



2009-2010

# ANNUAL REPORT

SEPTEMBER 2010

OFFICE OF THE CITY MANAGER

## **2009-2010 ANNUAL REPORT**

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

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

The financial information used in this report represents final, unaudited 2009-2010 year-end closing figures as of June 30, 2010.

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**LETTER OF TRANSMITTAL**

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Debra Figone

**SUBJECT:** 2009-2010 ANNUAL REPORT

**DATE:** September 30, 2010

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## **RECOMMENDATION**

It is recommended that the City Council:

1. Accept the 2009-2010 City Manager's Annual Report of the Finances of the City of San José in compliance with City Charter Section 701 (F).
2. Adopt Appropriation Ordinance and Funding Sources Resolution amendments in various operating and capital funds to implement the 2009-2010 Annual Report recommendations, including appropriate technical adjustments, as detailed in Section IV (Recommended Budget Adjustments and Clean-Up Actions).

## **OUTCOME**

In accordance with Section 701(F) of the San José City Charter, the 2009-2010 Annual Report describes the financial status of the City at the end of the 2009-2010 fiscal year. As specified in the City Charter, the focus of the City Manager's Annual Report is a comparison of actual revenue collections and expenditures to projections included in the City's budget. This will provide the City Council with the information necessary to review the financial performance of all City funds. In addition, this report provides a comparison of the actual 2009-2010 Ending Fund Balance for each fund to the estimate used in the development of the 2010-2011 Adopted Budget as well as information on the status of the City's year-end reserves by fund.

Approval of the recommended budget actions will implement the fund balance reconciliations as well as rebudget and clean-up adjustments necessary based on final 2009-2010 performance. The document also includes actions that are necessary to revise the 2010-2011 budget to align budgeted revenue and expenditures with the most current information, correct technical problems, recognize new or adjust existing grant, reimbursement or fee activity revenues and expenditures, reflect changes in project and program allocations based on revised cost estimates, and establish a limited number of new projects and programs in special and capital funds.

## **EXECUTIVE SUMMARY**

The Administration proactively managed the City's many funds in 2009-2010 to ensure the overall fiscal health of the City. As was the case last year, the City continued to be significantly impacted by the aftermath of the worst economic downturn in seven decades. Many of the City's economically sensitive revenues continued to experience declines from the prior year. In

## **EXECUTIVE SUMMARY (CONT'D.)**

the General Fund, revenues that declined included Property Tax, Sales Tax, Transient Occupancy Tax, Franchise Fees, Licenses and Permits, Use of Money and Property (Interest Earnings), Revenue from Local Agencies, and Revenue from the State of California. Several development-related taxes and fees in other funds and Airport revenues also experienced declines in 2009-2010. Weak economic performance was anticipated when the 2009-2010 Adopted Budget was developed and conservative revenue estimates were established for the City's various economically sensitive categories. In some cases, however, revenue collections tracked below these conservative estimates and downward adjustments were brought forward during the year to reflect actual collection trends. Last October, 2009, as part of the 2008-2009 Annual Report actions, a \$10.7 million downward adjustment to the 2009-2010 Sales Tax revenue estimate was approved based on the significantly lower Sales Tax receipts in 2008-2009. At that time, the Economic Uncertainty Reserve was also restored to \$10.0 million, replenishing \$5.5 million of the Reserve that was used at the end of 2008-2009 to address the Sales Tax shortfall in that year. To fund these 2008-2009 Annual Report actions, it was necessary to allocate the excess General Fund 2008-2009 Ending Fund Balance/2009-2010 Beginning Fund Balance (\$13.3 million), as well as allocate savings generated from reducing previously approved rebudgets and other 2009-2010 Adopted Budget appropriations. As part of the 2009-2010 Mid-Year Budget Review, further net reductions of \$6.0 million to the General Fund revenue estimates were approved based on actual collection trends. The majority of this shortfall was addressed by using \$4.5 million of the Economic Uncertainty Reserve, bringing the Reserve back down to \$5.5 million. At the end of 2009-2010, the Economic Uncertainty reserve was increased to \$9.0 million through the use of one-time assessment district close-out funds. This Reserve remains intact in the 2010-2011 budget as a prudent mechanism to deal with the volatility experienced in the City's revenue collections.

Financial challenges in other City areas resulted in the elimination of 52.5 positions during 2009-2010. The position eliminations include 43.5 positions in the Development Fee Program and Capital Programs that were eliminated in November 2009 based on lower revenue collection trends and activity levels. An additional 9.0 positions were eliminated as part of the 2009-2010 Mid-Year Budget Review, including six positions in the Police and Public Works Departments that supported the Airport, two positions that were supported by the San Jose Redevelopment Agency as well as one Police position that was eliminated to implement a 2009-2010 Adopted Budget action.

Through careful management during the year, the various City funds generally ended the year with revenues close to the budgeted estimates and expenditures below the budgeted allocations. While the City ended the year as expected and a small additional fund balance accumulated in the General Fund and most all City funds, the fiscal challenges faced in 2009-2010 are expected to continue in 2010-2011 and until the local economy significantly recovers from the severe recession. The City will have to remain diligent in its financial management to ensure the revenues and expenditures within all funds remain in alignment.

**EXECUTIVE SUMMARY (CONT'D.)**

As shown in the chart below, there was only \$6.6 million in additional General Fund 2009-2010 Ending Fund Balance/2010-2011 Beginning Fund Balance above the level assumed in the development of the 2010-2011 Budget, which represents 0.3% of the combined revenue and expenditure budgets for the General Fund. Almost half of the additional fund balance (\$3.04 million) is recommended to be allocated to reconcile the development fee programs and other reimbursement-related expenditures or to adjust rebudget amounts that were carried over to 2010-2011 to complete projects. This would leave only \$3.55 million, or 0.2% of the 2009-2010 Modified Budget (sources and uses) remaining in the General Fund to implement required adjustments.

**PROPOSED 2010-2011 GENERAL FUND ADJUSTMENTS (\$000s)**

<b>Additional 2009-2010 Ending Fund Balance</b>	<b>\$ 6,591</b>
<b>Clean-Up Actions</b>	
Changes to Fee Reserves	(1,470)
Rebudgets/Clean-Up Adjustments	(1,571)
<b>Sub-total Clean-Up Actions</b>	<b>(3,041)</b>
<b>Fund Balance Available After Clean-up Actions</b>	<b>\$ 3,550</b>
<b>Recommended Budget Adjustments</b>	
Required Technical/Rebalancing Actions	
- Property Tax Adjustment	(4,143)
- Sick Leave Payments Upon Retirement Adjustment	(3,898)
- Fire Department Personal Services (Retirement Pre-Payment Delay)	(51)
- Downtown Property and Business Improvement District Transfer	(7)
- Sales Tax Adjustment	4,200
- Balance Transfers from Closed-Out Funds	298
- Salary and Benefit Reserve (Retirement Pre-Payment Delay)	51
Grants/Reimbursements/Fees (\$2.5 million in net-zero adjustments)	0
<b>Sub-total Recommended Budget Adjustments</b>	<b>\$ (3,550)</b>
<b>Remaining Balance After Clean-ups/Recommended Adjustments</b>	<b>\$ 0</b>

The recommended adjustments in the General Fund bring the 2010-2011 budget allocations into alignment with current projections. A downward adjustment of \$4.1 million to the Property Tax revenue estimate is recommended based on the most recent information from the County of Santa Clara on estimated property tax receipts for 2010-2011. An increase of \$3.9 million to the Sick Leave Payments Upon Retirement appropriation is recommended to bring the 2010-2011 allocation to \$14.6 million, which is consistent with the actual expenditures experienced in 2009-2010. In addition, \$51,000 is proposed to be added to the Fire Department Personal Services appropriation as a result of a retirement pre-payment delay, and \$7,200 is recommended to be transferred to the Downtown Property and Business Improvement District Fund to account for the increased cost-of-living adjustment that was included in the current agreement with the District. These actions are proposed to be funded by the 2009-2010 Ending Fund Balance of \$3.55 million, additional Sales Tax of \$4.2 million estimated for 2010-2011 based on higher than anticipated actual collections in 2009-2010, transfers of remaining balances of \$298,000 from three funds (Healthy Neighborhoods Venture Fund, Emergency Communication System Support

## **EXECUTIVE SUMMARY (CONT'D.)**

Fee Fund, and Municipal Health Service Program Fund) that are being closed out this fiscal year, and use of the Salary and Benefit Reserve (\$51,000).

While the recommended General Fund budget actions address current year needs, for the second year in a row, insufficient funds remain to allocate resources to the 2011-2012 Future Deficit Reserve or the unmet/deferred infrastructure and maintenance needs per City Council Policy 1-18, as has been the practice in past years.

As we move forward, the Administration will continue to monitor and report on the City's financial performance through Bi-Monthly Financial Reports and the Mid-Year Budget Review. The financial results of 2009-2010 will also be factored into the development of the 2012-2016 General Fund Forecast that will be released in February 2011. The preliminary 2011-2012 General Fund Forecast is expected to be released in early November 2010.

## **BACKGROUND**

Each year the City issues the Annual Report at the end of September, three months after the close of the fiscal year, as required by the City Charter. The Annual Report document has been revised this year to provide additional context on the combined performance of all funds and to streamline the discussion of significant expenditure and revenue variances by fund.

Following is a description of the various sections of the Annual Report document.

- **Transmittal Memorandum** – This section provides an overall summary of the 2009-2010 Annual Report.
- **Section I: Financial Performance Summary (All Funds)** – This section of the Annual Report provides a comparison of 2009-2010 budget to actual revenues and expenditures by fund as well as a discussion of expenditure and/or revenue variances of 5% or greater to the budget. In addition, this section provides a comparison of the year-end actual 2009-2010 Ending Fund Balance by fund to the 2009-2010 Ending Fund Balance/2010-2011 Beginning Fund Balance estimate used in the development of the 2010-2011 Adopted Budget. This section also includes a listing of the Earmarked and Contingency Reserves that were available at the end of 2009-2010 by fund.
- **Section II: General Fund Financial Performance** – This section provides a summary of the General Fund performance in 2009-2010, including the following: Results of Operations in the General Fund; Revenue Performance; and Expenditure Performance.
- **Section III: Selected Special/Capital Funds Financial Performance** – This section provides financial information on the 2009-2010 year-end performance for selected special and capital funds that represent major City operations. It includes a discussion of variances between actual and budgeted revenues and expenditures as well as a comparison between the actual ending fund balance and the fund balance estimated for 2009-2010 in the development of the 2010-2011 Adopted Budget.

## **BACKGROUND** (CONT'D.)

- **Section IV: Recommended Budget Adjustments and Clean-Up Actions** – This section provides a description of the recommended budget adjustments and clean-up actions. The proposed actions generally fall into three categories: (1) adjustments to the 2009-2010 Beginning Fund Balance amounts in various funds, including the General Fund, based on the final reconciliation of 2009-2010; (2) upward and downward adjustments to the rebudget figures to ensure the appropriate amount of unexpended funds are carried over to 2010-2011 to complete projects; and (3) actions based on more recent information that are necessary to revise the 2010-2011 budget to align budgeted revenue and expenditures with the most current information, correct technical problems, recognize new or adjust grant, reimbursement or fee activity revenues and expenditures, reflect changes in project and program allocations based on revised cost estimates, and establish a limited number of new projects and programs in special and capital funds.
- **Section V: Financial Statements** – This section provides the financial results (unaudited), prepared by the Finance Department, for all budgeted fund groups for 2009-2010.

## **ANALYSIS**

This Analysis section includes the following:

- an overview of the economic environment;
- a discussion of the 2009-2010 financial performance of all City funds;
- a discussion of the 2009-2010 General Fund financial performance;
- a discussion of the components of the 2009-2010 General Fund ending fund balance;
- an analysis of the impact of the General Fund performance on the 2010-2011 Adopted Budget; and
- a discussion of the financial performance of selected special and capital funds.

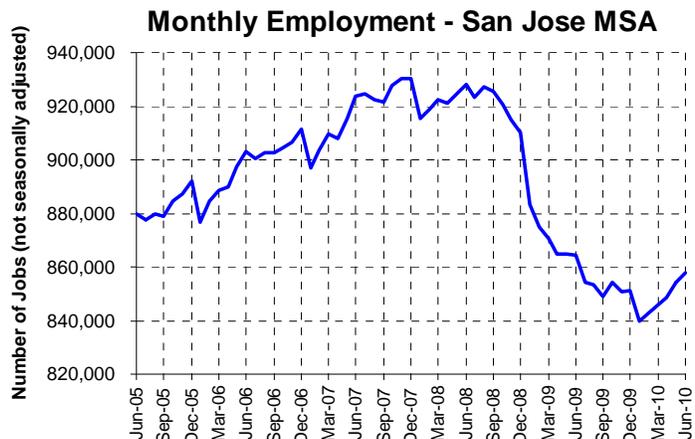
### **Economic Environment**

U.S. Gross Domestic Product (GDP) grew by approximately 3.9% during 2009-2010, with at least part of that growth attributable to the federal stimulus program. However, the key economic indicators are not encouraging, with GDP slowing in the fourth quarter of 2009-2010 to a rate of 1.6%, and with the seasonally-adjusted June 2010 U.S. unemployment rate of 9.5% remaining close to its October 2009 high of 10.1%. As 2009-2010 drew to a close, the Federal Reserve Open Market Committee (FOMC) voted to maintain low interest rates noting that household spending remained constrained by “high unemployment, modest income growth, lower housing wealth, and tight credit.”

Supporting the FOMC’s assessment, the sharp decline in the June Consumer Confidence Survey, released by The Conference Board on June 29, 2010, reflected consumer disappointment with the prospects for an imminent recovery. According to Lynn Franco, Director of the Conference Board Consumer Research Center, “Until the pace of job growth picks up, consumer confidence is not likely to pick up.”

**ANALYSIS (CONT'D.)**

The moderate growth in the global and national economies during 2009-2010 produced minimal growth in the local economy. During the first half of the fiscal year, the number of jobs in the San José Metropolitan Statistical Area (MSA) dropped by 25,000, but then partially recovered during the second half of the year. The June 2010 employment level of 858,000 was 0.1% below the June 2009 employment level of 864,500. From June 2009 to June 2010, the San José MSA lost 6,500 jobs.



The San José metropolitan area experienced double-digit unemployment throughout the fiscal year, with the June 2010 unemployment rate of 11.4% increasing from the May 2010 rate of 11.2% and relatively close to the January 2010 high of 12.4%. The June 2010 figure is slightly lower than the 11.7% rate experienced a year ago. The June 2010 unemployment rate in this region is less than the unadjusted unemployment rate for the State, but remains above the nation, which had a June unadjusted unemployment rate of 9.6%.

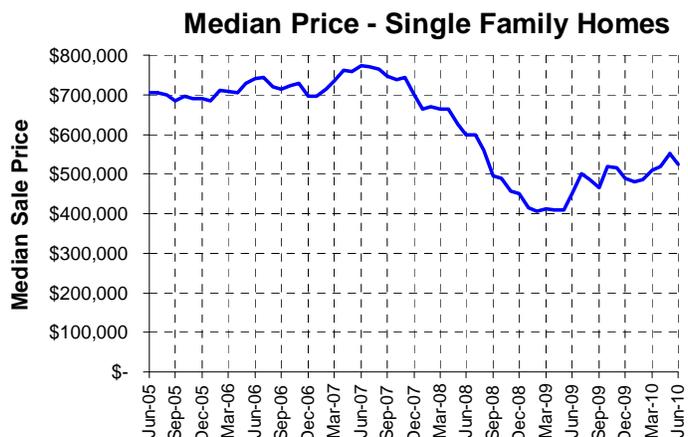
Unemployment Rate (Unadjusted)

	June 2009	May 2010	June 2010
San Jose Metropolitan Statistical Area	11.7%	11.2%	11.4%
State of California	11.6%	11.9%	12.2%
United States	9.7%	9.3%	9.6%

Source: California Employment Development Department

Through June, permit activity for residential and industrial construction remained significantly below prior year levels. Only 573 residential permits were issued in 2009-2010 compared with 1,071 residential permits issued in 2008-2009, a 46% drop. The \$114.8 million of industrial permits issued in 2009-2010 shows a 51% drop from the prior year valuation of \$234.9 million. Reflecting a surge of activity in the last four

months of the fiscal year, the total valuation of commercial permits issued in 2009-2010 grew to \$264.9 million, a 19% increase from the prior year valuation of \$222.5 million. It should be noted, however, that the 2008-2009 valuation reflects a 35% drop from the 2007-2008 valuation.



On a more positive note, the June 2010 median home price of \$523,500 for single family homes within the City was 16.6% above the June 2009 median of \$449,000.

**ANALYSIS (CONT'D.)**

June marked the ninth consecutive month in which the median home price increased from the same month in the prior year. Despite this improvement, housing prices remained well below the levels seen in recent years.

Another positive indicator for the local real estate market was the drop in average days-on-market for single family homes from the high of 90 in June 2009 to 56 in June 2010. Moreover, during 2009-2010, the 6,707 total property transfers (completed sales) for single family homes was the highest number for a fiscal year since 2005-2006.

In summary, the slow pace of recovery from the economic recession adversely impacted the City's economic performance during 2009-2010 and those impacts are expected to continue in 2010-2011. The deep decline in the City's revenue collections over the past year coupled with the slow growth projected over the next year produces an estimate of 2010-2011 annual revenues which will be substantially lower than what the City has experienced in recent fiscal years. The continuing weak economic environment is also expected to continue to negatively impact the performance of a number of special funds and capital funds, including the Airport Funds, the Convention and Cultural Affairs Fund, the Transient Occupancy Tax Fund, the Community Facilities Revenue (Hayes Mansion) Fund, the Municipal Golf Course Fund, the Traffic Capital Funds, and the Construction and Conveyance Tax Funds.

**2009-2010 Financial Performance (All Funds)**

As shown in Section I of this document, City revenues (excluding Beginning Fund Balance) totaled \$2.1 billion in 2009-2010, which was 3.8% (\$83.7 million) below the budgeted estimate of \$2.2 billion. In several funds, grants and expenditure-related reimbursements were not received in 2009-2010 and are now expected to be received in 2010-2011. For instance, in the General Fund, \$13.2 million in grants and reimbursements were not expected to be received and these funds were rebudgeted to 2010-2011 as part of the 2010-2011 Adopted Budget. In several other funds, grants and reimbursements also fell below the budgeted estimate and these funds are now expected to be received in 2010-2011, including \$13.2 million in the Construction Excise Tax Fund, \$10.6 million in the Building and Structure Construction Tax Fund, \$6.4 million in the Multi-Source Housing Fund, and \$5.0 million in the Home Investment Partnership Program Fund. In the Airport Maintenance and Operation Fund, a negative revenue variance of \$17.1 million was the result of a lower transfer from the Airport Revenue Fund, which is used to support actual expenditures in the Airport Maintenance and Operation Fund. Because expenditures ended the year below budget, the transfer from the Airport Revenue Fund was also lower.

In 2009-2010, expenditures (excluding Reserves and Ending Fund Balance) totaled \$2.8 billion, which was \$537.3 million (16.3%) below the modified budget of \$3.3 billion. Almost 70% of the expenditure variance (\$372.5 million) was in the capital funds, which expended \$756.04 million of the \$1.13 billion modified budget. The majority of the unexpended capital funds were rebudgeted to 2010-2011 in the 2010-2011 Adopted Budget (\$208.1 million) or is recommended to be rebudgeted in this document (\$36.2 million). After factoring in rebudget adjustments, savings in the capital funds totaled \$128.2 million. In the special funds, expenditures totaled

**ANALYSIS** (CONT'D.)

\$1.17 billion, which was \$101.6 million below the modified budget of \$1.27 billion. As part of the Adopted Budget, \$11.6 million of the savings in the special funds was rebudgeted to 2010-2011 and an additional \$7.9 million is recommended for rebudget as part of this document, resulting in net savings of \$82.1 million. General Fund expenditures of \$840.3 million, were \$63.1 million (7.0%) below the modified budget. Of this amount, \$58.8 million was assumed as savings or rebudgeted to 2010-2011 as part of the 2010-2011 Adopted Budget. Additional rebudgets and technical adjustments of \$2.7 million are recommended in this document, resulting in net expenditure savings of \$1.6 million.

At the end of 2009-2010, the Earmarked and Contingency Reserves for all City funds totaled \$369.3 million, which represented 9.0% of the total modified budget for the City of \$4.1 billion (includes Contributions, Loans and Transfers). In the General Fund, Reserves totaled \$87.3 million. Almost all of these General Fund Reserves were rebudgeted to 2010-2011 or assumed as savings in the development of the 2010-2011 Adopted Budget.

The financial performance in 2009-2010 is used as the starting point for 2010-2011. The collective 2009-2010 Ending Fund Balances for all City funds totaled \$1.23 billion, which was \$161.0 million above the 2009-2010 Ending Fund Balance estimates of \$1.07 billion used in the development of the 2010-2011 Adopted Budget. After adjusting for additional rebudgets of \$47.1 million recommended in this document, the adjusted 2009-2010 Ending Fund Balance variance for all funds drops to \$113.9 million or 2.8% of the 2009-2010 modified budget. The General Fund had the smallest adjusted fund balance variance of \$3.55 million, or 0.4% of the 2009-2010 modified budget (uses only). The additional fund balance in the special funds totaled \$26.2 million, or 1.7% of the modified budget for those funds. The capital funds had the largest adjusted fund balance variance of \$84.2 million, or 5.4% of the modified budget.

**2009-2010 General Fund Financial Performance**

The City's General Fund ended the 2009-2010 fiscal year within budget. The General Fund Ending Fund Balance of \$141.4 million was approximately \$6.6 million above the fund balance estimate assumed when the 2010-2011 Adopted Budget was developed, primarily as a result of expenditure savings. The negative variance of \$12.4 million in Sources of Funds was 1.6% of the budget and the \$19.0 million positive variance generated from Uses of Funds was 1.9% of the budget. After adjusting for a net-zero \$13.2 million of grant and reimbursement-related revenues and expenditures not received or expended in 2009-2010, but rebudgeted to 2010-2011, the Sources of Funds variance resulted in surplus of \$0.8 million and the Uses of Funds variance totaled \$5.8 million.

It should be noted that the \$6.6 million additional fund balance represents only 0.3% of the 2009-2010 Modified Budget (sources and uses). After accounting for \$3.04 million of fund balance that is necessary to reconcile the development fee programs and adjust rebudget amounts that are carried over to 2010-2011 to complete projects, only \$3.55 million, or 0.2%, of additional fund balance remains in the General Fund, which in recent memory is the lowest percentage of additional fund balance.

**ANALYSIS (CONT'D.)**

The following table summarizes the General Fund performance in 2009-2010, comparing the actual results to the modified budget and the estimates used to develop the 2010-2011 Adopted Budget.

**Table 1**  
**Results of Operations in the General Fund**  
**For the Year Ended June 30, 2010**  
**(\$000s)**

<b>Sources</b>	<b>2009-2010 Revised Budget</b>	<b>2009-2010 Year-end Estimate</b>	<b>2009-2010 Budgetary Basis Actual</b>	<b>Actual to Budget Variance</b>
<i>Beginning Fund Balance</i>	173,213	173,213	173,213	-
<i>Carryover Encumbrances</i>	22,422	22,422	22,422	-
<i>Liquidation of Carry- over Encumbrances</i>	-	3,350	3,402	3,402
<i>Revenue*</i>	795,042	795,042	782,623	(12,419)
<i>Totals</i>	<u>990,677</u>	<u>994,027</u>	<u>981,660</u>	<u>(9,017)</u>
<b>Uses</b>				
<i>Expenditures*</i>	877,929	832,338	814,837	63,093
<i>Transfers</i>	25,439	25,439	25,425	14
<i>Reserves</i>	87,308	1,443	-	87,308
<i>Totals</i>	<u>990,677</u>	<u>859,220</u>	<u>840,262</u>	<u>150,415</u>
<i>Ending Fund Balance</i>	<u>-</u>	<u>134,807</u>	<u>141,398</u>	<u>141,398</u>

\* After adjusting for \$13.2 million of net-zero grant and reimbursement related revenues and expenditures not received or expended in 2009-2010, but rebudgeted to 2010-2011, the revenue variance resulted in a surplus of \$825,000 and the expenditures variance actually totaled \$5.8 million.

In this Annual Report document, budget actions are recommended to distribute the additional fund balance of \$6.6 million. Per City Council Policy 1-18, when determining the proposed distribution of these funds, the first priority is to complete clean-up actions associated with the final reconciliation of 2009-2010. Net clean-up adjustments of \$3.1 million are recommended in this document to reconcile the development fee programs for 2009-2010 (\$1.5 million) and to adjust various rebudget amounts (\$1.6 million). After accounting for these clean-up adjustments, the remaining unallocated fund balance in the General Fund is \$3.55 million and these funds are recommended to be allocated to reflect updated cost and revenue information as summarized later in this transmittal letter and described in Section IV of this report. It should be noted that for the second year in a row, no additional fund balance is available to allocate to the 2011-2012 Future Deficit Reserve or the unmet/deferred infrastructure and maintenance needs as has been the practice in past years.

To identify revenue and expenditure trends, the actual 2009-2010 revenues and expenditures are compared to the prior year. In 2009-2010, the General Fund revenues (excluding Beginning

**ANALYSIS (CONT'D.)**

Fund Balance) decreased by 2.6% from 2008-2009, while the Uses of Funds fell by 6.2%. Table 2 below compares the City's financial performance in 2009-2010 with the financial performance of the prior year.

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

<u>Sources</u>	2008-2009 Actuals	2009-2010 Actuals	Change	% Change
<i>Beginning Fund Balance</i>	265.3	199.1	(66.2)	(25.0%)
<i>Revenue</i>	803.5	782.6	(20.9)	(2.6%)
<i>Total Source</i>	<u>1,068.8</u>	<u>981.7</u>	<u>(87.1)</u>	<u>(8.1%)</u>
<b><u>Uses</u></b>				
<i>Personal Services</i>	620.4	601.2	(19.2)	(3.1%)
<i>Non-Personal/Equipment</i>	103.1	96.0	(7.1)	(6.9%)
<i>City-Wide Expenses</i>	107.7	98.2	(9.5)	(8.8%)
<i>Capital Projects</i>	26.5	19.4	(7.1)	(26.7%)
<i>Transfers</i>	37.9	25.4	(12.5)	(32.9%)
<i>Reserves</i>			0.0	N/A
<i>Total Use</i>	<u>895.6</u>	<u>840.3</u>	<u>(55.3)</u>	<u>(6.2%)</u>

As shown in Table 2, 2009-2010 General Fund revenues of \$782.6 million represented a decrease of 2.6% from the 2008-2009 collection level. In 2009-2010, declines were experienced in many of the revenue categories, including Property Tax, Sales Tax, Transient Occupancy Tax, Franchise Fees, Licenses and Permits, Use of Money and Property, Revenue from Local Agencies, Revenue from the State of California, Revenue from the Federal Government, and Transfers. Declines in those categories were partially offset by growth in Telephone Line Tax, Utility Tax, Fines, Forfeitures, and Penalties, Other Revenue, Overhead Reimbursements, and Reimbursements for Services. A detailed discussion of the revenue performance by category is provided in Section I of this document.

General Fund expenditures of \$840.3 million in 2009-2010 decreased 6.2% (\$55.3 million) when compared to the prior year expenditure level of \$895.6 million. The largest decline based on dollar value was in the Personal Services category, which decreased by \$19.2 million (3.1%). The smallest decline was in the Capital Projects category, which decreased by \$7.1 million (26.7%) and the Non-Personal/Equipment category, which also decreased \$7.1 million (6.9%).

**ANALYSIS** (CONT'D.)

**2009-2010 General Fund Ending Fund Balance**

The current budgeting practice of the City is to use the projected level of fund balance expected to remain in the General Fund at the end of any fiscal year as a funding source for the following year. The Ending Fund Balance estimate always contains two components: the portion of the fund balance that needs to be rebudgeted for completing projects or retaining reserves; and that portion which is undesignated and available as a general funding source in the coming year. For 2010-2011, a total fund balance estimate of \$134.8 million was included as a funding source in balancing this year's budget. The 2009-2010 General Fund Ending Fund Balance of \$141.4 million was \$6.6 million above this estimate.

The components of the 2009-2010 General Fund Ending Fund Balance include unexpended reserves, expenditure/transfer savings, and funding sources as described below:

**2009-2010 General Fund  
 Ending Fund Balance Components  
 Total \$141.4 million**

<b>Fund Balance Component</b>	<b>\$ Amount (\$ in 000s)</b>
<b>Funding Sources</b>	<b>(\$ 9,017)</b>
<b>Expenditure/Transfer Savings</b>	<b>63,107</b>
<b>Unexpended Reserves</b>	<b>87,308</b>
<b>TOTAL</b>	<b>\$ 141,398</b>

The total Sources of Funds ended the year \$9.0 million below the revised budget as a result of lower revenues (-\$12.4 million) that were partially offset by the liquidation of carryover encumbrances (\$3.4 million). For the Uses of Funds, unexpended reserves totaling \$87.3 million represented the largest component of the 2009-2010 Ending Fund Balance followed by Expenditure/Transfer savings totaling \$63.1 million.

General Fund Reserve categories include: Earmarked Reserves (\$44.3 million) established to address specific needs per City Council direction; the Contingency Reserve (\$30.7 million) set at 3% of expenditures per City Council policy; and the Ending Fund Balance Reserve (\$12.3 million) established at the end of each year from excess revenues and expenditure savings that are programmed into the Adopted Budget. Of the \$87.3 million in Reserves, \$85.9 million was approved for rebudget or assumed as savings in the development of the 2010-2011 Adopted Budget. Following is additional information regarding the three reserve categories.

## **ANALYSIS (CONT'D.)**

- ***Earmarked Reserves (\$44.3 million)*** – At the end of 2009-2010, the most significant reserves included the following: Contingency Reserve (\$30.7 million); Workers' Compensation/General Liability Reserve (\$10.0 million); Economic Uncertainty Reserve (\$9.0 million); Retiree Healthcare (\$4.8 million); Neighborhood Investment Fund Reserve (\$3.3 million); Salaries and Benefits Reserve (\$3.0 million); Future Capital Projects (FF&E) Reserve (\$2.8 million); Fee Supported – Fire Reserve (\$1.9 million); Fee Supported – Building Reserve (\$1.9 million); and the Retirement Pre-Payment Reserve (\$1.8 million). It was assumed that a portion of these reserves would be liquidated and used in balancing the 2010-2011 Adopted Budget, such as the Retiree Healthcare Reserve and the Future Capital Projects (FF&E) Reserve.
- ***Ending Fund Balance Reserve (\$12.3 million)*** – An Ending Fund Balance Reserve was established at year-end to reflect litigation settlement revenue of \$10.0 million that had been anticipated to be received in 2010-2011 during the development of the budget and \$2.3 million of additional Sales Tax revenue received in June 2010. These amounts were used in balancing the 2010-2011 Adopted Budget.
- ***Contingency Reserve (\$30.7 million)*** – The City Council has established a Budget Policy of maintaining a 3% Contingency Reserve in the General Fund. This Reserve is in place as a last resort for unexpected critical needs. At the end of 2009-2010, the General Fund Contingency Reserve balance was \$30.7 million. As part of the 2010-2011 Adopted Budget, \$29.3 million of the Contingency Reserve was rebudgeted. No additional funding is necessary to be added to the Contingency Reserve as part of the 2009-2010 Annual Report in order to meet the 3% Contingency Reserve level.

