Airport Cost/Position Mgmt Plan/Trans fr Airport Rev Fd					\$0		(\$7,153,146)	\$7,153,146
Airline Rates and Charges Reconciliation			(\$94,009)		(\$94,009)			(\$94,009)
Airline Rates and Charges Reconciliation/Res per Master Trust Agrmnt				\$94,009	\$94,009			\$94,009
Airport Contingency Reserve			(\$42,399)		(\$42,399)			(\$42,399)
Airport Curfew Program Tech Correction/Trans to Airport Rev Fd			\$83,476		\$83,476			\$83,476
Airport Curfew Program Technical Correction/Contingency Reserve			(\$83,476)		(\$83,476)			(\$83,476)
Airport Interdepartmental Overhead Rate Adjustment			\$62,819		\$62,819			\$62,819
Airport Overhead Rate Adjustment		\$1,680,988			\$1,680,988			\$1,680,988
Airport Police Services Reconciliation			(\$51,471)		(\$51,471)			(\$51,471)
Airport Police Services Reconciliation/Contingency Reserve			\$51,471		\$51,471			\$51,471
Airport Technology Services - Shared Use		\$259,000			\$259,000			\$259,000
Airport Technology Services - Shared Use/Contingency Reserve			(\$259,000)		(\$259,000)			(\$259,000)
Bond Refinancing Guaranteed Investment Contracts					\$0	\$2,668,000		(\$2,668,000)
Curfew Settlement Agreement		\$966,592			\$966,592			\$966,592
Orange Security Alert			(\$955,000)		(\$955,000)			(\$955,000)
Orange Security Alert/Transfer to the General Fund for Police Services			\$955,000		\$955,000			\$955,000
VTA Clean Air Grant		\$45,700			\$45,700			\$45,700
VTA Clean Air Grant/Transfer from Airport Revenue Fund					\$0	\$45,700		(\$45,700)
<b>Total AIRPORT MAINT &amp; OPER FUND (523)</b>	<b>(\$3,477,223)</b>	<b>(\$723,643)</b>	<b>(\$332,589)</b>	<b>\$94,009</b>	<b>(\$4,439,446)</b>	<b>(\$4,439,446)</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT PASS FACIL CHG FUND (529)</b>								
<b>Airport Capital Program</b>								
Ending Fund Balance Adjustment				\$54,545	\$54,545			\$54,545
Transfer from Airport Renewal and Replacement Fund					\$0	\$54,545		(\$54,545)
<b>Total AIRPORT PASS FACIL CHG FUND (529)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$54,545</b>	<b>\$54,545</b>	<b>\$54,545</b>	<b>\$0</b>	<b>\$0</b>

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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>AIRPORT RENEW &amp; REPL FUND (527)</b>								
<b>Airport Capital Program</b>								
Advanced Planning			\$20,000		\$20,000			\$20,000
Baggage Carousel Support Arms			\$260,000		\$260,000			\$260,000
Boiler Replacement			\$347,000		\$347,000			\$347,000
Central Plant Chiller Maintenance			\$36,000		\$36,000			\$36,000
Ending Fund Balance Adjustment				\$525,455	\$525,455			\$525,455
Fire Bottles for Rampside Safety			\$17,000		\$17,000			\$17,000
Fire Truck			\$1,000		\$1,000			\$1,000
Fuel Storage Tank Repairs			(\$20,000)		(\$20,000)			(\$20,000)
Runway Paint Removal			\$70,000		\$70,000			\$70,000
Tenant Improvement Payments					\$0	\$898,000		(\$898,000)
Tenant Plan Review			\$300,000		\$300,000			\$300,000
Terminal A Baggage Claim Escalator			(\$713,000)		(\$713,000)			(\$713,000)
Transfer to the Airport Passenger Facility Charge Fund			\$54,545		\$54,545			\$54,545
<b>Total AIRPORT RENEW &amp; REPL FUND (527)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$372,545</b>	<b>\$525,455</b>	<b>\$898,000</b>	<b>\$898,000</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT REV BOND IMP FUND (526)</b>								
<b>Airport Capital Program</b>								
Ending Fund Balance Adjustment				\$2,722,000	\$2,722,000			\$2,722,000
North Concourse Building			\$17,559,000		\$17,559,000			\$17,559,000
Public Parking Improvements			\$50,000		\$50,000			\$50,000
Terminal Area Improvement, Phase I			(\$20,310,000)		(\$20,310,000)			(\$20,310,000)
Transfer from Airport Fiscal Agent Fund (Fund 525)					\$0	\$21,000		(\$21,000)
<b>Total AIRPORT REV BOND IMP FUND (526)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,701,000)</b>	<b>\$2,722,000</b>	<b>\$21,000</b>	<b>\$21,000</b>	<b>\$0</b>	<b>\$0</b>

**Special/Capital Funds  
Recommended Budget Adjustments  
2008-2009 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 REVENUE FUND (521)</b>								
<b>AIRPORT</b>								
Airline Rates and Charges Recon/Res per Master Trust Agreement				\$103,931	\$103,931			\$103,931
Airline Rates and Charges Reconciliation					\$0	\$103,931		(\$103,931)
Airport Airline Rate Stabilization Fd/Trans to Airport Surplus Rev Fd			(\$2,172,000)		(\$2,172,000)			(\$2,172,000)
Airport Airline Rate Stabilization Fund/Terminal Rents					\$0	(\$2,172,000)		\$2,172,000
Airport Cost/Position Mgmt Plan/Res per Master Trust Agreement				\$7,153,146	\$7,153,146			\$7,153,146
Airport Cost/Position Mgmt Plan/Trans to Airport Maint and Op Fd			(\$7,153,146)		(\$7,153,146)			(\$7,153,146)
Airport Curfew Prog Tech Correction/Trans fr Airport Maint and Op Fd					\$0	\$83,476		(\$83,476)
Airport Curfew Program Technical Correction			\$83,476		\$83,476			\$83,476
Bond Refinancing Guaranteed Investment Contracts					\$0	\$2,668,000		(\$2,668,000)
Bond Refinancing Investmt Contracts/Trans to Airport Main and Op Fd			\$2,668,000		\$2,668,000			\$2,668,000
VTA Clean Air Grant Revenue					\$0	\$45,700		(\$45,700)
VTA Clean Air Grant/Transfer to Airport Maint and Op Fd			\$45,700		\$45,700			\$45,700
<b>Total AIRPORT REVENUE FUND (521)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$6,527,970)</b>	<b>\$7,257,077</b>	<b>\$729,107</b>	<b>\$729,107</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT SURPLUS REV FD (524)</b>								
<b>AIRPORT</b>								
Airport Airline Rate Stabilization Fd/Res per Master Trust Agmmt				(\$2,172,000)	(\$2,172,000)			(\$2,172,000)
Airport Airline Rate Stabilization Fd/Trans from Airport Rev Fd					\$0	(\$2,172,000)		\$2,172,000
<b>Total AIRPORT SURPLUS REV FD (524)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,172,000)</b>	<b>(\$2,172,000)</b>	<b>(\$2,172,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>BENEFIT FUND (160)</b>								
<b>HUMAN RESOURCES</b>								
Health Premiums			\$661,200		\$661,200	\$661,200		\$0
<b>Total BENEFIT FUND (160)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$661,200</b>	<b>\$0</b>	<b>\$661,200</b>	<b>\$661,200</b>	<b>\$0</b>	<b>\$0</b>



Special/Capital Funds  
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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>CITY HALL DEBT SERVICE FUND (210)</b>								
<b>FINANCE</b>								
Transfers/Repayment of Series 2008A Bonds			(\$3,393,236)		(\$3,393,236)	(\$3,393,236)		\$0
<b>Total CITY HALL DEBT SERVICE FUND (210)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,393,236)</b>	<b>\$0</b>	<b>(\$3,393,236)</b>	<b>(\$3,393,236)</b>	<b>\$0</b>	<b>\$0</b>
<b>CIVIC CENTER CONST FUND (425)</b>								
<b>Muni Improvements Capital Program</b>								
Transfer to the City Hall Debt Service Fund			(\$1,748,272)		(\$1,748,272)			(\$1,748,272)
Transfer to the Civic Center Fiscal Agent Transaction Fund			\$1,848,272		\$1,848,272			\$1,848,272
Transfer to the Trustee Rebate Fund			(\$100,000)		(\$100,000)			(\$100,000)
<b>Total CIVIC CENTER CONST FUND (425)</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>CIVIC CENTER PRKNG FUND (433)</b>								
<b>Muni Improvements Capital Program</b>								
Transfer to the City Hall Debt Service Fund			(\$1,644,964)		(\$1,644,964)			(\$1,644,964)
Transfer to the Civic Center Fiscal Agent Transaction Fund			\$1,644,964		\$1,644,964			\$1,644,964
<b>Total CIVIC CENTER PRKNG FUND (433)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>COMM DEV BLOCK GRANT FD (441)</b>								
<b>HOUSING</b>								
Ending Fund Balance Adjustment				(\$67,000)	(\$67,000)			(\$67,000)
<b>ECONOMIC DEVELOPMENT</b>								
EDA Revolving Loan Fund Expansion			\$67,000		\$67,000			\$67,000
<b>Total COMM DEV BLOCK GRANT FD (441)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$67,000</b>	<b>(\$67,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Special/Capital Funds  
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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 CENTRAL FD (390)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Earned Revenue: Construction and Conveyance Tax					\$0	(\$2,560,000)		\$2,560,000
Needs-Based Transfer: Council District 1			(\$136,000)		(\$136,000)			(\$136,000)
Needs-Based Transfer: Council District 2			(\$79,000)		(\$79,000)			(\$79,000)
Needs-Based Transfer: Council District 3			(\$143,000)		(\$143,000)			(\$143,000)
Needs-Based Transfer: Council District 4			(\$89,000)		(\$89,000)			(\$89,000)
Needs-Based Transfer: Council District 5			(\$170,000)		(\$170,000)			(\$170,000)
Needs-Based Transfer: Council District 6			(\$139,000)		(\$139,000)			(\$139,000)
Needs-Based Transfer: Council District 7			(\$149,000)		(\$149,000)			(\$149,000)
Needs-Based Transfer: Council District 8			(\$107,000)		(\$107,000)			(\$107,000)
Needs-Based Transfer: Council District 9			(\$95,000)		(\$95,000)			(\$95,000)
Needs-Based Transfer: Council District 10			(\$54,000)		(\$54,000)			(\$54,000)
Special Needs Transfer: Council District 1			(\$29,000)		(\$29,000)			(\$29,000)
Special Needs Transfer: Council District 2			(\$29,000)		(\$29,000)			(\$29,000)
Special Needs Transfer: Council District 3			(\$29,000)		(\$29,000)			(\$29,000)
Special Needs Transfer: Council District 4			(\$29,000)		(\$29,000)			(\$29,000)
Special Needs Transfer: Council District 5			(\$29,000)		(\$29,000)			(\$29,000)
Special Needs Transfer: Council District 6			(\$29,000)		(\$29,000)			(\$29,000)
Special Needs Transfer: Council District 7			(\$29,000)		(\$29,000)			(\$29,000)
Special Needs Transfer: Council District 8			(\$29,000)		(\$29,000)			(\$29,000)
Special Needs Transfer: Council District 9			(\$29,000)		(\$29,000)			(\$29,000)
Special Needs Transfer: Council District 10			(\$29,000)		(\$29,000)			(\$29,000)
Transfer to General Fund: Parks Maintenance Costs			(\$384,000)		(\$384,000)			(\$384,000)
Transfer to Parks City-Wide C&C Tax Fund			(\$725,000)		(\$725,000)			(\$725,000)
<b>Total CONST/CONV TAX CENTRAL FD (390)</b>	\$0	\$0	(\$2,560,000)	\$0	(\$2,560,000)	(\$2,560,000)	\$0	\$0
<b>CONST/CONV TAX COMM FUND (397)</b>								
<b>Communications Capital Program</b>								
Earned Revenue: Construction and Conveyance Tax					\$0	(\$136,000)		\$136,000

**Special/Capital Funds  
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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 COMM FUND (397)</b>								
<b>Communications Capital Program</b>								
Ending Fund Balance Adjustment				(\$136,000)	(\$136,000)			(\$136,000)
<b>Total CONST/CONV TAX COMM FUND (397)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$136,000)</b>	<b>(\$136,000)</b>	<b>(\$136,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX FIRE FUND (392)</b>								
<b>Public Safety Capital Program</b>								
Capital Project Management			(\$27,000)		(\$27,000)			(\$27,000)
Earned Revenue: Construction and Conveyance Tax					\$0	(\$336,000)		\$336,000
Emergency Response Maps			(\$10,000)		(\$10,000)			(\$10,000)
Ending Fund Balance Adjustment				(\$124,000)	(\$124,000)			(\$124,000)
FF&E and Facility Improvements			(\$1,000,000)		(\$1,000,000)			(\$1,000,000)
Sale of Fire Station Revenue					\$0	(\$1,000,000)		\$1,000,000
Tools and Equipment			(\$20,000)		(\$20,000)			(\$20,000)
Traffic Control Equipment			(\$25,000)		(\$25,000)			(\$25,000)
Turnout Cleaning			(\$100,000)		(\$100,000)			(\$100,000)
Underground Fuel Tank Renovation/Replacement			(\$30,000)		(\$30,000)			(\$30,000)
<b>Total CONST/CONV TAX FIRE FUND (392)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,212,000)</b>	<b>(\$124,000)</b>	<b>(\$1,336,000)</b>	<b>(\$1,336,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX LIBRARY FD (393)</b>								
<b>Library Capital Program</b>								
Earned Revenue: Construction and Conveyance Tax					\$0	(\$569,000)		\$569,000
Ending Fund Balance Adjustment				(\$569,000)	(\$569,000)			(\$569,000)
<b>Total CONST/CONV TAX LIBRARY FD (393)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$569,000)</b>	<b>(\$569,000)</b>	<b>(\$569,000)</b>	<b>\$0</b>	<b>\$0</b>