In 2009-2010, Expenditure/Transfer savings totaled \$63.1 million. Over 93% of these savings (\$58.8 million) was assumed as savings in the development of the 2010-2011 budget or rebudgeted to 2010-2011 to complete projects. Based on actual 2009-2010 expenditures, adjustments are recommended in this document that would increase rebudgets approved in the 2010-2011 Adopted Budget by a net \$1.6 million. In addition, the fee-related expenditure savings of \$1.1 million are recommended to be used to reconcile the development fee programs. After accounting for these adjustments, net expenditure/transfer savings totaled \$1.6 million at year-end, or 0.2% of the revised budget.

**ANALYSIS** (CONT'D.)

<b>Impacts on the 2010-2011 General Fund Budget</b>
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As discussed above, it was assumed that \$134.8 million would remain at the end of 2009-2010 and would be carried over to 2010-2011 as Beginning Fund Balance as part of the adoption of the 2010-2011 Operating Budget. These funds, which were expected to be generated from unexpended reserves, unexpended funds that were rebudgeted to 2010-2011, expenditure savings and the liquidation of carryover encumbrances, were programmed for use in the 2010-2011 Adopted Budget. The actual General Fund Ending Fund Balance was above the estimate used in the 2010-2011 Adopted Budget by \$6.6 million, primarily due to additional expenditure savings.

The following chart details the recommended uses of the \$6.6 million additional fund balance as well as other budget adjustments that are recommended as part of this report. A portion of the available fund balance (\$3.04 million) is proposed to be allocated to address rebudgets and clean-up adjustments to close out the 2009-2010 fiscal year. After factoring out these adjustments, a total of \$3.55 million in available fund balance remains to address current year fiscal needs.

While the current year fiscal needs of the General Fund are addressed with these recommended actions, insufficient funds remain to allocate resources to the 2011-2012 Future Deficit Reserve or the unmet/deferred infrastructure maintenance needs per City Council Policy I-18 as has been the practice in past years.

**ANALYSIS** (CONT'D.)

**PROPOSED 2010-2011 GENERAL FUND ADJUSTMENTS (\$000s)**

<b>Additional 2009-2010 Ending Fund Balance</b>	<b>\$ 6,591</b>
<b>Clean-Up Actions</b>	
Changes to Fee Reserves	(1,470)
Rebudgets/Clean-Up Adjustments	(1,571)
<b>Sub-total Clean-Up Actions</b>	<b>(3,041)</b>
<b>Fund Balance Available After Clean-up Actions</b>	<b>\$ 3,550</b>
<b>Recommended Budget Adjustments</b>	
Required Technical/Rebalancing Actions	
- Property Tax Adjustment	(4,143)
- Sick Leave Payments Upon Retirement Adjustment	(3,898)
- Fire Department Personal Services (Retirement Pre-Payment Delay)	(51)
- Downtown Property and Business Improvement District Transfer	(7)
- Sales Tax Adjustment	4,200
- Balance Transfers from Closed-Out Funds	298
- Salary and Benefit Reserve (Retirement Pre-Payment Delay)	51
Grants/Reimbursements/Fees (\$2.5 million in net-zero adjustments)	0
<b>Sub-total Recommended Budget Adjustments</b>	<b>\$ (3,550)</b>
<b>Remaining Balance After Clean-ups/Recommended Adjustments</b>	<b>\$ 0</b>

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

**Clean-Up Actions (\$3.04 Million)**

- **Changes to Fee Reserves (\$1.47 million)** – Consistent with the budget policy enacted several years ago, year-end reconciliations of the revenues and expenditures in the development fee programs are conducted to determine if revenues exceeded or fell below costs. To meet the commitment to the development community that all development fees will be used solely to support the development fee activities, any excess revenues and interest earnings over costs are placed in Development Fee Program Reserves. Based on the 2009-2010 results, \$1,470,000 is recommended to be added to the Development Program Fee Reserves (Building, Fire, Planning, and Public Works), preserving any net savings between revenues and expenditures in these programs.
- **Rebudgets/Clean-Up Adjustments (\$1.57 million)** – A series of adjustments are recommended to complete existing projects in 2010-2011 and to reflect any necessary technical budget adjustments. The Annual Report is the point in the budget process where action is required to rebudget unexpended funds from the prior year that were not anticipated when the Adopted Budget was approved, but are required to complete a project in the current year. Also recommended are actions that actually reduce previous rebudgets to reflect instances where expenditure for which the rebudgets were approved actually occurred in

## **ANALYSIS (CONT'D.)**

2009-2010, therefore, the funds are not available for rebudget to 2010-2011. Other adjustments are necessary to allocate revenue received in 2009-2010 to the correct expenditure appropriation. These include interest earnings and additional revenue received for the Public, Education and Government Access activities, Cardroom Revenues (reconciliation of expenditures and revenues received for regulation of the cardrooms as directed in a recent settlement), and receipt of rebates received for the Energy Efficiency Fund which by Council Policy are to be deposited in this revolving fund.

### **Recommended Budget Adjustments (\$3.55 million)**

A number of General Fund budget additions are recommended to address current year funding needs that have emerged since the 2010-2011 budget was approved. These adjustments total \$3.55 million and can all be classified under one category – Required Technical/Rebalancing Actions. In addition, grant/reimbursement/fee-related adjustments are recommended totaling \$2.5 million, with a net-zero impact on the General Fund.

A summary of these adjustments include:

- **Required Technical/Rebalancing Actions (\$3.55 million)**
  - Decrease the *Property Tax* revenue estimate by \$4.14 million to bring the estimate in line with current projections of \$194.9 million as a result of information provided by the County of Santa Clara Controller-Treasurer Department on August 25, 2010 for the three categories of Property Tax (Secured Property Tax, Unsecured Property Tax, and SB813 Property Tax). (-\$4.14 million)
  - Increase funding for *Sick Leave Payments Upon Retirement* by \$3.9 million, from \$10.7 million to \$14.6 million, to reflect projected retirements and payments. Over 100 members of the Police and Fire retirement system and 400 members of the Federated retirement system are eligible for retirement. Based on 2009-2010 actual expenditures of \$14.6 million, this action will bring the current year appropriation in line with anticipated year-end expenditures. (\$3.90 million)
  - Increase the *Fire Department's Personal Services* by \$51,000 due to a delay in the pre-payment of a portion of the City's estimated contribution to the Police/Fire Retirement Fund. In anticipation of an agreement with the International Association of Fire Fighters Association (IAFF), a portion of the pre-payment was withheld from the payment to the Police/Fire Retirement Fund that was made in early July 2010. Since no agreement was reached by mid-September, the City transferred the remaining funds to complete the pre-payment of the City's estimated annual retirement contribution. Due to this delay, a portion of the pre-payment discount will not be realized. (\$51,000)
  - Increase the *Transfer to the Downtown Property and Business Improvement District (PBID) Fund* by \$7,200 for the increased cost-of-living adjustment (2.91% compared to the budgeted COLA of 0.7%) in the current agreement with the Property and Business Improvement District as approved by the City Council in June, 2010. (\$7,200)

## **ANALYSIS (CONT'D.)**

- Increase the ***Sales Tax*** revenue estimate by \$4.2 million to bring the estimate in line with current projections of \$131.4 million. When the 2010-2011 Adopted Budget was developed, it was assumed that 2009-2010 collections would fall 5% below the 2008-2009 collection level. However, actual 2009-2010 receipts dropped 3.5% due to higher than anticipated collections in the last two quarters of 2009-2010. The proposed upward adjustment will require growth of 3.5% for 2010-2011 when compared to 2009-2010 actual receipt levels. This increase accounts for the overall higher actual collection level in 2009-2010 than that used in the development of the 2010-2011 Adopted Budget, as well as one-time accounting adjustments to reflect prior year collections and the “Triple-Flip” true up payment from the State for 2009-2010. (\$4.2 million)
- Increase the ***Transfers and Reimbursements*** revenue estimate by \$0.3 million to transfer the fund balances remaining after the year-end reconciliation for three funds approved to be closed-out (Healthy Neighborhoods Venture Fund/\$291,923, Emergency Communication System Support Fee Fund/\$6,402, and Municipal Health Services Program Fund/\$470). (\$298,000)
- Decrease the ***Salary and Benefit Reserve*** by \$51,000 to offset a delay in the prepayment of a portion of the City’s estimated contribution to the Police/Fire Retirement Fund for IAFF employees whereby a portion of the pre-payment discount will not be realized as described earlier. (-\$51,000)
- **Grants/Reimbursements/Fees (\$0)** – A series of net-zero adjustments are recommended to reflect new or updated revenues and expenditures for grants, reimbursements and/or fee activities for Public Safety, Neighborhood and Literacy Services, and Miscellaneous Grants and Reimbursements. They include: Public Safety grants (\$1,324,000), Happy Hollow Park and Zoo (\$555,000), Library Literacy Programs (\$468,000), Sidewalk Repair (\$200,000), Bay Area Air Quality Management District Risk Reduction Plan for Planning Services (\$45,000), Mayor/Council Special Events (\$14,000), Economic Development Pre-Development Activities (\$10,000), and Child Care Portable Debt Service Payments for School Districts (\$3,000), Almaden Lake Park Swim Program (-\$42,000), and the Senior Nutrition Program (-\$10,000). In addition, a downward adjustment to the projected revenue estimate for the Planning Development Fee Program (\$112,000) in response to reduced activity is recommended. Offsetting this revenue adjustment is a reduction to the Planning Fee Program Reserve.

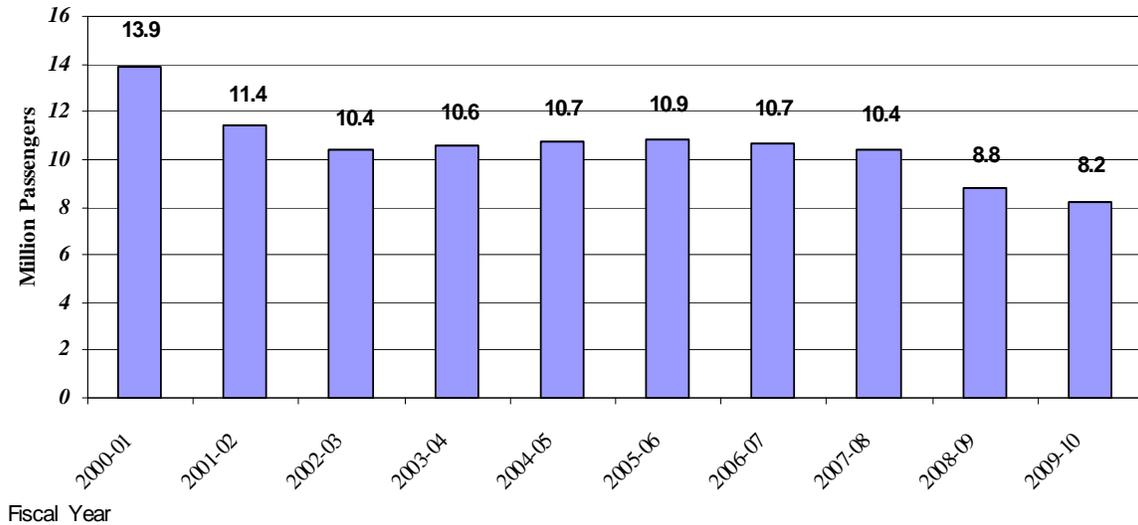
## **2009-2010 Selected Special/Capital Funds Financial Performance**

### **Airport Operating Funds**

The Airport served over 8.2 million passengers in 2009-2010, which was an overall decline of 6.7% in fiscal year passenger activity. All Airport activity categories, including parking exits, pounds of mail/freight/cargo, traffic operations, taxicab operations, gallons of aviation fuel sold and landed weights, experienced declines in comparison to last fiscal year.

**ANALYSIS** (CONT'D.)

**Norman Y. Mineta San José International Airport  
10 Year History Passenger Activity**



Overall revenue performance fell short of budgeted estimates by \$4.1 million (3%), however, because of the Airport Department expenditure savings of \$14.0 million or 13% in 2009-2010, no budget adjustment to the revenue estimate was necessary. The Airport continued to experience revenue declines in non-airline revenues, specifically the terminal concessions and miscellaneous rents and the parking and roadway categories, due to reduced passenger activity. Other contributors to the decline in these revenues include the delays in opening of the new concessions, the termination of operations of the Airport's registered traveler program, and the reduction of rates for terminal space rent for non-airline tenants. Parking and roadway revenues were also negatively impacted by the "true-up" refunds to the rental car companies for declining activity. Rental car contracts, accounted for in the Airport Customer Facility and Transportation Fee Fund, ended the year \$692,000 (10.5%) below the 2008-2009 levels, requiring contributions from the rental car agencies in the amount of \$1.6 million to help offset this budget shortfall. Lower petroleum revenues can be attributed to lower sales of compressed natural gas (CNG) at the Airport's CNG station while reduced Commercial Paper Proceeds were required due to a lower lease payment on the Airport West Property. On the positive side, Airline Rates and Charges (combined total of landing fees and terminal rents) ended the year slightly above the budgeted estimate. Also, airfield revenues rose 8% above the budgeted level as most sectors within the category performed better than expected.

## **ANALYSIS** (CONT'D.)

The Airport's two operating funds, Airport Customer Facility and Transportation Fee Fund (Fund 519) and the Airport Maintenance and Operation Fund (Fund 523), had year-end expenditure savings in excess of \$14 million. The surplus more than offset the lower revenue collections. The Airport's 2009-2010 Cost Management Plan generated \$5 million in savings which was used to help balance the 2010-2011 Adopted Budget. These savings were the result of additional vacancies experienced at the end of the year, reduced compensated absence liability costs associated with significantly reduced staffing levels, lower than budgeted workers' compensation claim payments and significant non-personal/equipment savings. The one-time non-personal/equipment savings result from adhering to strict cost controls, prioritizing needs, deferring purchases as well as reduced activity in the parking and shuttlebus programs and utilities and systems for the new facilities that were not yet fully operating. These savings allowed for a lower than anticipated transfer from the Airport Revenue Fund to the Airport Maintenance and Operation Fund and a resulting higher than anticipated year-end fund balance in the Airport Revenue Fund. The additional fund balance in the Airport Revenue Fund will better position the Airport to manage the 2010-2011 Adopted Budget and the development of the 2011-2012 budget. Airport activity levels for the first two months of 2010-2011 have shown a continued decline in passengers and as a result, activity has not met the anticipated growth level (2.5%) projected in this budget. The additional fund balance, as well as the actions anticipated to be recommended as part of the Council-approved new competition strategy including consolidation of the Airport Operations Center, will provide resources for budget balancing or adjustments that may be needed in the future. Staff will continue to monitor and report on activity, expenditures and revenues.

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

The Convention and Cultural Affairs Fund accounts for Team San José's (TSJ) operation of the City's Convention Facilities. In 2009-2010, Convention Facilities activities generated revenues \$684,000 above the modified estimate due primarily to contract labor revenue. Expenditures ended the year above budgeted levels by \$406,000.

In 2009-2010, the Non-Personal/Equipment allocation was exceeded by approximately \$758,000. As a result, a Notice of Default was issued to TSJ on August 18, 2010. On September 28, 2010 an increase to the appropriation was ratified by the City Council to allow for final 2009-2010 financial accounting to be completed. The City Auditor's Office is conducting follow-up work to identify the cause of the overage, and the City Administration is working to determine if measures need to be implemented to improve fiscal oversight, and if any budgetary actions are required to ensure the long term health of the fund. It is currently anticipated that this work will be presented to the City Council in November 2010. The 2009-2010 Ending Fund Balance was \$236,000 above the estimate used to develop the 2010-2011 Adopted Budget due to higher than anticipated facility revenues, partially offset by higher than anticipated expenditures. This additional funding, combined with a recommended increase of \$261,000 to the Transfer from the Transient Occupancy Tax (TOT) Fund based on higher than anticipated 2009-2010

## **ANALYSIS** (CONT'D.)

collections in the TOT Fund, is recommended to be placed in the 2010-2011 Ending Fund Balance, bringing the balance to \$3.8 million.

### **Low and Moderate Income Housing Fund**

In 2009-2010, the actual Ending Fund Balance in the Low and Moderate Income Housing Fund was \$8.1 million above the estimate used to develop the 2010-2011 Adopted Budget as a result of revenues exceeding the estimate by \$3.1 million due to higher than anticipated loan repayments and miscellaneous revenues combined with lower than estimated expenditures (\$5.0 million) due to savings in several housing loan programs and the debt service payment appropriation. A portion of the additional fund balance is recommended to be allocated to rebudget \$3.2 million to continue providing housing loans and grants to potential buyers and developers in low and moderate income areas. In addition, a recommendation is included to adjust the revenue estimate for 20% tax increment downward by \$3.1 million to reflect the latest property tax roll for 2010-2011 released by the County Assessor's Office, which reflected a 7.7% decline in 20% tax increment revenues. There is sufficient Ending Fund Balance in this fund to offset this action.

### **Transient Occupancy Tax Fund**

Revenues in the Transient Occupancy Tax (TOT) Fund exceeded the 2009-2010 Modified Budget by \$534,000. The 2009-2010 revenue estimate assumed a decline of approximately 16% from the 2008-2009 collections, however actual collections of \$10.4 million ended the year 9.7% below 2008-2009 levels, or 5.4% above the modified budget level. For the 14 largest hotels, the average room rate fell from \$130 to \$117, while the occupancy rate increased from 53.8% to 55.9%. Revenues in this economically sensitive category will continue to be actively monitored, and adjustments to the revenue estimate and corresponding recipient organizations will be brought forward if necessary.

### **Capital Budget Revenues**

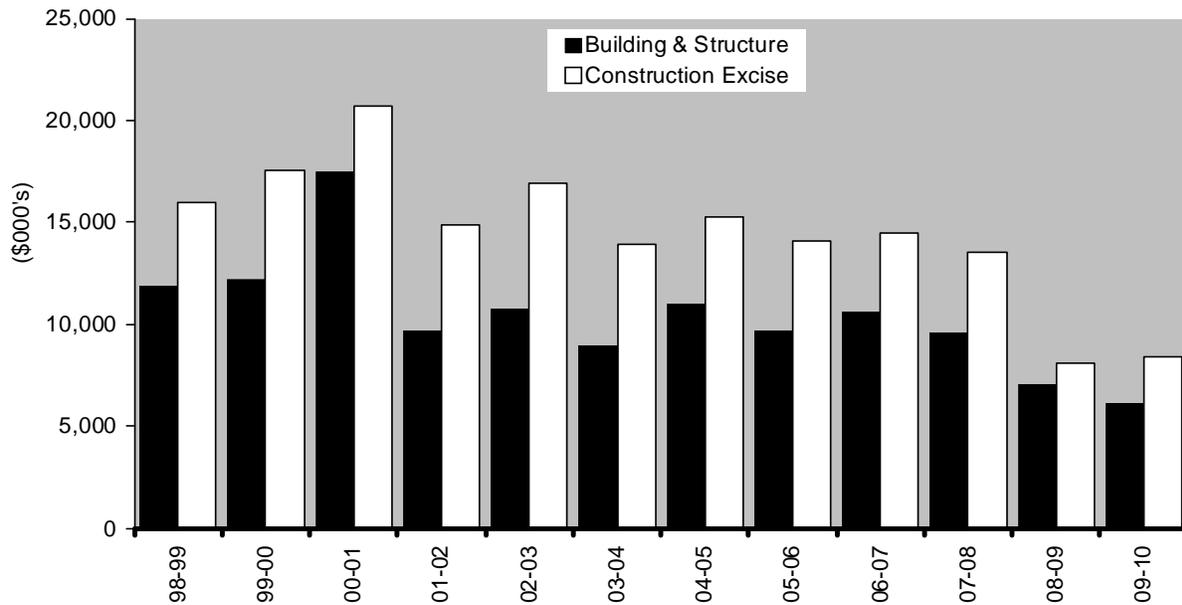
As reported in Monthly Financial Reports, 2009-2010 collections in several of the major capital tax revenue categories remained weak due to the continued economic slowdown, in the residential, commercial, and industrial development sectors. While stronger 4<sup>th</sup> quarter performance in the commercial sector boosted actual receipts above projected levels, tax collections remained weak when compared to peak collections within the past decade. The Building and Structure Construction Tax and the Construction Excise Tax are the primary sources of funding for the Traffic Capital Program. Year-end collections in the Building and Structure Construction Tax category totaled \$6.1 million, which was \$2.1 million above the modified budget estimate of \$4 million, but significantly below peak collections in 2000-2001 of \$17.5 million. With a similar trend, Construction Excise Tax receipts of \$8.4 million exceeded the modified budget estimate of \$5.5 million; however, results were well below peak collections in 2000-2001 levels of \$20.7 million. In both of these categories, the 2009-2010 revenue

**ANALYSIS** (CONT'D.)

estimate was modified during the year to reflect the lower collection trends. These lower estimates were also assumed in the development of the 2010-2011 Adopted Budget. Due to volatility of these revenues, caution and careful monitoring will continue for these tax categories. Excess revenues received in 2009-2010 beyond the budgeted levels will be available for programming as part of the upcoming 2011-2012 budget process.

The following graph displays the collection history of both the Building and Structure and Construction Excise Tax receipts over the past decade and illustrates the dramatic growth during the latter part of the 1990s. Collections have dropped sharply with collections in 2009-2010 totaling only a fraction of peak receipts received in 2000-2001.

**Construction Tax Revenues**

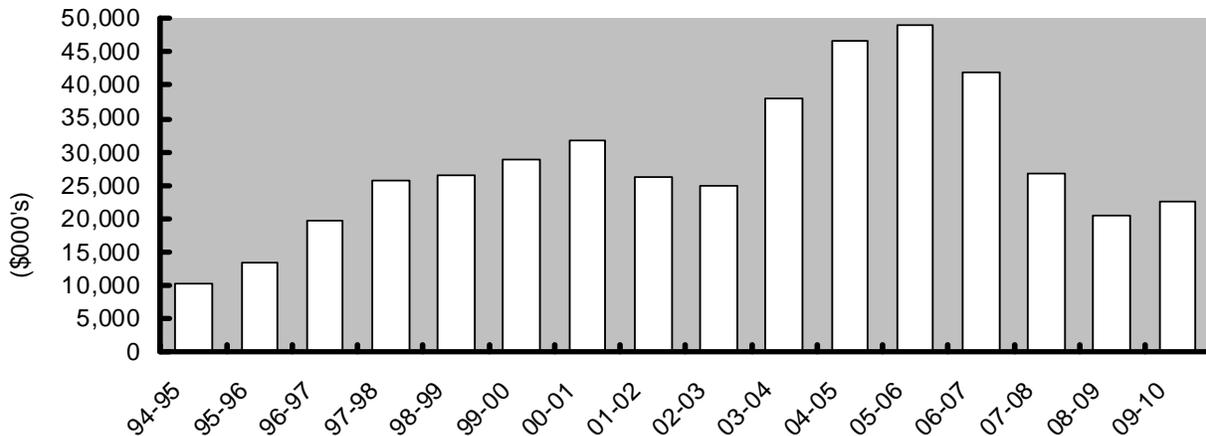


**ANALYSIS** (CONT'D.)

Construction and Conveyance Tax revenues, which are a significant source of funds for the Parks and Community Facilities Development, Library, Fire, Service Yards, and Communications capital programs, totaled \$22.5 million in 2009-2010. This collection level was 12.5% (\$2.5 million) above the modified budget estimate of \$20 million and 10% (\$2.0 million) above the 2008-2009 receipts of \$20.5 million. This modest growth reflects the bottoming out of the real estate market, after extraordinary growth of almost 100% between 2002-2003 and 2005-2006. Consistent with the increase in Construction and Conveyance Tax revenues, property transfers for all types of residences increased 17% from the prior year. Additionally, the median home price for single family homes within the City increased in value, with a median home price in June 2010 of \$523,500, up 17% from the June 2009 price of \$449,000. Consequently, the amount of time it takes to sell a home (single-family and multi-family dwelling units) has significantly dropped in the past year from 105 days in June 2009 to 71 days in June 2010. The revenue in 2009-2010 represents a 54% drop from the peak of \$49.0 million collected in 2005-2006.

The following graph displays the collection history of Construction and Conveyance Tax receipts.

**Construction and Conveyance Tax Revenues**



As can be seen, during the recession years in the early 1990s collections hovered around the \$9-11 million level. Following that recession, collections surged, with receipts reaching \$31.6 million in 2000-2001. After reaching this peak, collections dropped following the dot-com bust in both 2001-2002 and 2002-2003. The unprecedented growth of 54% in 2003-2004 followed by additional 22% growth in 2004-2005 and 5% growth in 2005-2006 ended this downward trend. The declines experienced in 2006-2007 of 14.7%, 35.9% in 2007-2008, and 23.7% in 2008-2009 are indicative of a real estate market correction after the financial market collapse. Collections bottomed in 2008-2009 at levels not seen in twelve years (since 1996-1997). After the severe drop, receipts rebounded modestly to \$22.5 million in 2009-2010. It is currently assumed that the housing market is at a bottom with receipts in this category expected to remain relatively flat in the upcoming year. The 2010-2011 Adopted Budget does allow for a 12.5% decline from

## **ANALYSIS (CONT'D.)**

the actual 2009-2010 collection level. Staff will closely monitor receipts in this area to determine if adjustments to this revenue category are necessary during the year.

Several capital budget adjustments are included in this document including recognition of grants, net-zero transfers/reallocations, and new allocations for a small number of high priority projects. In addition, the rebudget of unexpended funds for capital projects extending into 2010-2011 is recommended in this document. Details of these adjustments can be found in Section III of this document.

### **Airport Capital Funds**

In 2009-2010, major projects were completed at the Airport with the opening of Terminal B, Consolidated Rental Car Facility, and the Public Parking Garage. Significant completion of the Taxiway W Improvements project occurred with significant grant funds contributing to this project. Major projects with expenditures and encumbrances in 2009-2010 include the Terminal Area Improvement, Phase I (\$220.7 million), Consolidated Rental Car Facility (\$89.6 million), and North Concourse (\$30.6 million).

### **Library, Parks and Community Facilities, and Public Safety General Obligation Bond Funds**

Major improvements continue in the City's libraries, parks, community centers, and public safety facilities as a result of voter-approved bond measures that will generate a total of \$599 million for these purposes. In 2009-2010, the opening of Happy Hollow Park and Zoo occurred and the South San José Police Substation reached substantial completion; the two largest General Obligation Bond projects. A total of \$99.5 million was expended or encumbered in the Library (\$31.4 million), Parks and Community Facilities (\$36.1 million), and Public Safety (\$32.0 million) General Obligation Bond Funds.

In the Library Program, the projects with the largest expenditures and encumbrances in 2009-2010 included the following: Educational Park Branch Library (\$8.3 million); Bascom Branch Library (\$7.1 million); Calabazas Branch Library (\$5.4 million); Seven Trees Branch Library (\$4.9 million); and Santa Teresa Branch Library (\$3.2 million). Only one branch library facility remains to enter into a construction contract - the Southeast Branch Library.

In the Parks and Community Facilities Program, the projects with the largest expenditures and encumbrances included the following: Happy Hollow Park and Zoo Renovations and Improvements (\$17.3 million); Seven Trees Community Center (\$8.4 million); Bascom Community Center (\$6.9 million); and TRAIL Guadalupe River Trail Reach VI (Woz Way to Willow Street) (\$1.3 million).

In the Public Safety Program, the projects with the largest expenditures and encumbrances included the following: South San José Police Substation (\$20.8 million); Fire Station 36 (\$4.8

## **ANALYSIS (CONT'D.)**

million); Fire Station 19 (\$2.4 million); and Fire Station 2 (\$2.0 million). The last remaining Fire Station to enter into construction award is Fire Station 37 – Willow Glen.

### **Traffic Capital Program Funds**

In 2009-2010, a total of \$68.1 million was spent or encumbered for traffic capital projects. The projects with the largest expenditures and encumbrances included Prop 1B – Pavement Maintenance (\$10.1 million); Recovery Act – Street Resurfacing and Rehabilitation (\$6.7 million); Prop 42– Pavement Maintenance (\$6.5 million); Traffic Signal Communications and Synchronization (\$5.5 million); and the Julian and St. James Street Couplet Conversion (\$5.5 million). Significant projects completed in 2009-2010 include the 24<sup>th</sup> Street Pedestrian Street Light project, Seven Trees Boulevard Sidewalk project, Traffic Signal: Hostetter and Piedmont project, Santa Clara Street Green Mobility Sidewalk Improvements project, Winchester Boulevard Signal Modification and Countdown Head Installation project, pavement maintenance projects (resurfaced 14 miles and sealed 77 miles of residential streets; resurfaced 30 miles and sealed 69 miles of arterial streets), and North San José Streetlight Conversion project.

## **NEXT STEPS**

The results of the 2009-2010 Annual Report will provide an updated starting point for monitoring 2010-2011 financial performance. The revenue and expenditure trends will be factored into the analysis of the General Fund and the numerous special and capital funds. Information on the City's finances for 2010-2011 will be provided in Bi-Monthly Financial Reports and the 2010-2011 Mid-Year Budget Review. These reports will also provide information on the current economic environment and its impact on the City's revenue collections.

The 2009-2010 Annual Report results will also be factored into the development of the 2011-2012 Proposed Budget. A preliminary 2011-2012 General Fund Forecast is anticipated to be released in early November 2010, with a final General Fund Forecast released in late February 2011. The 2011-2012 Proposed Capital and Operating Budgets are scheduled to be released in late April 2011 and May 2, 2011, respectively.

## **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 the October 19, 2010 Council agenda.

## **COORDINATION**

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

## **CONCLUSION**

Through careful fiscal management, the revenues for the various City funds generally ended the year close to the estimated levels and expenditures were below the budgeted allocations. While the City ended the year as expected and a historically small additional fund balance accumulated in the General Fund as well as the special and capital funds, fiscal challenges are expected to continue to impact City operations. As was the case in 2008-2009, the additional General Fund fund balance generated at the end of 2009-2010 resulted from expenditure savings and the liquidation of prior year encumbrances that had been carried over to complete projects. These one-time savings do not translate into improved financial performance moving forward. Revenue collections in the General Fund, which could impact ongoing performance, ended the year almost exactly as projected. This collection level, however, reflected a decline from the prior year level, continuing the downward trend started in 2008-2009. While revenue declines are expected to level off in most categories in 2010-2011 and slight growth is projected to resume, it is not anticipated that this level of growth will be sufficient to address the City's long-term fiscal challenges.

Actions are recommended in this Annual Report to bring the 2010-2011 budget allocations into alignment with current projections. In the General Fund, a downward adjustment of \$4.1 million to the Property Tax revenue estimate is recommended based on the most recent information from the County of Santa Clara on estimated property tax receipts for 2010-2011. An increase to the Sick Leave Payments Upon Retirement appropriation of \$3.9 million is recommended to bring the 2010-2011 allocation to \$14.6 million, which is consistent with the actual expenditures experienced in 2009-2010. These actions are primarily funded by the 2009-2010 additional

**CONCLUSION** (CONT'D.)

Ending Fund Balance of \$3.55 million and additional Sales Tax estimated for 2010-2011 based on higher than anticipated actual collections in 2009-2010 of \$4.2 million.