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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 PK CD 1 FUND (377)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Ending Fund Balance Adjustment				(\$165,000)	(\$165,000)			(\$165,000)
Reserve: Starbird Park Irrigation Renovation			\$185,000		\$185,000			\$185,000
Starbird Park Irrigation Renovation			(\$185,000)		(\$185,000)			(\$185,000)
Transfer from Central Fund: Construction and Conveyance Tax					\$0	(\$165,000)		\$165,000
<b>Total CONST/CONV TAX PK CD 1 FUND (377)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$165,000)</b>	<b>(\$165,000)</b>	<b>(\$165,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 2 FUND (378)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Ending Fund Balance Adjustment				(\$108,000)	(\$108,000)			(\$108,000)
Transfer from Central Fund: Construction and Conveyance Tax					\$0	(\$108,000)		\$108,000
<b>Total CONST/CONV TAX PK CD 2 FUND (378)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$108,000)</b>	<b>(\$108,000)</b>	<b>(\$108,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 3 FUND (380)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Ending Fund Balance Adjustment				(\$172,000)	(\$172,000)			(\$172,000)
Transfer from Central Fund: Construction and Conveyance Tax					\$0	(\$172,000)		\$172,000
<b>Total CONST/CONV TAX PK CD 3 FUND (380)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$172,000)</b>	<b>(\$172,000)</b>	<b>(\$172,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 4 FUND (381)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Earned Revenue					\$0	\$310,977		(\$310,977)
Ending Fund Balance Adjustment				\$192,977	\$192,977			\$192,977
Transfer from Central Fund: Construction and Conveyance Tax					\$0	(\$118,000)		\$118,000
<b>Total CONST/CONV TAX PK CD 4 FUND (381)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$192,977</b>	<b>\$192,977</b>	<b>\$192,977</b>	<b>\$0</b>	<b>\$0</b>

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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 PK CD 5 FUND (382)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Ending Fund Balance Adjustment				(\$199,000)	(\$199,000)			(\$199,000)
Transfer from Central Fund: Construction and Conveyance Tax					\$0	(\$199,000)		\$199,000
<b>Total CONST/CONV TAX PK CD 5 FUND (382)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$199,000)</b>	<b>(\$199,000)</b>	<b>(\$199,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 6 FUND (384)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Ending Fund Balance Adjustment				(\$168,000)	(\$168,000)			(\$168,000)
Transfer from Central Fund: Construction and Conveyance Tax					\$0	(\$168,000)		\$168,000
<b>Total CONST/CONV TAX PK CD 6 FUND (384)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$168,000)</b>	<b>(\$168,000)</b>	<b>(\$168,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 7 FUND (385)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Ending Fund Balance Adjustment				(\$178,000)	(\$178,000)			(\$178,000)
Reserve: Vietnamese American Community Center			\$1,000,000		\$1,000,000			\$1,000,000
Transfer from Central Fund: Construction and Conveyance Tax					\$0	(\$178,000)		\$178,000
Vietnamese American Community Center			(\$1,000,000)		(\$1,000,000)			(\$1,000,000)
<b>Total CONST/CONV TAX PK CD 7 FUND (385)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$178,000)</b>	<b>(\$178,000)</b>	<b>(\$178,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 8 FUND (386)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Ending Fund Balance Adjustment				(\$136,000)	(\$136,000)			(\$136,000)
Transfer from Central Fund: Construction and Conveyance Tax					\$0	(\$136,000)		\$136,000
<b>Total CONST/CONV TAX PK CD 8 FUND (386)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$136,000)</b>	<b>(\$136,000)</b>	<b>(\$136,000)</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
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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 PK CD 9 FUND (388)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Camden Community Center Locker Room Renovation			\$150,000		\$150,000			\$150,000
Ending Fund Balance Adjustment				(\$124,000)	(\$124,000)			(\$124,000)
Reserve: Aquatics Master Plan Implementation			(\$150,000)		(\$150,000)			(\$150,000)
Transfer from Central Fund: Construction and Conveyance Tax					\$0	(\$124,000)		\$124,000
<b>Total CONST/CONV TAX PK CD 9 FUND (388)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$124,000)</b>	<b>(\$124,000)</b>	<b>(\$124,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD10 FD (389)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Ending Fund Balance Adjustment				(\$83,000)	(\$83,000)			(\$83,000)
Transfer from Central Fund: Construction and Conveyance Tax					\$0	(\$83,000)		\$83,000
<b>Total CONST/CONV TAX PK CD10 FD (389)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$83,000)</b>	<b>(\$83,000)</b>	<b>(\$83,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK YARDS FD (398)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Earned Revenue: Construction and Conveyance Tax					\$0	(\$48,000)		\$48,000
Ending Fund Balance Adjustment				(\$41,000)	(\$41,000)			(\$41,000)
Transfer to General Fund: Park Yards Operating and Maint. Costs			(\$7,000)		(\$7,000)			(\$7,000)
<b>Total CONST/CONV TAX PK YARDS FD (398)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$7,000)</b>	<b>(\$41,000)</b>	<b>(\$48,000)</b>	<b>(\$48,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PKS CW FUND (391)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Ending Fund Balance Adjustment				(\$742,000)	(\$742,000)			(\$742,000)
Environmental Mitigation Maintenance and Monitoring			\$10,000		\$10,000			\$10,000
Family Camp Lease			\$7,000		\$7,000			\$7,000
Reserve: Vietnamese American Community Center			\$150,000		\$150,000			\$150,000

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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 PKS CW FUND (391)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Transfer from Central Fund: Construction and Conveyance Tax					\$0	(\$725,000)		\$725,000
Vietnamese American Community Center			(\$133,000)		(\$133,000)			(\$133,000)
Vietnamese Cultural Heritage Garden			(\$17,000)		(\$17,000)			(\$17,000)
<b>Total CONST/CONV TAX PKS CW FUND (391)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,000</b>	<b>(\$742,000)</b>	<b>(\$725,000)</b>	<b>(\$725,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX SRVC YDS FD (395)</b>								
<b>Service Yards Capital Program</b>								
Earned Revenue: Construction and Conveyance Tax					\$0	(\$351,000)		\$351,000
Ending Fund Balance Adjustment				(\$451,000)	(\$451,000)			(\$451,000)
Fuel Tank Vapor Recovery System Upgrade			\$100,000		\$100,000			\$100,000
Repayment of Phase II Commercial Paper			(\$14,000,000)		(\$14,000,000)			(\$14,000,000)
Sale of the Main Yard					\$0	(\$14,000,000)		\$14,000,000
<b>Total CONST/CONV TAX SRVC YDS FD (395)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$13,900,000)</b>	<b>(\$451,000)</b>	<b>(\$14,351,000)</b>	<b>(\$14,351,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CONSTRUCTION EXCISE TAX FD (465)</b>								
<b>Traffic Capital Program</b>								
BART Project Management			(\$100,000)		(\$100,000)			(\$100,000)
Bicycle and Pedestrian Facilities			\$130,000		\$130,000	\$80,000		\$50,000
Bicycle/Pedestrian Program Management			(\$248,000)		(\$248,000)			(\$248,000)
Bridge Maintenance and Repair			(\$47,000)		(\$47,000)			(\$47,000)
City-Wide Emergency Repairs			(\$124,000)		(\$124,000)			(\$124,000)
Earned Revenue: Construction Excise Tax					\$0	(\$5,975,000)		\$5,975,000
Ending Fund Balance Adjustment				\$177,000	\$177,000			\$177,000
Fiber Optics Permit Engineering			\$300,000		\$300,000	\$300,000		\$0
ITS: Operations and Management			(\$200,000)		(\$200,000)			(\$200,000)
Local Transportation Policy and Planning			(\$100,000)		(\$100,000)			(\$100,000)

Special/Capital Funds  
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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>								
Miscellaneous Street Improvements			(\$250,000)		(\$250,000)			(\$250,000)
North San José Administration			(\$100,000)		(\$100,000)			(\$100,000)
Ortho Photo Project			(\$83,000)		(\$83,000)			(\$83,000)
Project Development Engineering			(\$400,000)		(\$400,000)			(\$400,000)
Prop 42 - Pavement Maintenance			(\$2,000,000)		(\$2,000,000)	(\$2,000,000)		\$0
Rural Road Safety Improvements			(\$85,000)		(\$85,000)			(\$85,000)
Traffic Calming			(\$300,000)		(\$300,000)			(\$300,000)
Traffic Congestion Studies			(\$100,000)		(\$100,000)			(\$100,000)
Traffic Flow Management and Signal Retiming			(\$100,000)		(\$100,000)			(\$100,000)
Traffic Safety Data Collection			(\$315,000)		(\$315,000)			(\$315,000)
Transfer to the General Fund - General Purpose			(\$1,207,000)		(\$1,207,000)			(\$1,207,000)
Transfer to the General Fund - Pavement Maintenance			(\$2,293,000)		(\$2,293,000)			(\$2,293,000)
Transportation Demand Management and Taxi Program			(\$100,000)		(\$100,000)			(\$100,000)
Transportation Needs Master Plan			(\$50,000)		(\$50,000)			(\$50,000)
<b>Total CONSTRUCTION EXCISE TAX FD (465)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$7,772,000)</b>	<b>\$177,000</b>	<b>(\$7,595,000)</b>	<b>(\$7,595,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>								
<b>CONVENTION FACILITIES DEPT</b>								
Ending Fund Balance Adjustment				(\$900,000)	(\$900,000)			(\$900,000)
Miscellaneous Improvements			(\$400,000)		(\$400,000)			(\$400,000)
Non-Personal/Equipment		\$1,000,000			\$1,000,000			\$1,000,000
Operating Revenues					\$0	(\$1,300,000)		\$1,300,000
Personal Services	(\$1,000,000)				(\$1,000,000)			(\$1,000,000)
<b>Total CONV/CULTURAL AFFAIRS FUND (536)</b>	<b>(\$1,000,000)</b>	<b>\$1,000,000</b>	<b>(\$400,000)</b>	<b>(\$900,000)</b>	<b>(\$1,300,000)</b>	<b>(\$1,300,000)</b>	<b>\$0</b>	<b>\$0</b>

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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>DENTAL INSURANCE FUND (155)</b>								
<b>HUMAN RESOURCES</b>								
Dental HMO Plan			\$107,000		\$107,000			\$107,000
Ending Fund Balance Adjustment				(\$113,000)	(\$113,000)			(\$113,000)
Non-Personal/Equipment		\$6,000			\$6,000			\$6,000
Participant Contributions					\$0	\$200,000		(\$200,000)
Payment of Claims			\$400,000		\$400,000			\$400,000
Retiree Contributions					\$0	\$200,000		(\$200,000)
<b>Total DENTAL INSURANCE FUND (155)</b>	<b>\$0</b>	<b>\$6,000</b>	<b>\$507,000</b>	<b>(\$113,000)</b>	<b>\$400,000</b>	<b>\$400,000</b>	<b>\$0</b>	<b>\$0</b>
<b>DOWNTOWN PBID (302)</b>								
<b>TRANSPORTATION</b>								
Downtown Property and Business Improvement District			\$25,000		\$25,000			\$25,000
Highway 87 Downtown Gateway Clean-up			(\$25,000)		(\$25,000)			(\$25,000)
<b>Total DOWNTOWN PBID (302)</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>ECON DEV ENHANCEMENT FD (439)</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Ending Fund Balance Adjustment				(\$241,235)	(\$241,235)			(\$241,235)
Transfer of the Small Business Loan Program			(\$500,000)		(\$500,000)			(\$500,000)
Transfer to the Redevelopment Agency			\$741,235		\$741,235			\$741,235
<b>Total ECON DEV ENHANCEMENT FD (439)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$241,235</b>	<b>(\$241,235)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>EDW BYRNE MEMORIAL JAG FD (474)</b>								
<b>POLICE</b>								
Ending Fund Balance Adjustment				(\$2,261)	(\$2,261)			(\$2,261)
JAG 2006-08			\$42		\$42			\$42

Special/Capital Funds  
 Recommended Budget Adjustments  
 2008-2009 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>EDW BYRNE MEMORIAL JAG FD (474)</b>								
<b>POLICE</b>								
JAG 2007-09			\$2,219		\$2,219			\$2,219
<b>Total EDW BYRNE MEMORIAL JAG FD (474)</b>	\$0	\$0	\$2,261	(\$2,261)	\$0	\$0	\$0	\$0
<b>EMER COMM SYS SUPP FEE FD (154)</b>								
<b>TRANSFERS</b>								
Transfer from General Fund				\$200,000	\$200,000	\$200,000		\$0
<b>Total EMER COMM SYS SUPP FEE FD (154)</b>	\$0	\$0	\$0	\$200,000	\$200,000	\$200,000	\$0	\$0
<b>GENERAL PURPOSE PARKING FD (533)</b>								
<b>TRANSPORTATION</b>								
Ending Fund Balance Adjustment				(\$167,361)	(\$167,361)			(\$167,361)
Transfer to the General Fund			\$47,361		\$47,361			\$47,361
Transportation Demand Management and Taxi Program					\$0			\$0
<b>Parking Capital Program</b>								
Facility Improvements and Maintenance			\$20,000		\$20,000			\$20,000
Minor Parking Facility Repairs			\$100,000		\$100,000			\$100,000
<b>Total GENERAL PURPOSE PARKING FD (533)</b>	\$0	\$0	\$167,361	(\$167,361)	\$0	\$0	\$0	\$0
<b>GIFT TRUST FUND (139)</b>								
<b>POLICE</b>								
Community Service Project			\$1,800		\$1,800	\$1,800		\$0
<b>TRANSPORTATION</b>								
Traffic Calming Improvements			\$1,012		\$1,012	\$1,012		\$0

Special/Capital Funds  
 Recommended Budget Adjustments  
 2008-2009 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>GIFT TRUST FUND (139)</b>								
<b>PARKS, REC AND NEIGH SVCS</b>								
Almaden Winery Improvement			\$29,300		\$29,300	\$29,300		\$0
<b>LIBRARY</b>								
Library - General Gifts			\$367,282		\$367,282	\$367,282		\$0
Library Literacy Project			\$1,000		\$1,000	\$1,000		\$0
<b>Total GIFT TRUST FUND (139)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$400,394</b>	<b>\$0</b>	<b>\$400,394</b>	<b>\$400,394</b>	<b>\$0</b>	<b>\$0</b>
<b>HOUSING TRUST FUND (440)</b>								
<b>HOUSING</b>								
Auto Repair Assistance Program			\$75,000		\$75,000			\$75,000
Ending Fund Balance Adjustment				(\$126,000)	(\$126,000)			(\$126,000)
Lifeline Transportation Program Grant					\$0	\$75,000		(\$75,000)
Multi-Source Housing Fund Transfer			\$126,000		\$126,000			\$126,000
<b>Total HOUSING TRUST FUND (440)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$201,000</b>	<b>(\$126,000)</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$0</b>	<b>\$0</b>
<b>INTEGRATED WASTE MGT FUND (423)</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Commercial Solid Waste Fees/Transfer to General Fund			\$60,775		\$60,775			\$60,775
Ending Fund Balance Adjustment				(\$60,775)	(\$60,775)			(\$60,775)
Recycle Plus Rate Review		\$130,000			\$130,000			\$130,000
Single-Family Recycle Plus			(\$130,000)		(\$130,000)			(\$130,000)
<b>Total INTEGRATED WASTE MGT FUND (423)</b>	<b>\$0</b>	<b>\$130,000</b>	<b>(\$69,225)</b>	<b>(\$60,775)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LAKE CUNNINGHAM FUND (462)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Lake Cunningham Playground Renovation			\$60,000		\$60,000			\$60,000