For the second consecutive year, the remaining fund balance in the General Fund is recommended to be allocated to bring the current year budget into alignment with revised expenditure and revenue projections. While these adjustments address a current year need, there are not funds available to set aside in a 2011-2012 Future Deficit Reserve or to allocate to the unmet/deferred infrastructure maintenance needs per City Council Policy 1-18.

In developing the upcoming preliminary 2011-2012 General Fund Forecast, the Administration will closely analyze economic trends and the projected impacts of those trends on the City's revenues. The Administration will also continue to closely monitor the current year financial status and report to the City Council any significant developments through the regular Bi-Monthly Financial Reports.



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 2010-2011 monies in excess of those heretofore appropriated therefrom:

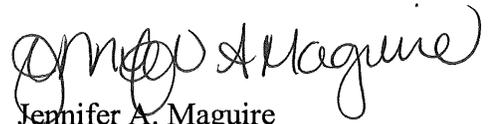
General Fund	\$ 9,450,082
Airport Capital Improvement	98,463
Airport Customer Facility and Transportation Fee	208,281
Airport Passenger Facility Charge	4,238,509
Airport Renewal & Replacement	2,313,275
Airport Revenue Bond Improvement	52,410,768
Airport Revenue	10,055,013
Airport Surplus Revenue	1,528,014
Anti-Tobacco Settlement Master Settlement Agreement	291,923
Benefit	117,455
Building & Structures Construction Tax	6,399,071
Branch Library Bond Projects	1,660,033
Business Improvement District	696,651
Community Development Block Grant	1,421,458
Community Facilities Revenue	125,924
Community Facilities District Fund #1	65
Community Facilities District Fund #2 and #3	59,326
Community Facilities District Fund #8	108,869
Community Facilities District Fund #11	3,617
Community Facilities District Fund #12	112,117
Construction & Conveyance Tax – Central Fund	2,153,248
Construction & Conveyance Tax – Communications	478,871
Construction & Conveyance Tax – Fire	480,998
Construction & Conveyance Tax – Library	753,575
Construction & Conveyance Tax – Council District 1	982,892
Construction & Conveyance Tax – Council District 2	368,097
Construction & Conveyance Tax – Council District 3	907,899
Construction & Conveyance Tax – Council District 4	863,635
Construction & Conveyance Tax – Council District 5	1,151,904
Construction & Conveyance Tax – Council District 6	1,171,700
Construction & Conveyance Tax – Council District 7	2,002,441
Construction & Conveyance Tax – Council District 8	451,465
Construction & Conveyance Tax – Council District 9	1,135,670
Construction & Conveyance Tax – Council District 10	885,526
Construction & Conveyance Tax – City-Wide	1,920,921
Construction & Conveyance Tax – Parks Yards	33,363
Construction & Conveyance Tax – Service Yards	110,727
Construction Excise Tax	11,253,585
Convention and Cultural Affairs	451,867
Convention Center Facilities District Revenue	531,428

**CERTIFICATION OF FUNDS** (CONT'D.)

Dental Insurance	824,146
Downtown Property & Business Improvement District	112,910
Emergency Communication System Support Fee	6,402
Emma Prusch Memorial Park	93,570
Federal Drug Forfeiture	45,693
Federal Local Law Enforcement Block Grant	130
General Purpose Parking	1,712,804
Gift Trust	90,251
Home Investment Partnership Program Trust	348,344
Housing Trust	569,491
Lake Cunningham	204,606
Library Parcel Tax	2,221,898
Life Insurance	64,026
Low and Moderate Income Housing	5,029,605
Maintenance Assessment District Fund #1	192,647
Maintenance Assessment District Fund #2	2,879
Maintenance Assessment District Fund #5	94,530
Maintenance Assessment District Fund #8	122
Maintenance Assessment District Fund #11	3,608
Maintenance Assessment District Fund #13	531
Maintenance Assessment District Fund #15	408,496
Maintenance Assessment District Fund #18	1,466
Maintenance Assessment District Fund #20	38,546
Maintenance Assessment District Fund #21	27,264
Maintenance Assessment District Fund #22	24,787
Major Collectors and Arterials	334,403
Multi-Source Housing	1,379,450
Muni Water Major Facilities Fee	34,287
Municipal Golf Course	256,691
Municipal Health Services Program	470
Parking Capital Development	17,101
Parks & Recreation Bond Projects	1,883,965
Residential Construction Tax	647,584
Sanitary Sewer Connection Fee	4,239,843
Services for Redevelopment Capital Projects	775,514
Sewage Treatment Plant Connection Fee	497,159
Sewer Service & Use Charge	1,529,099
Sewer Service & Use Charge Capital	10,239,063
SJ-SC Treatment Plant Capital	5,832,928
SJ-SC Treatment Plant Operating	1,266,549
State Drug Forfeiture	318,909
Storm Drainage Fee	29,289
Storm Sewer Capital	2,803,447
Storm Sewer Operating	2,450,266

**CERTIFICATION OF FUNDS (CONT'D.)**

Subdivision Park Trust	7,748,887
Supplemental Law Enforcement Services	645,148
Transient Occupancy Tax	629,416
Unemployment Insurance	30,497
Vehicle Maintenance & Operation	185,065
Water Utility Capital	594,669
Water Utility	1,403,116
Workforce Investment Act	2,823,098

  
Jennifer A. Maguire  
Budget Director

**2009-2010**

**ANNUAL  
REPORT**

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**D**EFINITIONS/

**G**LOSSARY OF **T**ERMS/

**F**UND **D**ESCRPTIONS

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## DEFINITIONS

- **Actuals vs. Budget/Estimate** – This document includes analyses of department appropriations and funds based on variances between the 2009-2010 actual revenues/expenditures and either the 2009-2010 Modified Budget or 2009-2010 estimates.
  - "Actuals" represent estimated, unaudited year-end close figures as of June 30, 2010.
  - "Budget" reflects the original 2009-2010 Adopted Budget plus Council-approved modifications to the Appropriation Ordinance and Funding Sources Resolution. This number represents the year-end budget.
  - "Estimates" are revenue/expenditure projections based on information available prior to June 30, 2010. These estimates were used in projecting the year-end fund balance, and consequently, the 2010-2011 Adopted Budget beginning fund balance.
  
- **Budgetary Basis vs. GAAP** – The figures used throughout the text of this report are presented in accordance with the budget. The Financial Statements section of this report, however, has been prepared using reports which, in many cases, have been adjusted to report transactions in accordance with generally accepted accounting principles (GAAP). Major differences between the budgetary basis and GAAP basis include:
  - Year-end encumbrances are recognized as the equivalent of expenditures for budgetary purposes. Encumbrances are not recognized as expenditures on a GAAP basis until recorded as actual expenditures. As a result, the expenditures and encumbrances have been combined in the text for a budgetary basis presentation, while the Financial Statements section presents expenditures and encumbrances separately.
  - In Governmental Funds, an amount for the current year's compensated absences is not recognized on a budgetary basis since annual expenditures related to vacation, sick leave, and compensatory time are budgeted as part of departmental personal services.
  - Certain loan transactions and debt service payments are not recognized as expenditures on a GAAP basis since these payments represent a reduction of an existing debt obligation. For budgetary purposes, however, these payments represent a "use of funds" and are budgeted as such.
  - Under the GAAP basis, grant resources that are restricted to capital acquisition or construction in an enterprise fund are identified as contributions of capital and are not recorded as revenue. For budgetary purposes, grant funding, such as this, is recognized as a source of funds.
  
- **Glossary of Terms** – Definitions of frequently used budgetary and accounting terms are presented on the next page.

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# GLOSSARY OF TERMS

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## **Appropriation**

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

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## **Base Budget**

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

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## **Capital Budget**

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

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## **Capital Improvement Program (Five-Year)**

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

---

## **Capital Funds**

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

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## **Carryover**

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

---

## **Contingency Reserve**

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

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## **Contractual Services**

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

---

## **Debt Service**

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

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## **Encumbrance**

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

---

## **Enterprise Funds**

These funds account for operations that are financed and operated in a manner similar to a private business enterprise and are financed or recovered primarily through user charges.

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## **Fiscal Year**

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

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## **Fund**

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

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## **Fund Balance**

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

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## **General Fund**

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

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## **Non-Personal/Equipment Expenses**

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

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## **Operating Budget**

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

---

## **Personal Services**

Salary and fringe benefit costs of City employees.

---

## **Rebudget**

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

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## **Reserve**

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

---

## **Special Funds**

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

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## **Transfers**

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

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# FUND DESCRIPTIONS

## **Airport Capital Funds**

Accounts for the Airport's capital expenditures and revenues and consists of the following: Airport Capital Improvement Fund; Airport Revenue Bond Improvement Fund; Airport Renewal and Replacement Fund; and the Airport Passenger Facility Charge Fund.

## **Airport Operating Funds**

Accounts for the operation of the Airport and consists of the following: Airport Revenue Fund; Airport Maintenance and Operation Fund; Airport Surplus Revenue Fund; Airport Customer Facility and Transportation Fee Fund; and the Airport Fiscal Agent Fund.

## **Anti-Tobacco Master Settlement Agreement Revenue Fund ("Healthy Neighborhoods Venture Fund")**

Accounts for the disposition of encumbered funds related to the national tobacco settlement received by the City of San José prior to July 1, 2010. As of June 30, 2011, this fund will be closed and future proceeds from the settlement will be deposited into the General Fund.

## **Benefit Funds**

Accounts for the provision and financing of benefits to City employees, retirees, and their dependents. Consists of the Dental Insurance, Life Insurance, Unemployment Insurance, and Employee Benefit Funds.

## **Branch Libraries Bond Projects Fund**

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

## **Building and Structure Construction Tax Fund**

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

## **Business Improvement District Fund**

Accounts for assessments involving Business Improvement District activities.

## **Cash Reserve Fund**

Accounts for the payment of authorized expenditures for any fiscal year in anticipation of and before the collection of taxes and other revenues, and for payment of authorized expenses for any fiscal year that must be paid prior to the receipt of tax payments and other revenues.

## **City Hall Debt Service Fund**

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

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## FUND DESCRIPTIONS (CONT'D.)

### **Civic Center Construction Fund**

Accounts for the revenues and construction costs related to the construction of City Hall.

### **Civic Center Improvement Fund**

Accounts for commercial paper proceeds for improvements to City Hall, including technology, furniture, and equipment.

### **Civic Center Parking Fund**

Accounts for revenues and construction costs related to the construction of the City Hall off-site parking garage.

### **Community Development Block Grant Fund**

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

### **Community Facilities and Maintenance Districts Funds**

Accounts for the maintenance and administration of assessment districts throughout the City.

### **Community Facilities Revenue Fund**

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

### **Construction and Conveyance Tax Funds**

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

### **Construction Excise Tax Fund**

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

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

Accounts for the costs of managing and operating the San José McEnery Convention Center, Center for the Performing Arts (CPA), Civic Auditorium, Montgomery Theatre, Exhibit Hall, and their related facilities and grounds.

### **Convention Center Facilities District Revenue Fund**

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

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## FUND DESCRIPTIONS (CONT'D.)

### **Downtown Property and Business Improvement District Fund**

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

### **Economic Development Administration Loan Fund**

Accounts for federal fund and loan repayments to provide loans to small businesses for business expansion, remodeling, working capital, equipment or other specified uses with the goal of generating additional employment opportunities as a result of such assistance to businesses within the City of San José.

### **Economic Development Enhancement Fund**

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

### **Edward Byrne Memorial Justice Assistance Grant Trust Fund**

Accounts for the City's portion of funding from the U.S. Department of Justice through the County of Santa Clara as a fiscal agent. Funds are restricted to law enforcement, prevention and education programs, and planning, evaluation, and technology improvements for front line law enforcement. The Justice Assistance Grant process replaces the Local Law Enforcement Block Grant (LLEBG) process.

### **Emergency Communication System Support Fee Fund**

Accounts for the receipt of all money received for the eligible portion of operating costs and project costs related to the operation of the San José 911 emergency communication system for telephone subscribers who are subject to the Emergency Communication System Support Fee collected pursuant to the provisions of Chapter 8.20 of Title 8 of the San José Municipal Code. This fee was discontinued effective April 2009 due to voter approval of the Telephone Line Tax that replaces this fee.

### **Emergency Reserve Fund**

Accounts for reserves established from local revenues to meet public emergencies.

### **Emma Prusch Memorial Park Fund**

Accounts for the development and improvement of Emma Prusch Memorial Park.

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## FUND DESCRIPTIONS (CONT'D.)

### **Federal Drug Forfeiture Fund**

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

### **Federated Retirement Fund**

Accounts for the accumulation of resources to be used for retirement annuity payments to all full-time and some eligible part-time City of San José employees, except members of the Police and Fire Retirement System.

### **Fiber Optics Development Fund**

Accounts for the repayment of a loan from the Sewage Treatment Plant Connection Fee Fund for the installation of a fiber optic conduit system owned by the City.

### **Gas Tax Maintenance and Construction Funds**

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

### **General Purpose Parking Fund**

Accounts for the operation of City parking lot facilities and parking meters as well as financing of the Parking Program capital improvements.

### **Gift Trust Fund**

Accounts for the expenditure of gifts, donations, and bequests.

### **Hayes Mansion Phase III Fund**

Accounts for Hayes Mansion Phase III expansion bond revenue and interest income to provide for Phase III expansion and improvements to the Hayes Conference Center.

### **Home Investment Partnership Program Trust Fund**

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

### **Housing Trust Fund**

Accounts for funding to assist non-profit service providers and organizations by providing one-time grants for housing-related projects.

### **Ice Centre Revenue Fund**

Accounts for the rental revenues received from Ice Centre operations and provides for the accumulation and transfer of base income to the appropriate debt service funds for repayment of facilities - related debts.

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## FUND DESCRIPTIONS (CONT'D.)

### **Integrated Waste Management Fund**

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

### **Interim City Facilities Improvement Fund**

Accounts for expenditures related to programming, relocation services, technology, furniture and equipment, and improvements to existing facilities to complete the City's interim space plan.

### **Lake Cunningham Fund**

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

### **Library Parcel Tax Fund**

Accounts for annual parcel tax revenues used for enhancing the City's library services and facilities.

### **Local Law Enforcement Block Grant Fund**

Accounts for funding received from the federal government in support of the Local Law Enforcement Block Grant Program. These grant funds are used to support law enforcement activities such as training, overtime for law enforcement officers, procurement of equipment, technology and other material directly related to law enforcement functions.

### **Low and Moderate Income Housing Fund**

Accounts for San Jose Redevelopment Agency tax increment funds received to provide affordable housing rehabilitation and new housing programs. Funds are available for eligible administrative expenses, loans and grants.

### **Major Collectors and Arterial Fund**

Accounts for the collection of monies owed by developers for previously completed street improvements.

### **Major Facilities Fund**

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

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## FUND DESCRIPTIONS (CONT'D.)

### **Multi-Source Housing Fund**

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

### **Municipal Golf Course Fund**

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

### **Municipal Health Services Program Fund**

Accounts for money received from the Medicare Waiver Demonstration Project funded by the Health Care Financing Administration (HCFA) of the U.S. Department of Health and Human Services and disbursements made by the City to various health care clinics on behalf of HCFA. Funding is used to provide community-based health care services to Medicare recipients at four San José clinics.

### **Neighborhood Security Act Bond Fund**

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

### **North San José Traffic Impact Fee Fund**

Accounts for fees imposed to offset the impacts on traffic from new industrial and residential development within the boundaries of and subject to the North San José Area Development Policy.

### **Parking Capital Development Fund**

Accounts for funding to acquire land; design, develop, and construct parking facilities; acquire parking inventory; pay parking debt obligations; and support activities that have a direct impact on increasing parking supply development.

### **Parks and Recreation Bond Projects Fund**

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

### **Police and Fire Retirement Fund**

Accounts for the accumulation of resources to be used for retirement annuity payments to all sworn personnel of the City of San José's Police and Fire Departments.

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## FUND DESCRIPTIONS (CONT'D.)

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

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

### **Residential Construction Tax Contribution Fund**

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

### **San José Arena Enhancement Fund**

Accounts for the payback of an \$8.25 million loan under the 2007 Amended and Restated San José Arena Management Agreement for capital improvements at the San José Arena (HP Pavilion).

### **San José Municipal Stadium Capital Fund**

Accounts for revenues received pursuant to an agreement with the Baseball Acquisition Company Annual for the use, operation, and management of the Municipal Stadium.

### **San José-Santa Clara Treatment Plant Capital Fund**

Accounts for the construction of improvements to the regional San José/Santa Clara Water Pollution Control Plant (WPCP) and the purchase of equipment through contributions from the City of Santa Clara and other tributary agencies, and transfers from the Sewer Service and Use Charge Operating Fund.

### **San José-Santa Clara Treatment Plant Income Fund**

Accounts for revenues and expenditures not related to the day-to-day operation and maintenance of the WPCP. Contains the City's share of revenue from land rentals, legal settlements, and purchase of land located at the WPCP.

### **San José-Santa Clara Treatment Plant Operating Fund**

Accounts for the revenues and expenditures required for day-to-day operation and maintenance of the WPCP.

### **Sanitary Sewer Connection Fee Fund**

Accounts for connection fees charged to developers for access to the City's sanitary sewer system and the WPCP. Funds are restricted to the construction and reconstruction of the system.

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## FUND DESCRIPTIONS (CONT'D.)

### **Services for Redevelopment Capital Projects Fund**

Accounts for funds paid directly to the City from the San Jose Redevelopment Agency (Agency) for design, construction and acquisition of public improvements on behalf of the Agency. To the extent construction project funds are not fully expended, the savings are returned to the Agency.

### **Sewage Treatment Plant Connection Fee Fund**

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

### **Sewer Service and Use Charge Fund**

Accounts for sewer service and use charge fees used for financing, construction, and operation of the City's sewage collection system and the City's share of the WPCP.

### **Sewer Service and Use Charge Capital Improvement Fund**

Accounts for the reconstruction of the sanitary sewer system and receives annual transfers from the Sewer Service and Use Charge Fund.

### **State Drug Forfeiture Fund**

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

### **Stores Fund**

Accounts for the purchase and issuance of materials and supplies consumed by City departments for their general operations.

### **Storm Drainage Fee Fund**

Accounts for fees collected from developers as a result of connections to the storm drainage sewer system, which may be used for construction, reconstruction, and maintenance of the storm drainage system or land acquisition for the system.

### **Storm Sewer Capital Fund**

Accounts for revenues collected from owners of properties that benefit from the storm drainage system. Funds may be used for the construction and reconstruction of the storm drainage system.

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## FUND DESCRIPTIONS (CONT'D.)

### **Storm Sewer Operating Fund**

Accounts for revenues collected from owners of properties that benefit from the storm drainage system. Funds may be used for maintenance and operation of the storm drainage system. Expenditures are focused on non-point source pollution reduction, along with maintenance and operation of the storm drainage system.

### **Subdivision Park Trust Fund**

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

### **Supplemental Law Enforcement Services Fund**

Accounts for revenues received from the State of California (AB 3229) to be used for front line municipal police services.

### **Transient Occupancy Tax Fund**

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

### **Underground Utility Fund**

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

### **Vehicle Maintenance and Operations Fund**

Accounts for the operation, maintenance, and replacement of City vehicles and equipment.

### **Water Utility Capital Fund**

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

### **Water Utility Fund**

Accounts for the five water system operating districts: North San José, Evergreen, Coyote, Edenvale, and Alviso. The water system provides services to the general public on a continuing basis and is financed through user charges.

### **Workforce Investment Act Fund**

Accounts for the administration of a federal program that provides primary employment and training services to dislocated and low-income residents.

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**2009-2010**

**ANNUAL  
REPORT**

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**I. FINANCIAL  
PERFORMANCE  
SUMMARY (ALL FUNDS)**

# 2009-2010 ANNUAL REPORT

## I. FINANCIAL PERFORMANCE SUMMARY

This section of the Annual Report summarizes 2009-2010 financial performance in the General Fund, Enterprise Funds, Special Revenue Funds, and Capital Funds, with the following tables provided for reference.

**Comparison of Budget to Actual Revenues and Expenditures** – This table, organized by General Fund, Enterprise Funds, Special Revenue Funds, and Capital Funds, displays the 2009-2010 Budgeted and Actual revenues as well as the 2009-2010 Budgeted and Actual expenditures, with the dollar and percent variance for each City fund. The revenue figures exclude the Beginning Fund Balance and Reserves and the expenditure figures exclude the Ending Fund Balance and Reserves. Following this table, the **Discussion of Significant Variances by Fund** includes a description of revenue or expenditure variances to the modified budget of 5% or greater by fund.

As shown in the Comparison of Budget to Actual Revenues and Expenditures table, City revenues (excluding Beginning Fund Balance) totaled \$2.1 billion in 2009-2010, which was 3.8% (\$83.7 million) below the budgeted estimate of \$2.2 billion. In several funds, grants and expenditure-related reimbursements were not received in 2009-2010 and are now expected to be received in 2010-2011. For instance, in the General Fund, \$13.2 million in grants and reimbursements were not expected to be received in 2009-2010 and these funds were rebudgeted to 2010-2011 as part of the 2010-2011 Adopted Budget. In several other funds, grants and reimbursements also fell below the budgeted estimate and these funds are now expected to be received in 2010-2011, including \$13.2 million in the Construction Excise Tax Fund, \$10.6 million in the Building and Structure Construction Tax Fund, \$6.4 million in the Multi-Source Housing Fund, and \$5.0 million in the Home Investment Partnership Program Fund. In the Airport Maintenance and Operation Fund, a negative revenue variance of \$17.1 million was the result of a lower transfer from the Airport Revenue Fund, which is used to support actual expenditures in the Airport Maintenance and Operation Fund. Because expenditures in that fund ended the year below budget, the transfer from the Airport Revenue Fund was also lower.

In 2009-2010, expenditures (excluding Reserves and Ending Fund Balance) totaled \$2.8 billion, which was \$537.3 million (16.3%) below the modified budget of \$3.3 billion. Almost 70% of the expenditure variance (\$372.5 million) was in the capital funds, which expended \$756.04 million of the \$1.13 billion modified budget. The majority of the unexpended capital funds were rebudgeted to 2010-2011 as part of the 2010-2011 Adopted Budget (\$208.1 million) or are recommended to be rebudgeted in this document (\$36.2 million). After factoring in rebudget adjustments, savings in the capital funds totaled \$128.2 million. In the special funds, expenditures totaled \$1.17 billion, which was \$101.6 million below the modified budget of \$1.27 billion. As part of the Adopted Budget, \$11.6 million of the savings in the special funds was rebudgeted to 2010-2011 and an additional \$7.9 million is recommended for rebudget as part of this document, resulting in net savings of \$82.1 million. General Fund expenditures of \$840.3 million were \$63.1 million (7.0%) below the modified budget. Of this amount, \$58.8 million was assumed as savings or rebudgeted to 2010-2011 in the 2010-2011 Adopted Budget.

# 2009-2010 ANNUAL REPORT

## I. FINANCIAL PERFORMANCE SUMMARY (CONT'D.)

Additional rebudgets and technical adjustments of \$2.7 million are recommended in this document, resulting in net expenditure savings of \$1.6 million.

**Comparison of Estimated to Actual 2009-2010 Ending Fund Balance** – This table, organized by General Fund, Enterprise Funds, Special Revenue Funds, and Capital Funds, displays the 2009-2010 Modified Budget for each fund, followed by the estimated 2009-2010 Ending Fund Balance that was used in the development of the 2010-2011 Adopted Budget, the Actual 2009-2010 Ending Fund Balance, the variance between the Estimated and Actual Ending Fund Balance, the value of additional rebudgets recommended in this report, and the revised 2009-2010 Ending Fund Balance variance should the recommended rebudgets be approved. The table then displays the percentage of the Modified Budget that the revised Ending Fund Balance represents. It is important to note that the dollar amount for the Modified Budget is not adjusted for the transfers, loans, and contributions between funds and therefore overstates the total funds which were available in all funds.

The financial performance in 2009-2010 is used as the starting point for 2010-2011. The collective 2009-2010 Ending Fund Balances for all City funds totaled \$1.23 billion, which was \$161.0 million above the 2009-2010 Ending Fund Balance estimates of \$1.07 billion used in the development of the 2010-2011 Adopted Budget. After adjusting for additional rebudgets of \$47.1 million recommended in this document, the adjusted 2009-2010 Ending Fund Balance variance for all funds drops to \$113.9 million or 2.8% of the 2009-2010 Modified Budget. The General Fund had the smallest adjusted fund balance variance of \$3.5 million, or 0.4% of the 2009-2010 Modified Budget. The adjusted fund balance in the special funds totaled \$26.2 million, or 1.7% of the modified budget for those funds. The capital funds had the largest adjusted fund balance variance of \$84.2 million, or 5.4% of the modified budget.

For most funds, the 2009-2010 actual Ending Fund Balance was above the estimate used in the development of the 2010-2011 Adopted Budget. In these instances, the additional fund balance is programmed as part of the 2009-2010 Annual Report actions. For the few funds where the 2009-2010 actual Ending Fund Balance was below the estimate used in the development of the 2010-2011 Adopted Budget, actions are recommended in this document to bring the fund into balance with the lower starting point. In some instances, the variance is the result of the timing of revenues and/or expenditures and the reconciling actions will adjust for those timing differences.

**Summary of 2009-2010 Year-End Reserves by Fund** – This table, organized by General Fund, Enterprise Funds, Special Revenue Funds, and Capital Funds, displays the 2009-2010 Earmarked and Contingency Reserves balances for each fund.

At the end of 2009-2010, the Earmarked and Contingency Reserves for all City funds totaled \$369.3 million, which represented 9.0% of the total modified budget for the City of \$4.1 billion (includes interfund transfers, loans, and contributions). In the General Fund, Reserves totaled \$87.3 million. Almost all of these General Fund Reserves were rebudgeted to 2010-2011 or assumed as savings in the development of the 2010-2011 Adopted Budget.

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**COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND**

Fund	2009-2010 Budget Revenues	2009-2010 Actual Revenues	Revenue Variance	% Variance	2009-2010 Budget Expenditures	2009-2010 Actual Expenditures	Expenditure Variance	%
<i>General Fund</i>	\$795,041,945	\$782,622,951	(\$12,418,994)	-1.6%	\$903,368,700	\$840,261,667	\$63,107,033	7.0%
<i>Enterprise Funds</i>								
Airport Customer Facility and Transportation Fee Fund	8,808,229	7,702,365	(1,105,864)	-12.6%	8,557,357	7,714,068	843,289	9.9%
Airport Fiscal Agent Fund	35,000,787	33,416,801	(1,583,986)	-4.5%	66,122,728	65,685,616	437,112	0.7%
Airport Maintenance and Operation Fund	101,179,222	84,109,243	(17,069,979)	-16.9%	97,557,747	84,367,785	13,189,962	13.5%
Airport Revenue Fund	127,097,628	123,012,582	(4,085,046)	-3.2%	136,614,530	117,352,781	19,261,749	14.1%
Airport Surplus Revenue Fund	10,468,867	9,302,935	(1,165,932)	-11.1%	19,348,738	14,428,356	4,920,382	25.4%
General Purpose Parking Fund	10,176,000	10,719,011	543,011	5.3%	14,351,443	12,839,626	1,511,817	10.5%
San José-Santa Clara Treatment Plant Operating Funds	193,991,913	194,138,826	146,913	0.1%	211,972,469	205,702,451	6,270,018	3.0%
Water Utility Fund	25,964,000	24,709,500	(1,254,500)	-4.8%	26,478,857	23,805,915	2,672,942	10.1%
<b>Sub-total Enterprise Funds</b>	<b>\$512,686,646</b>	<b>\$487,111,263</b>	<b>(\$25,575,383)</b>	<b>-5.0%</b>	<b>\$581,003,869</b>	<b>\$531,896,598</b>	<b>\$49,107,271</b>	<b>8.5%</b>
<i>Special Revenue Funds</i>								
Anti-Tobacco Master Settlement Agreement Revenue Fund	10,666,704	9,631,953	(1,034,751)	-9.7%	10,553,962	10,114,632	439,330	4.2%
Benefit Funds	80,974,588	79,586,626	(1,387,962)	-1.7%	81,459,718	79,553,722	1,905,996	2.3%
Business Improvement District Fund	2,618,181	2,448,083	(170,098)	-6.5%	2,759,566	2,053,258	706,308	25.6%
Cash Reserve Fund	110	87	(23)	-20.9%	0	0	0	N/A
City Hall Debt Service Fund	23,477,313	22,999,708	(477,605)	-2.0%	25,483,782	24,187,395	1,296,387	5.1%
Community Development Block Grant Fund	10,894,430	11,021,534	127,104	1.2%	15,411,775	12,660,779	2,750,996	17.8%
Community Facilities and Maintenance Districts Funds	4,935,900	5,022,434	86,534	1.8%	6,214,488	4,820,407	1,394,081	22.4%

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**COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND (CONT'D.)**

<b>Fund</b>	<b>2009-2010 Budget Revenues</b>	<b>2009-2010 Actual Revenues</b>	<b>Revenue Variance</b>	<b>% Variance</b>	<b>2009-2010 Budget Expenditures</b>	<b>2009-2010 Actual Expenditures</b>	<b>Expenditure Variance</b>	<b>% Variance</b>
Community Facilities Revenue Fund	4,216,930	4,257,049	40,119	1.0%	4,367,739	3,960,897	406,842	9.3%
Convention and Cultural Affairs Fund	21,735,753	22,419,336	683,583	3.1%	25,984,716	26,436,104	(451,388)	-1.7%
Convention Center Facilities District Revenue Fund	3,239,584	3,771,012	531,428	16.4%	0	0	0	N/A
Downtown Property and Business Improvement District Fund	2,198,225	2,226,927	28,702	1.3%	2,175,261	2,175,193	68	0.0%
Economic Development Administration Loan Fund	28,000	17,854	(10,146)	-36.2%	85,000	0	85,000	100.0%
Economic Development Enhancement Fund	95,200	37,265	(57,935)	-60.9%	870,500	112,500	758,000	87.1%
Edward Byrne Memorial Justice Assistance Grant Trust Fund	1,725,896	1,746,903	21,007	1.2%	2,034,937	613,970	1,420,967	69.8%
Emergency Communication System Support Fee Fund	0	8,132	8,132	N/A	2,648,965	2,648,570	395	0.0%
Emergency Reserve Fund	150,000	54,808	(95,192)	-63.5%	150,000	54,808	95,192	63.5%
Federal Drug Forfeiture Fund	50,000	579,826	529,826	1059.7%	108,342	107,475	867	0.8%
Fiber Optics Development Fund	50,429	50,639	210	0.4%	50,000	50,000	0	0.0%
Gas Tax Maintenance and Construction Funds	16,366,000	16,321,057	(44,943)	-0.3%	16,366,000	16,321,057	44,943	0.3%
Gift Trust Fund	541,236	708,302	167,066	30.9%	2,509,997	609,552	1,900,445	75.7%
Home Investment Partnership Program Fund	9,550,924	4,623,648	(4,927,276)	-51.6%	5,935,492	4,316,990	1,618,502	27.3%
Housing Trust Fund	1,584,500	1,306,071	(278,429)	-17.6%	4,814,472	3,019,267	1,795,205	37.3%
Ice Centre Revenue Fund	2,611,134	2,618,350	7,216	0.3%	4,274,174	3,645,990	628,184	14.7%
Integrated Waste Management Fund	112,281,643	109,489,674	(2,791,969)	-2.5%	121,312,344	119,249,808	2,062,536	1.7%