Special/Capital Funds  
 Recommended Budget Adjustments  
 2008-2009 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>LAKE CUNNINGHAM FUND (462)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Reserve: Playground Renovations			(\$60,000)		(\$60,000)			(\$60,000)
<b>Total LAKE CUNNINGHAM FUND (462)</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>LIBRARY PARCEL TAX FUND (418)</b>								
<b>LIBRARY</b>								
Cost/Position Management Plan Savings - Personal Services	\$775,954				\$775,954			\$775,954
Ending Fund Balance Adjustment				(\$775,954)	(\$775,954)			(\$775,954)
<b>Total LIBRARY PARCEL TAX FUND (418)</b>	<b>\$775,954</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$775,954)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LIFE INSURANCE FUND (156)</b>								
<b>HUMAN RESOURCES</b>								
Ending Fund Balance Adjustment				(\$148,439)	(\$148,439)			(\$148,439)
Life Insurance Premiums			\$148,439		\$148,439			\$148,439
<b>Total LIFE INSURANCE FUND (156)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$148,439</b>	<b>(\$148,439)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LOW/MOD INCOME HOUSING FD (443)</b>								
<b>HOUSING</b>								
Earned Revenue Adjustment					\$0	(\$85,000,000)		\$85,000,000
Ending Fund Balance Adjustment				(\$325,000)	(\$325,000)			(\$325,000)
Line of Credit Payment			(\$47,500,000)		(\$47,500,000)			(\$47,500,000)
Loans, Grants, and Site Acquisition			(\$40,000,000)		(\$40,000,000)			(\$40,000,000)
Multi-Source Housing Fund Transfer			\$2,675,000		\$2,675,000			\$2,675,000
Personal Services	\$150,000				\$150,000			\$150,000
<b>Total LOW/MOD INCOME HOUSING FD (443)</b>	<b>\$150,000</b>	<b>\$0</b>	<b>(\$84,825,000)</b>	<b>(\$325,000)</b>	<b>(\$85,000,000)</b>	<b>(\$85,000,000)</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments  
 2008-2009 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>MAJOR COLLECT &amp; ARTRLS FD (421)</b>								
<b>Traffic Capital Program</b>								
Ending Fund Balance Adjustment				(\$250,000)	(\$250,000)			(\$250,000)
Miscellaneous Street Improvements			\$250,000		\$250,000			\$250,000
<b>Total MAJOR COLLECT &amp; ARTRLS FD (421)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$250,000</b>	<b>(\$250,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>MULTI-SOURCE HOUSING FD (448)</b>								
<b>HOUSING</b>								
Ending Fund Balance Adjustment				(\$599,000)	(\$599,000)			(\$599,000)
Grant Revenue					\$0	(\$3,400,000)		\$3,400,000
In-Lieu Fee Projects			(\$25,900,000)		(\$25,900,000)			(\$25,900,000)
In-Lieu Fee Revenue					\$0	(\$26,900,000)		\$26,900,000
Predevelopment Loans and Grants			(\$1,000,000)		(\$1,000,000)			(\$1,000,000)
Transfers					\$0	\$2,801,000		(\$2,801,000)
<b>Total MULTI-SOURCE HOUSING FD (448)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$26,900,000)</b>	<b>(\$599,000)</b>	<b>(\$27,499,000)</b>	<b>(\$27,499,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>MUNICIPAL GOLF COURSE FUND (518)</b>								
<b>PARKS, REC AND NEIGH SVCS</b>								
Ending Fund Balance Adjustment				(\$315,000)	(\$315,000)			(\$315,000)
Los Lagos Golf Course			\$50,000		\$50,000			\$50,000
Los Lagos Golf Course Revenue					\$0	(\$190,000)		\$190,000
Rancho Del Pueblo Golf Course			\$75,000		\$75,000			\$75,000
<b>Total MUNICIPAL GOLF COURSE FUND (518)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$125,000</b>	<b>(\$315,000)</b>	<b>(\$190,000)</b>	<b>(\$190,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>NEIGHBHD SECURITY BOND FD (475)</b>								
<b>Public Safety Capital Program</b>								
Fire Station 17 - Relocation (Cambrian)			(\$100,000)		(\$100,000)			(\$100,000)

Special/Capital Funds  
 Recommended Budget Adjustments  
 2008-2009 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>NEIGHBHD SECURITY BOND FD (475)</b>								
<b>Public Safety Capital Program</b>								
Fire Station 19 - Relocation (Piedmont)			\$100,000		\$100,000			\$100,000
<b>Total NEIGHBHD SECURITY BOND FD (475)</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>NSJ TRAFFIC IMPACT FEE FUND (349)</b>								
<b>Traffic Capital Program</b>								
Earned Revenue: North San José Traffic Impact Fees			(\$74,000)		(\$74,000)	(\$1,547,000)		\$1,473,000
Ending Fund Balance Adjustment				(\$1,473,000)	(\$1,473,000)			(\$1,473,000)
<b>Total NSJ TRAFFIC IMPACT FEE FUND (349)</b>	\$0	\$0	(\$74,000)	(\$1,473,000)	(\$1,547,000)	(\$1,547,000)	\$0	\$0
<b>REDEV CAPITAL PROJECT FD (450)</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Reimbursement for Consultant Services			\$39,600		\$39,600	\$39,600		\$0
<b>Total REDEV CAPITAL PROJECT FD (450)</b>	\$0	\$0	\$39,600	\$0	\$39,600	\$39,600	\$0	\$0
<b>RES CONST TAX FUND (420)</b>								
<b>Developer Assisted Capital Program</b>								
Earned Revenue: Residential Construction Tax					\$0	(\$50,000)		\$50,000
Ending Fund Balance Adjustment				(\$50,000)	(\$50,000)			(\$50,000)
<b>Total RES CONST TAX FUND (420)</b>	\$0	\$0	\$0	(\$50,000)	(\$50,000)	(\$50,000)	\$0	\$0
<b>SANITARY SEWER CONN FEE FD (540)</b>								
<b>Sanitary Sewer Capital Program</b>								
Earned Revenue: Sanitary Sewer Connection Fee					\$0	(\$407,000)		\$407,000
Ending Fund Balance Adjustment				(\$407,000)	(\$407,000)			(\$407,000)

Special/Capital Funds  
 Recommended Budget Adjustments  
 2008-2009 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>Total SANITARY SEWER CONN FEE FD (540)</b>	\$0	\$0	\$0	(\$407,000)	(\$407,000)	(\$407,000)	\$0	\$0
<b>SJ ARENA ENHANCEMENT FUND (301)</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Commercial Paper Notes					\$0	(\$669,855)		\$669,855
Ending Fund Balance Adjustment				\$550,498	\$550,498			\$550,498
HP Improvements - Debt Service			(\$1,220,353)		(\$1,220,353)			(\$1,220,353)
<b>Total SJ ARENA ENHANCEMENT FUND (301)</b>	\$0	\$0	(\$1,220,353)	\$550,498	(\$669,855)	(\$669,855)	\$0	\$0
<b>SJ-SC TRMNT PLANT CAP FUND (512)</b>								
<b>Water Pollution Control Capital Program</b>								
Alternative Disinfection			\$500,000		\$500,000			\$500,000
Digester Gas Line Replacement			(\$1,100,000)		(\$1,100,000)			(\$1,100,000)
Digester Rehabilitation			(\$15,900,000)		(\$15,900,000)			(\$15,900,000)
Ending Fund Balance Adjustment				\$14,195,000	\$14,195,000			\$14,195,000
Plant Infrastructure Improvements			(\$3,000,000)		(\$3,000,000)			(\$3,000,000)
Reserve: Electrical Reliability Improvements			\$5,305,000		\$5,305,000			\$5,305,000
<b>Total SJ-SC TRMNT PLANT CAP FUND (512)</b>	\$0	\$0	(\$14,195,000)	\$14,195,000	\$0	\$0	\$0	\$0
<b>SJ-SC TRMNT PLANT OPER FUND (513)</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Ending Fund Balance Adjustment				(\$23,205)	(\$23,205)			(\$23,205)
Non-Personal/Equipment		(\$66,951)			(\$66,951)			(\$66,951)
Old MLK Building Rent/Transfer to General Fund			\$66,951		\$66,951			\$66,951
Plant Maintenance - Non-Personal/Equipment		\$1,200,000			\$1,200,000			\$1,200,000
Plant Maintenance - Personal Services	(\$1,200,000)				(\$1,200,000)			(\$1,200,000)
Stormwater Permit - Staffing	\$23,205				\$23,205			\$23,205

Special/Capital Funds  
 Recommended Budget Adjustments  
 2008-2009 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>SJ-SC TRMNT PLANT OPER FUND (513)</b>								
<b>Total SJ-SC TRMNT PLANT OPER FUND (513)</b>	<b>(\$1,176,795)</b>	<b>\$1,133,049</b>	<b>\$66,951</b>	<b>(\$23,205)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>STORM DRAINAGE FEE FUND (413)</b>								
<b>Storm Sewer Capital Program</b>								
Chateau Drive Storm Drain Improvement Project			(\$150,000)		(\$150,000)			(\$150,000)
Earned Revenue: Storm Drainage Fees					\$0	(\$184,000)		\$184,000
Ending Fund Balance Adjustment				(\$34,000)	(\$34,000)			(\$34,000)
<b>Total STORM DRAINAGE FEE FUND (413)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$150,000)</b>	<b>(\$34,000)</b>	<b>(\$184,000)</b>	<b>(\$184,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>STORM SEWER CAPITAL FUND (469)</b>								
<b>Storm Sewer Capital Program</b>								
Chateau Drive Storm Drain Improvement Project			\$150,000		\$150,000			\$150,000
Ending Fund Balance Adjustment				(\$150,000)	(\$150,000)			(\$150,000)
<b>Total STORM SEWER CAPITAL FUND (469)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$150,000</b>	<b>(\$150,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>STORM SEWER OPERATING FD (446)</b>								
<b>TRANSPORTATION</b>								
Alviso Storm System Clean-up		\$173,000			\$173,000			\$173,000
Stormwater Permit - Vactor Trucks		\$800,000			\$800,000			\$800,000
<b>PUBLIC WORKS</b>								
Stormwater Permit - Staffing	\$23,798				\$23,798			\$23,798
<b>ENVIRONMENTAL SERVICES</b>								
Ending Fund Balance Adjustment				(\$173,000)	(\$173,000)			(\$173,000)
Old MLK Building Rent		\$66,951			\$66,951			\$66,951
Old MLK Building Rent/Transfer to the General Fund			(\$66,951)		(\$66,951)			(\$66,951)
Stormwater Permit - Non-Personal/Equipment		\$260,000			\$260,000			\$260,000

Special/Capital Funds  
 Recommended Budget Adjustments  
 2008-2009 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>ENVIRONMENTAL SERVICES</b>								
Stormwater Permit - Staffing	\$269,188				\$269,188			\$269,188
Stormwater Permit/Reserve for Permit				(\$1,352,986)	(\$1,352,986)			(\$1,352,986)
<b>Total STORM SEWER OPERATING FD (446)</b>	<b>\$292,986</b>	<b>\$1,299,951</b>	<b>(\$66,951)</b>	<b>(\$1,525,986)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SUBDIVISION PARK TRUST FUND (375)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Aborn Park Playground Improvements			\$32,000		\$32,000			\$32,000
Butcher Dog Park			(\$10,000)		(\$10,000)			(\$10,000)
Hitachi Turnkey Project Design Review and Inspection			(\$67,000)		(\$67,000)			(\$67,000)
Reserve: Future PDO/PIFO Projects			\$45,000		\$45,000			\$45,000
Reserve: Starbird Park Irrigation Renovation			\$153,000		\$153,000			\$153,000
Starbird Park Irrigation Renovation			(\$153,000)		(\$153,000)			(\$153,000)
<b>Total SUBDIVISION PARK TRUST FUND (375)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SUPPL LAW ENF SVCES FUND (414)</b>								
<b>POLICE</b>								
Ending Fund Balance Adjustment				(\$72,405)	(\$72,405)			(\$72,405)
SLES 2001-03			\$14,573		\$14,573			\$14,573
SLES 2003-05			\$3,725		\$3,725			\$3,725
SLES 2004-06			\$17,552		\$17,552			\$17,552
SLES 2005-2007			\$3,555		\$3,555			\$3,555
SLES 2007-2009			\$43,000		\$43,000	\$10,000		\$33,000
<b>Total SUPPL LAW ENF SVCES FUND (414)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$82,405</b>	<b>(\$72,405)</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$0</b>	<b>\$0</b>

**Special/Capital Funds  
Recommended Budget Adjustments  
2008-2009 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>UNDERGROUND UTILITY FUND (416)</b>								
<b>Developer Assisted Capital Program</b>								
Underground Utility Program			(\$300,000)		(\$300,000)			(\$300,000)
Underground Utility in-Lieu Fee Collections					\$0	(\$300,000)		\$300,000
<b>Total UNDERGROUND UTILITY FUND (416)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$300,000)</b>	<b>\$0</b>	<b>(\$300,000)</b>	<b>(\$300,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>VARIOUS CAPITAL FUNDS</b>								
<b>CAPITAL PROJECTS</b>								
Right-Sizing of Capital Imprvt Program Staffing in Public Works Dept					\$0			\$0
<b>Total VARIOUS CAPITAL FUNDS</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>VEHICLE MAINT &amp; OPER FUND (552)</b>								
<b>GENERAL SERVICES</b>								
Ending Fund Balance Adjustment				(\$14,400)	(\$14,400)			(\$14,400)
Fuel Tank Cleaning		\$14,400			\$14,400			\$14,400
General Fund Transfer					\$0	(\$75,647)		\$75,647
Vehicle Replacement for Non-Public Safety Vehicles			(\$75,647)		(\$75,647)			(\$75,647)
<b>Total VEHICLE MAINT &amp; OPER FUND (552)</b>	<b>\$0</b>	<b>\$14,400</b>	<b>(\$75,647)</b>	<b>(\$14,400)</b>	<b>(\$75,647)</b>	<b>(\$75,647)</b>	<b>\$0</b>	<b>\$0</b>
<b>WATER UTILITY FUND (515)</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Ending Fund Balance Adjustment				\$40,675	\$40,675			\$40,675
Stormwater Permit - Staffing	(\$40,675)				(\$40,675)			(\$40,675)
<b>Total WATER UTILITY FUND (515)</b>	<b>(\$40,675)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$40,675</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments  
 2008-2009 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>WORKFORCE INVSTMNT ACT FD (290)</b>								
<b>ECONOMIC DEVELOPMENT</b>								
BusinessOwnerSpace.com Network			\$5,000		\$5,000	\$5,000		\$0
Regional Innovation Grant			\$5,000		\$5,000	\$5,000		\$0
<b>Total WORKFORCE INVSTMNT ACT FD (290)</b>	\$0	\$0	\$10,000	\$0	\$10,000	\$10,000	\$0	\$0

General Fund  
Clean-Up Actions  
2008-2009 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
<b>CITY ATTORNEY</b>							
Furlough/Reduced Work Week Program	(\$24,269)			(\$24,269)			(\$24,269)
Salary Program	\$71,986			\$71,986			\$71,986
<b>CITY ATTORNEY Total</b>	<b>\$47,717</b>	<b>\$0</b>	<b>\$0</b>	<b>\$47,717</b>	<b>\$0</b>	<b>\$0</b>	<b>\$47,717</b>
<b>CITY AUDITOR</b>							
Furlough/Reduced Work Week Program	(\$7,302)			(\$7,302)			(\$7,302)
Salary Program	\$1,702			\$1,702			\$1,702
<b>CITY AUDITOR Total</b>	<b>(\$5,600)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,600)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,600)</b>
<b>CITY CLERK</b>							
Salary Program	\$17,891			\$17,891			\$17,891
<b>CITY CLERK Total</b>	<b>\$17,891</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,891</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,891</b>
<b>CITY MANAGER</b>							
Furlough/Reduced Work Week Program	(\$46,712)			(\$46,712)			(\$46,712)
Salary Program	\$45,601			\$45,601			\$45,601
<b>CITY MANAGER Total</b>	<b>(\$1,111)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,111)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,111)</b>
<b>CITY-WIDE EXPENSES</b>							
Tech Adjust: Juvenile Justice and Delinquency 2007 Grant			(\$469,533)	(\$469,533)			(\$469,533)
Tech Adjust: Juvenile Justice and Delinquency 2008 Grant			\$469,533	\$469,533			\$469,533
Tech Adjust: Ped. Bridge Assess. (from PRNS Non-Pers/Equip)			\$30,000	\$30,000			\$30,000
<b>CITY-WIDE EXPENSES Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,000</b>

General Fund  
Clean-Up Actions  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
<b>EARMARKED RESERVES</b>							
Furlough/Red Work Week Program - Salary & Benefits Reserve			\$416,296	\$416,296			\$416,296
Salary Program (Salary Reserve)			(\$1,116,402)	(\$1,116,402)			(\$1,116,402)
<b>EARMARKED RESERVES Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$700,106)</b>	<b>(\$700,106)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$700,106)</b>
<b>ECONOMIC DEVELOPMENT</b>							
Furlough/Reduced Work Week Program	(\$7,235)			(\$7,235)			(\$7,235)
Salary Program	\$11,255			\$11,255			\$11,255
<b>ECONOMIC DEVELOPMENT Total</b>	<b>\$4,020</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,020</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,020</b>
<b>EMERGENCY SERVICES</b>							
Salary Program	\$2,468			\$2,468			\$2,468
<b>EMERGENCY SERVICES Total</b>	<b>\$2,468</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,468</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,468</b>
<b>FINANCE</b>							
Furlough/Reduced Work Week Program	(\$29,766)			(\$29,766)			(\$29,766)
Salary Program	\$21,694			\$21,694			\$21,694
<b>FINANCE Total</b>	<b>(\$8,072)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$8,072)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$8,072)</b>
<b>FIRE</b>							
Furlough/Reduced Work Week Program	(\$3,459)			(\$3,459)			(\$3,459)
Salary Program	\$56,922			\$56,922			\$56,922
<b>FIRE Total</b>	<b>\$53,463</b>	<b>\$0</b>	<b>\$0</b>	<b>\$53,463</b>	<b>\$0</b>	<b>\$0</b>	<b>\$53,463</b>

General Fund  
Clean-Up Actions  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
<b>GENERAL SERVICES</b>							
Furlough/Reduced Work Week Program	(\$3,110)			(\$3,110)			(\$3,110)
Salary Program	\$21,443			\$21,443			\$21,443
<b>GENERAL SERVICES Total</b>	<b>\$18,333</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,333</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,333</b>
<b>HUMAN RESOURCES</b>							
Furlough/Reduced Work Week Program	(\$18,045)			(\$18,045)			(\$18,045)
Salary Program	\$40,249			\$40,249			\$40,249
<b>HUMAN RESOURCES Total</b>	<b>\$22,204</b>	<b>\$0</b>	<b>\$0</b>	<b>\$22,204</b>	<b>\$0</b>	<b>\$0</b>	<b>\$22,204</b>
<b>INDEPENDENT POLICE AUDITOR</b>							
Furlough/Reduced Work Week Program	(\$4,090)			(\$4,090)			(\$4,090)
<b>INDEPENDENT POLICE AUDITOR Total</b>	<b>(\$4,090)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$4,090)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$4,090)</b>
<b>INFORMATION TECHNOLOGY</b>							
Furlough/Reduced Work Week Program	(\$16,040)			(\$16,040)			(\$16,040)
Salary Program	\$15,542			\$15,542			\$15,542
<b>INFORMATION TECHNOLOGY Total</b>	<b>(\$498)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$498)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$498)</b>
<b>LIBRARY</b>							
Furlough/Reduced Work Week Program	(\$104,985)			(\$104,985)			(\$104,985)
Salary Program	\$35,360			\$35,360			\$35,360
<b>LIBRARY Total</b>	<b>(\$69,625)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$69,625)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$69,625)</b>

General Fund  
 Clean-Up Actions  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
<b>MAYOR &amp; COUNCIL</b>							
Furlough/Reduced Work Week Program - Council General			(\$1,665)	(\$1,665)			(\$1,665)
Salary Program - Council General			\$31,597	\$31,597			\$31,597
<b>MAYOR &amp; COUNCIL Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$29,932</b>	<b>\$29,932</b>	<b>\$0</b>	<b>\$0</b>	<b>\$29,932</b>
<b>PARKS, REC AND NEIGH SVCS</b>							
Furlough/Reduced Work Week Program	(\$87,106)			(\$87,106)			(\$87,106)
Salary Program	\$80,080			\$80,080			\$80,080
Tech Adjust: Non-Pers/Equip (to City-Wide: Ped. Bridge Assess.)		(\$30,000)		(\$30,000)			(\$30,000)
<b>PARKS, REC AND NEIGH SVCS Total</b>	<b>(\$7,026)</b>	<b>(\$30,000)</b>	<b>\$0</b>	<b>(\$37,026)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$37,026)</b>
<b>PLAN, BLDG AND CODE ENF</b>							
Furlough/Reduced Work Week Program	(\$28,331)			(\$28,331)			(\$28,331)
Salary Program	\$46,802			\$46,802			\$46,802
<b>PLAN, BLDG AND CODE ENF Total</b>	<b>\$18,471</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,471</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,471</b>
<b>POLICE</b>							
Furlough/Reduced Work Week Program	(\$4,118)			(\$4,118)			(\$4,118)
Salary Program	\$578,060			\$578,060			\$578,060
<b>POLICE Total</b>	<b>\$573,942</b>	<b>\$0</b>	<b>\$0</b>	<b>\$573,942</b>	<b>\$0</b>	<b>\$0</b>	<b>\$573,942</b>

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 Clean-Up Actions  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
<b>PUBLIC WORKS</b>							
Furlough/Reduced Work Week Program	(\$5,199)			(\$5,199)			(\$5,199)
Salary Program	\$10,173			\$10,173			\$10,173
<b>PUBLIC WORKS Total</b>	<b>\$4,974</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,974</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,974</b>
<b>REDEVELOPMENT AGENCY</b>							
Salary Program	\$1,237			\$1,237			\$1,237
<b>REDEVELOPMENT AGENCY Total</b>	<b>\$1,237</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,237</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,237</b>
<b>TRANSPORTATION</b>							
Furlough/Reduced Work Week Program	(\$24,864)			(\$24,864)			(\$24,864)
Salary Program	\$26,340			\$26,340			\$26,340
<b>TRANSPORTATION Total</b>	<b>\$1,476</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,476</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,476</b>
<b>Total General Fund Clean-Up Actions</b>	<b>\$670,174</b>	<b>(\$30,000)</b>	<b>(\$640,174)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Fund  
 Clean-Up 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>AIRPORT CUST FAC &amp; TRANS FD (519)</b>								
<b>AIRPORT</b>								
Salary Program	\$1,909				\$1,909			\$1,909
Salary Program - Contingency Reserve			(\$1,909)		(\$1,909)			(\$1,909)
<b>Total AIRPORT CUST FAC &amp; TRANS FD (519)</b>	<b>\$1,909</b>	<b>\$0</b>	<b>(\$1,909)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>								
<b>CITY ATTORNEY</b>								
Salary Program	\$5,859				\$5,859			\$5,859
<b>AIRPORT</b>								
Salary Program	\$67,242				\$67,242			\$67,242
Salary Program - Contingency Reserve			(\$79,382)		(\$79,382)			(\$79,382)
Salary Program - Interdepartmental Overhead Adjustment			\$1,171		\$1,171			\$1,171
Salary Program - Overhead Adjustment		\$5,110			\$5,110			\$5,110
<b>Total AIRPORT MAINT &amp; OPER FUND (523)</b>	<b>\$73,101</b>	<b>\$5,110</b>	<b>(\$78,211)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT REVENUE FUND (521)</b>								
<b>AIRPORT</b>								
Fund Balance Reconciliation				\$7,100,000	\$7,100,000		\$7,100,000	\$0
<b>Total AIRPORT REVENUE FUND (521)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,100,000</b>	<b>\$7,100,000</b>	<b>\$0</b>	<b>\$7,100,000</b>	<b>\$0</b>
<b>AIRPORT SURPLUS REV FD (524)</b>								
<b>AIRPORT</b>								
Fund Balance Reconciliation				\$3,733,000	\$3,733,000		\$3,733,000	\$0
<b>Total AIRPORT SURPLUS REV FD (524)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,733,000</b>	<b>\$3,733,000</b>	<b>\$0</b>	<b>\$3,733,000</b>	<b>\$0</b>
<b>ANTI-TOBACCO SETTLEMNT FD (426)</b>								
<b>PARKS, REC AND NEIGH SVCS</b>								
Fund Balance Reconciliation				\$95,456	\$95,456		\$95,456	\$0

Special/Capital Fund  
 Clean-Up 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>ANTI-TOBACCO SETTLEMNT FD (426)</b>								
<b>Total ANTI-TOBACCO SETTLEMNT FD (426)</b>	\$0	\$0	\$0	\$95,456	\$95,456	\$0	\$95,456	\$0
<b>BENEFIT FUND (160)</b>								
<b>HUMAN RESOURCES</b>								
Salary Program	\$9,599			(\$9,599)	\$0			\$0
Salary Program - Overhead Adjustment			\$2,515	(\$2,515)	\$0			\$0
<b>Total BENEFIT FUND (160)</b>	\$9,599	\$0	\$2,515	(\$12,114)	\$0	\$0	\$0	\$0
<b>CASH RESERVE FUND (002)</b>								
<b>FINANCE</b>								
Fund Balance Reconciliation				\$23	\$23		\$23	\$0
<b>Total CASH RESERVE FUND (002)</b>	\$0	\$0	\$0	\$23	\$23	\$0	\$23	\$0
<b>DENTAL INSURANCE FUND (155)</b>								
<b>HUMAN RESOURCES</b>								
Salary Program	\$4,571			(\$4,571)	\$0			\$0
Salary Program - Overhead Adjustment		\$1,167		(\$1,167)	\$0			\$0
<b>Total DENTAL INSURANCE FUND (155)</b>	\$4,571	\$1,167	\$0	(\$5,738)	\$0	\$0	\$0	\$0
<b>GENERAL PURPOSE PARKING FD (533)</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$2,492			(\$2,492)	\$0			\$0
<b>Total GENERAL PURPOSE PARKING FD (533)</b>	\$2,492	\$0	\$0	(\$2,492)	\$0	\$0	\$0	\$0
<b>GIFT TRUST FUND (139)</b>								
<b>LIBRARY</b>								
Library - General Gifts			(\$4)	\$4	\$0			\$0
<b>Total GIFT TRUST FUND (139)</b>	\$0	\$0	(\$4)	\$4	\$0	\$0	\$0	\$0