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**COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND (CONT'D.)**

Fund	2009-2010 Budget Revenues	2009-2010 Actual Revenues	Revenue Variance	% Variance	2009-2010 Budget Expenditures	2009-2010 Actual Expenditures	Expenditure Variance	% Variance
Library Parcel Tax Fund	6,925,000	7,188,058	263,058	3.8%	8,309,773	6,055,506	2,254,267	27.1%
Local Law Enforcement Block Grant Fund	0	80	80	N/A	5,462	5,462	0	0.0%
Low and Moderate Income Housing Fund	161,664,177	164,344,557	2,680,380	1.7%	205,592,281	195,390,900	10,201,381	5.0%
Multi-Source Housing Fund	18,483,592	11,907,268	(6,576,324)	-35.6%	26,702,737	19,421,377	7,281,360	27.3%
Municipal Golf Course Fund	1,923,700	1,924,495	795	0.0%	2,303,517	2,045,320	258,197	11.2%
Municipal Health Services Program Fund	32,836	33,306	470	1.4%	32,836	32,836	0	0.0%
Public Works Program Support Fund	12,736,533	11,353,258	(1,383,275)	-10.9%	13,295,419	12,843,876	451,543	3.4%
San José Arena Enhancement Fund	1,067,745	1,077,285	9,540	0.9%	1,652,109	1,652,109	0	0.0%
San José Municipal Stadium Capital Fund	12,000	0	(12,000)	-100.0%	12,000	0	12,000	100.0%
State Drug Forfeiture Funds	40,000	116,764	76,764	191.9%	409,523	87,378	322,145	78.7%
Stores Fund	2,876,000	2,676,808	(199,192)	-6.9%	3,518,524	3,150,358	368,166	10.5%
Storm Sewer Operating Fund	29,512,090	30,662,326	1,150,236	3.9%	29,343,281	26,222,995	3,120,286	10.6%
Supplemental Law Enforcement Services Fund	275,229	374,467	99,238	36.1%	1,694,298	1,463,822	230,476	13.6%
Transient Occupancy Tax	9,844,000	10,378,362	534,362	5.4%	10,156,924	8,742,779	1,414,145	13.9%
Vehicle Maintenance and Operations Fund	22,030,445	21,680,151	(350,294)	-1.6%	24,286,653	23,249,665	1,036,988	4.3%
Workforce Investment Act Fund	29,393,287	22,495,748	(6,897,539)	-23.5%	29,205,439	22,481,590	6,723,849	23.0%
<b>Sub-Total Special Revenue Funds</b>	<b>\$606,809,314</b>	<b>\$587,160,211</b>	<b>(\$19,649,103)</b>	<b>-3.2%</b>	<b>\$692,092,006</b>	<b>\$639,558,347</b>	<b>\$52,533,659</b>	<b>7.6%</b>

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**COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND (CONT'D.)**

Fund	2009-2010 Budget Revenues	2009-2010 Actual Revenues	Revenue Variance	% Variance	2009-2010 Budget Expenditures	2009-2010 Actual Expenditures	Expenditure Variance	% Variance
<i>Capital Funds</i>								
Airport Capital Funds	80,521,291	77,423,942	(3,097,349)	-3.8%	555,462,703	405,004,244	150,458,459	27.1%
Branch Library Bond Projects Fund	923,430	799,102	(124,328)	-13.5%	44,688,861	31,441,869	13,246,992	29.6%
Building and Structure Construction Tax Fund	28,159,000	19,561,756	(8,597,244)	-30.5%	44,309,184	28,907,685	15,401,499	34.8%
Civic Center Construction Fund	45,113	53,085	7,972	17.7%	1,664,028	1,479,920	184,108	11.1%
Civic Center Improvement Fund	3,577,331	1,046,234	(2,531,097)	-70.8%	3,139,269	1,391,047	1,748,222	55.7%
Civic Center Parking Fund	0	0	0	N/A	1,090	1,090	0	0.0%
Construction and Conveyance Tax Fund	33,074,416	32,448,647	(625,769)	-1.9%	79,460,408	43,823,715	35,636,693	44.8%
Construction Excise Tax Fund	35,624,000	25,294,752	(10,329,248)	-29.0%	57,934,058	39,068,139	18,865,919	32.6%
Emma Prusch Fund	80,000	76,768	(3,232)	-4.0%	207,000	80,198	126,802	61.3%
Hayes Mansion Phase III Bond Fund	1,000	1,000	0	0.0%	172,552	172,552	0	0.0%
Interim City Facilities Improvements Fund	1,331,164	23,649	(1,307,515)	-98.2%	1,307,510	(5)	1,307,515	100.0%
Lake Cunningham Fund	745,000	703,194	(41,806)	-5.6%	923,283	745,588	177,695	19.2%
Major Collectors and Arterials Fund	80,000	46,744	(33,256)	-41.6%	478,000	122,341	355,659	74.4%
Major Facilities Fund	69,000	87,912	18,912	27.4%	697,625	308,625	389,000	55.8%
Neighborhood Security Act Bond Fund	921,570	842,635	(78,935)	-8.6%	38,735,368	31,976,487	6,758,881	17.4%
North San José Traffic Impact Fee Fund	20,000	2,887,594	2,867,594	14338.0%	417,100	218,749	198,351	47.6%
Parking Capital Development Fund	1,000,000	1,000,000	0	0.0%	6,900,000	1,682,899	5,217,101	75.6%
Parks and Recreation Bond Projects Fund	667,000	740,122	73,122	11.0%	41,274,626	36,056,157	5,218,469	12.6%

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**COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND (CONT'D.)**

Fund	2009-2010 Budget Revenues	2009-2010 Actual Revenues	Revenue Variance	% Variance	2009-2010 Budget Expenditures	2009-2010 Actual Expenditures	Expenditure Variance	% Variance
Residential Construction Tax Contribution Fund	75,000	42,886	(32,114)	-42.8%	1,153,000	394,302	758,698	65.8%
San José-Santa Clara Treatment Plant Capital Fund	55,301,000	51,708,760	(3,592,240)	-6.5%	107,519,249	69,900,047	37,619,202	35.0%
Sanitary Sewer Connection Fee Fund	1,749,000	1,119,941	(629,059)	-36.0%	14,883,889	5,842,098	9,041,791	60.7%
Services for Redevelopment Capital Projects Fund	1,536,775	1,500,148	(36,627)	-2.4%	14,838,635	12,198,332	2,640,303	17.8%
Sewer Service and Use Charge Capital Improvement Fund	28,955,000	28,415,409	(539,591)	-1.9%	55,493,046	22,543,364	32,949,682	59.4%
Storm Drainage Fee Fund	99,000	113,801	14,801	15.0%	78,000	63,512	14,488	18.6%
Storm Sewer Capital Fund	5,895,000	5,830,920	(64,080)	-1.1%	8,927,131	3,620,473	5,306,658	59.4%
Subdivision Park Trust Fund	0	3,084,697	3,084,697	N/A	41,691,718	15,538,810	26,152,908	62.7%
Underground Utility Fund	785,000	467,418	(317,582)	-40.5%	1,932,000	670,508	1,261,492	65.3%
Water Utility Capital Fund	3,133,000	3,010,928	(122,072)	-3.9%	4,278,225	2,791,259	1,486,966	34.8%
<b>Sub-Total Capital Funds</b>	<b>\$284,368,090</b>	<b>\$258,332,044</b>	<b>(\$26,036,046)</b>	<b>-9.2%</b>	<b>\$1,128,567,558</b>	<b>\$756,044,005</b>	<b>\$372,523,553</b>	<b>33.0%</b>
<b>TOTAL ALL FUNDS</b>	<b>\$2,198,905,995</b>	<b>\$2,115,226,469</b>	<b>(\$83,679,526)</b>	<b>-3.8%</b>	<b>\$3,305,032,133</b>	<b>\$2,767,760,617</b>	<b>\$537,271,516</b>	<b>16.3%</b>

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# 2009-2010 ANNUAL REPORT

## DISCUSSION OF SIGNIFICANT VARIANCES BY FUND (Revenue and/or Expenditure Variances of 5% or greater)

### GENERAL FUND

*General Fund* – Revenues were \$12.4 million (1.6%) below the budgeted estimate primarily due to lower grants and reimbursements. After adjusting for \$13.2 million of grant and reimbursement revenue that was rebudgeted to 2010-2011, the revenue variance resulted in a surplus of \$825,000 (0.1%). General Fund expenditures ended the year \$63.1 million (7.0%) below the modified budget, with 74.6% (\$47.1 million) of the expenditure savings in the City-Wide Expenses and Capital Contributions categories. Almost all these savings (\$44.9 million) were rebudgeted to 2010-2011 as part of the Adopted Budget, are recommended to be rebudgeted as part of this document, or were assumed as savings in the development of the 2010-2011 Adopted Budget. Departmental expenditure savings of \$16.0 million accounted for the remaining savings. The departmental expenditure savings, adjusted for rebudgets that were approved in the 2010-2011 Adopted Budget or are recommended in this document, were slightly below (\$574,000) the level assumed in the development of the 2010-2011 budget. After adjusting for rebudgets and other technical adjustments, excess General Fund revenues and expenditure and reserve savings generated an additional \$3.5 million in fund balance that is recommended to be allocated in this document. Detailed information on the General Fund is found in *Section II. General Fund Performance*.

### ENTERPRISE FUNDS

*Airport Customer Facility and Transportation Fee Fund* – As a result of lower than anticipated rental car activity, revenues in the Airport Customer Facility and Transportation Fee Fund (\$7.7 million) ended 2009-2010 below the modified budget amount by 12.6%. These lower revenues were partially offset by expenditure savings (\$843,000 or 9.9%), primarily associated with shuttle bus operations. With the lower rental car activity, a contribution from the rental car agencies in the amount of \$1.6 million was necessary in 2009-2010 to offset the budget shortfall. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

*Airport Revenue Fund* – Airport revenues fell short of the modified budget by 3.2% or \$4.1 million, primarily due to lower passenger-related revenues. Expenditures in the Airport Revenue Fund, transfers to other Airport funds, ended the year \$19.3 million or 14.1% below budgeted levels. These savings primarily resulted from expenditure savings in the Airport Maintenance and Operation Fund and were more than sufficient to offset the revenue shortfall in 2009-2010. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

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**DISCUSSION OF SIGNFICANT VARIANCES BY FUND (CONT'D.)**

**ENTERPRISE FUNDS (CONT'D.)**

***Airport Maintenance and Operation Fund*** – Revenues in the Airport Maintenance and Operation Fund are the result of a single transfer from the Airport Revenue Fund. The funds from this transfer are used to operate and maintain the Airport. This transfer, which is based on the funding demands of the airport, was \$17.1 million (16.9%) below the budgeted estimate. This lower transfer amount was the result of stringent cost containment measures in the non-personal/equipment cost category. These savings were achieved in spite of the opening of the new terminal space. Expenditures in this fund ended the year \$19.3 million (14.1%) below the modified budget as a result of these cost containment measures as well as position vacancies. The position vacancies resulted in lower workers' compensation costs. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

***Airport Surplus Revenue Fund*** – This fund accounts for excess funding from the Airport Revenue Fund and is used for payment of debt related to the Airport's commercial paper program. Revenues in this fund were \$1.2 million (11.1%) below budgeted levels due to a lower transfer from the Airport Revenue Fund. Expenditures in this fund also ended the year \$4.9 million (25.4%) below budgeted levels due to a lower than anticipated interest expenses resulting from decreased rates on variable rate debt.

***General Purpose Parking Fund*** – The positive revenue variance of \$543,000 (5.3%) is the result of higher than budgeted collections in City parking lots (\$464,000), parking meters (\$80,000), and miscellaneous revenue (\$30,000). The higher than anticipated revenue collections were offset by lower than budgeted interest earnings (\$31,000). The positive expenditure variance of \$1.5 million (10.5%) is due primarily to savings in the Department of Transportation's Non-Personal/Equipment expenses (\$878,000), Revenue Control Equipment project (\$217,000), Convention Center Deck Upgrade project (\$133,000), and Security Improvements project (\$100,000). Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

***Water Utility Fund*** – Negative revenue variance of \$1.3 million (4.8%) is primarily the result of lower than expected potable water sales. Positive expenditure variance of \$2.7 million (10.1%) was primarily the result of lower than expected wholesale water purchases, as well as other Environmental Services Department Non-Personal/Equipment savings. Additional detail on this Fund found in *Section III. Performance of Selected Special and Capital Funds*.

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**DISCUSSION OF SIGNFICANT VARIANCES BY FUND (CONT'D.)**

**SPECIAL REVENUE FUNDS**

*Anti-Tobacco Master Settlement Agreement Revenue Fund* – This fund accounts for the distribution of funds received by the City related to the national tobacco settlement. The negative revenue variance of \$1.0 million (9.7%) is due to lower than budgeted tobacco settlement proceeds. In April 2010, the City received notification that the settlement for 2010 would fall short of the budgeted estimate due to withholdings by tobacco companies. These withholdings remain subject to legal challenge and, if successful, will be transferred to the City in the future.

*Business Improvement District Fund* – Total revenues of \$2.45 million were lower than budgeted by \$170,000 (6.5%). The variance is primarily the result of lower than estimated collections in Downtown assessments (\$291,000), Willow Glen assessments (\$80,000), and Willow Glen Community Benefit District assessments (\$6,000). The lower than estimated collections were slightly offset by higher than estimated collections in Hotel assessments (\$212,000). Expenditures of \$2.05 million were lower than budgeted by \$706,000 (25.6%). The majority of the 25.6% expenditure variance reflects a change in the methodology for disbursement of funds. In 2009-2010, the methodology for disbursement of funds to the Business Improvement Districts (BIDs) was changed from reimbursements to quarterly payments of total cash balance. As a result, the payments for receipts to the BIDs during the 4th Quarter of 2009-2010 will be disbursed in the 1st Quarter of 2010-2011. Since quarterly disbursements are paid based on available cash balances, the expenditure variance is the direct result of lower than anticipated revenues.

*Cash Reserve Fund* – Revenues of \$87 were 20.9% (\$23) below the budgeted revenue estimate, reflecting lower than anticipated interest revenues.

*City Hall Debt Service Fund* – Expenditure savings of \$1.3 million (5.1%) are due to lower than budgeted debt service payments related to variable rate City Hall Debt Service.

*Community Development Block Grant Fund* – Positive expenditure variance of \$2.8 million (17.8%) is primarily due to lower than budgeted expenditures in Capital Projects (\$1.0 million), Recovery Act - Community Development Block Grant Program (\$600,000), and General Operations (\$194,000). The majority of these savings was anticipated in the development of the 2010-2011 Adopted Operating Budget and programmed into the 2010-2011 Beginning Fund Balance.

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**DISCUSSION OF SIGNFICANT VARIANCES BY FUND (CONT'D.)**

**SPECIAL REVENUE FUNDS (CONT'D.)**

*Community Facilities and Maintenance Districts Funds* – The combined positive expenditure variance of \$1.4 million (22.4%) reflects lower than budgeted expenditures in Maintenance District #15 (Silver Creek Valley) of \$662,000, Maintenance District #1 (Los Paseos) of \$227,000, Community Facilities District #12 (Basking Ridge) of \$140,000, Maintenance District #5 (Orchard Parkway - Plumeria Drive) of \$91,000, Community Facilities District #8 (Communications Hill) of \$87,000, Maintenance District #20 (Renaissance - N. First Landscaping) of \$71,000, Community Facilities District #1 (Capital Automall) of \$33,000, Maintenance District #22 (Hellyer Ave - Silver Creek Valley Rd) of \$28,000, Maintenance District #21 (Gateway Place - Airport Parkway) of \$28,000, and Community Facilities District #11 (Adeline - Mary Helen) of \$20,000. The majority of these savings reflects lower than anticipated maintenance costs as a result of staff renegotiating maintenance contracts and/or receiving favorable bids, and several districts experiencing savings due to delays in completion of planned renovation projects.

*Community Facilities Revenue Fund* – This fund accounts for rental revenues received from Hayes Mansion operations and provides for payment of debt related to the facility. The expenditure variance of \$407,000 (9.3%) is primarily due to fewer than expected capital projects undertaken by Dolce, the operator of the Hayes Mansion, resulting in savings of \$352,000 in capital costs and lower than anticipated expenditures for the Debt Service payment as a result of lower than budgeted interest rates for variable rate debt. Capital project expenditures were scaled back due to the volatile nature of operating revenues and the current economic climate. Dolce implemented a cost contingency plan in 2008-2009 to reduce operating expenditures and continued this conservative fiscal approach in 2009-2010 through the prioritization of repairs and improvements.

*Convention and Cultural Affairs Fund* – This fund accounts for the deposit of revenues and payment of expenses related to the activities of the San José McEnery Convention Center and cultural facilities. The negative expenditure variance of \$451,000 (1.7%) is due to higher than budgeted expenditures in the Non-Personal/Equipment appropriation (\$758,000), partially offset by savings in a number of other appropriations and additional revenue. A Notice of Default was issued to Team San José, the operator for these facilities, in August 2010 in response to the Non-Personal/Equipment overage of \$758,000. In addition, a ratification of the appropriation was approved by the City Council on September 28, 2010 to allow for final 2009-2010 financial accounting to be completed. The City Auditor's Office is conducting follow-up work to identify the cause of the overage and Administration staff is working to determine if measures need to be implemented to improve fiscal oversight, and if any budgetary actions are required to ensure the long term health of the fund. It is currently anticipated that this work will be presented to the City Council in fall 2010. Additional detail on this Fund found in *Section III. Performance of Selected Special and Capital Funds.*

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**DISCUSSION OF SIGNFICANT VARIANCES BY FUND (CONT'D.)**

**SPECIAL REVENUE FUNDS (CONT'D.)**

***Convention Center Facilities District Revenue Fund*** – The positive revenue variance of \$531,000 (16.4%) is due to higher than budgeted Convention Center Facilities District Revenue Fund Special Tax receipts and related interest earnings resulting from higher than anticipated hotel occupancy.

***Economic Development Administration Loan Fund*** – Negative revenue variance of \$10,000 (36.2%) is due to lower than anticipated loan repayments. Positive expenditure variance of \$85,000 (100%) reflects that no small business loans were awarded in 2009-2010. The savings were anticipated in the development of the 2010-2011 Adopted Operating Budget and were programmed into the 2010-2011 Beginning Fund Balance.

***Economic Development Enhancement Fund*** – Total revenues of \$37,265 were lower than the budgeted revenue by \$57,935 (60.9%). This variance is primarily the result of lower than anticipated revenues from Small Business Loan principal and interest repayments (\$38,815) and interest earnings (\$31,471), partially offset by higher than anticipated Development Enhancement Fund - Gap principal and interest repayments (\$12,351). Expenditures were below budgeted levels by \$758,000 (87.1%). The Economic Development Catalyst Program targets high growth companies with the goal of creating quality jobs and enhancing the local tax base. Due to the economic downturn, no new investments were undertaken, though a number of companies are currently under consideration.

***Edward Byrne Memorial Justice Assistance Grant Trust Fund*** – The expenditure variance of \$1.4 million (69.8%) is the result of unexpended Recovery Act Justice Assistant Grant funds (\$1.4 million). The savings were anticipated in the development of the 2010-2011 Adopted Operating Budget.

***Emergency Communication System Support Fee (ECSS) Fund*** – Unexpected revenue of \$8,000 was received in this fund, reflecting residual fee revenue and interest earnings. This fee was discontinued and replaced with the Telephone Line Tax in 2008-2009 and the fund was expected to be closed out in 2009-2010. The remaining balance in this fund will be transferred to the General Fund and the fund will be closed out in 2010-2011.

***Emergency Reserve Fund*** – Negative revenue variance of \$95,192 (63.5%) is due to lower than anticipated interest earnings. The expenditure variance of \$95,192 (63.5%) is due to lower than anticipated transfers to the General Fund for interest earnings.

***Federal Drug Forfeiture Fund*** – The revenue variance of \$530,000 (1,059.7%) is the result of higher than anticipated revenue from the federal government (\$547,000) partially offset by lower than anticipated interest earnings (\$17,000).

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**DISCUSSION OF SIGNFICANT VARIANCES BY FUND (CONT'D.)**

**SPECIAL REVENUE FUNDS (CONT'D.)**

***Gift Trust Fund*** – Revenue variance of \$167,000 (30.9%) is due to the accumulation of unbudgeted interest earnings and the receipt of unanticipated gifts. The expenditure variance of \$1.9 million (75.7%) is due to restrictions on the use of gifts and small and medium gifts generally need to be pooled to provide for sufficient funding for expenditures. This fund is appropriated according to the available cash balance, therefore all savings are recommended to be carried forward to 2010-2011.

***Home Investment Partnership Program Trust Fund*** – The negative revenue variance of \$4.9 million (51.6%) is primarily due to lower than anticipated federal grant reimbursements and the positive expenditure variance of \$1.6 million (27.3%) is due to lower than budgeted project expenditures primarily in the Welcome Home Program and the Teacher Housing Program. Generally, variances in revenues and expenditures are due to delays in capital projects that qualified for federal grants and the timing of receiving reimbursements. These savings were anticipated in the development of the 2010-2011 Adopted Operating Budget and were programmed into the 2010-2011 Beginning Fund Balance.

***Housing Trust Fund*** – Negative revenue variance of \$278,000 (17.6%) is primarily the result of lower than estimated collections in the Job Training Grant Program (\$144,000) and interest earnings (\$128,000). The positive expenditure variance of \$1.8 million (37.3%) is primarily the result of lower than budgeted expenditures in the Housing and Homeless Projects Program (\$1.3 million), Job Training Grant Program (\$269,000), Housing Emergency Assistance Program (\$98,000), and Housing Services Partnership Program (\$96,000). The majority of these savings was anticipated in the development of the 2010-2011 Adopted Operating Budget and programmed into the 2010-2011 Beginning Fund Balance.

***Ice Centre Revenue Fund*** – The expenditure variance of approximately \$628,000 (14.7%) is due to lower than expected Debt Service payments as a result of lower than budgeted interest rates for variable rate debt.

***Library Parcel Tax Fund*** – The positive expenditure variance of \$2.3 million (27.1%) reflects unexpended project funds including Automation Projects (\$923,000), Library Department Personal Services (\$897,000), Non-Personal/Equipment (\$357,000), and Acquisition of Materials (\$67,000). A portion of these unexpended funds (\$67,000) is recommended to be rebudgeted as part of this report for materials acquisitions in 2010-2011. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

***Local Law Enforcement Block Grant Fund*** – The revenue variance of \$80 is the result of interest earnings that were not anticipated, as this fund was expected to be closed out in 2009-2010. The remaining encumbrance balance (\$4,000) will be used in 2010-2011 and any earned interest will be appropriated to the Local Law Enforcement Block Grant Fund Close-Out appropriation in order to close this fund.

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**DISCUSSION OF SIGNFICANT VARIANCES BY FUND (CONT'D.)**

**SPECIAL REVENUE FUNDS (CONT'D.)**

***Low and Moderate Income Housing Fund*** – Positive expenditure variance of \$10.2 million (5.0%) is due primarily to savings in the Loans, Grants and Site Acquisition appropriation (\$2.6 million), Debt Service payments (\$2.2 million), Teacher/First Time Buyer Loan Program (\$2.1 million), Second Mortgage Loan Commitment Program (\$761,000), Housing Rehabilitation Loan Program (\$749,000), and Line of Credit Payment (\$500,000). Of the savings, a total of \$3.2 million is recommended for rebudget into 2010-2011 as part of this report to ensure sufficient funding for the Loans, Grants and Site Acquisition appropriation and Housing Rehabilitation Loan Program. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds.*

***Multi-Source Housing Fund*** – The revenue for this fund is derived from State and federal reimbursements for expenditures incurred for qualifying projects. Negative revenue variance of \$6.6 million (35.6%) is primarily due to lower than budgeted revenue collections in Recovery Act - Homeless Prevention and Rapid Re-housing Program (\$3.2 million), federal and State Grants (\$2.2 million), and Recovery Act - Neighborhood Stabilization Program 2 (\$974,000). Since grant reimbursements are received in this fund as expenditures are incurred, a related positive expenditure variance of \$7.3 million (27.3%) was realized. The majority of these savings was anticipated in the development of the 2010-2011 Adopted Operating Budget and rebudgeted accordingly.

***Municipal Golf Course Fund*** – Positive expenditure variance of \$258,000 (11.2%) is primarily due to unexpended funds in the Los Lagos Golf Course (\$106,000), Los Lagos Debt Service (\$80,000), Non-Personal/Equipment (\$51,000), and Rancho Del Pueblo (\$12,000) appropriations. The Los Lagos Golf Course and Rancho Del Pueblo appropriations achieved savings due to operational efficiencies and higher revenues as a result of additional events and modest fee increases. The Debt Service savings were driven by lower than anticipated interest rates on variable rate debt for the Los Lagos and Rancho Del Pueblo courses, while Non Personal/Equipment savings was generated by lower than anticipated environmental mitigation costs.

***Public Works Program Support Fund*** – The negative revenue variance of \$1.4 million (10.9%) is the result of lower than budgeted compensated absence transfers (\$942,000), lower than budgeted capital program support transfers (\$300,000), and lower than budgeted interest earnings (\$141,000). Lower than budgeted capital program support transfers were largely due to reduced capital activities funded by the San Jose Redevelopment Agency, as well as delays in some larger projects. Lower than budgeted compensated absence transfers were primarily due to the inadvertent inclusion of the Development Fee Program in 2009-2010 in the Department's base labor charges for application of the rate. In addition, lower compensated absence transfers resulted from reduced department labor charges due to employee redeployments, separations, and retirements.

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**DISCUSSION OF SIGNFICANT VARIANCES BY FUND (CONT'D.)**

**SPECIAL REVENUE FUNDS (CONT'D.)**

***San Jose Municipal Stadium Capital Fund*** – The revenue and expenditure variances of 100% (\$12,000) reflect no activity in this fund. The agreement with the Baseball Acquisition Company (BAC) for the use, operation, and management of the Municipal Stadium stipulates that the company will provide funds for capital repairs and replacements as well as net revenues from the Enhanced Video Board. In 2008-2009 and 2009-2010, in an agreement made between the City of San José with the San Jose Area Authority and the BAC, the annual payment from the BAC was redirected to complete necessary and cost saving capital purchases to enhance the stadium. The annual payment is anticipated to resume in 2010-2011. Revenues from the Enhanced Video Board were not received as the agreement stipulates that revenues will not be transferred until revenues exceed the current debt due for the purchase of the Enhanced Video Board. No revenue from the Enhanced Video Board is expected in 2010-2011.

***State Drug Forfeiture Fund*** – The positive revenue variance of \$77,000 (191.9%) is the result of higher than anticipated revenue from the State (\$86,000) partially offset by lower than anticipated interest earnings (\$9,000). The positive expenditure variance of \$322,000 (78.7%) is the result of unexpended funds for the purchase of equipment for seven new police officer positions added in the 2008-2009 Adopted Operating Budget. This funding is no longer needed due to the sworn position reductions that were approved as part of the 2010-2011 Adopted Operating Budget.

***Stores Fund*** – Revenues were 6.9% (\$199,000) below budgeted levels, reflecting lower than budgeted transfers from departments for the issuance of supplies, materials and postage, lower than budgeted postage revenues, and lower than budgeted hydrant sales revenue. Expenditures were 10.5% (\$368,000) below budgeted levels due to savings in the following appropriations: Inventory Purchases expenditures and encumbrances (\$176,000), Postage (\$119,000) and Non-Personal/Equipment (\$73,000). During 2009-2010, the Warehouse experienced a decrease in stock purchases from the Airport, General Services and Parks, Recreation, and Neighborhood Services Departments. This is a result of continuing efforts to find the most efficient and cost effective method to obtain necessary supplies for departments citywide.

***Storm Sewer Operating Fund*** – The positive expenditure variance of \$3.1 million (\$10.6%) is due to savings in a variety of appropriations, including the Environmental Services (\$1.1 million) and Department of Transportation (\$794,000) Non-Personal/Equipment. Of the \$3.1 million in savings, \$740,000 was rebudgeted as part of the 2010-2011 Adopted Budget, most notably for the installation of structural trash controls in the Storm Sewer System. Additional detail on this Fund found in *Section III. Performance of Selected Special and Capital Funds.*

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**DISCUSSION OF SIGNIFICANT VARIANCES BY FUND (CONT'D.)**

**SPECIAL REVENUE FUNDS (CONT'D.)**

*Supplemental Law Enforcement Services Fund* – The revenue variance of \$99,000 (36.1%) is the result of the second of four payments for the 2009-2011 SLES grant (\$126,000) being accounted for in 2009-2010 instead of 2010-2011 as previously anticipated. This is partially offset by lower than budgeted interest earnings (\$27,000). The expenditure variance of \$230,000 (13.6%) is mainly the result of unexpended 2009-2011 SLES grant funds (\$225,000); however, this was anticipated as savings and rebudgeted in the 2010-2011 Adopted Budget. The additional variance was due to an over appropriation of interest earnings that were not earned for the 2006-2008 SLES grant (\$4,000) and the requirement to return to the State the interest earned (\$1,000) on the 2007-2009 SLES grant after June 30, 2009.

*Transient Occupancy Tax Fund* – Positive revenue variance of \$534,000 (5.4%) is due to higher than budgeted Transient Occupancy Tax receipts. The positive expenditure variance of \$1.4 million (13.9%) is due to savings in the Cultural Development appropriations. The majority of this savings was anticipated and rebudgeted as part of the 2010-2011 Adopted Budget. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

*Workforce Investment Act Fund* – Negative revenue and positive expenditure variances of \$6.9 million (23.5%) and \$6.7 million (23.0%) respectively, primarily reflect the timing difference in expense and revenue recognition for grants from the State and federal governments. Each annual grant allocation is available for a two-year period after which unspent allocations are forfeited. A positive expenditure variance of \$6.7 million is due primarily to lower than budgeted expenditures related to the ARRA Dislocated Workers Program (\$1.6 million), Adult Workers program (\$1.0 million), Youth Workers Program (\$701,000), ARRA 2009 Rapid Response - 25 Percent Funds (\$655,000), and ARRA Youth program (\$520,000). A portion of this savings was anticipated and \$2.9 million was rebudgeted as part of the 2010-2011 Adopted Operating Budget. Under the current WIA contract with the State, expenses will only be reimbursed when funds are actually spent; therefore, a negative variance in revenues is expected as anticipated expenditures have not been reported to the State for reimbursement. A full reconciliation of the 2009-2010 formula grant allocations and the ARRA grant allocations was completed and budget actions are recommended to allocate remaining funding in this document.

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## DISCUSSION OF SIGNFICANT VARIANCES BY FUND (CONT'D.)