Special/Capital Fund  
 Clean-Up 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>INTEGRATED WASTE MGT FUND (423)</b>								
<b>INFORMATION TECHNOLOGY</b>								
Salary Program	\$12,381				\$12,381			\$12,381
<b>FINANCE</b>								
Salary Program	\$2,234				\$2,234			\$2,234
<b>TRANSPORTATION</b>								
Salary Program	\$6,330				\$6,330			\$6,330
<b>ENVIRONMENTAL SERVICES</b>								
Salary Program	\$14,319				\$14,319			\$14,319
Salary Program - Contingency Reserve				(\$38,490)	(\$38,490)			(\$38,490)
Salary Program - Overhead Adjustment				\$3,226	\$3,226			\$3,226
<b>Total INTEGRATED WASTE MGT FUND (423)</b>	<b>\$35,264</b>	<b>\$0</b>	<b>(\$35,264)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LIBRARY PARCEL TAX FUND (418)</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Salary Program	\$5,116			(\$5,116)	\$0			\$0
<b>Total LIBRARY PARCEL TAX FUND (418)</b>	<b>\$5,116</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,116)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LOW/MOD INCOME HOUSING FD (443)</b>								
<b>CITY ATTORNEY</b>								
Salary Program	\$5,128			(\$5,128)	\$0			\$0
<b>FINANCE</b>								
Salary Program	\$1,336			(\$1,336)	\$0			\$0
<b>HOUSING</b>								
Salary Program	\$23,457			(\$23,457)	\$0			\$0
Salary Program - Overhead Adjustment				\$2,975	(\$2,975)			\$0
<b>Total LOW/MOD INCOME HOUSING FD (443)</b>	<b>\$29,921</b>	<b>\$0</b>	<b>\$2,975</b>	<b>(\$32,896)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Fund  
 Clean-Up 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>MULTI-SOURCE HOUSING FD (448)</b>								
<b>HOUSING</b>								
Salary Program	\$5,970			(\$5,970)	\$0			\$0
<b>Total MULTI-SOURCE HOUSING FD (448)</b>	<b>\$5,970</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,970)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>PUBLIC WKS PRO SUPPORT FD (150)</b>								
<b>PUBLIC WORKS</b>								
Salary Program	\$9,744				\$9,744			\$9,744
Salary Program - Overhead Adjustment		\$2,558			\$2,558			\$2,558
Salary Program - Reserve for Compensated Absence Liabilities			(\$12,302)		(\$12,302)			(\$12,302)
<b>Total PUBLIC WKS PRO SUPPORT FD (150)</b>	<b>\$9,744</b>	<b>\$2,558</b>	<b>(\$12,302)</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>INFORMATION TECHNOLOGY</b>								
Salary Program	\$1,268			(\$1,268)	\$0			\$0
<b>CITY ATTORNEY</b>								
Salary Program	\$2,930			(\$2,930)	\$0			\$0
<b>TRANSPORTATION</b>								
Salary Program	\$14,531			(\$14,531)	\$0			\$0
<b>PUBLIC WORKS</b>								
Salary Program	\$1,068			(\$1,068)	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Salary Program	\$1,665			(\$1,665)	\$0			\$0
Salary Program - Overhead Adjustment			\$2,937	(\$2,937)	\$0			\$0
<b>Total SEWER SVC &amp; USE CHARGE FD (541)</b>	<b>\$21,462</b>	<b>\$0</b>	<b>\$2,937</b>	<b>(\$24,399)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SJ-SC TRMNT PLANT CAP FUND (512)</b>								
<b>Water Pollution Control Capital Program</b>								
Fund Balance Reconciliation				\$19,667	\$19,667		\$19,667	\$0

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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 FUND (512)</b>								
<b>Total SJ-SC TRMNT PLANT CAP FUND (512)</b>	\$0	\$0	\$0	\$19,667	\$19,667	\$0	\$19,667	\$0
<b>SJ-SC TRMNT PLANT OPER FUND (513)</b>								
<b>CITY MANAGER</b>								
Salary Program	\$1,459			(\$1,459)	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Salary Program	\$69,975			(\$69,975)	\$0			\$0
Salary Program - Overhead Adjustment		\$3,361		(\$3,361)	\$0			\$0
<b>Total SJ-SC TRMNT PLANT OPER FUND (513)</b>	<b>\$71,434</b>	<b>\$3,361</b>	<b>\$0</b>	<b>(\$74,795)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>STORM SEWER OPERATING FD (446)</b>								
<b>INFORMATION TECHNOLOGY</b>								
Salary Program	\$1,154			(\$1,154)	\$0			\$0
<b>TRANSPORTATION</b>								
Salary Program	\$7,277			(\$7,277)	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Fund Balance Reconciliation				\$75,534	\$75,534		\$75,534	\$0
Salary Program	\$7,446			(\$7,446)	\$0			\$0
Salary Program - Overhead Adjustment			\$1,063	(\$1,063)	\$0			\$0
<b>Total STORM SEWER OPERATING FD (446)</b>	<b>\$15,877</b>	<b>\$0</b>	<b>\$1,063</b>	<b>\$58,594</b>	<b>\$75,534</b>	<b>\$0</b>	<b>\$75,534</b>	<b>\$0</b>
<b>VEHICLE MAINT &amp; OPER FUND (552)</b>								
<b>GENERAL SERVICES</b>								
Salary Program	\$10,855		(\$10,855)		\$0			\$0
<b>Total VEHICLE MAINT &amp; OPER FUND (552)</b>	<b>\$10,855</b>	<b>\$0</b>	<b>(\$10,855)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Fund  
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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>WATER UTILITY FUND (515)</b>								
<b>INFORMATION TECHNOLOGY</b>								
Salary Program	\$1,091			(\$1,091)	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Fund Balance Reconciliation				\$55,002	\$55,002		\$55,002	\$0
Salary Program	\$6,919			(\$6,919)	\$0			\$0
<b>Total WATER UTILITY FUND (515)</b>	<b>\$8,010</b>	<b>\$0</b>	<b>\$0</b>	<b>\$46,992</b>	<b>\$55,002</b>	<b>\$0</b>	<b>\$55,002</b>	<b>\$0</b>



2008-2009

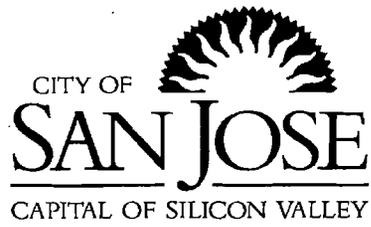
MID-YEAR  
BUDGET  
REVIEW



SECTION  
IV

APPENDICES





**FINANCE DEPARTMENT**  
Monthly Financial Report

Financial Results for the 6 Months Ended December 31, 2008  
Fiscal Year 2008-09

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**Finance Department, City of San José**  
**Monthly Financial Report**  
**Financial Results for the 6 Months Ended December 31, 2008**  
**Fiscal Year 2008-09**

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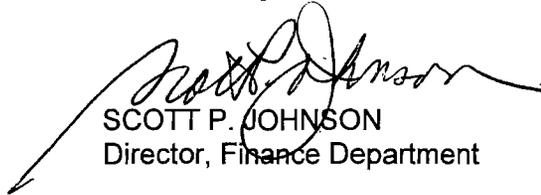
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**Finance Department, City of San José**  
**Monthly Financial Report**  
**Financial Results for the 6 Months Ended December 31, 2008**  
**Fiscal Year 2008-09**

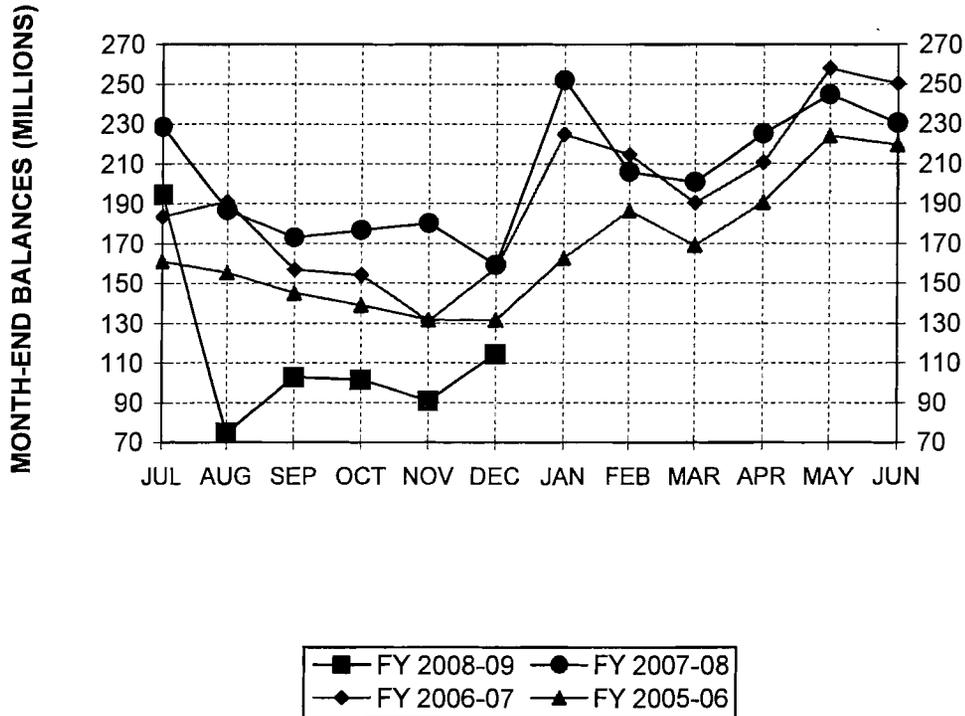
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Submitted by:

  
SCOTT P. JOHNSON  
Director, Finance Department

**GENERAL FUND  
Comparison of Cash Balances**

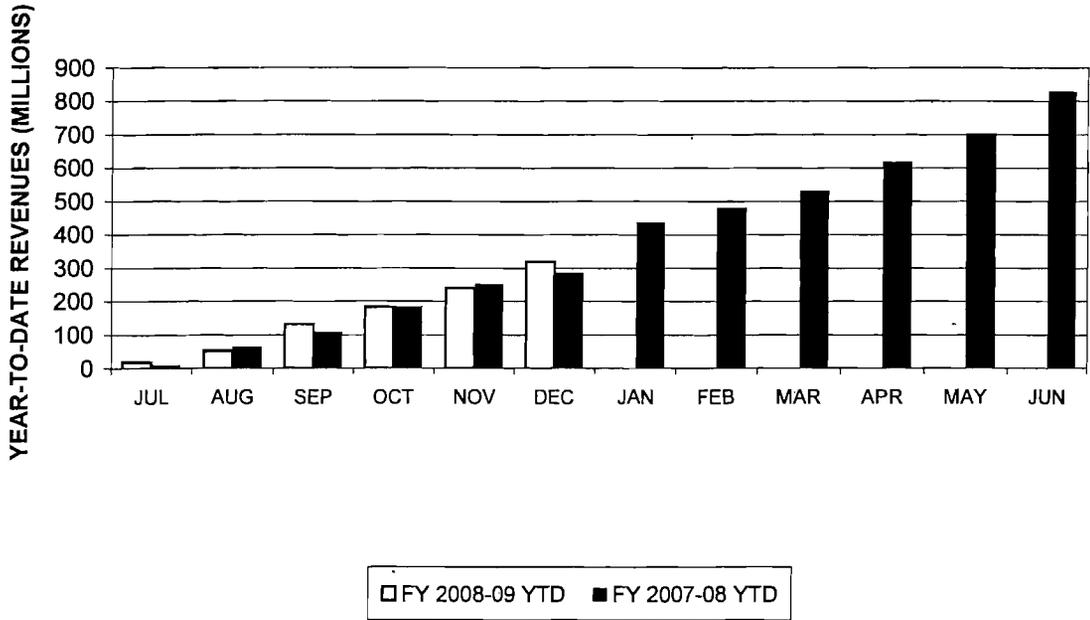


**GENERAL FUND MONTHLY CASH BALANCES**

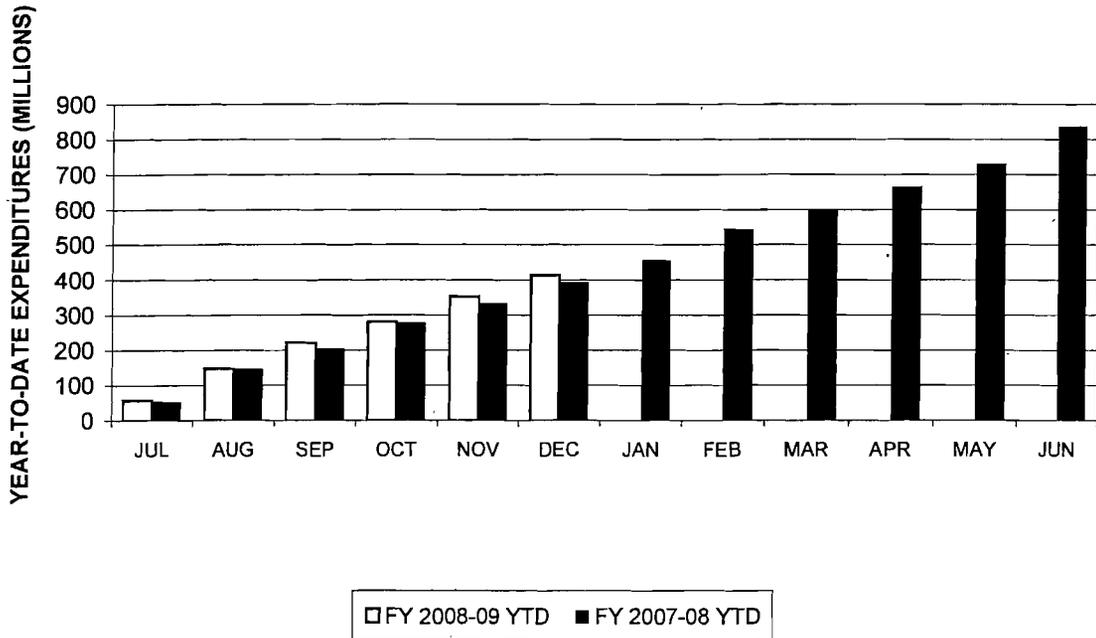
MONTH	FY 2008-09	FY 2007-08	FY 2006-07	FY 2005-06
JULY	\$ 194,527,843	\$ 228,551,607	\$ 183,638,084	\$ 161,103,519
AUGUST (1)	74,677,718	186,835,010	190,974,568	155,276,638
SEPTEMBER	102,811,355	173,043,887	156,674,730	144,980,057
OCTOBER	101,433,688	176,617,539	154,011,382	139,052,451
NOVEMBER	90,892,525	180,164,388	131,009,877	131,757,140
DECEMBER	114,535,815	159,164,830	157,479,064	131,612,938
JANUARY		251,792,153	224,766,520	162,598,761
FEBRUARY		205,882,438	214,574,932	186,471,797
MARCH		200,763,696	190,320,128	169,141,222
APRIL		225,008,853	210,342,744	190,637,410
MAY		244,545,422	257,771,653	224,072,193
JUNE		230,556,706	250,180,874	219,498,514

Note: (1) The General Fund cash balance decreased by \$91.6 million in August 2008 due to the decision to pay the City's portion of retirement contributions in a lump-sum rather than in bi-weekly contributions.

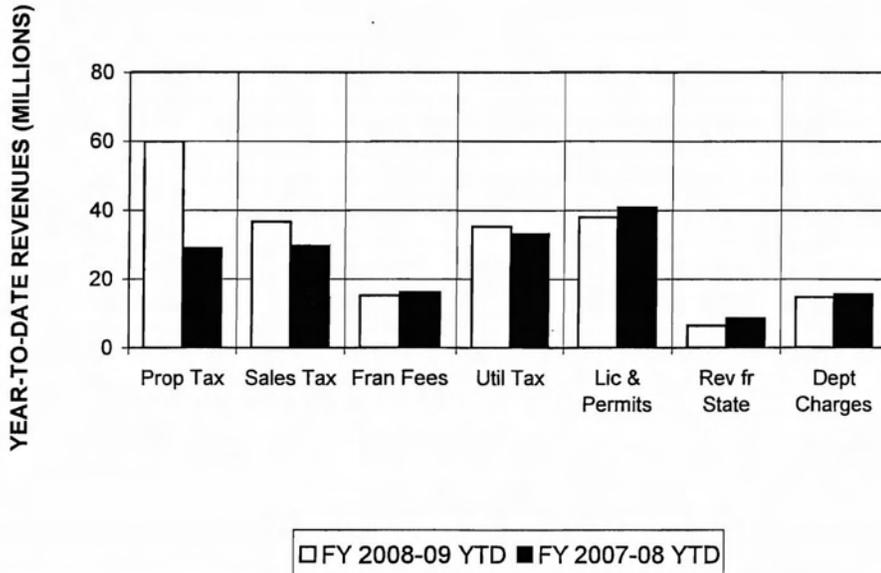
**GENERAL FUND  
Comparison of YTD Revenues  
Actual**



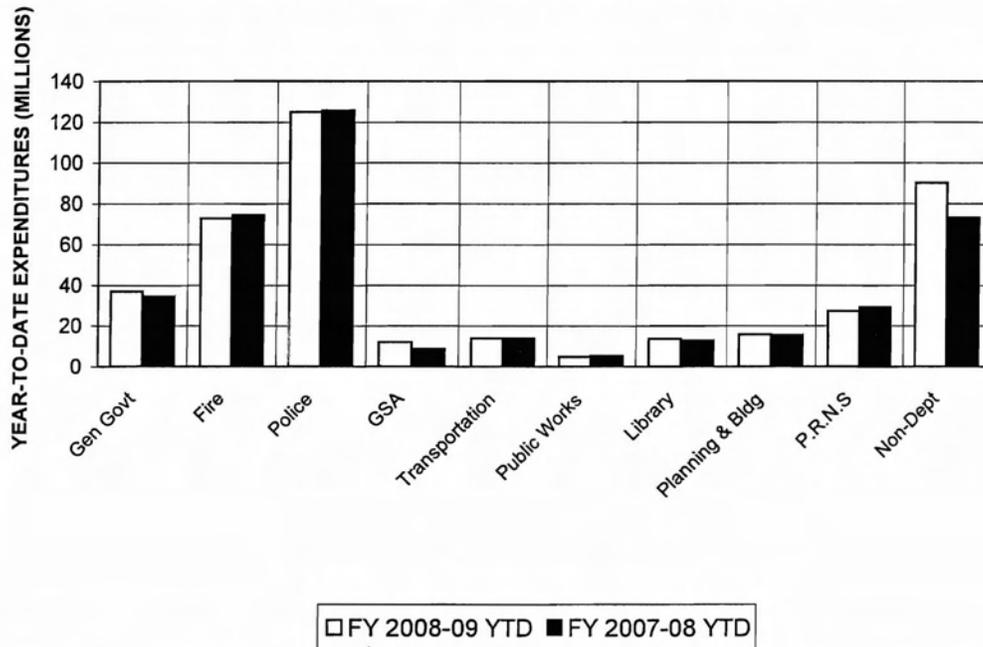
**GENERAL FUND  
Comparison of YTD Expenditures  
Actual**



**GENERAL FUND MAJOR REVENUES**  
**Comparison of YTD Actual vs. Prior YTD Actual**  
**For the 6 Months Ended December 31, 2008**



**GENERAL FUND MAJOR EXPENDITURES**  
**Comparison of YTD Actual vs. Prior YTD Actual**  
**For the 6 Months Ended December 31, 2008**



Note: State Budget Balancing actions resulted in the "Triple Flip", which suspended a portion of local governments' Sales and Use Tax and Motor Vehicle License Fee revenues and replaced them with local property tax revenues. The 2008-2009 impact through December 2008 is approximately \$12.9 million.

**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS**  
**FOR THE 6 MONTHS ENDED DECEMBER 31, 2008**  
*(UNAUDITED)*  
*(\$000's)*

	ADOPTED FY 2008-09 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2008-09 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	\$ -	-	41,648	41,648	41,648	100.00%	28,219	112.44%	25,096	13,429	47.59%
Liquidation of c/o Encumbrance	-	-	-	-	-	-	-	-	-	-	-
Available Balance	202,882	20,769	-	223,651	223,651	100.00%	247,630	100.00%	247,630	(23,979)	-9.68%
<b>Total Fund Balance</b>	<b>202,882</b>	<b>20,769</b>	<b>41,648</b>	<b>265,299</b>	<b>265,299</b>	<b>100.00%</b>	<b>275,849</b>	<b>101.15%</b>	<b>272,726</b>	<b>(10,550)</b>	<b>-3.82%</b>
<b>General Revenues</b>											
Property Tax	208,267	-	-	208,267	59,967	28.79%	29,021	14.25%	203,718	30,946	106.63%
Sales Tax (Note 1)	152,536	-	-	152,536	36,633	24.02%	29,639	18.78%	157,814	6,994	23.60%
Transient Occupancy Tax	9,972	-	-	9,972	3,841	38.52%	3,705	38.76%	9,560	136	3.67%
Franchise Fees	41,621	-	-	41,621	15,190	36.50%	16,151	39.33%	41,064	(961)	-5.95%
Utility Tax	83,690	-	-	83,690	35,191	42.05%	33,207	40.37%	82,254	1,984	5.97%
Licenses and Permits	78,884	56	-	78,940	37,901	48.01%	40,801	55.09%	74,059	(2,900)	-7.11%
Fines, Forfeits and Penalties	15,726	-	-	15,726	6,238	39.67%	7,355	47.14%	15,601	(1,117)	-15.19%
Use of Money and Property	13,222	(1,500)	-	11,722	4,956	42.28%	7,595	43.72%	17,371	(2,639)	-34.75%
Revenue from Local Agencies	48,072	(177)	-	47,895	24,590	51.34%	18,286	37.08%	49,318	6,304	34.47%
Revenue from State of Cal.	10,265	838	-	11,103	6,424	57.86%	8,533	69.30%	12,314	(2,109)	-24.72%
Revenue from Federal Government	3,815	1,610	-	5,425	718	13.24%	2,005	27.06%	7,409	(1,287)	-64.19%
Departmental Charges (Note 2)	30,863	43	-	30,906	14,697	47.55%	15,595	50.56%	30,842	(898)	-5.76%
Other Revenues	17,496	3,444	-	20,940	14,777	70.57%	11,321	48.35%	23,416	3,456	30.53%
<b>Total General Revenues</b>	<b>714,429</b>	<b>4,314</b>	<b>-</b>	<b>718,743</b>	<b>261,123</b>	<b>36.33%</b>	<b>223,214</b>	<b>30.80%</b>	<b>724,740</b>	<b>37,909</b>	<b>16.98%</b>
<b>Transfers &amp; Reimbursements</b>											
Overhead Reimbursements	103,789	2,290	-	106,079	24,086	22.71%	26,563	70.74%	37,550	(2,477)	-9.33%
Transfers from Other Funds	-	-	-	-	28,762	-	31,437	61.63%	51,010	(2,675)	-8.51%
Reimbursements for Services	-	-	-	-	5,519	-	6,297	35.17%	17,907	(778)	-12.36%
<b>Total Transfers &amp; Reimbursements</b>	<b>103,789</b>	<b>2,290</b>	<b>-</b>	<b>106,079</b>	<b>58,367</b>	<b>55.02%</b>	<b>64,297</b>	<b>60.39%</b>	<b>106,467</b>	<b>(5,930)</b>	<b>-9.22%</b>
<b>Total Sources</b>	<b>\$ 1,021,100</b>	<b>27,373</b>	<b>41,648</b>	<b>1,090,121</b>	<b>584,789</b>	<b>53.64%</b>	<b>563,360</b>	<b>51.03%</b>	<b>1,103,933</b>	<b>21,429</b>	<b>3.80%</b>

Note 1 - State Budget Balancing actions resulted in the "Triple Flip", which suspended a portion of local governments' Sales and Use Tax and Motor Vehicle License Fee revenues and replaced them with local property tax revenues. The 2008-2009 impact through December 2008 is approximately \$12.9 million.

Note 2 - See Supplemental Schedule on Page 7

**CITY OF SAN JOSE  
GENERAL FUND SOURCE AND USE OF FUNDS  
EXPENDITURES  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2008  
( UNAUDITED )  
( \$000's )**

	ADOPTED FY 2008-09 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2008-09 BUDGET	YEAR-TO-DATE		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
					ACTUAL	ENCUMBR						
<b>General Government</b>												
Mayor and Council	\$ 10,339	(241)	114	10,212	3,625	74	35.50%	3,313	43.99%	7,532	312	9.42%
City Attorney	13,384	255	1,734	15,373	6,166	1,479	40.11%	5,819	43.68%	13,323	347	5.96%
City Auditor	2,642	89	172	2,903	1,081	86	37.24%	1,064	51.18%	2,079	17	1.60%
City Clerk	4,470	98	11	4,579	976	22	21.31%	869	35.92%	2,419	107	12.31%
City Manager	12,094	251	349	12,694	5,176	374	40.78%	5,066	44.86%	11,293	110	2.17%
Finance	12,502	329	320	13,151	5,519	603	41.97%	4,991	44.48%	11,221	528	10.58%
Information Technology	17,274	762	901	18,937	7,244	1,492	38.25%	7,093	45.76%	15,499	151	2.13%
Human Resources	7,914	209	226	8,349	3,397	361	40.69%	3,231	45.03%	7,175	166	5.14%
Redevelopment Agency	1,897	53	-	1,950	926	-	47.49%	585	49.79%	1,175	341	58.29%
Independent Police Auditor	830	39	7	876	410	5	46.80%	377	46.83%	805	33	8.75%
Office of Economic Development	4,274	209	531	5,014	2,122	433	42.32%	2,019	46.47%	4,345	103	5.10%
Office of Emergency Services	541	10	-	551	238	-	43.19%	207	79.01%	262	31	14.98%
<b>Total General Government</b>	<b>88,161</b>	<b>2,063</b>	<b>4,365</b>	<b>94,589</b>	<b>36,880</b>	<b>4,929</b>	<b>38.99%</b>	<b>34,634</b>	<b>44.90%</b>	<b>77,128</b>	<b>2,246</b>	<b>6.48%</b>
<b>Public Safety</b>												
Fire	158,203	(162)	430	158,471	72,807	1,486	45.94%	74,550	47.12%	158,203	(1,743)	-2.34%
Police	281,147	1,981	2,644	285,772	125,008	5,561	43.74%	125,785	44.96%	279,794	(777)	-0.62%
<b>Total Public Safety</b>	<b>439,350</b>	<b>1,819</b>	<b>3,074</b>	<b>444,243</b>	<b>197,815</b>	<b>7,047</b>	<b>44.53%</b>	<b>200,335</b>	<b>45.74%</b>	<b>437,997</b>	<b>(2,520)</b>	<b>-1.26%</b>
<b>Capital Maintenance</b>												
General Services	24,927	69	1,536	26,532	12,100	3,864	45.61%	8,772	48.76%	17,992	3,328	37.94%
Transportation	32,895	(93)	1,070	33,872	14,003	2,259	41.34%	13,954	42.69%	32,688	49	0.35%
Public Works	9,860	420	171	10,451	4,779	947	45.73%	5,291	53.36%	9,915	(512)	-9.68%
<b>Total Capital Maintenance</b>	<b>67,682</b>	<b>396</b>	<b>2,777</b>	<b>70,855</b>	<b>30,882</b>	<b>7,070</b>	<b>43.58%</b>	<b>28,017</b>	<b>46.24%</b>	<b>60,595</b>	<b>2,865</b>	<b>10.23%</b>

(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, 2008  
( UNAUDITED )  
( \$000's )**

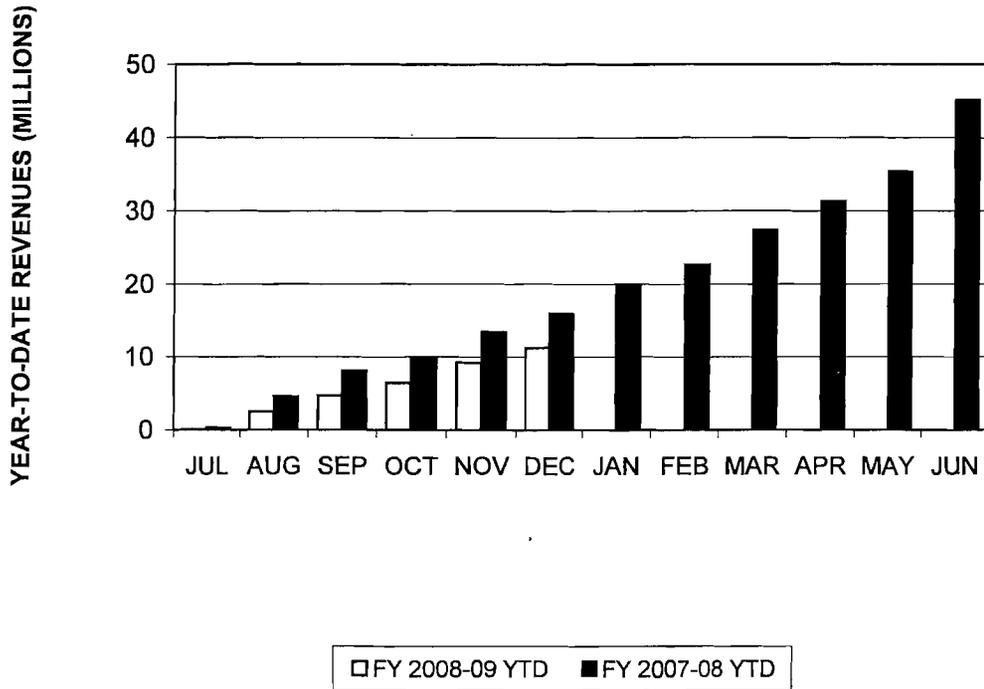
	ADOPTED FY 2008-09 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2008-09 BUDGET	YEAR-TO-DATE		CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL(1)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL(1)	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
					ACTUAL	ENCUMBR						
<b>Community Service</b>												
Library	29,575	1,261	269	31,105	13,745	260	44.19%	12,836	44.79%	28,661	909	7.08%
Planning, Bldg & Code Enf.	36,780	550	704	38,034	15,765	622	41.45%	15,426	45.08%	34,218	339	2.20%
Park, Rec & Neigh Svcs	59,009	632	1,626	61,267	27,403	5,081	44.73%	29,222	45.88%	63,687	(1,819)	-6.22%
Environmental Services	842	115	360	1,317	184	323	13.97%	227	19.72%	1,151	(43)	18.94%
Total Community Services	126,206	2,558	2,959	131,723	57,097	6,286	43.35%	57,711	45.19%	127,717	(614)	-1.06%
Total Dept. Expenditures	\$ 721,399	6,836	13,175	741,410	322,674	25,332	43.52%	320,697	45.59%	703,437	1,977	0.62%
<b>Non-Dept Expenditures</b>												
City-wide Expenditures:												
Econ & Neighborhood Develop.	\$ 30,566	5,843	1,827	38,236	20,778	3,037	54.34%	14,936	53.15%	28,103	5,842	39.11%
Environmental & Utility Services	989	1,689	125	2,803	526	371	18.77%	251	24.00%	1,046	275	109.56%
Public Safety	5,861	665	2,399	8,925	1,289	2,863	14.44%	2,731	30.73%	8,886	(1,442)	-52.80%
Recreation & Cultural Services	12,652	255	1,177	14,084	3,115	3,098	22.12%	3,727	41.59%	8,962	(612)	-16.42%
Transportation Services	3,034	464	478	3,976	791	552	19.89%	807	39.08%	2,065	(16)	-1.98%
Strategic Support	69,557	(809)	4,356	73,104	21,759	4,825	29.76%	17,321	38.55%	44,929	4,438	25.62%
Total City-wide Expenditures	122,659	8,107	10,362	141,128	48,258	14,746	34.19%	39,773	42.32%	93,991	8,485	21.33%
Capital Contributions	33,663	(2,396)	18,111	49,378	6,457	13,976	13.08%	7,341	67.06%	10,947	(884)	-12.04%
Transfers to Other Funds	32,812	5,951	-	38,763	35,550	-	91.71%	26,133	88.15%	29,647	9,417	36.03%
Total Non-Dept Expenditures	189,134	11,662	28,473	229,269	90,265	28,722	39.37%	73,247	54.42%	134,585	17,018	23.23%
<b>Reserves</b>												
Contingency Reserves	30,294	647	-	30,941	-	-	0.00%	-	0.00%	-	-	0.00%
Earmarked Reserves	80,273	8,228	-	88,501	-	-	0.00%	-	0.00%	-	-	0.00%
Total Reserves	110,567	8,875	-	119,442	-	-	0.00%	-	0.00%	-	-	0.00%
<b>Total Uses</b>	<b>\$ 1,021,100</b>	<b>27,373</b>	<b>41,648</b>	<b>1,090,121</b>	<b>412,939</b>	<b>54,054</b>	<b>37.88%</b>	<b>393,944</b>	<b>47.01%</b>	<b>838,022</b>	<b>18,995</b>	<b>4.82%</b>