### CAPITAL FUNDS

***Airport Capital Funds*** – The actual expenditures of \$405.0 million were \$150.5 million or 27.1% below the modified budget. Several projects had unexpended funds remaining at year-end including the Terminal Area Development, Phase I project, North Concourse Building, Consolidated Rental Car Facility, and Public Parking Garage projects. The majority of the unexpended funds was rebudgeted as part of the 2010-2011 Adopted Budget (\$106.5 million) or is recommended to be rebudgeted in this document (\$7.1 million) to complete the Airport capital projects. While several of the facilities were completed and opened to the public in June 2010, a number of close-out costs remain associated with those projects. More information about the Airport Capital funds is included in *Section III. Status of Selected Special/Capital Funds.*

***Branch Libraries Bond Projects Fund*** – The negative revenue variance of \$124,000 (13.5%) is mainly attributed to lower than anticipated interest earnings (\$123,000). The positive expenditure variance of \$13.2 million (29.6%) reflects unexpended project funds for the Bascom Branch (\$3.3 million), Educational Park Branch (\$3.3 million), and the Seven Trees Branch (\$2.8 million). For these projects, there were unused project contingency funds and the actual construction awards were significantly lower than the amount budgeted. In addition, the Land Acquisition appropriation had unexpended funds of \$1.0 million due to land not purchased for the Southeast Branch. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds, General Obligation Bond Funds.*

***Building and Structure Construction Tax Fund*** – The negative revenue variance of \$8.6 million (30.5%) is the result of lower than budgeted receipts of federal grants (\$6.0 million) and State grants (\$4.6 million), which are partially offset by higher than budgeted receipts of Construction Excise Tax collections (\$2.1 million). The positive expenditure variance of \$15.4 million (34.8%) is due primarily to savings in the ITS: Transportation Incident Management Center project (\$2.3 million), Traffic Signal Communications and Synchronization project (\$2.3 million), Route 101/Mabury Acquisition project (\$2.1 million), ITS: Enhancements project (\$1.9 million), Reserve - Route 101/Blossom Hill Interchange (\$1.8 million), and Julian and St. James Couplet Conversion project (\$1.4 million). Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds.*

***Civic Center Construction Fund*** – The positive revenue variance of \$8,000 (17.7%) is due to higher than anticipated interest earnings. The budgeting practice for interest earnings in this fund is based on actual collections in the prior fiscal year, which were lower than collections in 2009-2010. Expenditures in 2009-2010 were below budgeted levels by \$184,000 (11.1%) due to the continuation of the Central Service Yard Tenant Improvement project into 2010-2011. This action was anticipated and funds were rebudgeted in the 2010-2011 Adopted Budget. A negative rebudget is recommended in this document to correct the over-rebudget assumed in the Adopted Budget.

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**DISCUSSION OF SIGNFICANT VARIANCES BY FUND (CONT'D.)**

**CAPITAL FUNDS (CONT'D.)**

***Civic Center Improvement Fund*** – The negative revenue variance of \$2.5 million (70.8%) and the positive expenditure variance of \$1.7 million (55.7%) were due to lower than expected project expenditures. Project expenditures are paid through issuance of Commercial Paper. Due to lower project expenditures, less Commercial Paper had to be issued which resulted in the negative revenue variance.

***Construction and Conveyance Tax Fund*** – The positive expenditure variance of \$35.6 million (44.8%) reflects unexpended project funds including Branch Libraries Fixtures, Furnishings and Equipment (\$1.9 million), Watson Site Clean-up and Restoration (\$1.8 million), Happy Hollow Park and Zoo Phase II Renovations (\$1.3 million), New Branch Opening Day Collections (\$1.3 million), Seven Trees Community Center - Multi-Service (\$1.3 million), TRAIL: Three Creeks Acquisition (Council District 7 and Parks City-Wide) (\$2.5 million), Happy Hollow East Side Improvements (\$1.2 million), City-Wide Trunking Radio System (\$1.1 million), Bascom Community Center - Multi-Service (\$926,000), and Seven Trees Community Center Fixtures, Furnishings and Equipment (\$902,000). Additional detail on these Funds can be found in *Section III. Performance of Selected Special and Capital Funds.*

***Construction Excise Tax Fund*** – Negative revenue variance of \$10.3 million (29.0%) is the result of lower than budgeted receipts in State grants (\$13.2 million) partially offset by higher than budgeted receipts of Construction Excise Tax collections (\$2.9 million). The positive expenditure variance of \$18.9 million (32.6%) is due primarily to savings in the Recovery Act - Street Resurfacing and Rehabilitation (\$8.4 million) project, Prop 1B - Pavement Maintenance (\$6.2 million) project, and Prop 42 - Pavement Maintenance (\$1.7 million) project. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds.*

***Emma Prusch Memorial Park Fund*** – The positive expenditure variance of \$127,000 (61.3%) reflects unexpended project funds. Projects with significant unexpended funds include Emma Prusch Park Service Yard FF&E (\$79,000), LeFevre House Improvements (\$22,000), and Emma Prusch Capital Renovation and Maintenance (\$18,000). A portion of these unexpended funds were assumed and rebudgeted as part of the 2010-2011 Adopted Budget (\$25,000), with additional funds recommended to be rebudgeted as part of this report (\$40,000).

***Interim City Facilities Improvements Fund*** – No project activity occurred in 2009-2010, resulting in revenue and expenditure variances of \$1.3 million as Commercial Paper provides funding for this project and is only issued to cover actual expenditures. A rebudget of \$1.3 million was included in the 2010-2011 Adopted Operating Budget for any remaining improvements needed to prepare old City Hall for reuse or disposition. This fund is expected to be closed out in 2010-2011.

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**DISCUSSION OF SIGNFICANT VARIANCES BY FUND (CONT'D.)**

**CAPITAL FUNDS (CONT'D.)**

**Lake Cunningham Fund** – The negative revenue variance of \$42,000 (5.6%) reflects lower than anticipated lease revenue (\$33,000), interest earnings (\$7,000), and parking revenue (\$2,000). The positive expenditure variance of \$178,000 (19.3%) reflects unexpended project funds. Projects with significant unexpended funds include Lake Cunningham Public Art (\$63,000), Lake Water Management Plan (\$60,000), Raging Waters Engineering and Inspection (\$20,000), and Lake Cunningham Skate Park Fixtures, Furnishings and Equipment (\$14,000). A majority of these unexpended funds are recommended to be rebudgeted as part of this report (\$149,000).

**Major Collectors and Arterial Fund** – The negative revenue variance of \$33,000 (41.6%) is due to lower than budgeted developer collections. The positive expenditure variance of \$356,000 (74.4%) is primarily due to lower than budgeted expenditures in the Miscellaneous Street Improvements project. The remaining savings are recommended for rebudget as part of this report for the continued support of this project.

**Major Facilities Fund** – Positive revenue variance of \$19,000 (27.5%) is due primarily to higher than expected interest income. Positive expenditure variance of \$389,000 (55.8%) is the result of a delay in the Nortech Parkway East Loop Main project (\$374,000) and Major Facilities Fee Administration savings (\$15,000). Funds for the Nortech Parkway East Loop Main project were rebudgeted as part of the 2010-2011 Adopted Capital Budget. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

**Neighborhood Security Act Bond Fund** – The negative revenue variance of \$79,000 (8.6%) is the result of lower than budgeted interest earnings (\$345,000) partially offset by higher than budgeted transfers from other funds (\$266,000). The expenditure savings of \$6.8 million (17.4%) reflects unexpended project funds. During the development of the 2010-2011 Adopted Budget, savings of \$6.9 million was anticipated at the end of 2009-2010 and was rebudgeted to 2010-2011. In total, negative rebudgets of \$210,000 are recommended as part of this document. Downward adjustments are recommended for the South San José Police Substation (\$158,000), Fire Station 2 – Rebuild (\$138,000), Public Art - Fire Bond Projects (\$67,000), and Fire Station 37 (Willow Glen) (\$10,000) appropriations, because the year-end expenditure savings were insufficient to cover the rebudget amounts assumed in the development of the 2010-2011 Adopted Budget. Rebudgets totaling \$163,000 are recommended for several fire station projects in order to complete construction and close-out items remaining for these projects and to fund general fire facility upgrades. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds, General Obligation Bond Funds*.

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**DISCUSSION OF SIGNIFICANT VARIANCES BY FUND (CONT'D.)**

**CAPITAL FUNDS (CONT'D.)**

***North San José Traffic Impact Fee Fund*** – The revenues of \$2.9 million were well above the budgeted estimate of \$20,000 due to higher than anticipated traffic impact fee collections from developers in the North San José area. The positive expenditure variance of \$198,000 (47.6%) is due to lower than budgeted expenditures in the Montague Expressway Improvements project caused by delays in the Design and Engineering phase of the project. The remaining savings are recommended for rebudget into 2010-2011 as part of this report for the continued design and development of this project.

***Parking Capital Development Fund*** – The positive expenditure variance of \$5.2 million (75.6%) is the result of lower than budgeted expenditures in the Parking Capital Development Project. In February 2010, the City Council approved the reallocation of funding for this project to provide a loan to the San Jose Redevelopment Agency for the debt service payments on the Fourth and San Fernando Parking Garage for calendar years 2010 and 2011. The reallocation of these funds was programmed in the development of the 2011-2015 Adopted Capital Improvement Program.

***Parks and Recreation Bond Projects Fund*** – The positive revenue variance of \$73,000 (11.0%) is mainly attributed to the receipt of unanticipated funds (\$71,000) from the Santa Clara Valley Water District. The positive expenditure variance of \$5.2 million (12.6%) reflects unexpended project funds for the Happy Hollow Park and Zoo Renovations and Improvements (\$2.7 million), Seven Trees Community Center Multi-Service (\$542,000), and Mayfair Community Center - Satellite (\$467,000) projects. The majority of the expenditure savings was rebudgeted as part of the 2010-2011 Adopted Budget (\$3.4 million) or is recommended to be rebudgeted as part of this document (\$870,000). Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds, General Obligation Bond Funds*.

***Residential Construction Tax Contribution Fund*** – The negative revenue variance of \$32,000 (42.8%) is the result of lower than anticipated Residential Construction Tax Receipts (\$18,000) as well as lower than anticipated interest earnings (\$14,000). The positive expenditure variance of \$759,000 (65.8%) primarily reflects savings in the Reimbursements to Developers for Landscaping (\$462,000), Reimbursements to Developers for Center Strip Paving (\$240,000), and Street Improvements for New Developments (\$40,000). Since reimbursements are paid when projects are completed, higher than anticipated savings is the direct result of lower than estimated project activity. Due to the significant slowdown in residential construction, expenditures in both Reimbursements to Developers for Landscaping and Reimbursements to Developers for Center Strip Paving experienced minimal activity in 2009-2010.

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**DISCUSSION OF SIGNFICANT VARIANCES BY FUND (CONT'D.)**

**CAPITAL FUNDS (CONT'D.)**

***San José-Santa Clara Treatment Plant Capital Fund*** – The negative revenue variance of \$3.6 million (6.5%) is due primarily to lower than expected contributions from the Tributary Agencies (\$2.6 million) and a delay in the receipt of American Recovery and Reinvestment Act of 2009 grant funds from the U.S. Bureau of Reclamation (\$890,000). The positive expenditure variance of \$37.6 million (35.0%) is due to project delays and savings, particularly for the Revised South Bay Action Plan - South Bay Water Recycling Extension (\$8.3 million), Plant Electrical Reliability (\$7.7 million), and the South Bay Water Recycling Reservoir Facility (\$5.2 million). The majority of the expenditure savings (\$28.8 million) was rebudgeted as part of the 2010-2011 Adopted Budget. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

***Sanitary Sewer Connection Fee Fund*** – Negative revenue variance of \$629,000 (36.0%) is due primarily to lower than expected interest (\$379,000) and Joint Participation income (\$330,000) partially offset by higher than anticipated connection fee revenues. The positive expenditure variance of \$9.0 million (60.7%) is the result of lower than expected project expenditures for the Edenvale Sanitary Sewer Supplement (\$3.9 million) and a variety of smaller projects. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

***Services for Redevelopment Capital Projects Fund*** – The positive expenditure variance of \$2.64 million (17.8%) reflects unexpended project funds. Major unexpended projects include: 13th St SNI Couplet Conversion & Pedestrian Improvement for Julian & St James Streets (\$469,000) and Hensley Historic District SJSU to Japantown Pedestrian Corridor (\$204,000), Edenvale Community Center Public Art (\$224,000), San José Convention Center Expansion and Renovation (\$180,000), and Pedestrian Safety Improvements (\$108,000). Anticipated expenditure savings of \$1.84 million were rebudgeted as part of the 2010-2011 Adopted Budget to fund continuing project costs. Additional project savings in the amount of \$410,000 are recommended for rebudget in this document, which are offset by a recommended decrease to the ending fund balance.

***Sewer Service and Use Charge Capital Improvement Fund*** – Positive expenditure variance of \$33 million (59.4%) is due to delays and savings for a variety of projects, most notably the Edenvale Sanitary Sewer Supplement (\$11.1 million), which has been discontinued due to less development in the Coyote Valley. Of the remaining savings, \$10.6 million was rebudgeted as part of the 2010-2011 Adopted Capital Budget, and another \$6 million is recommended to be rebudgeted as part of this document. Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

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**DISCUSSION OF SIGNFICANT VARIANCES BY FUND (CONT'D.)**

**CAPITAL FUNDS (CONT'D.)**

***Storm Drainage Fee Fund*** – The positive revenue variance of \$15,000 (15.0%) is primarily due to higher than expected Storm Drainage Fees. The positive expenditure variance of \$14,000 (18.6%) is due to lower than expected Public Works Capital Management costs (\$8,000) and a lower than expected interest transfer to the General Fund (\$7,000). Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

***Storm Sewer Capital Fund*** – The positive expenditure variance of \$5.3 million (59.4%) is due to lower than expected project spending, particularly for Storm Pump Station Replacement (\$2.7 million). Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

***Subdivision Park Trust Fund*** – The positive revenue variance of \$3.1 million is mainly attributed to in-lieu fees (\$1.7 million), interest earnings (\$1.2 million), and developer review and inspection fees (\$129,000). Typically, the budget does not include a revenue estimate for this fund and the revenues are recognized once the funds are actually received. The positive expenditure variance of \$26.2 million (62.7%) reflects unexpended project funds including Santana Park Development (\$4.5 million), Commodore Children's Park Development (\$3.0 million), Newhall Neighborhood Park (\$1.5 million), Watson Park Phase II Development (Soccer Field) (\$1.1 million), KB Homes Reimbursement - Tuscan Hills (\$945,000), Dairy Hill Detention Basin Refund (\$896,000), Calabazas Park Play Lot Renovation (\$879,000), and Backesto Park Improvements (\$864,000). The majority of the expenditure savings was rebudgeted as part of the 2010-2011 Adopted Budget (\$14.4 million) or is recommended to be rebudgeted as part of this document (\$4.4 million). Additional detail on this Fund can be found in *Section III. Performance of Selected Special and Capital Funds*.

***Underground Utility Fund*** – The negative revenue variance of \$318,000 (40.5%) is primarily the result of lower than anticipated developer in-lieu fees as commercial/industrial development activity has been weaker than in recent years. The positive expenditure variance of \$1.3 million (65.3%) reflects savings in the Underground Utility Program appropriation (\$1.1 million) as a result of no new construction activities since most projects are currently in the design phase as well as savings in the PG&E/Private Electrical Panel Conversion appropriation (\$125,000). Savings from the PG&E/Private Electrical Service Panel Conversion project is entirely due to lower activity by private property owners than anticipated.

***Water Utility Capital Fund*** – The positive expenditure variance of \$1.5 million (34.8%) is the result of lower than expected project expenditures, particularly for development-related projects (\$378,000) and the Nortech Parkway East Loop Main project (\$374,000). Of this expenditure variance, \$736,000 was rebudgeted as part of the 2010-2011 Adopted Capital Budget, and an additional \$90,000 is recommended to be rebudgeted as part of this document. Additional detail on this Fund found in *Section III. Performance of Selected Special and Capital Funds*.

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**COMPARISON OF ESTIMATED TO ACTUAL 2009-2010 ENDING FUND BALANCE**

Fund	2009-2010 Modified Budget*	2009-2010 Est. Ending Fund Balance	2009-2010 Actual Ending Fund Balance	Variance	Additional Rebudgets Recommended	Revised Variance (Variance Less Addtl Rebudgets)	Revised Variance As % of Mod Budget
<i>General Fund</i>	\$990,676,662	\$134,806,929	\$141,398,091	\$6,591,162	\$3,041,440	\$3,549,722	0.4%
<i>Enterprise Funds</i>							
Airport Customer Facility and Transportation Fee Fund	9,443,491	430,128	627,676	197,548	0	197,548	2.1%
Airport Fiscal Agent Fund	127,587,145	60,559,129	60,317,543	(241,586)	0	(241,586)	-0.2%
Airport Maintenance and Operation Fund	117,704,655	20,938,641	19,672,372	(1,266,269)	0	(1,266,269)	-1.1%
Airport Revenue Fund	156,637,384	25,144,544	35,199,557	10,055,013	0	10,055,013	6.4%
Airport Surplus Revenue Fund	24,859,966	7,737,664	9,265,678	1,528,014	0	1,528,014	6.1%
General Purpose Parking Fund	19,989,214	3,130,360	4,843,164	1,712,804	14,000	1,698,804	8.5%
San José-Santa Clara Treatment Plant Operating Funds	256,635,641	36,748,612	40,037,643	3,289,031	875,000	2,414,031	0.9%
Water Utility Fund	31,136,668	3,597,018	5,000,134	1,403,116	0	1,403,116	4.5%
<b>Sub-Total Enterprise Funds</b>	<b>\$743,994,164</b>	<b>\$158,286,096</b>	<b>\$174,963,767</b>	<b>\$16,677,671</b>	<b>\$889,000</b>	<b>\$15,788,671</b>	<b>2.1%</b>
<i>Special Revenue Funds</i>							
Anti-Tobacco Master Settlement Agreement Revenue Fund	18,308,448	6,909,797	7,201,720	291,923	0	291,923	1.6%
Benefit Funds	85,519,503	1,056,350	1,980,640	924,290	0	924,290	1.1%
Business Improvement District Fund	2,940,129	20,124	716,775	696,651	0	696,651	23.7%

\* The 2009-2010 Modified Budget is not adjusted for the transfers, loans, and contributions between funds. Therefore, it overstates the total funds which are available in all funds.

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**COMPARISON OF ESTIMATED TO ACTUAL 2009-2010 ENDING FUND BALANCE (CONT'D.)**

Fund	2009-2010 Modified Budget*	2009-2010 Est. Ending Fund Balance	2009-2010 Actual Ending Fund Balance	Variance	Additional Rebudgets Recommended	Revised Variance (Variance Less Addtl Rebudgets)	Revised Variance As % of Mod Budget
Cash Reserve Fund	5,532	5,515	5,509	(6)	0	(6)	-0.1%
City Hall Debt Service Fund	25,483,782	872,433	818,782	(53,651)	0	(53,651)	-0.2%
Community Development Block Grant Fund	19,698,330	4,372,156	5,793,614	1,421,458	145,826	1,275,632	6.5%
Community Facilities and Maintenance Districts Funds	19,130,799	13,319,496	14,395,009	1,075,513	0	1,075,513	5.6%
Community Facilities Revenue Fund	4,716,320	670,511	796,435	125,924	0	125,924	2.7%
Convention and Cultural Affairs Fund	31,971,517	5,084,109	5,275,476	191,367	154,000	37,367	0.1%
Convention Center Facilities District Revenue Fund	3,239,584	3,239,584	3,771,012	531,428	0	531,428	16.4%
Downtown Property and Business Improvement District Fund	3,117,307	940,906	970,816	29,910	0	29,910	1.0%
Economic Development Administration Loan Fund	115,633	115,133	105,487	(9,646)	0	(9,646)	-8.3%
Economic Development Enhancement Fund	1,705,303	1,542,508	1,534,868	(7,640)	0	(7,640)	-0.4%
Edward Byrne Memorial Justice Assistance Grant Trust Fund	2,037,701	1,486,883	1,444,738	(42,145)	(60,175)	18,030	0.9%
Emergency Communication System Support Fee Fund	2,648,965	0	6,402	6,402	0	6,402	0.2%
Emergency Reserve Fund	3,531,532	3,381,532	3,381,532	0	0	0	0.0%
Federal Drug Forfeiture Fnd	1,873,438	2,250,096	2,295,789	45,693	0	45,693	2.4%

\* The 2009-2010 Modified Budget is not adjusted for the transfers, loans, and contributions between funds. Therefore, it overstates the total funds which are available in all funds.

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**COMPARISON OF ESTIMATED TO ACTUAL 2009-2010 ENDING FUND BALANCE (CONT'D.)**

<b>Fund</b>	<b>2009-2010 Modified Budget*</b>	<b>2009-2010 Est. Ending Fund Balance</b>	<b>2009-2010 Actual Ending Fund Balance</b>	<b>Variance</b>	<b>Additional Rebudgets Recommended</b>	<b>Revised Variance (Variance Less Addtl Rebudgets)</b>	<b>Revised Variance As % of Mod Budget</b>
Fiber Optics Development Fund	78,593	28,864	28,803	(61)	0	(61)	-0.1%
Gas Tax Maintenance and Construction Funds	16,366,000	0	0	0	0	0	0.0%
Gift Trust Fund	2,509,997	2,050,644	2,110,473	59,829	59,773	56	0.0%
Home Investment Partnership Program Fund	6,426,901	80,545	428,889	348,344	0	348,344	5.4%
Housing Trust Fund	6,441,543	2,600,571	3,170,062	569,491	0	569,491	8.8%
Ice Centre Revenue Fund	7,342,993	3,846,943	3,704,219	(142,724)	0	(142,724)	-1.9%
Integrated Waste Management Fund	140,010,969	9,669,129	6,443,855	(3,225,274)	81,000	(3,306,274)	-2.4%
Library Parcel Tax Fund	12,559,002	4,435,722	6,657,620	2,221,898	67,000	2,154,898	17.2%
Local Law Enforcement Block Grant Fund	5,462	0	80	80	0	80	1.5%
Low and Moderate Income Housing Fund	210,207,049	10,698,373	18,832,240	8,133,867	3,248,855	4,885,012	2.3%
Multi-Source Housing Fund	30,975,094	1,523,887	1,999,984	476,097	932,223	(456,126)	-1.5%
Municipal Golf Course Fund	3,118,174	816,957	1,073,648	256,691	0	256,691	8.2%
Municipal Health Services Program Fund	0	0	470	470	0	470	N/A
Public Works Program Support Fund	18,158,307	4,469,193	3,933,117	(536,076)	0	(536,076)	-3.0%
San José Arena Enhancement Fund	1,652,109	11,000	9,540	(1,460)	0	(1,460)	-0.1%
San José Municipal Stadium Capital Fund	12,000	0	0	0	0	0	0.0%

\* The 2009-2010 Modified Budget is not adjusted for the transfers, loans, and contributions between funds. Therefore, it overstates the total funds which are available in all funds.

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**COMPARISON OF ESTIMATED TO ACTUAL 2009-2010 ENDING FUND BALANCE (CONT'D.)**

Fund	2009-2010 Modified Budget*	2009-2010 Est. Ending Fund Balance	2009-2010 Actual Ending Fund Balance	Variance	Additional Rebudgets Recommended	Revised Variance (Variance Less Addtl Rebudgets)	Revised Variance As % of Mod Budget
State Drug Forfeiture Funds	1,443,561	1,114,038	932,947	(181,091)	0	(181,091)	-12.5%
Stores Fund	3,898,184	732,166	615,964	(116,202)	0	(116,202)	-3.0%
Storm Sewer Operating Fund	41,323,988	11,563,689	14,103,955	2,540,266	0	2,540,266	6.1%
Supplemental Law Enforcement Services Fund	1,728,066	235,411	363,482	128,071	(117)	128,188	7.4%
Transient Occupancy Tax	11,574,804	2,736,971	3,366,387	629,416	93,000	536,416	4.6%
Vehicle Maintenance and Operations Fund	24,807,175	523,869	1,261,482	737,613	0	737,613	3.0%
Workforce Investment Act Fund	29,376,213	195,155	417,664	222,509	2,251,036	(2,028,527)	-6.9%
<b>Sub-Total Special Revenue Funds</b>	<b>\$796,060,007</b>	<b>\$102,600,260</b>	<b>\$119,949,485</b>	<b>\$17,349,225</b>	<b>\$6,972,421</b>	<b>\$10,376,804</b>	<b>1.3%</b>
<i>Capital Funds</i>							
Airport Capital Funds	741,624,024	291,255,362	348,314,377	57,059,015	7,056,000	50,003,015	6.7%
Branch Library Bond Projects Fund	50,115,368	16,899,762	18,559,795	1,660,033	(372,000)	2,032,033	4.1%
Building and Structure Construction Tax Fund	47,409,977	6,385,426	10,510,497	4,125,071	3,762,000	363,071	0.8%
Civic Center Construction Fund	1,664,028	418,000	216,546	(201,454)	(243,702)	42,248	2.5%
Civic Center Improvement Fund	3,139,269	0	(782,875)	(782,875)	0	(782,875)	-24.9%
Civic Center Parking Fund	1,090	0	0	0	0	0	0.0%
Construction and Conveyance Tax Fund	120,745,540	62,292,143	76,866,075	14,573,932	7,034,000	7,539,932	6.2%

\* The 2009-2010 Modified Budget is not adjusted for the transfers, loans, and contributions between funds. Therefore, it overstates the total funds which are available in all funds.

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**COMPARISON OF ESTIMATED TO ACTUAL 2009-2010 ENDING FUND BALANCE (CONT'D.)**

<b>Fund</b>	<b>2009-2010 Modified Budget*</b>	<b>2009-2010 Est. Ending Fund Balance</b>	<b>2009-2010 Actual Ending Fund Balance</b>	<b>Variance</b>	<b>Additional Rebudgets Recommended</b>	<b>Revised Variance (Variance Less Addtl Rebudgets)</b>	<b>Revised Variance As % of Mod Budget</b>
Construction Excise Tax Fund	61,334,357	7,145,539	14,242,217	7,096,678	3,705,773	3,390,905	5.5%
Emma Prusch Fund	383,045	206,045	299,615	93,570	40,000	53,570	14.0%
Hayes Mansion Phase III Bond Fund	172,552	0	0	0	0	0	0.0%
Interim City Facilities Improvements Fund	1,307,510	0	0	0	0	0	0.0%
Lake Cunningham Fund	1,702,662	722,947	927,553	204,606	149,000	55,606	3.3%
Major Collectors and Arterials Fund	1,414,722	924,722	1,259,125	334,403	349,000	(14,597)	-1.0%
Major Facilities Fund	3,183,931	2,859,931	2,894,218	34,287	0	34,287	1.1%
Neighborhood Security Act Bond Fund	46,357,814	14,333,132	14,322,280	(10,852)	(210,000)	199,148	0.4%
North San José Traffic Impact Fee Fund	1,908,084	3,803,084	4,556,928	753,844	197,000	556,844	29.2%
Parking Capital Development Fund	6,900,000	5,200,000	5,217,101	17,101	0	17,101	0.2%
Parks and Recreation Bond Projects Fund	71,471,717	33,632,029	35,515,994	1,883,965	870,000	1,013,965	1.4%
Residential Construction Tax Contribution Fund	1,385,242	311,242	958,826	647,584	0	647,584	46.7%
San José-Santa Clara Treatment Plant Capital Fund	157,323,202	77,813,710	84,115,423	6,301,713	(2,345,464)	8,647,177	5.5%
Sanitary Sewer Connection Fee Fund	23,278,059	12,583,059	16,822,902	4,239,843	3,050,000	1,189,843	5.1%

\* The 2009-2010 Modified Budget is not adjusted for the transfers, loans, and contributions between funds. Therefore, it overstates the total funds which are available in all funds.

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**COMPARISON OF ESTIMATED TO ACTUAL 2009-2010 ENDING FUND BALANCE (CONT'D.)**

<b>Fund</b>	<b>2009-2010 Modified Budget*</b>	<b>2009-2010 Est. Ending Fund Balance</b>	<b>2009-2010 Actual Ending Fund Balance</b>	<b>Variance</b>	<b>Additional Rebudgets Recommended</b>	<b>Revised Variance (Variance Less Addtl Rebudgets)</b>	<b>Revised Variance As % of Mod Budget</b>
Services for Redevelopment Capital Projects Fund	15,566,507	2,172,118	3,178,729	1,006,611	410,161	596,450	3.8%
Sewer Service and Use Charge Capital Improvement Fund	88,028,046	55,000,766	65,239,829	10,239,063	5,967,000	4,272,063	4.9%
Storm Drainage Fee Fund	144,055	86,055	115,344	29,289	0	29,289	20.3%
Storm Sewer Capital Fund	9,311,665	2,854,370	5,657,817	2,803,447	2,306,000	497,447	5.3%
Subdivision Park Trust Fund	89,562,701	69,408,578	77,157,465	7,748,887	4,402,000	3,346,887	3.7%
Underground Utility Fund	2,776,956	1,898,956	1,814,465	(84,491)	0	(84,491)	-3.0%
Water Utility Capital Fund	6,804,019	3,455,015	4,049,684	594,669	50,000	544,669	8.0%
<b>Sub-Total Capital Funds</b>	<b>\$1,555,016,142</b>	<b>\$671,661,991</b>	<b>\$792,029,930</b>	<b>\$120,367,939</b>	<b>\$36,176,768</b>	<b>\$84,191,171</b>	<b>5.4%</b>
<b>TOTAL ALL FUNDS</b>	<b>\$4,085,746,975</b>	<b>\$1,067,355,276</b>	<b>\$1,228,341,273</b>	<b>\$160,985,997</b>	<b>\$47,079,629</b>	<b>\$113,906,368</b>	<b>2.8%</b>

\* The 2009-2010 Modified Budget is not adjusted for the transfers, loans, and contributions between funds. Therefore, it overstates the total funds which are available in all funds.

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**SUMMARY OF 2009-2010 YEAR-END RESERVES BY FUND**

Fund	2009-2010 Contingency and Earmarked Reserves Balance
<i><b>General Fund</b></i>	<b>\$87,307,962</b>
<i><b>Enterprise Funds</b></i>	
Airport Customer Facility and Transportation Fee Fund	623,559
Airport Fiscal Agent Fund	60,317,543
Airport Maintenance and Operation Fund	16,958,009
Airport Revenue Fund	35,199,557
Airport Surplus Revenue Fund	9,265,678
General Purpose Parking Fund	3,060,674
San José-Santa Clara Treatment Plant Operating Funds	11,443,000
Water Utility Fund	1,428,000
<b>Sub-Total Enterprise Funds</b>	<b>\$138,296,020</b>
<i><b>Special Revenue Funds</b></i>	
Benefit Funds	2,797,662
Community Development Block Grant Fund	1,727,946
Community Facilities and Maintenance Districts Funds	3,863
Convention and Cultural Affairs Fund	1,050,000
Emergency Reserve Fund	3,381,532
Home Investment Partnership Program Fund	141,220
Integrated Waste Management Fund	10,553,858
Library Parcel Tax Fund	788,507
Low and Moderate Income Housing Fund	208,220
Multi-Source Housing Fund	2,977,460
Public Works Program Support Fund	26,020
Stores Fund	38,244
Storm Sewer Operating Fund	2,255,306
Vehicle Maintenance and Operations Fund	46,653
Workforce Investment Act Fund	1,766,705
<b>Sub-Total Special Revenue Funds</b>	<b>\$27,763,196</b>
<i><b>Capital Funds</b></i>	
Branch Library Bond Projects Fund	2,982,505
Building and Structure Construction Tax Fund	2,350,000
Construction and Conveyance Tax Funds	18,775,000
Construction Excise Tax Fund	206,000
Lake Cunningham Fund	234,000
Major Facilities Fund	1,400,000
Neighborhood Security Act Bond Fund	58,446

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**SUMMARY OF 2009-2010 YEAR-END RESERVES BY FUND  
(CONT'D.)**

<b>Fund</b>	<b>2009-2010 Contingency and Earmarked Reserves Balance</b>
Parks and Recreation Bond Projects Fund	30,035,091
San José-Santa Clara Treatment Plant Capital Fund	10,305,000
Subdivision Park Trust Fund	47,870,983
Water Utility Capital Fund	1,759,000
<b>Sub-Total Capital Funds</b>	<b>\$115,976,025</b>
<b>TOTAL ALL FUNDS</b>	<b>\$369,343,203</b>

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**II. GENERAL FUND**

**FINANCIAL**

**PERFORMANCE**

# 2009-2010 ANNUAL REPORT

## II. GENERAL FUND FINANCIAL PERFORMANCE

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

***Results of Operations in the General Fund*** – This section provides data on the overall status of the General Fund for 2009-2010. It includes the following: a chart that compares the General Fund modified budget and actuals for revenues, expenditures and fund balance; and a chart that compares the General Fund revenue, expenditure and fund balance actuals to the estimates used in developing the 2010-2011 Adopted Budget.