(1) Does not include encumbrance balance.

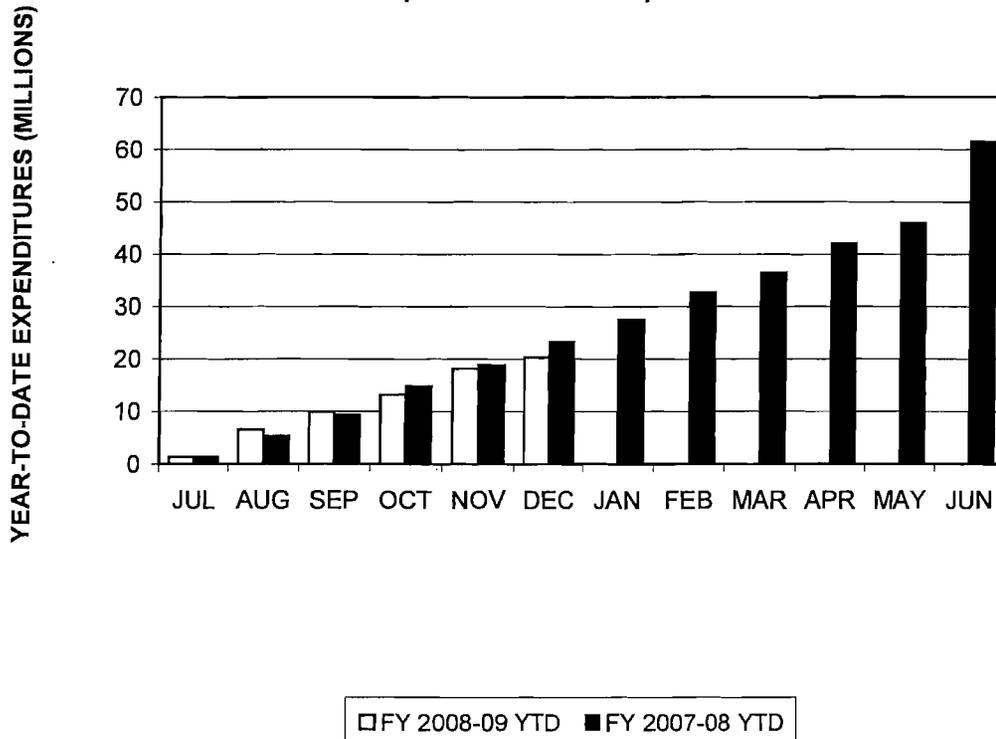
CITY OF SAN JOSE  
GENERAL FUND SOURCE AND USE OF FUNDS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2008  
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES  
(UNAUDITED)  
(\$000's)

	ADOPTED FY 2008-09 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2008-09 BUDGET	CUR YTD ACTUAL	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Police	\$ 1,763	-	-	1,763	766	43.45%	817	48.52%	1,684	(51)	-6.24%
Public Works	7,511	-	-	7,511	3,560	47.40%	3,064	42.55%	7,201	496	16.19%
Transportation	956	-	-	956	626	65.48%	438	31.20%	1,404	188	42.92%
Library	1,216	-	-	1,216	432	35.53%	423	31.45%	1,345	9	2.13%
Planning, Bldg & Code Enf	6,702	-	-	6,702	2,469	36.84%	3,811	56.11%	6,792	(1,342)	-35.21%
Parks Rec & Neigh Svcs	6,357	-	-	6,357	4,595	72.28%	4,971	55.84%	8,903	(376)	-7.56%
Miscellaneous Dept Charges	6,358	43	-	6,401	2,249	35.14%	2,071	58.95%	3,513	178	8.59%
<b>Total Departmental Revenues \$</b>	<b>30,863</b>	<b>43</b>	<b>-</b>	<b>30,906</b>	<b>14,697</b>	<b>47.55%</b>	<b>15,595</b>	<b>50.56%</b>	<b>30,842</b>	<b>(898)</b>	<b>-5.76%</b>

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



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



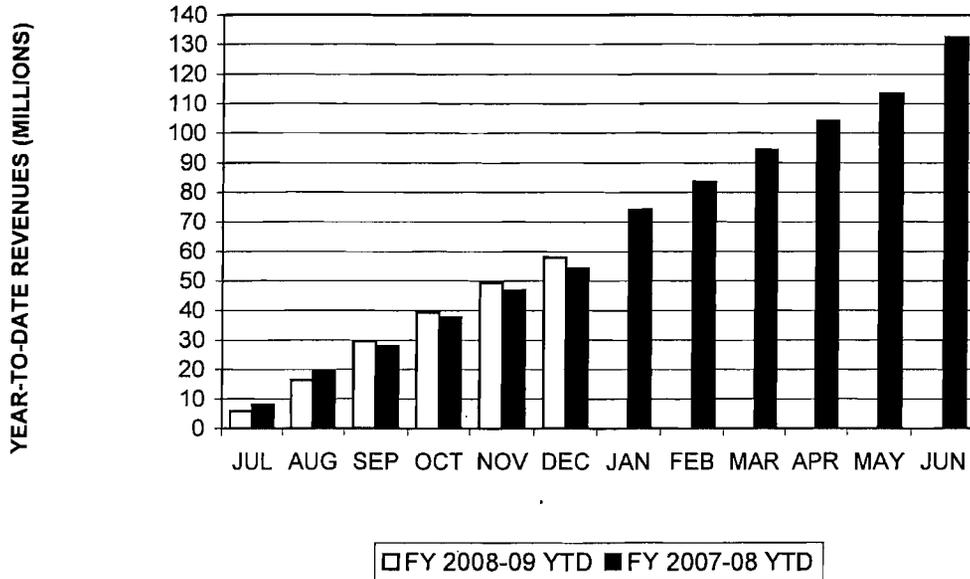
**CITY OF SAN JOSE  
SPECIAL REVENUE FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2008  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2008-09 BUDGET	BUDGET AMENDMENTS		FY 2008-09 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
<b>Construction/Conveyance Tax</b>							
Prior Year Encumbrance	\$ -	-	11,753	11,753	11,753	N/A	13,333
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	80,039	6,598	-	86,637	86,637	N/A	101,009
Revenues	49,982	639	-	50,621	11,296	N/A	15,910
<b>Total Sources</b>	<b>130,021</b>	<b>7,237</b>	<b>11,753</b>	<b>149,011</b>	<b>109,686</b>	<b>N/A</b>	<b>130,252</b>
<b>Total Uses</b>	<b>130,021</b>	<b>7,237</b>	<b>11,753</b>	<b>149,011</b>	<b>20,292</b>	<b>8,991</b>	<b>23,295</b>
<b>Gas Tax</b>							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	-	-	-	-	-	N/A	-
Revenues	17,200	-	-	17,200	6,944	N/A	6,115
<b>Total Sources</b>	<b>17,200</b>	<b>-</b>	<b>-</b>	<b>17,200</b>	<b>6,944</b>	<b>N/A</b>	<b>6,115</b>
<b>Total Uses</b>	<b>17,200</b>	<b>-</b>	<b>-</b>	<b>17,200</b>	<b>5,527</b>	<b>-</b>	<b>6,115</b>
<b>Building and Structures</b>							
Prior Year Encumbrance	-	-	7,285	7,285	7,285	N/A	8,047
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	12,701	5,535	-	18,236	18,236	N/A	19,982
Revenues	15,813	6,812	-	22,625	6,429	N/A	7,647
<b>Total Sources</b>	<b>28,514</b>	<b>12,347</b>	<b>7,285</b>	<b>48,146</b>	<b>31,950</b>	<b>N/A</b>	<b>35,676</b>
<b>Total Uses</b>	<b>28,514</b>	<b>12,347</b>	<b>7,285</b>	<b>48,146</b>	<b>10,978</b>	<b>5,724</b>	<b>7,312</b>
<b>Residential Construction</b>							
Prior Year Encumbrance	-	-	-	-	-	N/A	1
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	1,315	24	-	1,339	1,339	N/A	1,337
Revenues	150	-	-	150	89	N/A	40
<b>Total Sources</b>	<b>1,465</b>	<b>24</b>	<b>-</b>	<b>1,489</b>	<b>1,428</b>	<b>N/A</b>	<b>1,378</b>
<b>Total Uses</b>	<b>\$ 1,465</b>	<b>24</b>	<b>-</b>	<b>1,489</b>	<b>67</b>	<b>-</b>	<b>55</b>

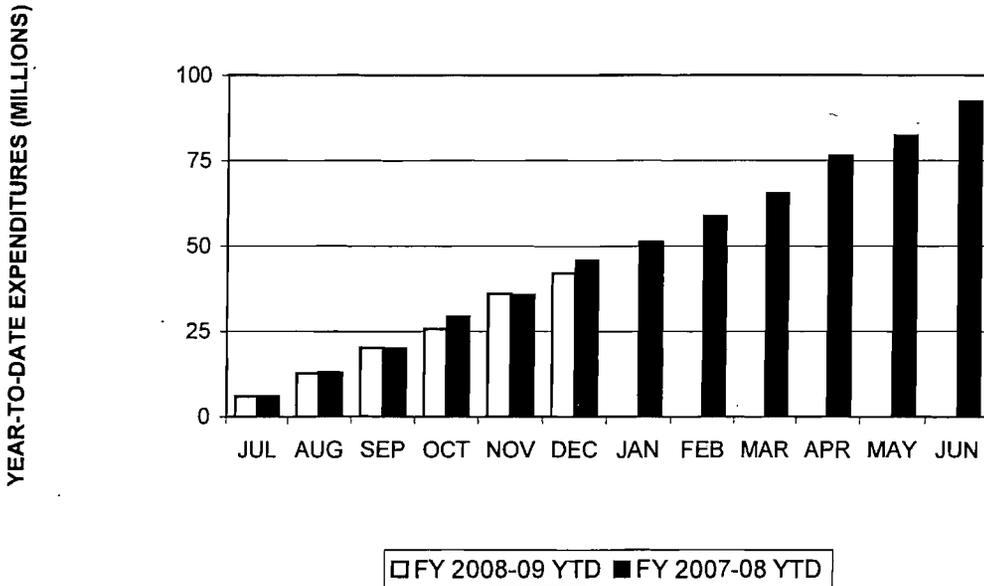
**CITY OF SAN JOSE  
SPECIAL REVENUE FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2008  
(UNAUDITED)  
(\$000's)**

	ADOPTED FY 2008-09 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2008-09 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
<b>Transient Occupancy Tax</b>							
Prior Year Encumbrance	\$ -	-	401	401	401	N/A	127
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	4,058	59	-	4,117	4,117	N/A	4,176
Revenues	14,984	-	-	14,984	5,267	N/A	5,553
<b>Total Sources</b>	<b>19,042</b>	<b>59</b>	<b>401</b>	<b>19,502</b>	<b>9,785</b>	<b>N/A</b>	<b>9,856</b>
<b>Total Uses</b>	<b>19,042</b>	<b>59</b>	<b>401</b>	<b>19,502</b>	<b>7,216</b>	<b>857</b>	<b>8,052</b>
<b>Conventions, Arts &amp; Entertainment</b>							
Prior Year Encumbrance	-	-	689	689	689	N/A	338
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	6,429	1,177	-	7,606	7,606	N/A	4,080
Revenues	19,887	481	-	20,368	5,528	N/A	8,289
<b>Total Sources</b>	<b>26,316</b>	<b>1,658</b>	<b>689</b>	<b>28,663</b>	<b>13,823</b>	<b>N/A</b>	<b>12,707</b>
<b>Total Uses</b>	<b>26,316</b>	<b>1,658</b>	<b>689</b>	<b>28,663</b>	<b>10,033</b>	<b>644</b>	<b>8,492</b>
<b>Golf</b>							
Prior Year Encumbrance	-	-	11	11	11	N/A	11
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	791	134	-	925	925	N/A	833
Revenues	2,123	-	-	2,123	1,562	N/A	1,734
<b>Total Sources</b>	<b>2,914</b>	<b>134</b>	<b>11</b>	<b>3,059</b>	<b>2,498</b>	<b>N/A</b>	<b>2,578</b>
<b>Total Uses</b>	<b>2,914</b>	<b>134</b>	<b>11</b>	<b>3,059</b>	<b>1,363</b>	<b>7</b>	<b>1,317</b>
<b>Other Funds</b>							
Prior Year Encumbrance	-	-	57,048	57,048	57,048	N/A	52,108
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	193,130	20,596	-	213,726	213,726	N/A	187,201
Revenues	617,629	27,626	-	645,255	198,058	N/A	196,623
<b>Total Sources</b>	<b>810,759</b>	<b>48,222</b>	<b>57,048</b>	<b>916,029</b>	<b>468,832</b>	<b>N/A</b>	<b>435,932</b>
<b>Total Uses</b>	<b>\$ 810,759</b>	<b>48,222</b>	<b>57,048</b>	<b>916,029</b>	<b>215,755</b>	<b>139,637</b>	<b>197,715</b>

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

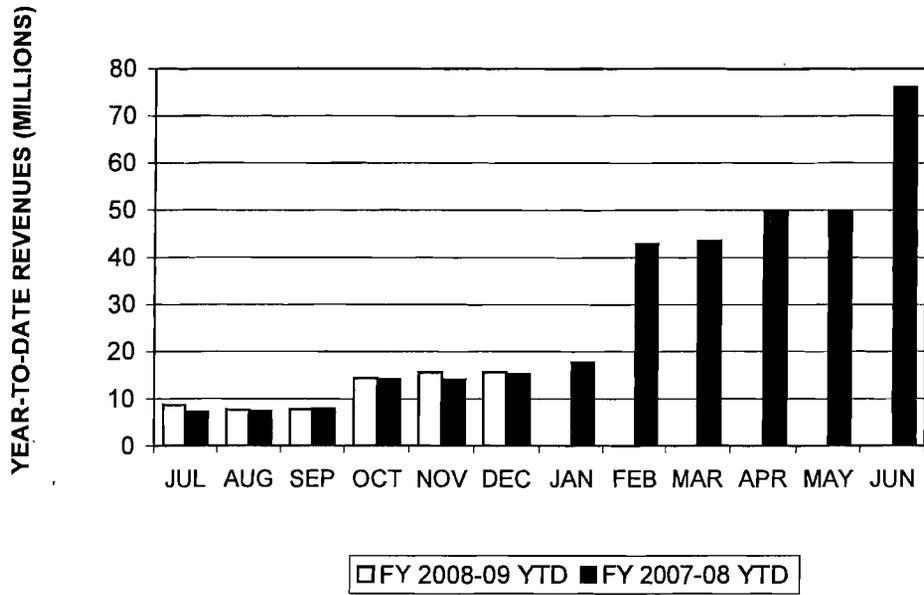


**AIRPORT MAINTENANCE & OPERATING FUND 523  
Comparison of YTD Expenditures**

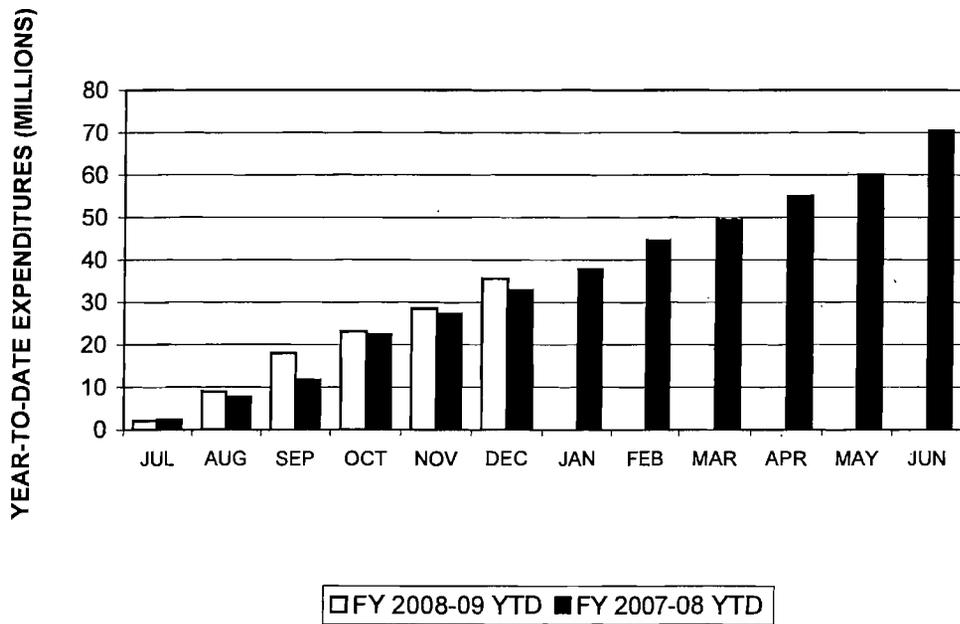


Note: The graphs above include the airport revenue fund (521) and operating fund (523) only.

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

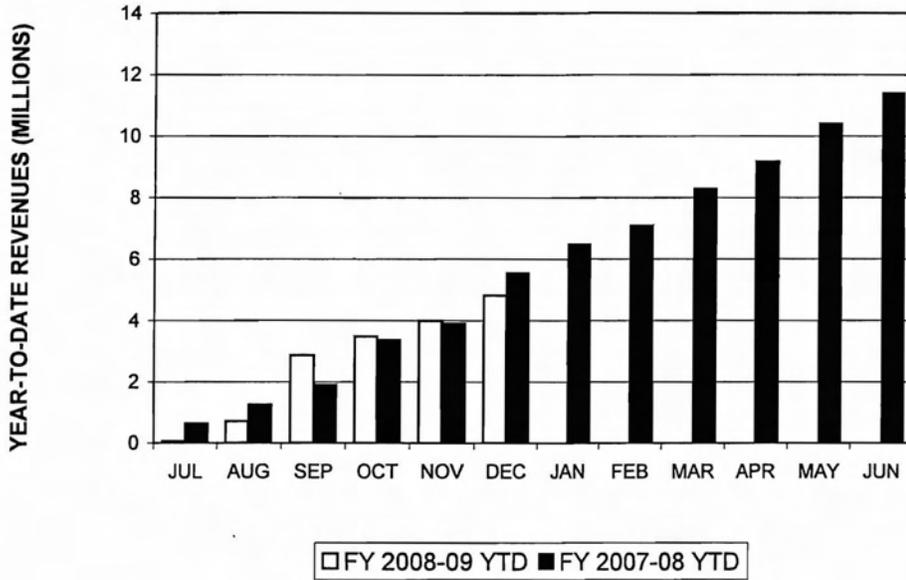


**WPCP OPERATING FUND 513  
Comparison of YTD Expenditures**



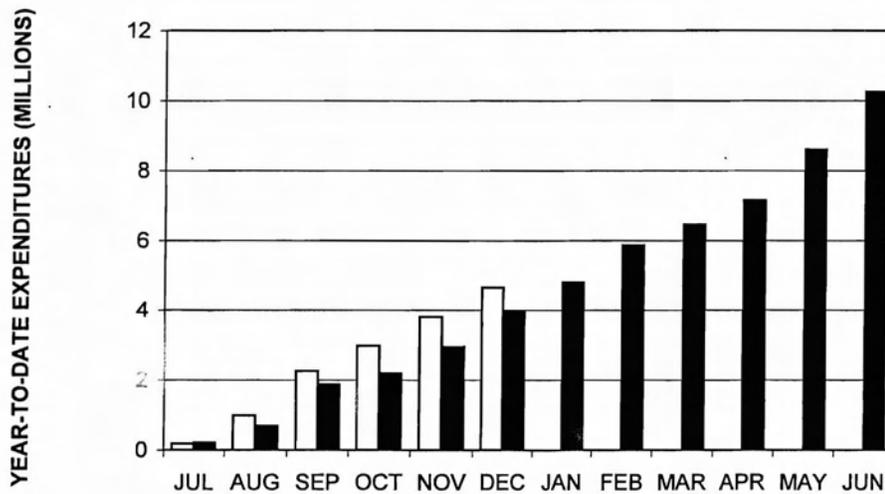
Note: Graphs above are only for WPCP operating fund (513).

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



□ FY 2008-09 YTD ■ FY 2007-08 YTD

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



□ FY 2008-09 YTD ■ FY 2007-08 YTD

Accounting transfers that artificially increased revenues and expenditures by the same amount were included in fund 533. An adjustment has been made to net out these transfers so that actual and operational revenues and expenditures can be compared to prior year amounts.

**CITY OF SAN JOSE  
ENTERPRISE FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2008  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2008-09 BUDGET	BUDGET AMENDMENTS		FY 2008-09 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
<b>Airport</b>							
Prior Year Encumbrance	\$ -	-	497,173	497,173	497,173	N/A	190,033
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	589,935	30,090	-	620,025	620,025	N/A	473,929
Revenues	404,483	(25,325)	-	379,158	234,533	N/A	155,358
<b>Total Sources</b>	<b>994,418</b>	<b>4,765</b>	<b>497,173</b>	<b>1,496,356</b>	<b>1,351,731</b>	<b>N/A</b>	<b>819,320</b>
<b>Total Uses</b>	<b>994,418</b>	<b>4,765</b>	<b>497,173</b>	<b>1,496,356</b>	<b>237,587</b>	<b>515,011</b>	<b>207,953</b>
<b>(Note 1)</b>							
<b>Waste Water Treatment</b>							
Prior Year Encumbrance	-	-	58,152	58,152	58,152	N/A	37,754
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	170,257	1,480	-	171,737	171,737	N/A	186,060
Revenues	245,551	44,990	-	290,541	133,604	N/A	138,177
<b>Total Sources</b>	<b>415,808</b>	<b>46,470</b>	<b>58,152</b>	<b>520,430</b>	<b>363,493</b>	<b>N/A</b>	<b>361,991</b>
<b>Total Uses</b>	<b>415,808</b>	<b>46,470</b>	<b>58,152</b>	<b>520,430</b>	<b>73,942</b>	<b>59,256</b>	<b>90,328</b>
<b>(Note 2)</b>							
<b>Municipal Water</b>							
Prior Year Encumbrance	-	-	2,146	2,146	2,146	N/A	1,603
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	9,155	207	-	9,362	9,362	N/A	10,874
Revenues	30,433	35	-	30,468	18,633	N/A	16,106
<b>Total Sources</b>	<b>39,588</b>	<b>242</b>	<b>2,146</b>	<b>41,976</b>	<b>30,141</b>	<b>N/A</b>	<b>28,583</b>
<b>Total Uses</b>	<b>39,588</b>	<b>242</b>	<b>2,146</b>	<b>41,976</b>	<b>14,142</b>	<b>1,887</b>	<b>13,658</b>
<b>Parking</b>							
Prior Year Encumbrance	-	-	1,267	1,267	1,267	N/A	869
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	12,442	1,748	-	14,190	14,190	N/A	13,045
Revenues	16,954	(5,100)	-	11,854	4,815	N/A	10,652
<b>Total Sources</b>	<b>29,396</b>	<b>(3,352)</b>	<b>1,267</b>	<b>27,311</b>	<b>20,272</b>	<b>N/A</b>	<b>24,566</b>
<b>Total Uses</b>	<b>\$ 29,396</b>	<b>(3,352)</b>	<b>1,267</b>	<b>27,311</b>	<b>4,656</b>	<b>1,861</b>	<b>9,068</b>
<b>(Note 3)</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.

Note 3 - Accounting transfers that artificially increased revenues and expenditures by the same amount were included in the parking funds. An adjustment has been made to net out these transfers so that actual and operational revenues and expenditures can be compared to prior year amounts.

**CITY OF SAN JOSE  
CAPITAL PROJECT FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2008  
(UNAUDITED)  
(\$000's)**

	ADOPTED FY 2008-09 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBER	REVISED FY 2008-09 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBER	
<b>Construction Excise</b>							
Prior Year Encumbrance	\$ -	-	8,482	8,482	8,482	N/A	7,483
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	16,636	(7,037)	-	9,599	9,599	N/A	15,122
Revenues	29,535	11,564	-	41,099	18,522	N/A	13,542
<b>Total Sources</b>	<b>46,171</b>	<b>4,527</b>	<b>8,482</b>	<b>59,180</b>	<b>36,603</b>	<b>N/A</b>	<b>36,147</b>
<b>Total Uses</b>	<b>46,171</b>	<b>4,527</b>	<b>8,482</b>	<b>59,180</b>	<b>23,757</b>	<b>8,099</b>	<b>22,395</b>
<b>Redevelopment Projects</b>							
Prior Year Encumbrance	-	-	5,063	5,063	5,063	N/A	3,057
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	3,340	4,734	-	8,074	8,074	N/A	7,370
Revenues	-	988	-	988	1,812	N/A	4,191
<b>Total Sources</b>	<b>3,340</b>	<b>5,722</b>	<b>5,063</b>	<b>14,125</b>	<b>14,949</b>	<b>N/A</b>	<b>14,618</b>
<b>Total Uses</b>	<b>3,340</b>	<b>5,722</b>	<b>5,063</b>	<b>14,125</b>	<b>4,564</b>	<b>2,636</b>	<b>1,835</b>
<b>Other</b>							
Prior Year Encumbrance	-	-	129,130	129,130	129,130	N/A	47,667
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	140,942	3,715	-	144,657	144,657	N/A	262,404
Revenues	30,429	3,024	-	33,453	5,091	N/A	8,311
<b>Total Sources</b>	<b>171,371</b>	<b>6,739</b>	<b>129,130</b>	<b>307,240</b>	<b>278,878</b>	<b>N/A</b>	<b>318,382</b>
<b>Total Uses</b>	<b>\$ 171,371</b>	<b>6,739</b>	<b>129,130</b>	<b>307,240</b>	<b>59,658</b>	<b>110,517</b>	<b>29,997</b>

**CITY OF SAN JOSE  
OTHER FUND TYPES  
SOURCE AND USE OF FUNDS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2008  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2008-09 BUDGET	BUDGET AMENDMENTS		FY 2008-09 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
<b>Trust and Agency</b>							
Prior Year Encumbrance	\$ -	-	33	33	33	N/A	28
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	2,197	181	-	2,378	2,378	N/A	2,189
Revenues	203	(88)	-	115	592	N/A	1,592
<b>Total Sources</b>	<u>2,400</u>	<u>93</u>	<u>33</u>	<u>2,526</u>	<u>3,003</u>	<u>N/A</u>	<u>3,809</u>
<b>Total Uses</b>	<u>\$ 2,400</u>	<u>93</u>	<u>33</u>	<u>2,526</u>	<u>390</u>	<u>38</u>	<u>642</u>