***General Fund Revenue Performance*** – This section provides detail on the actual 2009-2010 General Fund revenue collections. This section includes a chart that compares the 2009-2010 modified budget to the actuals for each of the General Fund revenue categories. This chart is followed by a discussion of the performance in each category that includes an explanation of variances from the modified budget and a comparison of the actual revenues to the 2008-2009 collections to indicate collection trends and to provide a historical perspective.

***General Fund Expenditure Performance*** – This section provides detail on the actual 2009-2010 General Fund expenditures. This section includes an overview that compares the 2009-2010 modified budget to actuals as well as the 2009-2010 year-end estimates to actuals for the major expenditure categories. The review of the General Fund expenditure performance includes a chart that provides additional detail on the 2009-2010 modified budget and actual expenditures by individual department and the non-departmental categories. In addition, this section includes a discussion of significant departmental variances and highlights of non-departmental expenditures and variances.

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**RESULTS OF OPERATIONS IN THE GENERAL FUND**

The General Fund ended the year in a stable position. A final available ending fund balance (unaudited) of \$141.4 million was realized, as reflected in the following table:

**GENERAL FUND**  
**BUDGET TO ACTUAL COMPARISON**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(\$000s)**

	<b>Revised Budget</b>	<b>Budgetary Basis Actual</b>	<b>Variance</b>
<b>Sources</b>			
<i>Beginning Fund Balance</i>	173,213	173,213	-
<i>Carryover Encumbrances</i>	22,422	22,422	-
<i>Liquidated Carryover Encumbrances</i>	-	3,402	3,402
<i>Subtotal</i>	195,635	199,037	3,402
<i>Revenues</i>	795,042	782,623	(12,419)
<i>Total Sources</i>	990,677	981,660	(9,017)
<b>Uses</b>			
<i>Personal Services</i>	606,720	601,211	5,509
<i>Non-Personal/Equipment/Other</i>	106,467	95,951	10,516
<i>City-Wide Expenses</i>	137,386	98,239	39,147
<i>Capital Contributions</i>	27,357	19,436	7,921
<i>Transfers</i>	25,439	25,425	14
<i>Reserves</i>	87,308	-	87,308
<i>Total Uses</i>	990,677	840,262	150,415
<i>Available Ending Fund Balance</i>		141,398	141,398

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**RESULTS OF OPERATIONS IN THE GENERAL FUND (CONT'D.)**

The actual ending fund balance of \$141.4 million exceeded the estimated ending fund balance level by approximately \$6.6 million. This positive variance represented 0.3% of the General Fund modified budget (sources and uses combined). The elements of that variance are illustrated in the following comparison of estimate to actual chart. The estimated fund balance column represents the projections used to formulate the Beginning Fund Balance amount, included as a source of funding in the 2009-2010 Adopted Budget.

**2009-2010 GENERAL FUND  
ENDING FUND BALANCE ANALYSIS  
(\$000s)**

	Estimate	Budgetary Basis Actual	Variance
<i>Sources</i>			
<i>Beginning Fund Balance</i>	173,213	173,213	-
<i>Carryover Encumbrances</i>	22,422	22,422	-
<i>Liquidated</i>			
<i>Carryover Encumbrances</i>	3,350	3,402	52
<i>Subtotal</i>	198,985	199,037	52
<i>Revenues*</i>	795,042	782,623	(12,419)
<i>Total Sources</i>	994,027	981,660	(12,367)
<i>Uses</i>			
<i>Expenditures*</i>	832,338	814,837	17,501
<i>Transfers</i>	25,439	25,425	14
<i>Reserves</i>	1,443	-	1,443
<i>Total Uses</i>	859,220	840,262	18,958
<i>Available Ending Fund Balance</i>	134,807	141,398	6,591

\* After adjusting for a net-zero \$13.2 million of grant and reimbursement related revenues and expenditures not received or expended in 2009-2010, but rebudgeted to 2010-2011, the revenue variance resulted in a surplus of \$825,000 and the expenditures variance actually totaled \$4.3 million.

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**RESULTS OF OPERATIONS IN THE GENERAL FUND (CONT'D.)**

The actual 2009-2010 liquidation of carryover encumbrance amount was \$3.4 million and reflects encumbered appropriations liquidated by the Finance Department during the period between the release of audited 2008-2009 financial statements and the end of the 2009-2010 fiscal year. Liquidation of prior year encumbrances results in a reduction in the obligations against the fund balance. These funds then become available for reappropriation. The estimate to actual variance of \$52,000 represents carryover encumbrance liquidations that occurred at only a slightly higher level than originally anticipated when the fund balance was estimated.

A detailed analysis of the significant variances between estimates and actuals for revenues, expenditures, transfers and reserves is provided in the following section.

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## GENERAL FUND REVENUE PERFORMANCE

The following table details actual 2009-2010 General Fund revenue collections as compared with the modified budget estimates:

**TABLE A**  
**2009-2010 GENERAL FUND REVENUE SUMMARY**  
**COMPARISON OF BUDGET TO ACTUAL**  
**(\$000s)**

Category	Modified Budget	Budgetary Basis Actual	Variance	% Variance
Property Tax	\$ 202,179	\$ 202,186	\$ 7	0.0%
Sales Tax	127,375	127,238	(137)	-0.1%
Transient Occupancy Tax	6,553	6,900	347	5.3%
Telephone Tax	20,600	20,500	(100)	-0.5%
Franchise Fees	38,579	38,410	(169)	-0.4%
Utility Tax	87,239	87,651	412	0.5%
Licenses and Permits	64,554	65,985	1,431	2.2%
Fines, Forfeitures, and Penalties	16,493	15,998	(495)	-3.0%
Use of Money and Property	3,216	3,191	(25)	-0.8%
Revenue from Local Agencies	50,314	48,067	(2,247)	-4.5%
Revenue from the State of California	10,998	11,749	751	6.8%
Revenue from Federal Government	8,437	5,127	(3,310)	-39.2%
Rev. from Fed. Govt. - Recovery Act	10,834	367	(10,467)	-96.6%
Departmental Charges	27,051	27,281	230	0.9%
Other Revenue	26,787	27,023	236	0.9%
Subtotal	701,209	687,673	(13,536)	-1.9%
Overhead Reimbursements	39,454	40,530	1,076	2.7%
Transfers	37,561	37,504	(57)	-0.2%
Reimbursements for Services	16,818	16,916	98	0.6%
Subtotal	93,833	94,950	1,117	1.2%
<b>TOTALS*</b>	<b>\$ 795,042</b>	<b>\$ 782,623</b>	<b>\$ (12,419) **</b>	<b>-1.6%</b>

\* Excludes Beginning Fund Balance

\*\* After adjusting for \$13.2 million of grant and reimbursement related revenues not received in 2009-2010 but rebudgeted to 2010-2011, the revenue variance actually resulted in a surplus of \$825,000. For these grant revenues, corresponding General Fund expenditure savings were also realized in 2009-2010, with a net zero impact on the General Fund Ending Fund Balance.

# 2009-2010 ANNUAL REPORT

## GENERAL FUND REVENUE PERFORMANCE (CONT'D.)

The General Fund revenue performance for 2009-2010 is discussed in detail in this section. The 2009-2010 actual revenue receipts for each of the major revenue categories are compared to the modified budgets and any significant variances are described. In addition, comparisons with the 2008-2009 collection levels are typically included to indicate collection trends and to provide a historical perspective.

As shown in Table A, total revenue received in the General Fund in 2009-2010 was \$782.6 million. This represents a decrease of \$20.9 million (down 2.6%) from the actual 2008-2009 collections (\$803.5 million) and was 1.6% below the 2009-2010 Modified Budget level. After adjusting for grant and reimbursement related revenues not received in 2009-2010, but rebudgeted to 2010-2011, however, revenues actually ended the year \$825,000 (0.1%) above the budgeted estimate. The severe economic downturn impacted several of the City's revenue categories. The categories that experienced declines from 2008-2009 include Property Tax, Sales Tax, Transient Occupancy Tax, Franchise Fees, Licenses and Permits, Use of Money and Property, Revenue from Local Agencies, Revenue from the State, Revenue from the Federal Government, and Transfers. Declines in those categories were partially offset by growth in Telephone Line Tax, Utility Tax, Fines, Forfeitures, and Penalties, Other Revenue, Overhead Reimbursements, and Reimbursements for Services.

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

### Property Tax

The Property Tax revenue category includes Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax, and Homeowners Property Tax Relief. Property Tax receipts for the 2009-2010 fiscal year totaled \$202.2 million. This collection level met the budgeted estimate of \$202.2 million, and represented a decline of 4.1% from the prior year actuals of \$210.8 million. Following is a discussion of the major Property Tax components.

- **Secured Property Tax** – receipts of \$185.8 million were 3.4% (\$6.5 million) below the 2008-2009 level of \$192.3 million and less than 1% (\$40,000) above the 2009-2010 Modified Budget estimate of \$185.8 million. Collections in 2009-2010 were based on the property tax roll as of January 1, 2009. At that point, home prices had declined 37.5% from the prior year, from \$664,000 in January 2008 to \$415,000 in January 2009. Housing prices improved over the course of 2009 and, as of January 2010, the median sales price for single family homes had increased to \$481,000, a 15.9% improvement from the prior year.

The 2010-2011 Adopted Budget estimate for Secured Property Tax allows for a decline of 1.3% from the actual 2009-2010 collection level. This projected decline is related to two factors: a drop in the California Consumer Price Index (CCPI) that is used as a basis for assessed values and an anticipated decrease in commercial property valuation. Information

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**GENERAL FUND REVENUE PERFORMANCE (CONT'D.)**

**Property Tax (Cont'd.)**

provided by the County indicates the impact of commercial property valuation reductions could be even more significant than anticipated, and accordingly a \$1.3 million reduction to this estimate, bringing total Secured Property Taxes to \$182.1 million, is recommended. This will allow for a 2.0% decline in this category for 2010-2011.

- ***SB 813 Property Tax*** – the SB 813 Property Tax component represents the retroactive taxes on reassessed valuation from the period of resale to the time that the Assessor formally revalues the property. In 2009-2010, receipts of \$3.0 million met the modified budget of \$3.0 million, but were down 47.1% from the \$5.7 million collected in 2008-2009. This decline was expected given the large declines in housing prices experienced in 2008-2009 and the general weakness in the housing market in 2009-2010. The most recent information from the Santa Clara County Controller-Treasurer Department indicates that a backlog of refunds related to home sales in 2009-2010 will significantly reduce SB 813 Property Tax revenues in 2010-2011, and a \$1.8 million downward adjustment is recommended in this document bringing the total estimate to only \$1.5 million. This adjustment will allow for a one-time 50.7% decline from actual 2009-2010 SB 813 Property Tax collections.
- ***Unsecured Property Tax*** – this tax is assessed on major business equipment items and is subject to annual depreciation adjustments. Current and Prior Unsecured Property Tax receipts of \$12.3 million were received at the budgeted estimate. This collection level was 4.9% above the 2008-2009 level of \$11.7 million. Although the 2010-2011 Adopted Budget incorporated a 6.6% reduction in this category due to the continued weakness in the economy and the lag in personal property valuation, the most recent information from the Santa Clara County Controller-Treasurer Department indicates an additional downward adjustment is warranted. Consequently, a \$1.0 million reduction is recommended in this document. This adjustment will allow for a 16.7% decline from actual 2009-2010 Unsecured Property Tax collections, bringing the revenue estimate to \$10.2 million in 2010-2011.
- ***Homeowner's Exemption Subvention*** – this represents the recovery of tax loss resulting from the per-household exemption granted by current State law. Receipts in this tax category of \$1.1 million were consistent with both the budgeted estimate and the 2008-2009 actual collection level.

The City's Property Tax performance will be closely monitored in 2010-2011 to determine if any additional adjustments to the budgeted estimate are necessary. As part of that monitoring activity, staff will continue to regularly meet with representatives from the offices of the County Assessor, the County Controller-Treasurer, and the County Tax Collector to ensure that the City's budget appropriately reflects the most recent information available.

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**GENERAL FUND REVENUE PERFORMANCE (CONT'D.)**

**Sales Tax**

The Sales Tax category includes General Sales Tax and Proposition 172 Sales Tax. Overall Sales Tax collections for 2009-2010 of \$127.2 million were 3.6% below (down \$4.8 million) the 2008-2009 year-end level of \$132.0 million and 0.1% below the 2009-2010 Modified Budget estimate of \$127.4 million. The severe economic downturn significantly impacted Sales Tax receipts, particularly in the first half of the fiscal year. Following is a discussion of the two Sales Tax components:

- **General Sales Tax** – In the General Sales Tax category, collections of \$123.3 million met the modified budget estimate of \$123.3 million, but were 3.5% below the 2008-2009 collection level of \$127.8 million. This prolonged decline was the result of significant drops during the first two quarters of the fiscal year, partially offset by increases during the last two quarters of the fiscal year. It should be noted that 2009-2010 represents the second year in a row where declines have been realized in General Sales Tax collections. In 2008-2009, collections fell 14.5% below the prior year (2007-2008) collection level. Sales Tax receipts of \$123.3 million in 2009-2010 were well below peak collections of \$169.2 million in 2000-2001.

The weak economic conditions and prolonged recession led to significant Sales Tax declines in the first two quarters of 2009-2010. On a cash basis, quarterly performance compared to the prior year quarter ranged from a drop of 12.8% in the first quarter, followed by a decline of 5.3% in the second quarter and an increase of 13.0% in the third quarter. For both the third and fourth quarters, it was assumed that collections would increase by approximately 4.5% from the same periods in the prior year. These modest increases were considered prudent given the deep declines experienced during the last two quarters of 2008-2009 (declines of approximately 28-29% were experienced). Because a three-month lag exists between the period of sales activity and when the City receives its quarterly Sales Tax allocation, the fourth quarter (April through June) was accrued to 2009-2010 based on this projection. Since the accrual was processed, preliminary Sales Tax data for the fourth quarter has become available and shows an actual increase of 13.0%, adjusted to correct for a Sales Tax recording error that under-stated revenue for the fourth quarter of 2008-2009.

Although details of the most recent quarter's performance are not yet available, The City's Sales Tax consultant, MuniServices, LLC, has provided economic performance data for the four quarters ending March 2010. This analysis measures sales tax receipts, excluding state and county pools, and adjusts for anomalies, payments to prior periods, and late payments. On an economic basis, the drop in the most recent quarter was the result of declines in all sectors, with the second largest sector – Business-to-Business – dropping by 18.6%.

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**GENERAL FUND REVENUE PERFORMANCE (CONT'D.)**

**Sales Tax (Cont'd.)**

**Sales Tax Revenue Economic Performance  
April 2009 - March 2010**

<b>Economic Sector</b>	<b>% of Total Revenue</b>	<b>% Change from April 2009 - March 2010</b>
General Retail	28.6%	- 6.0%
Business to Business	24.1%	- 18.6%
Transportation	21.1%	- 10.5%
Food Products	16.3%	- 5.9%
Construction	9.1%	- 16.9%
Miscellaneous	0.8%	- 5.2%
<b>Total</b>	<b>100.0%</b>	<b>- 11.3%</b>

- **General Sales Tax (Cont'd.)** – As discussed above, because actual Sales Tax receipts for the last two quarters of 2009-2010 experienced higher than anticipated growth, a \$4.2 million increase to the 2010-2011 Sales Tax revenue estimate is recommended in this document which would bring the estimate to \$127,632,000. This increase accounts for higher overall actual collections in 2009-2010 than those used in the development of the 2010-2011 Adopted Budget. This adjustment provides for a 3.5% increase from actual 2009-2010 receipts, but it should be noted that a portion of this growth results from one-time accounting adjustments to reflect prior-year collections and the “Triple-Flip” true-up payment from the State for 2009-2010. The City’s Sales Tax performance will be closely monitored in 2010-2011 to determine if any additional adjustments are necessary to the budgeted estimate.
- **Proposition 172 Half-Cent Sales Tax** – Receipts of \$3.9 million were down 6.6% when compared to the 2008-2009 collection level of \$4.2 million and were also 3.4% below the 2009-2010 budgeted estimate of \$4.1 million. This decline reflects the overall Sales Tax performance throughout the State and the relative share that is attributed to San José.

**Transient Occupancy Tax**

Reflecting the economic slowdown, collections of \$6.9 million for the General Fund’s portion (4.0%) of the City’s Transient Occupancy Tax (TOT) fell 11.5% below the 2008-2009 actual collection level of \$7.8 million, but exceeded the modified budget estimate of \$6.6 million by 5.3%. The higher than budgeted 2009-2010 revenue is primarily due to the average occupancy rate for the City’s 14 largest hotels climbing from 53.8% to 55.9%, partially offset by a \$13 decrease in the average room rate for the same set of hotels (from \$130 to \$117).

# 2009-2010 ANNUAL REPORT

## GENERAL FUND REVENUE PERFORMANCE (CONT'D.)

### Transient Occupancy Tax (Cont'd.)

The 2010-2011 budget assumed 2.0% growth from the 2009-2010 estimate of \$6.6 million that was assumed when the 2010-2011 budget was developed. Because the actual 2009-2010 receipts were above this estimate, the \$6.7 million 2010-2011 budget now allows for a 2.9% decline from the 2009-2010 level. Given the current uncertain economic outlook and the possibility of construction-period impacts from the Convention Center expansion project, no adjustment is recommended at this time. Revenues in this economically sensitive category will continue to be closely monitored and adjustments to the estimate will be brought forward, if necessary.

### Telephone Line Tax

In November 2008, voters approved Measure J that replaced the Emergency Communication System Support Fee with a Telephone Line Tax that is 10% less than the ECSS Fee. The City ceased collecting the fee and began collecting the tax by April 1, 2009. In 2009-2010, Telephone Line Tax collections of \$20.5 million fell 0.5% (\$100,000) below the budgeted estimate of \$20.6 million.

A direct comparison with the prior year is not possible since the 2008-2009 Telephone Line Tax collections of \$7.9 million reflect only approximately three months of revenue. In total, the 2008-2009 Telephone Line Tax and the 2008-2009 Emergency Communication System Support Fee collections totaled \$24.7 million.

### Franchise Fees

Franchise Fee collections of \$38.4 million were slightly below (down 0.4%) the 2009-2010 Modified Budget level of \$38.6 million and were 6.5% below the 2008-2009 collection level of \$41.1 million.

A significant drop in the Gas and Commercial Solid Waste Franchise Fees was partially offset by growth in the Electric and Cable Television Franchise Fees. Following is a discussion of the major Franchise Fee components:

- ***Electric and Gas Franchise Fees*** – for 2009-2010, collections were based on activity that occurred during calendar year 2009. Electric Franchise Fees collections of \$15.5 million were at the 2009-2010 Modified Budget level and 1.0% above the 2008-2009 collection level of \$15.4 million. Gas Franchise Fees of \$3.9 million ended the year 2.6% below the budgeted estimate of \$4.0 million and 39.3% below the 2008-2009 collection level primarily as a result of lower gas prices in 2009.

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**GENERAL FUND REVENUE PERFORMANCE (CONT'D.)**

**Franchise Fees (Cont'd.)**

- **Commercial Solid Waste Franchise Fee (CSW)** – collections of \$9.9 million were 3.3% below the 2008-2009 Modified Budget level of \$10.3 million and 7.0% below the prior year collection level of \$10.7 million. The decrease in collections from the prior year was primarily the result of the steep economic downturn as well as increased recycling.
- **Cable Television Franchise Fees** – collections of \$7.6 million exceeded the budgeted estimate by 3.5% and were 5.6% above the 2008-2009 collection level of \$7.2 million. This increase is partially attributable to cable provider rate increases.
- **City-Generated Tow, Water, and Nitrogen Gas Pipeline Franchise Fees** – These categories were relatively consistent with both the budgeted estimates and the prior year actuals. City-Generated Tow Franchise Fee receipts of \$1.2 million met the budget estimate but were 9.1% above the prior year collection level of \$1.1 million. Water Franchise Fee collections of \$228,000 were 3.6% above the budget estimate but 5.9% below the prior year collection level of \$242,000. Nitrogen Gas Pipeline Franchise Fee receipts of \$48,000 were below the budgeted estimate of \$55,000 and the 2008-2009 collection level of \$62,000.

**Utility Tax**

The City assesses utility user taxes on four utilities: Electricity, Gas, Water, and Telephone. Overall, Utility Tax receipts of \$87.7 million were 0.5% above the 2009-2010 Modified Budget level of \$87.2 million and 2.2% above (\$1.9 million) the 2008-2009 actual level of \$85.7 million.

- **Electricity and Gas Utility Tax** – Electricity Utility Tax receipts of \$37.9 million were approximately 1.2% above the modified budget estimate of \$37.4 million and 0.8% above the 2008-2009 level of \$37.6 million. Declines in activity and the impact of a one-time PG&E electricity rebate almost entirely offset rate increases implemented in 2009-2010. Gas Utility Tax collections of \$8.6 million were 1.2% above the 2009-2010 Modified Budget estimate of \$8.5 million and 11.0% below the 2008-2009 collection level of \$9.7 million. The significant decline from the prior year was due to a combination of lower gas prices during the first half of the fiscal year and relatively low consumption during the unseasonably warm winter months.
- **Water Utility Tax** – receipts of \$8.7 million were 1.7% above the modified budget level of \$8.5 million and 7.4% below the 2008-2009 collection level of \$9.3 million. The unusually large amount of rainfall during the winter and spring likely account for a significant portion of the decline.

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**GENERAL FUND REVENUE PERFORMANCE (CONT'D.)**

**Utility Tax (Cont'd.)**

- **Telephone Utility Tax** – collections of \$32.5 million were slightly (0.9%) below the modified budget level of \$32.8 million and 11.5% above (\$3.6 million) the prior year collection level of \$29.2 million. The growth was primarily driven by an increase of approximately 36% in the landlines area offset by a small decrease of 0.7% in the cellular telephone area. In November 2008, voters approved Measure K that reduced the Telephone Utility Tax rate from 5% to 4.5% and broadened the base for the tax and the definition of technologies covered by the tax. The inclusion of international and interstate calls as well as toll free numbers and fax machines has increased revenues in this category.

**Licenses and Permits**

Revenues in this category include the Cardroom Tax, Business Tax, Disposal Facility Tax, Fire Permits, Building Permits, and various other health and public safety permits and licenses. Overall, Licenses and Permits collections of \$66.0 million were 2.2% above the modified budget level of \$64.6 million, but 6.2% below (\$4.4 million) the 2008-2009 collection level of \$70.4 million. The drop from last year was the net result of lower collections in the Cardroom Tax, Business Tax, Disposal Facility Tax, Fire Permits, and Building Permits categories, partially offset by higher collections in some of the Miscellaneous Permits categories. Following is a discussion of the major Licenses and Permits components:

- **Cardroom Tax** – Collections in this category reflect the 13% gross receipts tax collected from the two cardrooms located in San José. Receipts of \$12.5 million ended the year at the modified budget estimate, but 8.6% below the prior year actual level of \$13.7 million. Receipts are expected to increase by \$5.0 million to \$17.7 million in 2010-2011 based on the Cardroom Tax ballot measure that was approved by the voters in June 2010. The ballot measure increased the Cardroom Tax rate from 13% to 15% and increased the maximum number of card tables from 80 to 98.
- **Business Tax** – Collections of \$10.9 million ended the year 2.4% above the modified budget estimate, but 11.6% below the 2008-2009 collection level of \$12.3 million. The current economic downturn has impacted the number of businesses as well as staffing levels, which directly impact Business Tax receipts.
- **Disposal Facility Tax** – Collections of \$11.6 million ended the year at the budget estimate and 4.3% below the 2008-2009 collection level of \$12.1 million. Revenue from the Disposal Facility Tax is impacted by the economy, waste exports, and diversion. Decreases in retail sales and reduction in construction waste generation appear to have had a negative impact on the amount of material disposed in landfills. The City continues to work with consultants to determine the extent to which waste diversion from the landfills and at intermediate facilities are causing the decline, and to identify other factors which may be involved.

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**GENERAL FUND REVENUE PERFORMANCE (CONT'D.)**

**Licenses and Permits (Cont'd.)**

- **Fire Permits** – Fire Fee receipts of \$6.8 million at year-end were 1.7% above the estimate of \$6.7 million and 8.5% below the prior year level of \$7.4 million. The original 2009-2010 estimate of \$7.9 million was built assuming a continuation of activity levels from the previous year. However, several downward adjustments to the Fire Permit development-related revenue estimate were approved during the year, totaling \$1.2 million, to reflect a significant decline in activity. Higher than estimated collections in June resulted in revenues in this category ending slightly above the adjusted level.

Fire Permit development-related revenues from Architectural Plan Check and Inspection, Engineering Systems (Alarms and Sprinklers) Permits and Inspections, and Miscellaneous revenues ended the year at \$3.0 million, slightly above the modified revenue estimate of \$2.9 million. Because year-end collections slightly exceeded the budgeted estimate, an increase to the Fire Fee Reserve of \$62,000 is recommended as part of this document. When combined with the Fire Department Fee Program expenditure savings and interest earnings of \$164,000, the Fire Fee Program Reserve is recommended to be increased by \$226,000 from \$1.1 million to \$1.4 million.

Fire Permit non-development-related revenue of \$3.8 million from Annual Renewable Permits, Non-Renewable Permits and Inspections, and other Miscellaneous activities were slightly above (1.0%) estimated levels of \$3.7 million. At the end of the year, although annual renewable permits revenue of \$3.4 million was about 2.1% (\$72,000) lower than estimated, combined revenues of \$341,000 from non-renewable permit and inspection activities (such as after hours inspections for fire regulatory enforcement and hazardous materials) and permits for pyrotechnics, tents, canopies, and temporary membrane structures were \$112,000 (48.7%) higher than budgeted levels and \$144,000 (73.7%) higher than prior year's year-end revenue of \$196,000.

- **Building Permits** – Receipts of \$16.3 million ended the year 4.7% (\$0.7 million) above the modified budget estimate of \$15.6 million, but 6.9% below the prior year level of \$17.5 million. As identified in Monthly Financial Reports and the Mid-Year Budget Review, Building Permit revenue throughout the first half of 2009-2010 was consistently below anticipated levels. In recognition of reduced permit revenues, the budget estimate was decreased by \$1.4 million during 2009-2010. Actual collections, however, ended the year \$739,000 over this revised estimate.

The total valuation of projects submitted in 2009-2010 was \$529 million, 8% below the revised estimate of \$575 million and 18% below the \$643 million valuation of projects that were received in 2008-2009. Total construction valuation in two land use categories (industrial and residential) ended the year well below estimates used in the development of the budget. The industrial sector was 34% below estimates at \$115 million and 51% below last year's level (\$235 million). No new construction permits for industrial properties were

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## GENERAL FUND REVENUE PERFORMANCE (CONT'D.)

### Licenses and Permits (Cont'd.)

- **Building Permits (Cont'd.)** – issued in the fourth quarter (April through June 2010), and a 50% year-over-year decline in alterations significantly underperformed even the worst years immediately following the dot-com bust. In addition, residential activity was well below budgeted levels with permit valuation falling to a new all time low.

A total of 573 residential units received permits in 2009-2010 compared to an estimate of 750 units, with a valuation of \$149.3 million in 2009-2010 compared to \$185.4 million in 2008-2009. Commercial activity was 18% above forecasted levels at approximately \$223 million and was nearly 20% above last year's level. Almost one-half of the annual total was received in the fourth quarter (April through June 2010). The number of projects requiring plan check was 5,049 in 2009-2010, a decrease of approximately 2% from 5,141 from the prior year. The total number of building inspections conducted in 2009-2010 was 86,825, dropping approximately 30% from 123,313 inspections during the previous year.

The revenue surplus of \$739,000 in 2009-2010 combined with the expenditure savings of \$109,000 and interest earnings attributed to the program of \$30,000 results in a recommendation to increase the Building Fee Reserve by \$878,000 from \$2.0 million to \$2.9 million as part of this document.

### Fines, Forfeitures and Penalties

The primary sources of revenue in this category are proceeds from Parking, Vehicle Code, and Municipal Code Fines, and Business and Cardroom Tax Penalties. Collections of \$16.0 million in this category were 3.0% below the modified budget estimate of \$16.5 million. Revenues did, however, increase 15.1% from the prior year collection level of \$13.9 million.

Parking fines, the largest component of this revenue category, ended the year at \$10.2 million. This collection level met the modified estimate and increased 20.7% from the 2008-2009 collection level of \$8.5 million, primarily as a result of an increase in parking fines approved in February 2009, the addition of five Parking and Traffic Control Officers in the 2009-2010 Adopted Budget, and the resolution of staffing issues that had negatively impacted 2008-2009 collections. During the year, the revenue estimate for this category was adjusted downwards from the adopted estimate of \$11.5 million due to the economic downturn which impacted overall parking activity and to reflect a delay in training new staff which impacted the issuance of parking citations.

Municipal Code and Vehicle Code Fines ended the year at \$3.9 million, which was 0.6% below the modified budget estimate of \$4.0 million but was 12.4% above the 2008-2009 collections of \$3.5 million. The City also received \$1.2 million from Business Tax Penalties, 17.5% above the modified budget estimate and prior-year collections of \$1.0 million, and the budgeted payment

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**GENERAL FUND REVENUE PERFORMANCE (CONT'D.)**

**Fines, Forfeitures and Penalties (Cont'd.)**

of \$45,000 from the Garden City Cardroom for an outstanding fine. This was the fourth and final fiscal year in which installments to pay this fine were made.

**Revenue from Use of Money and Property**

The largest source of revenue in the Use of Money and Property category is interest income earned in the General Fund as well as in several capital and special funds. While collections of \$3.2 million ended the year at the modified budget level of \$3.2 million, receipts in this category fell 53.7% below the prior year collection level of \$6.9 million. The drop in revenue was due to lower cash balances and a lower interest yield. The pre-payment of the City's contribution to its two retirement plans in July 2009 and lower levels of earmarked reserves resulted in a significantly lower cash balance. The net investment yield for the General Fund also dropped from 3.02% in 2008-2009 to 1.59% in 2009-2010.

**Revenue from Local Agencies**

This revenue category contains revenue received from a variety of other local government agencies. The largest sources of revenue are the reimbursement for City staff and overhead costs from the San Jose Redevelopment Agency (SJRA); the reimbursement from the SJRA for payment of the Convention Center debt service and eligible capital expenditures (which enables the City to fund the San José BEST Program); payments from the Central Fire District for fire services provided to County residents by the San José Fire Department; and payment from the County for the City's Paramedic Program.

Revenue collections of \$48.1 million in the Local Agencies category ended the year below the budgeted estimate of \$50.3 million, with a negative variance of 4.5%. This collection level is 8.1% below the \$52.3 million collected in 2008-2009. Receipts fell below the budgeted estimate due primarily to lower reimbursement for services provided to the SJRA, which were accompanied by expenditure savings. The reimbursements from the SJRA were, however, \$1.2 million above the 2008-2009 level due primarily to a higher payment for eligible expenditures. In 2009-2010, the Central Fire District payment of \$6.0 million was consistent with the modified budget but 22.6% below the prior year collection level of \$7.7 million. These payments represent property taxes collected by the Central Fire District for areas of the County served by the San José Fire Department. The lower level of payments is the result of both reduced property tax revenues in 2009-2010 and a reduction in the service area due to annexation of County pockets. The payment of \$1.8 million from the County for the City's Paramedic Program was consistent with both the budgeted estimate and the prior year collection level.

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ANNUAL REPORT**

**GENERAL FUND REVENUE PERFORMANCE (CONT'D.)**

**Revenue from the State of California**

The major State revenues include Motor Vehicle In-Lieu Fees, Airplane In-Lieu Fees, and State Grants. Revenue from the State of California of \$11.7 million ended the year 6.8% above the modified budget estimate of \$11.0 million, but 13.2% below the prior year actual level of \$13.5 million. The positive variance from the modified budget estimate was due primarily to significantly higher Motor Vehicle In-Lieu payments received for June 2010.

Motor Vehicle In-Lieu payments totaled \$3.3 million in 2009-2010, which was above the modified budget of \$2.8 million, but 17.2% below the prior year collection level of \$4.0 million. Until the end of the fiscal year, collections in this category had been tracking well below the prior year and consistent with the adopted budget estimate. The last payment of the fiscal year of \$1.1 million, however, was far higher than expected and resulted in the positive budgetary variance. Airplane In-Lieu collections of \$3.9 million ended the year just below the modified budget estimate of \$4.0 million and 20.2% below the 2008-2009 collection level of \$4.9 million.

Revenue from State grants and reimbursements totaled \$4.6 million, exceeding the budget estimate of \$4.3 million due to recognition of a \$675,000 grant from the California Integrated Waste Management Board related to the Watson Park project. Excluding that adjustment, State grant receipts and reimbursements fell below the budgeted estimate by approximately \$366,000. A portion of these grants (\$191,000) was rebudgeted to 2010-2011 as part of the final adoption of the budget. Included in this report are recommendations to adjust previous rebudgets based on actual year-end performance, as described in Section III.

**Revenue from the Federal Government**

The revenue in this category is generated by various federal grants and reimbursements. In 2009-2010, Revenue from the Federal Government of \$5.1 million was 39.2% below the modified budget estimate of \$8.4 million and 41.7% below the 2008-2009 collection level of \$8.8 million. A portion of these grants (\$2.7 million) was rebudgeted to 2010-2011 as part of 2010-2011 Adopted Budget. Additional adjustments are recommended in this report to adjust revenue and corresponding expenditure budgets for various grants based on actual performance, as described in Section III of this report.

**Revenue from the Federal Government – American Recovery and Reinvestment Act (ARRA)**

This category accounts for the revenue associated with the American Recovery and Reinvestment Act of 2009 (ARRA) that is recorded in the General Fund. The revenue in this category is generated by various federal grants and reimbursements. In 2009-2010, ARRA Revenue from the Federal Government of \$367,000 was significantly below the modified budget

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**GENERAL FUND REVENUE PERFORMANCE (CONT'D.)**

**Revenue from the Federal Government – American Recovery and Reinvestment Act (ARRA) (Cont'd.)**

estimate of \$10.8 million. However, \$10.3 million of these grants was rebudgeted to 2010-2011 as part of the 2010-2011 Adopted Budget. Additional adjustments are recommended in this report to adjust revenue and corresponding expenditure budgets for various grants based on actual performance, as described in Section III of this report.

**Departmental Charges**

This category includes the fees and charges levied to recover all or partial costs of services provided by various City departments. Collections of \$27.3 million for Departmental Charges were 0.9% above the modified budget estimate of \$27.1 million and were consistent with the 2008-2009 collection level.

A brief description of the performance in each of the departmental fee categories is provided below.

- ***Library Departmental Fees*** – Collections of \$1.6 million were consistent with the modified budget estimate and 17.8% above the 2008-2009 receipts of \$1.4 million. The higher collections in 2009-2010 resulted from a doubling of library fines and increased collection efforts.
- ***Parks, Recreation, and Neighborhood Services Departmental Fees*** – Collections of \$11.0 million ended the year at the modified budget level, and improved significantly from the 2008-2009 collection level of \$7.0 million (57% higher). The significant increase from 2008-2009 to 2009-2010 was primarily due to the re-opening of Happy Hollow Park and Zoo. The March 2010 re-opening of this facility, which was closed in 2008-2009, was responsible for the majority of this additional revenue through memberships and admissions, parking fees, and food and beverage sales. Also contributing positively to the 2009-2010 revenue performance was a strong performance in the Rentals and Reservations category (77% above the budgeted level), as well as the introduction of a fee-based model for the ROCK (Recreation of City Kids) Program, which generated \$307,000. These positive revenue performances were partially offset by lower than budgeted revenue collections in several categories, most notably Summer Swim and Adult Sports. These programs were negatively impacted by approved staffing/programmatic reductions. With Happy Hollow Park and Zoo open for the entire fiscal year and with additional planned fee increases (consistent with the City Council's Pricing and Revenue Policy) in 2010-2011, total PRNS Department Fees revenue is anticipated to increase to \$12.7 million.

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**GENERAL FUND REVENUE PERFORMANCE (CONT'D.)**

**Departmental Charges (Cont'd.)**

- **Planning Departmental Fees** – Collections of \$2.7 million ended the year 6.2% below the modified budget estimate of \$2.9 million and 29.8% below the prior year level of \$4.3 million. As identified in the Bi-Monthly Financial Reports and the Mid-Year Budget Review, Planning Fee revenue throughout 2009-2010 was consistently below anticipated levels. In recognition of reduced revenues, budget estimates were decreased three times by a total of \$1.1 million. Actual collections, however, fell below this revised estimate. Several fee categories fell well below budgeted levels including: Residential Tentative Maps, Public Noticing, Residential and Non-Residential Conventional Rezoning/Rezoning, Residential and Non-Residential Site Development Permits, Residential and Non-Residential Planned Development Permits, and Miscellaneous Permits.

Expenditure savings of \$289,000 in the Planning Development Fee Program along with interest earnings attributed to the Planning Fee Program (\$3,000) are available to offset the revenue shortfall of \$180,000 in this program. Based on 2009-2010 activity, the Planning Fee Reserve would be increased by \$112,000 from \$418,000 to \$530,000. It is recommended elsewhere in this document that this increase to the reserve be used to reduce the 2010-2011 revenue estimate as revenue performance continues to trend downward. Should revenues in 2010-2011 decline at the same rate as in 2009-2010, even with the recommended adjustment to the revenue estimate, there could be a shortfall in this category of up to \$200,000. Additional measures may be necessary in 2010-2011 if revenue performance does not improve. The Planning Fee Reserve would be available to offset potential revenue shortfalls.

- **Police Departmental Fees** – Collections of \$1.9 million at year-end were 4.4% (\$81,000) above the modified budget estimate of \$1.9 million and 25.0% (\$389,000) above actual collections of \$1.6 million in 2008-2009. This variance is primarily due to higher collections of Miscellaneous Police Revenue (\$145,000) partially off-set by lower collections in State Reimbursements for Police Extraditions (\$34,000), Photostat (Police Records/Reports) (\$18,000), and Vehicle Impound Release fees (\$12,000). The original 2009-2010 revenue estimate (\$2.3 million) assumed a higher level of revenue collection from Photostat (Police Records/Reports) and Impounded Vehicle Release fees, based on prior year collection trends and fee revisions approved for 2009-2010 to maintain cost recovery. However, as a result of lower than anticipated activity levels in these areas, collections fell below the budgeted estimate. Consequently, in conjunction with the 2009-2010 Mid-Year Budget Review, the City Council approved a \$212,000 reduction to the estimate for the Impounded Vehicle Release fee, and then as part of the 2009-2010 Year End Review approved additional revenue estimate reductions of \$100,000 to the Impounded Vehicle Release fee and \$100,000 to the revenue estimates Photostat (Police Records/Reports) fee.

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**GENERAL FUND REVENUE PERFORMANCE (CONT'D.)**

**Departmental Charges (Cont'd.)**

- **Public Works Departmental Fees** – Collections of \$4.2 million ended the year 3.3% above the modified budget estimate of \$4.1 million and 34.1% below the \$6.4 million collected in 2008-2009. Revenues in utility excavations, residential engineering, non-residential engineering, non-residential underground service alert locating, utilities, erosion and sediment control underground service alert locating, geological control application fees, planned development rezonings, and grading permits categories all performed at higher than estimated levels. However, this performance was offset by lower than anticipated collections for private streets engineering, non-residential streetlight design, residential streetlight design, non-residential signal inspection, traffic reports, non-residential streetlight inspection, site development permits development review, and conditional use permits development review categories. When actual expenditures are compared to revenues, the Development Fee Program ended the year with a surplus of approximately \$254,000, which is recommended in this report to be used to establish the Public Works Development Fee Program Earmarked Reserve.
- **Transportation Departmental Fees** – Collections of \$991,000 ended the year 12.3% (\$109,000) above the modified budget estimate of \$882,000 but 11.8% (\$132,000) below the \$1.1 million collected in 2008-2009. Collections fell below the prior year due to a drop-off in development-related fees, such as Residential Signal Review, Non-Residential Signal Review, and Geometric Design Fees. In recognition of the reduced development activity, the budgeted revenue estimate was reduced by \$150,000 during the year. The declines in these categories, however, were not as significant as anticipated and, as a result, these development-related fees ended the year above the modified budget. Other categories ended the year with slight positive or negative variances.
- **Miscellaneous Departmental Fees and Charges** – Collections of \$4.8 million ended the year 1.2% above the modified budget estimate of \$4.7 million. This collection level was, however, 14.1% below the prior year actual level of \$5.5 million primarily due to the suspension of the Business Tax Administration Fee effective October 2009.

**Other Revenue**

The Other Revenue category contains a number of unrelated revenue sources. Other Revenue receipts of \$27.0 million were 0.9% above the budgeted estimate of \$26.8 million and 25.0% above the 2008-2009 collection level of \$21.6 million. There were a number of individual line items with positive or negative variances to the modified budget. The line items with the largest positive variances included: SB 90 State reimbursements for mandated services (up \$742,000), reimbursement from the San Jose Redevelopment Agency for Watson Park project expenses (up \$359,000), Investment Cost Reimbursement (up \$346,000), Arena Rental (up \$302,000), Sidewalk Repair Activities (up \$189,000), Banking Services (up \$172,000), and Comcast PEG

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**GENERAL FUND REVENUE PERFORMANCE (CONT'D.)**

**Other Revenue (Cont'd.)**

Access Capital (up \$143,000). These higher collections were partially offset by negative revenue variances in the following categories: Sale of Real Properties (down \$1.5 million), Tree Maintenance Activities (down \$291,000), FMC property revenue (down \$233,000), and Vendor Audit revenue (down \$200,000). The negative variance in the Sale of Real Properties category resulted from the accounting characterization of the sale of the Japantown property to the Housing Department. This transaction was recorded as a Transfer from the Low and Moderate Income Housing Fund rather than as Other Revenue.

**Transfers and Reimbursements**

This category includes overhead reimbursements, transfers to the General Fund, and reimbursements for services. Overall collections ended the year at \$95.0 million, which was 1.2% (\$1.1 million) above the budgeted estimate of \$93.8 million. The positive variance was due to higher collections in the overhead and reimbursements categories.

- **Overhead Reimbursements** – Payments from other funds for overhead costs of \$40.5 million ended the year 2.7% above the modified budget estimate of \$39.5 million. This variance represents the net result of a series of over- and under-budgeted performances from over 45 special and capital funds that reimburse the General Fund. These differences occurred where fund activities were over or under the level assumed in the modified budget estimates. The positive variance was driven by higher than anticipated collections from Workforce Investment Act Fund grant-related overhead and various capital funds (e.g., Airport Revenue Bond Funds, the San José/Santa Clara Treatment Plant Capital Fund, and the Building and Structure Construction Tax Fund) based on actual activity levels.
- **Transfers** – Revenue from the Transfers category of \$37.5 million ended the year just slightly below the modified budget level of \$37.6 million. Lower than anticipated transfers of interest earnings from other funds (down \$200,000) were almost entirely offset by the higher than anticipated formula-driven transfer from the Construction and Conveyance Tax Fund to the General Fund (up \$200,000) to support parks maintenance activities due to higher than anticipated C&C Tax receipts. The General Fund receives 15% of the Parks C&C Tax receipts.
- **Reimbursement for Services** – Collections of \$16.9 million in the Reimbursements for Services category were 0.6% above the modified budget level of \$16.8 million. The slight positive variance was due to higher than anticipated Gas Tax reimbursements (up \$200,000) offset by lower than anticipated Deferred Compensation cost reimbursements (down \$91,000).

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**GENERAL FUND REVENUE PERFORMANCE (CONT'D.)**

**Summary**

In 2009-2010, total revenue received by the General Fund of \$782.6 million was lower than the modified budget level by \$12.4 million or 1.6%. After adjusting for \$13.2 million of grant and reimbursement related revenues not received in 2009-2010, but rebudgeted to 2010-2011 as part of the 2010-2011 Adopted Budget, however, revenues actually ended the year \$825,000 (0.1%) above the budgeted estimate. This is an extremely small variance given the diversity of the City's revenues and the overall size of the General Fund. The \$782.6 million of 2009-2010 revenue represents a decrease of \$20.9 million (down 2.6%) from the actual 2008-2009 collections (\$803.5 million). As described in this section, the outcome represents the net impact of a number of positive and negative variances.

The 2009-2010 Adopted Budget revenue estimates were built on the assumption that the deep global recession would continue to impact economic performance through at least 2009 and into 2010. Actual 2009-2010 revenue performance has proven this to be the case. Indeed, in some instances it was necessary to adjust the revenue estimates downward because the economic impacts were more severe than originally anticipated. The 2010-2011 Adopted Budget also factored in the lower collection levels. In the Property Tax category, however, information recently provided by the County Controller-Treasurer Department indicates revenue declines that exceed the projections used to develop the 2010-2011 Budget. To account for this lower collection level, a downward adjustment of \$4.1 million to the 2010-2011 Property Tax revenue estimate is recommended in this document, allowing for a 3.6% decline in 2010-2011.

Conversely, because actual Sales Tax receipts for the last two quarters of 2009-2010 experienced higher than anticipated growth, a \$4.2 million increase to the 2010-2011 Sales Tax revenue estimate is recommended in this document which would bring the estimate to \$127,632,000. This increase accounts for the higher overall actual collections in 2009-2010 than those used in the development of the 2010-2011 Adopted Budget. This adjustment provides for a 3.5% increase from actual 2009-2010 receipts, but it should be noted that a portion of this growth results from one-time accounting adjustments to reflect prior-year collections and the "Triple-Flip" true-up payment from the State for 2009-2010.

Although the most severe recession since the Great Depression officially ended in June 2009, the slow pace of recovery is expected to continue to adversely impact the City's revenue performance through 2010-2011. The Administration will actively monitor collections for 2010-2011 through the Bi-Monthly Financial Report and Mid-Year Budget Review process, and return to the Mayor and City Council with recommendations for any revisions as necessary.

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## GENERAL FUND EXPENDITURE PERFORMANCE

The General Fund expenditure performance for 2009-2010 is discussed in detail in this section. This includes an overview of the General Fund expenditure performance, a discussion of significant departmental variances, and highlights of the non-departmental expenditures.

<b>Overview</b>
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The following table details actual 2009-2010 General Fund expenditures as compared with the modified budget estimates:

**TABLE B  
2009-2010 GENERAL FUND EXPENDITURE SUMMARY  
COMPARISON OF BUDGET TO ACTUAL  
(In \$000s)**

Category	Modified Budget*	Actual**	Variance	% Variance
<i>Personal Services</i>	\$ 606,720	\$ 601,211	\$ 5,509	0.9%
<i>Non-Personal/Equipment/Other</i>	106,467	95,951	10,516	9.9%
<i>City-Wide Expenses</i>	137,386	98,239	39,147	28.5%
<i>Capital Contributions</i>	27,357	19,436	7,921	29.0%
<i>Transfers</i>	25,439	25,425	14	0.1%
<i>Reserves</i>	87,308	-	87,308	100.0%
<b>TOTAL GENERAL FUND</b>	<b>\$ 990,677</b>	<b>\$ 840,262</b>	<b>\$ 150,415</b>	<b>15.2%</b>

\* 2009-2010 appropriations as modified by Council through June 30, 2010, plus 2008-2009 carryover encumbrances

\*\* Actual 2009-2010 expenses plus encumbrances

General Fund expenditures and encumbrances through June 30, 2010 totaled \$840.3 million. This expenditure total was down \$55.3 million, or 6.2%, from the June 2009 level of \$895.6 million, and was \$150.4 million below (down 15.2%) the modified budget total of \$990.7 million. Excluding \$87.3 million in reserves, the remaining savings were \$63.1 million (7.0%).

In addition to comparing actual expenditures to the modified budget, it is important to compare actual expenditures to the estimates used in formulating the 2009-2010 Ending Fund Balance/2010-2011 Beginning Fund Balance estimate for the 2010-2011 Adopted Budget. This comparison is used to determine any adjustments necessary to the 2010-2011 Adopted Budget. A slight upward adjustment to the 2010-2011 Beginning Fund Balance is possible because 2009-2010 expenditures ended the year below the estimates used in the budget development process.

As shown in Table C, the actual General Fund Expenditures, Transfers, and Reserves of \$840.3 million were approximately \$19.0 million below (2.2%) the estimated level. A portion of these savings (\$13.2 million) was carried over to 2010-2011 with the accompanying revenue for grant or reimbursement-related projects and programs. Clean-up adjustments of \$2.6 million are

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**GENERAL FUND EXPENDITURE PERFORMANCE (CONT'D.)**

<b>Overview (Cont'd.)</b>
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recommended in this document to reconcile the development fee programs for 2009-2010 (\$1.1 million) and to adjust various rebudget amounts (\$1.5 million). After accounting for these technical adjustments, the remaining General Fund Expenditures, Transfers, and Reserves savings figure is \$3.2 million, or 0.4% of the estimate. Combined with the General Fund Revenue net positive variance of \$341,000 (after technical adjustments to reconcile the development fee programs, grant or reimbursement-related adjustments, and budget allocations to reflect revenue reconciliations) and additional liquidated encumbrances of \$52,000, a very small amount, \$3.5 million, of additional 2010-2011 Beginning Fund Balance is available for allocation. Recommendations on the allocation of these additional funds are provided in this document.

**TABLE C  
2009-2010 EXPENDITURE ESTIMATE TO ACTUAL VARIANCES  
(In \$000s)**

Category	Estimate	Actual	Variance	% Variance
<i>Expenditures</i>	\$ 832,338	\$ 814,837	\$ 17,501	2.1%
<i>Transfers</i>	25,439	25,425	14	0.1%
<i>Reserves</i>	1,443	-	1,443	100.0%
<i>Total</i>	\$ 859,220	\$ 840,262	\$ 18,958	2.2%

Following is a review of the General Fund expenditure categories, including a discussion of variances to the modified budget as well as the estimate used in the development of the 2010-2011 budget.

Personal Services expenditures of \$601.2 million ended the year \$5.5 million (0.9%) below the budgeted level. This level of savings is near the low end of the range of savings experienced over the past decade: from a high of 2.5% savings in 2006-2007 to a low of 0.8% savings in 2003-2004. The majority of Personal Services savings were generated by six departments: Police (\$2.0 million); Fire (\$1.1 million); Finance (\$374,000); Parks, Recreation and Neighborhood Services (\$341,000); General Services (\$334,000); and the City Auditor's Office (\$251,000). The Personal Services savings in all departments were primarily generated from vacant positions, reflecting the impact of the hiring freeze which has been in place in some form since 2001.

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**GENERAL FUND EXPENDITURE PERFORMANCE (CONT'D.)**

**Overview (Cont'd.)**

General Fund Non-Personal/Equipment/Other<sup>1</sup> expenditures and encumbrances ended the year at \$96.0 million, generating savings from the budgeted level of approximately \$10.5 million (9.9%). The majority of savings in this category were generated by the Mayor and City Council (\$2.4 million) and by the following departments: City Clerk (\$1.4 million); Transportation (\$1.2 million); Police (\$1.1 million); Planning, Building and Code Enforcement (\$949,000); and Information Technology (\$870,000).

Of the \$5.5 million in Personal Services savings and \$10.5 million in Non-Personal/Equipment/Other savings, \$15.4 million was assumed as savings in the development of the 2010-2011 budget or rebudgeted to 2010-2011 in the Adopted Budget. An additional \$90,000 is recommended to be rebudgeted in this document. Factoring out these assumed savings and rebudgets, adjusted Departmental expenditure savings totaled approximately \$506,000, or 0.1%. As \$1.1 million is recommended in this document to be allocated to the Development Fee Program Reserves, the year-end savings in the Departmental Expenditures category fell below the estimate used in the development of the 2010-2011 budget by \$574,000.

In the City-Wide Expenses category, expenditures of \$98.2 million ended the year \$39.1 million below the budgeted level. Of this amount, \$36.3 million was assumed as savings in the development of the 2010-2011 budget or rebudgeted to 2010-2011 in the Adopted Budget. An additional \$952,000 is recommended to be rebudgeted in this document. Factoring out these assumed savings and rebudgets, the City-Wide category generated savings of \$1.9 million (1.4%). These savings were spread among many appropriations as discussed later in this section.

In the Capital Contributions category, \$7.9 million remained unexpended at year-end. Of this amount, \$7.1 million was assumed as savings in the development of the 2010-2011 budget or rebudgeted to 2010-2011 in the Adopted Budget. An additional \$511,000 is recommended to be rebudgeted in this document. Factoring out these assumed savings and rebudgets, adjusted General Fund Capital savings totaled \$280,000 (1.0%) at year-end.

In the Transfers category, \$14,000 remained unexpended at year-end. Adjusted for the reversal, recommended in this document, of an Adopted Budget rebudget of \$400,000, savings in the Transfers category totaled \$14,000 (0.1%) at year-end.

The largest single category of remaining funding occurred, as planned, in the Reserves category (\$87.3 million). Of the \$87.3 million in Reserves, \$85.9 million was assumed in the development of the 2010-2011 budget or rebudgeted to 2010-2011 in the Adopted Budget. A negative rebudget of \$75,000 is recommended in this document for the Building Fee Program Reserve. Factoring out these assumed savings and rebudgets, adjusted savings from the General

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

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**GENERAL FUND EXPENDITURE PERFORMANCE (CONT'D.)**

**Overview (Cont'd.)**

Fund Reserves totaled approximately \$1.5 million, or 1.7%. Additional detailed discussion of the reserve status can be found later in this section of the document.

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

Departmental costs (\$697.2 million) represented approximately 83.0% of total 2009-2010 General Fund expenditures. As can be seen in Table D on the following page, all departments remained within their total budget allocation and expended a cumulative 97.8% of their budgets, generating overall savings of 2.2%, or \$16.0 million. Of the twenty City departments/offices, twelve had expenditure savings of less than 5%. These twelve departments, which included the Police and Fire Departments, generated \$9.5 million (59%) of the savings. Three departments had expenditure savings between 5% – 10% and generated \$1.9 million (12%) of the savings. The remaining five departments had expenditure savings over 10% and generated \$4.6 million (29%) of the savings.

In 2009-2010, the following six departments/offices had expenditure savings in excess of \$1 million: City Clerk; Fire; Mayor and City Council; Planning, Building and Code Enforcement; Police; and Transportation. A portion of the savings in several of these departments/offices, however, was previously rebudgeted as part of the Adopted Budget and/or are being recommended to be rebudgeted as part of this document.

Those departments with General Fund expenditure variances over 5% are discussed in detail in the following section. In addition, the year-end status of expenditures for both the Police and Fire Departments are also summarized.

Non-departmental expenditures totaled \$143.1 million, or 17.0% of the total 2009-2010 General Fund expenditures. In this category, 75.2% of the amount budgeted (excluding reserves) was expended. The reserves represent the largest portion of the unexpended funds and are being carried over or used in 2010-2011 as planned. It is also important to note that the majority of savings in the City-Wide Expenses and Capital Contributions categories also have been or are recommended in this document to be rebudgeted to 2010-2011 for their originally intended uses.

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**GENERAL FUND EXPENDITURE PERFORMANCE (CONT'D.)**

<b>Review of General Fund Expenditure Performance</b>
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**TABLE D  
TOTAL GENERAL FUND EXPENDITURES**

Departmental	2009-2010 Modified Budget	2009-2010 Expenditures	Variance	%Variance
City Attorney	\$ 13,624,290	\$ 13,546,437	\$ (77,853)	(0.6%)
City Auditor	2,442,309	2,120,131	(322,178)	(13.2%)
City Clerk	3,526,574	2,071,620	(1,454,954)	(41.3%)
City Manager	11,623,313	11,298,482	(324,831)	(2.8%)
Economic Development	3,916,052	3,820,615	(95,437)	(2.4%)
Environmental Services	944,142	651,709	(292,433)	(31.0%)
Finance	12,093,580	11,559,047	(534,533)	(4.4%)
Fire	154,518,689	152,978,979	(1,539,710)	(1.0%)
General Services	27,512,797	27,034,042	(478,755)	(1.7%)
Human Resources	8,218,139	7,788,636	(429,503)	(5.2%)
Independent Police Auditor	807,257	694,336	(112,921)	(14.0%)
Information Technology	17,348,523	16,356,020	(992,503)	(5.7%)
Library	30,203,529	29,951,657	(251,872)	(0.8%)
Mayor and City Council	10,299,170	7,862,339	(2,436,831)	(23.7%)
Parks, Recreation and Neighborhood Services	58,250,611	57,484,040	(766,571)	(1.3%)
Planning, Building and Code Enforcement	24,810,528	23,768,907	(1,041,621)	(4.2%)
Police	294,291,558	291,210,267	(3,081,291)	(1.0%)
Public Works	5,255,927	4,769,921	(486,006)	(9.2%)
Redevelopment Agency	1,945,977	1,896,431	(49,546)	(2.5%)
Transportation	31,553,869	30,298,425	(1,255,444)	(4.0%)
<b>Subtotal</b>	<b>713,186,834</b>	<b>697,162,041</b>	<b>(16,024,793)</b>	<b>(2.2%)</b>
<b>Non-Departmental</b>				
City-Wide Expenses	137,386,106	98,238,871	(39,147,235)	(28.5%)
Capital Contributions	27,356,409	19,435,760	(7,920,649)	(29.0%)
Transfers	25,439,351	25,424,995	(14,356)	(0.1%)
Earmarked Reserves	44,292,251	-	(44,292,251)	(100.0%)
Contingency Reserve	30,715,711	-	(30,715,711)	(100.0%)
Ending Fund Balance	12,300,000	-	(12,300,000)	(100.0%)
<b>Subtotal</b>	<b>277,489,828</b>	<b>143,099,626</b>	<b>(134,390,202)</b>	<b>(48.4%)</b>
<b>TOTALS</b>	<b>\$ 990,676,662</b>	<b>\$ 840,261,667</b>	<b>\$ (150,414,995)</b>	<b>(15.2%)</b>

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**GENERAL FUND EXPENDITURE PERFORMANCE (CONT'D.)**

**Discussion of Significant Departmental Variances and Other Issues**

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

- *City Auditor*

The Office of the City Auditor expended 86.8% of its General Fund appropriation with resulting savings of \$322,000. The majority of this variance is related to Personal Services expenditures, which were 11.1% below (\$251,000) the modified budget as a result of salary savings due to two of the Office's 17 (11.8%) budgeted positions being vacant for most of 2009-2010. Non-Personal/Equipment expenditures ended the year 41.4% below (\$71,000) budgeted levels. The majority of these savings were realized in contractual services. Savings in contractual services represents less reliance on contractual resources to conduct certain audits. Currently, contractual services are only used when the Office does not have the expertise to conduct an audit in-house. In 2009-2010, all audits were done in-house, requiring less contractual resources.

- *City Clerk*

The Office of the City Clerk expended 58.7% of its modified budget of \$3.5 million with resulting savings of \$1.5 million. Personal Services expenditures were 1.4% (\$25,000) below budgeted levels. The majority of the Office's savings is related to Non-Personal/Equipment expenditures, which were 84.9% (\$1.4 million) below the modified budget. Of this balance, \$1.4 million was rebudgeted in the 2010-2011 Adopted Budget to pay for anticipated expenses associated with the June Council District/Mayoral primary. The Santa Clara County Registrar of Voters was unable to bill the City for these election costs until 2010-2011. Because the bill was received this summer and the cost for elections was slightly lower than anticipated, a reduction of \$250,000 to the Office's Non-Personal/Equipment appropriation is recommended elsewhere in this document.

- *Environmental Services*

The Environmental Services Department expended 69.0% of its modified budget of \$944,000 with resulting savings of \$292,000. Personal Services expenditures were 18.1% (\$66,000) below budgeted levels. Of this balance, \$31,000 was rebudgeted in the 2010-2011 Adopted Budget to pay for Silicon Valley Energy Watch Program (\$23,000) and Solar America Cities Program staffing (\$7,780). The Silicon Valley Energy Watch Program focuses on promoting energy efficiency through activities that include outreach and education, training, and local government policy coordination. The Solar America Cities program is a two-year educational and outreach program focused on making solar a mainstream energy source. An additional \$2,000 is recommended to be rebudgeted in this document for Solar America Cities Program staffing. After these adjustments, the net Personal Services savings totals

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**GENERAL FUND EXPENDITURE PERFORMANCE (CONT'D.)**

**Discussion of Significant Departmental Variances and Other Issues (Cont'd.)**

- *Environmental Services (Cont'd.)*

\$33,000. The majority of the Department's savings is related to Non-Personal/Equipment expenditures, which were 38.9% (\$227,000) below the modified budget.

Of this balance, \$40,000 was rebudgeted in the 2010-2011 Adopted Budget to pay for Solar America Cities activities. This document recommends an additional rebudget of \$66,000 to pay for Solar America Cities (\$10,605), and Silicon Valley Energy Watch (\$54,908) activities. After these adjustments, the net Non-Personal/Equipment savings totals \$121,000. These primarily represent savings accumulated over the three-year term of the Silicon Valley Energy Watch Grant.

- *Fire*

At the end of 2009-2010, the Fire Department had expended or encumbered 99.0% of its total modified budget of \$154.5 million, resulting in savings of \$1.5 million. Of this savings, \$379,000 was either allocated for rebudgets or required to be reallocated to the Fire Fee Reserve, leaving \$1.2 million in net savings.

The Personal Services appropriation of \$146.7 million was 99.2% expended, with savings of \$1.1 million, primarily due to overtime as well as vacancies in the Development Fee Program. Savings of \$120,000 was estimated to be available for a Leadership Academy for Fire Management Training and was approved for rebudget in the 2010-2011 Adopted Budget. After this rebudget, Personal Services savings total \$1.0 million. In reconciling the Development Fee Program budget with year-end Personal Services expenditures, savings in the Program of about \$61,000 will be transferred to the Fire Fee Reserve. Reallocating this amount to the Fire Fee Reserve would result in savings of \$961,000 in this appropriation.

Fire's overtime expenditures of \$9.0 million ended the year below the modified budget level of \$12.0 million. The \$3.0 million in overtime savings was partially offset by \$1.9 million in higher than budgeted total salary and benefit costs. A combination of full-time staff and overtime is used to address the Fire Department's minimum staffing requirements. Overtime savings were a result of minimum staffing levels being maintained with full-time staffing rather than the use of overtime. In fall 2010, the Fire Department is expected to bring its 2009-2010 annual overtime report to the Public Safety, Finance, and Strategic Support Council Committee. The overtime report will include an analysis of the balance between relief personnel and the overtime allocation for minimum staffing.

The Fire Department ended 2009-2010 with a total of 232 filled paramedic positions (183 front-line, 5 Supervisors, and 44 support) compared to the 157 front-line Firefighter

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**GENERAL FUND EXPENDITURE PERFORMANCE (CONT'D.)**

**Discussion of Significant Departmental Variances and Other Issues (Cont'd.)**

- *Fire (Cont'd.)*

Paramedics that are necessary to fully staff all apparatus. The Department projects it will have no issues maintaining the target staffing level of 157 front-line Firefighter Paramedics in 2010-2011.

The Department's Non-Personal/Equipment budget was 94.9% expended or encumbered, with year-end savings of \$397,000. Of this savings, \$131,000 was estimated to be available for targeted projects and was approved for rebudget in the 2010-2011 Adopted Budget: \$52,000 for a Filenet Upgrade, \$44,000 for Broadband Modem Maintenance and Operating Costs, and \$35,000 for a Leadership Academy for Fire Management Training. The portion of Non-Personal/Equipment savings of \$67,000 achieved by Fire's Development Fee Program is recommended to be allocated to the Fire Fee Reserve. This leaves Non-Personal/Equipment savings of \$200,000.

- *Human Resources*

The Human Resources Department expended 94.8% of its General Fund budget with resulting savings of \$430,000. Personal Services expenditures were 1.3% below budgeted levels (\$92,000). Included in the 2009-2010 Year End Budget Review was a \$100,000 adjustment to increase the Personal Services appropriation to prevent an appropriation overrun related to higher than budgeted costs as a result of potential vacation sell back and retirement payout costs. However, the anticipated vacation sell back and retirement payout costs did not occur at the higher than expected level, resulting in savings. Non-Personal/Equipment expenditures were 28.2% below budgeted levels (\$338,000). Roughly a third of this savings (\$110,000) was already assumed as a balancing strategy included in the 2010-2011 Adopted Operating Budget to provide sufficient funding for the extension of the Employee Wellness Program. An additional \$85,300 was rebudgeted for the Employee Wellness Program in the 2010-2011 Adopted Budget.

A negative rebudget of \$41,000 is recommended in this document in order to align the department's year-end balances with actual program expenditures. This leaves savings of \$184,000 which were primarily achieved in the Deferred Compensation Program as a result of implementing "green" communication strategies, reducing training costs, and eliminating projected cost increases through market searches. In addition, a portion of fingerprinting expenditures were reallocated to the Workforce Investment Act Fund and the department implemented strict spending habits and reduced supply costs by increasing electronic communication and storage.

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**GENERAL FUND EXPENDITURE PERFORMANCE (CONT'D.)**

**Discussion of Significant Departmental Variances and Other Issues (Cont'd.)**

- *Independent Police Auditor*

Overall, the Independent Police Auditor's (IPA) Office expended 86.0% of its total modified budget of \$807,000 with savings of \$113,000 through year-end. Approximately \$107,000 of the savings was in Personal Services due to the IPA position being vacant for a majority of 2009-2010. The position was filled through an executive recruitment in May 2010.

A portion of the savings from the vacant position was used to fund a temporary Office Specialist II position in the Office in 2009-2010. As part of the 2010-2011 Adopted Budget, Personal Services savings of \$4,200 was rebudgeted to cover the vehicle allowance for the new IPA in 2010-2011. An additional \$35,600 in savings is recommended for rebudget in this document to extend the Office Specialist II position from January 1, 2011 through June 30, 2011, as funding was already approved in the 2010-2011 Adopted Operating Budget to extend the position through December 31, 2010.

The Office's Non-Personal/Equipment budget was 80.4% expended and encumbered, with savings of \$6,000. Savings in printing (\$2,000) and equipment rental (\$4,000) contributed to a significant portion of the overall Non-Personal/Equipment savings. A portion of the Non-Personal/Equipment savings, \$1,400 for printing the 2009-2010 year-end IPA report, was rebudgeted in the 2010-2011 Adopted Budget. An additional \$2,800 in savings is recommended for rebudget in this document to cover the costs of a multi-year copy machine rental contract.

- *Information Technology*

The Information Technology Department (ITD) expended 94.3% of its General Fund modified budget with year-end savings of \$993,000. Personal Services expenditures were 1.0% below modified budget levels (\$123,000) resulting from an adjustment for a projected Personal Services overage of \$150,000 that was approved at the end of 2009-2010.

Non-Personal/Equipment expenditures were 15.5% or \$870,000 below budgeted levels. This savings primarily represents project savings or project delays. Of the remaining balance, \$560,000 was rebudgeted in the 2010-2011 Adopted Operating Budget for projects including: the Converged Network (VoIP) Expansion project (\$300,000), Security Service Needs (\$137,000), Technical Training (\$83,000), and the FileNet Upgrade project (\$40,000). This document recommends an additional rebudget of \$300,000 for the Converged Network (VoIP) Expansion project to continue expanding the converged network to General Funded remote sites, including community centers and fire stations, currently using the outmoded legacy telecommunications system. After these adjustments, the net Non-Personal/Equipment savings total \$10,000.

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**GENERAL FUND EXPENDITURE PERFORMANCE (CONT'D.)**

**Discussion of Significant Departmental Variances and Other Issues (Cont'd.)**

- *Mayor and City Council*

Overall, the Mayor's Office, the City Council Offices, and Council General expended 76.3% of their total modified budget of \$10.3 million with savings of \$2.4 million through year-end. Of this amount, \$968,000 of the savings was in the Mayor's Office, \$901,000 was in the City Council Offices, and \$567,000 was in Council General. A portion of the savings, \$1.3 million (\$783,000 in the City Council Offices and \$524,000 in the Mayor's Office) was rebudgeted in the 2010-2011 Adopted Budget. A negative rebudget of (\$106,000) is recommended in this document in order to align the City Council Offices' year-end balances with the rebudgets that were already approved. This leaves savings of \$1.3 million, as described in the Mayor's June Budget Message for Fiscal Year 2010-2011, to be used to fund other needs throughout the City.

- *Police*

Overall, the Police Department expended 99.0% of its total modified budget of \$294.3 million with savings of \$3.1 million through year-end. Approximately \$2.0 million of the savings was in the Personal Services category with \$1.05 million in overtime savings, \$650,000 in total salary and benefit savings, and \$300,000 in part-time salary savings. Overtime expenditures of \$11.3 million were 8.5% below the modified budget of \$12.4 million. Additional overtime controls were implemented in 2009-2010. The overtime management process requires preapproval by a supervisor and additional timesheet coding is required to determine the type of usage in order to readily identify mandatory versus discretionary usage. This process has been useful in reducing discretionary overtime expenditures. Salary and benefit savings were generated from position vacancies and the elimination of the January 2010 Recruit Academy. Of the \$2.0 million in Personal Services savings, \$84,000 was rebudgeted in the 2009-2010 Adopted Budget for overtime to allow the Department to participate in task forces funded by the FBI to prevent gang activity and narcotics trafficking.

As of June 2010, the Department had 1,368 authorized sworn staff of which 82 were vacant, and two were offset by a temporary Police Lieutenant and a temporary Police Officer (both funded through Super Urban Area Security Initiative (SUASI) grants), leaving a net of 80 sworn vacancies in the Department. The number of sworn vacancies in the Department in 2009-2010 was higher than normal primarily due to the decision to postpone the January 2010 Recruit Academy given anticipated staffing reductions in 2010-2011. This higher vacancy level did generate salary and benefit savings; however, a portion of these savings was used to cover vacation and compensatory time payouts from employees who left the City, which are reflected under full-time salaries.

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**GENERAL FUND EXPENDITURE PERFORMANCE (CONT'D.)**

**Discussion of Significant Departmental Variances and Other Issues (Cont'd.)**

- *Police (Cont'd.)*

The compensatory time balance at the end of 2009-2010 for sworn personnel was 214,781 hours. This balance represents a 24.1% decrease compared to the 2008-2009 total sworn compensatory time balance of 283,092 hours. In accordance with the Memorandum of Agreement (MOA) with the Police Officers Association, sworn personnel are able to maintain 240 hours of compensatory time. Sworn personnel with compensatory time balances that exceed 240 hours at the end of the last pay-period of the calendar year are required to reduce those balances to within the 240-hour limit within 150 days. While the overall compensatory time balance was reduced by 24.1 %, the compensatory time balance in excess of the 240-hour threshold increased to 26,179 hours spread among 329 sworn staff. Retained sworn staff continue to work overtime hours due to workload demands, making it difficult for staff to reduce the compensatory time balances below the 240 hour threshold.

The overall reduction in compensatory time balance can be attributed to a number of factors including higher time off, higher than normal attrition rates (leading to compensatory time balances being paid out at the time of separation, which resulted in higher expenditures in full-time salaries), and additional overtime controls implemented during 2009-2010. Continued active management of the overtime budget and earned compensatory time is necessary to ensure overall Personal Services expenditures remain within budgeted levels.

The Department's Non-Personal/Equipment budget was 95.4% expended and encumbered, with savings of \$1.1 million. Police supplies and materials savings of \$485,000, electrical utilities savings of \$324,000, and training savings of \$257,000 contributed to a significant portion of the overall Non-Personal/Equipment savings. The savings in supplies and materials is primarily a result of the cancellation of the January 2010 Police Recruit Academy, and the savings in training is a result of the Department halting non-mandatory training in the second half of 2009-2010. A portion of the Non-Personal/Equipment savings (\$62,000 for the Child Interview Center) was rebudgeted in the 2010-2011 Adopted Budget. An additional \$69,000 in savings is recommended for rebudget in this document (\$68,000 for Confidential Funds to be used in covert operations and an additional \$1,000 for the Child Interview Center).

- *Public Works*

The Public Works Department, which includes the Development Fee Program, expended 90.8% of its General Fund budget with resulting savings of \$486,000. Personal Services expenditures were 2.8% below budgeted levels (\$129,000) as a result of salary savings due to vacant positions. The majority of the Personal Services savings (\$125,000) were realized in the Fee Program. Non-Personal/Equipment expenditures and encumbrances were 55.2%

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ANNUAL REPORT**

**GENERAL FUND EXPENDITURE PERFORMANCE (CONT'D.)**

**Discussion of Significant Departmental Variances and Other Issues (Cont'd.)**

- *Public Works (Cont'd.)*

below budgeted levels (\$357,000). Non-Fee Program expenditure savings are the result of lower than anticipated machinery/equipment, land and building rent, and supplies/materials costs. Savings in the Fee Program reflect lower than anticipated training, dues and subscription, and machinery/equipment costs. The comparison of actual revenues and expenditures for the Public Works Fee Program results in a surplus of \$254,000 that is recommended to be allocated to the Public Works Fee Program Reserve.

**Highlights of Non-Departmental Expenditures and Variances**

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

**TABLE E  
2009-2010  
NON-DEPARTMENTAL GENERAL FUND EXPENDITURES  
(In \$000s)**

<b>Category</b>	<b>Modified Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>% Variance</b>
<i>City-Wide Expenses</i>	\$ 137,386	\$ 98,239	\$ 39,147	28.5%
<i>Capital Contributions</i>	27,357	19,436	7,921	29.0%
<i>Transfers</i>	25,439	25,425	14	0.1%
<i>Earmarked Reserves</i>	44,292	-	44,292	100.0%
<i>Contingency Reserve</i>	30,716	-	30,716	100.0%
<i>Ending Fund Balance Reserve</i>	12,300	-	12,300	100.0%
<b>Total</b>	<b>\$ 277,490</b>	<b>\$ 143,100</b>	<b>\$ 134,390</b>	<b>48.4%</b>

- *City-Wide Expenses*

A total of 71.5% of the General Fund appropriation for City-Wide Expenses was expended, resulting in a significant savings level of \$39.1 million. Almost 93% of this amount was rebudgeted (\$33.2 million) or assumed as savings (\$3.1 million) as part of the 2010-2011 Adopted Budget.

Also included in this report are additional rebudgets, downward adjustments to those appropriations that did not generate the amount of savings required to support rebudgets

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## GENERAL FUND EXPENDITURE PERFORMANCE (CONT'D.)

### Highlights of Non-Departmental Expenditures and Variances (Cont'd.)

- *City-Wide Expenses (Cont'd.)*

already approved, and revenue-related increases. Details of these appropriation adjustments are shown in Section III of this document. After accounting for the actions already approved in the Adopted Budget and cleanup actions recommended in this report, net savings in the City-Wide Expenses category totals approximately \$1.9 million.

A discussion of the performance in each City Service Areas (CSA) program category is provided below.

Community and Economic Development – 2009-2010 expenditures in this category totaled \$26.3 million and were \$3.7 million below the modified budget. The 2010-2011 Adopted Budget included rebudgets totaling \$3.3 million. The net adjustments for the rebudgets included, but were not limited to, \$875,000 for the Comprehensive General Plan Update, \$602,000 for Historic Preservation, \$476,000 for the Arts Grants Stabilization Fund, and \$328,000 for 4th Street Garage Banquet Facility Maintenance and Operations.

Additional net adjustments are recommended as part of this report totaling \$113,000 and include, but are not limited to, additional unspent funds for San José Green Vision (\$86,000), and San José Cycling Events (\$80,000), as well as downward adjustments to various appropriations (Comprehensive General Plan Update - \$25,000 and the Economic Incentive Fund - \$23,000) since these projects did not generate as much savings as was anticipated in the development of the 2010-2011 Adopted Budget.

This program category ended the year below budgeted levels with net savings totaling \$244,000 after accounting for all adjustments.

Environmental and Utility Services – 2009-2010 expenditures in this category totaled \$1.5 million and were \$9.9 million below the modified budget. The 2010-2011 Adopted Budget included rebudgets totaling \$9.7 million. The rebudgets included \$8.5 million for the Recovery Act – Energy Efficiency and Conservation Block Grant, \$1.1 million for the Recovery Act – Solar Market Transformation, and \$101,000 for the Energy Efficiency Program.

Additional net adjustments are recommended as part of this report totaling \$6,000 for the Energy Efficiency Program. After adjusting for rebudgets, the net savings for this program category was \$124,000. Of this amount \$119,000 was realized from the Energy Efficiency Program and included as part of the General Fund balancing actions for the 2010-2011 Adopted Budget.

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**GENERAL FUND EXPENDITURE PERFORMANCE (CONT'D.)**

**Highlights of Non-Departmental Expenditures and Variances (Cont'd.)**

- *City-Wide Expenses (Cont'd.)*

This program category ended the year slightly below budgeted levels with net savings totaling \$5,000 after accounting for all adjustments and budget balancing actions.

Neighborhood Services – 2009-2010 expenditures in this category totaled \$12.6 million and were \$2.3 million below the modified budget. The 2010-2011 Adopted Budget included rebudgets totaling \$2.0 million and budget balancing actions totaling \$110,000. Significant rebudgets included \$865,000 for the Summer Youth Nutrition Program, \$388,000 for the San José BEST Program, \$208,000 for the 2008 Juvenile Justice and Delinquency Grant, and \$140,000 for the Hoffman/Via Monte Neighborhood Youth Center.

Allocations with additional savings recommended to be rebudgeted in this report include, but are not limited to, the Hoffman/Via Monte Neighborhood Youth Center in the amount of \$7,000 and the Kaiser Foundation Grant for \$5,000. There were instances where actual year-end savings were less than projected, the largest of which was for San José BEST (\$133,000) and 2008 Juvenile Justice and Delinquency Grant (\$48,000). Overall, a net negative rebudget of \$167,000 is recommended for this program category.

This program category ended the year below budgeted levels with net savings totaling \$368,000 after accounting for all adjustments and budget balancing actions described above.

Public Safety – 2009-2010 expenditures in this category totaled \$19.2 million and were \$5.1 million below the modified budget. The 2010-2011 Adopted Budget included rebudgets totaling \$3.6 million and budget balancing strategies totaling \$1.1 million. Rebudgets included, but were not limited to, \$727,000 for the Recovery Act – 2009 Internet Crimes Against Children Task Force, \$490,000 for the Automated Fingerprint Identification System, \$440,000 for Cardiac Monitors/Defibrillators, \$358,000 for the Internet Crimes Against Children Continuation Grant, \$319,000 for the 2008 Metropolitan Medical Response System (MMRS) Grant Program, and \$270,000 for the 2008 Urban Area Security Initiative (UASI) Grant - Fire.

Additional rebudget adjustments totaling net \$419,000 are recommended based on actual 2009-2010 performance. This includes upward or downward adjustments to several appropriations, and where applicable, a corresponding increase or decrease is recommended to offset the adjustments. A few appropriations in this program category had additional savings and are recommended to be rebudgeted, including the following: \$218,000 for Workers' Compensation Claims – Fire, \$160,000 for the Emergency Services Grant Fund,

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## GENERAL FUND EXPENDITURE PERFORMANCE (CONT'D.)

### Highlights of Non-Departmental Expenditures and Variances (Cont'd.)

- *City-Wide Expenses (Cont'd.)*

\$150,000 for the Police Audit Optimization Study, \$101,000 for the 2009 COPS Technology Program Grant and \$99,000 for Emergency Response and Preparedness.

Several projects did not generate as much savings as anticipated and are recommended to be adjusted downward. They include, but are not limited to, the 2008 Urban Area Security Initiative (UASI) Grant – Fire (\$110,000), the Internet Crimes Against Children Continuation Grant (\$45,000), the 2008 Super Urban Area Security Initiative (SUASI) Grant – Police (\$35,000), the Recovery Act – 2009 Anti-Human Trafficking Task Force, (\$28,000), the 2009-2010 Sobriety Checkpoint Mini-Grant (\$19,000), the Domestic Violence Prevention Program (\$19,000), and the 2008-2012 Avoid the 13 Grant (\$15,000)

After accounting for the rebudget adjustments and budget balancing strategies discussed above, this program category ended the year slightly below budgeted levels with net savings totaling \$27,000.

In addition to rebudget adjustments, additional 2010-2011 funding totaling \$383,000 is recommended to recognize several grants that were previously appropriated by the City Council to increase the scope of work that can be completed by the grant funding, including the 2009 Urban Area Security Initiative (UASI) – Police Grant, the Internet Crimes Against Children Continuation Grant, and the Northern California Regional Intelligence Center (NCRIC) SUASI –Police Grant. In addition, funding (\$447,000) for the new grant cycles of four annual grants are also being recognized and appropriated: the 2010 Human Trafficking Prevention Grant, the 2010-2011 Anti Drug Abuse Grant, the 2010-2011 Internet Crimes Against Children (ICAC) State Grant, and Recovery Act - 2010-2011 Anti Drug Abuse Enforcement Team Program Grant.

Transportation and Aviation Services – 2009-2010 expenditures in this category totaled \$4.4 million and were \$831,000 below the modified budget. The 2010-2011 Adopted Budget included rebudgets of \$340,000 for Contractual Street Tree Planting (\$180,000), Urban Forestry Grants (\$105,000), and Radar Speed Display Trailers for Neighborhoods (\$55,000).

A rebudget of \$4,000 for the Urban Forestry Grants appropriation is recommended as part of this report and a downward adjustment of \$34,000 is recommended for Contractual Street Tree Planting since the project did not have sufficient year end savings. After accounting for these actions, this program category ended the year below budgeted levels with adjusted net savings of \$522,000.

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**GENERAL FUND EXPENDITURE PERFORMANCE (CONT'D.)**

**Highlights of Non-Departmental Expenditures and Variances (Cont'd.)**

- *City-Wide Expenses (Cont'd.)*

Strategic Support – 2009-2010 expenditures in this category totaled \$34.2 million and were \$17.3 million below the modified budget. The 2010-2011 Adopted Budget included rebudgets totaling \$14.3 million and budget savings strategies totaling \$219,000. The most significant rebudgets included \$9.8 million for General Liability Claims, \$1.6 million for the Watson Park Settlement, and \$400,00 for IAFF Binding Interest Arbitration.

Additional net adjustments totaling \$462,000 are recommended as part of this report and include, but are not limited to, \$243,000 for Sick Leave Payments Upon Retirement, \$130,000 for Inactive Improvement District Funds Close-Out Administration, and \$130,000 for the Watson Park Settlement. There were several instances where actual year-end savings were less than projected and, as a result, downward adjustments are recommended in this report, the largest being City Staff Relocations from Old MLK Library (\$185,000) and Arts Stabilization Loan Fund (\$100,000).

After accounting for all adjustments discussed above, the net savings in this program category totaled \$1.9 million.

- *Capital Projects*

In 2009-2010, the General Fund provided funding totaling \$27.4 million for capital projects. Of this amount, approximately \$7.9 million was unexpended at year-end. The projects with the largest unexpended balances included:

<u>Capital Projects</u>	<u>(\$000s)</u>
Building Facilities Maintenance Backlog*	\$ 2,375
South San José Police Substation FF&E	1,149
Fire Apparatus Replacement	903
Fire Station 37 (Willow Glen)	800
Tamien Specific Area Park Improvements	622
Maintenance Backlog – Neighborhood Appearance	582
Arena Repairs	491
All Other Projects	999
<b>Total Unexpended Capital Projects</b>	<b>\$ 7,921</b>

\* 9-1-1 Uninterruptible Power Supply System, Police Communications Air Handling Units and Generator Controls, Police Special Operations Unit Mechanical System

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**GENERAL FUND EXPENDITURE PERFORMANCE (CONT'D.)**

**Highlights of Non-Departmental Expenditures and Variances (Cont'd.)**

- *Capital Projects (Cont'd.)*

It should be noted, however, that Rebudgets of \$6.5 million were included as part of the 2010-2011 Adopted Budget. An additional net total of \$511,000 is recommended for rebudget as part of this report. After adjusting for rebudgets, the net savings in the General Fund Capital category was \$936,000. Of this amount \$622,000 was realized from the Tamien Specific Area Park Improvements project included as part of the General Fund balancing actions for the 2010-2011 Adopted Budget.

- *Transfers*

Actual Transfers to other funds totaled \$25.4 million with all but one transfer being completed as budgeted. The Transfer to the Neighborhood Security Bond Fund was budgeted at \$30,000 to reimburse the Bond Fund for expenditures which were determined ineligible for reimbursement from bond proceeds. The actual transfer totaled \$16,000, as the ineligible expenditures were lower than estimated. As a result, savings of \$14,000 were generated in this category.

- *Reserves*

General Fund Reserve categories include Earmarked Reserves, the Contingency Reserve, and the Ending Fund Balance Reserve. On June 30, 2010, the total Reserve balance was \$87.3 million. Of this amount, \$44.3 million represented Earmarked Reserves, the largest of which were the Workers' Compensation/General Liability Reserve (\$10.0 million); Economic Uncertainty Reserve (\$9.0 million); Retiree Healthcare Reserve (\$4.8 million); Neighborhood Investment Fund Reserve (\$3.3 million); Salaries and Benefits Reserve (\$3.0 million); Future Capital Projects (FF&E) Reserve (\$2.8 million); Fee Supported – Fire Reserve (\$1.9 million); Fee Supported – Building Reserve (\$1.9 million); and the Retirement Pre-Payment Reserve (\$1.8 million). Almost all of the Earmarked Reserves were approved for rebudget to 2010-2011 (\$32.3 million) as part of the Adopted Budget and appropriated as reserves, or were used as solutions to the 2010-2011 General Fund shortfall (\$12.0 million). The Ending Fund Balance Reserve of \$12.3 million was allocated as part of the 2010-2011 Adopted Budget Beginning Fund Balance.

At the end of the year, the General Fund Contingency Reserve balance was \$30.7 million. As part of the 2010-2011 Adopted Budget, \$29.3 million of the \$30.7 million Contingency Reserve was rebudgeted. No additional funding is necessary to be added to the Contingency Reserve in 2010-2011 in order to comply with the Council Policy of maintaining a 3% Contingency Reserve in the General Fund.

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**III. SELECTED SPECIAL/  
CAPITAL FUNDS  
FINANCIAL  
PERFORMANCE**

**2009-2010  
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**III. SELECTED SPECIAL/CAPITAL FUNDS FINANCIAL PERFORMANCE**

This section provides financial information on the 2009-2010 year-end performance for selected special and capital funds that represent major City operations. Specifically, it includes discussions regarding the funds' revenue, expenditure, and Ending Fund Balance performance. The funds are discussed in alphabetical order.

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

Expenditure Performance: This discussion identifies the amount of expenditures and the major expenditure categories; provides context regarding the variance of the year-end expenditure performance from the budget; lists related 2010-2011 budget actions (such as rebudgets); calculates the revised expenditure variance due to rebudgets approved as part of the 2010-2011 Adopted Budget or as recommended in this report; and compares expenditures to the prior year performance.

Ending Fund Balance Performance: This discussion provides the actual Ending Fund Balance and the estimated Ending Fund Balance used in the development of the 2010-2011 Adopted Budget; discusses variances between these two amounts; and identifies any impact on the 2010-2011 budget as it relates to recommended actions included in this report such as technical adjustments related to employee total compensation reductions.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**

**AIRPORT CAPITAL FUNDS**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$80,521	\$77,424	(\$3,097)	(3.8%)
Expenditures	\$555,463	\$405,004	\$150,459	27.1%

Revenue Performance

In 2009-2010, revenues totaled \$77.4 million, which is \$3.1 million or 3.8% below the budgeted estimate. This number does not include the receipt of Commercial Paper proceeds of \$98.9 million since those proceeds are unbudgeted and are reflected in the Beginning Fund Balance. These resources are drawn to finance projects in the Airport Revenue Bond Improvement Fund.

Actual revenues received consist of the following (excluding commercial paper proceeds of \$98.9 million): grant income (\$35.4 million), Passenger Facility Charges (PFCs) (\$17.1 million), earned interest (\$14.3 million), Customer Facility Charges (\$3.0 million), transfers from Airport operating funds (\$5.1 million) and reimbursements for construction lay down and tenant improvement payments (\$2.6 million). Interest income, PFCs and tenant improvement reimbursements all ended the year above the modified budget estimate, but this was offset by grant income and bond proceeds ending the year below the budgeted estimate.

Expenditure Performance

In 2009-2010, expenditures of \$405.0 million were primarily attributed to four major projects: Terminal Area Development, Phase I (\$220.7 million), the Consolidated Rental Car Facility and Public Parking Garage (\$95.0 million), the North Concourse Building (\$30.6 million), and Taxiway W Improvements (\$9.1 million). A balance of \$150.5 million in the capital program reflects the ongoing nature of several projects and the timing of project budgets. Funding for many projects was programmed in prior years and continues to be rebudgeted until completion. A total of \$106.5 million was approved for rebudget as part of the 2010-2011 Adopted Capital Budget, and \$7.1 million is recommended for rebudget as part of this document to continue projects underway.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**AIRPORT CAPITAL FUNDS (CONT'D.)**

Expenditure Performance (Cont'd.)

The expenditure variance (\$150.5 million) was due to lower than budgeted project expenditures. The following is a list of the major unexpended projects (\$000's):

Terminal Area Improvement, Phase I	\$ 63,747
Consolidated Rental Car Facility	20,541
North Concourse Building	15,111
Public Parking Improvements	13,193
Clean Up of Existing Fuel Farm	5,572
Noise Attenuation Treatment, Category IB	4,924
FMC Site Reuse Preparation	4,900
Taxiway W Improvements	2,472
Public Parking Garage	<u>980</u>
Total	\$ 131,440

The following is an explanation of major project variances:

- The Terminal Area Improvement, Phase I project variance (\$63.7 million) results primarily from timing of the establishment of the program's budget. A large portion of the funding for this program was budgeted in its first year based on a design-bid-build project delivery method. Subsequently, the Airport is using a design-build-delivery method under a task order-based contract. Funding of \$59.0 million was rebudgeted into 2010-2011 as part of the 2010-2011 Adopted Capital Budget. Net rebudgets of \$1.8 million are recommended as part of this document. Funding of \$2.9 million is no longer needed for this project.
- The Consolidated Rental Car Facility project variance (\$20.5 million) reflects the continuation of activities for this project. A large portion of the project's savings (\$17.5 million) was rebudgeted as part of the 2010-2011 Adopted Capital Budget. The remaining funds are recommended for rebudget as part of this report and will be used to demolish the rental car facilities on the Green Island and close out the project.
- The North Concourse Building project variance (\$15.1 million) reflects the timing of the establishment of the project's budget. Since funding for this project was programmed entirely in the first year, funds have been rebudgeted until the project's completion. Funding of \$5.9 million was rebudgeted into 2010-2011 as part of the 2010-2011 Adopted Capital Budget. Another \$338,000 is recommended for rebudget as part of this report to continue work associated with the grant-supported Terminal B Baggage System. The remaining balance will be restored to the fund to pay back the costs of the baggage system since a grant for that part of the project was recently awarded.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**AIRPORT CAPITAL FUNDS (CONT'D.)**

Expenditure Performance (Cont'd.)

- The Public Parking Improvements project budget was entirely funded in its first year, with the intent to rebudget funds until the project's completion, scheduled for 2012. Funding of \$13.5 million was rebudgeted into 2010-2011 as part of the 2010-2011 Adopted Capital Budget to continue work on the construction of a public parking lot on the Green Island and surface lots located south of the Consolidated Rental Car Garage and Terminal B. Because the necessary savings was not achieved, a decrease of \$324,000 is recommended in this appropriation in 2010-2011.
- The Clean-Up of Existing Fuel Farm project variance (\$5.6 million) is due to the timing of the start of construction of this project. Now that the new fuel farm is complete, pipelines and equipment that remain on the City-owned portion of the old facility will need to be removed and contamination at the site must be remediated. Funding of \$5.0 million was rebudgeted into 2010-2011 as part of the 2010-2011 Adopted Capital Budget and the remaining balance of \$572,000 is recommended for rebudget as part of this report.
- The Noise Attenuation Treatment – Category IB project variance (\$4.9 million) reflects savings from this project now that it is complete. This allocation funded the treatment of dwellings that fell within a specific noise level boundary area within the vicinity of the Airport. Since the program is complete, the savings will be available for future use.
- The FMC Site Reuse Preparation project ended the year with a variance of \$4.9 million. Originally the intention of this project was to fund studies and site work to prepare the property for interim and possible long-term reuse. However, with the potential development of that property, the funding of this project for Airport purposes is no longer needed. These savings will revert back to the Ending Fund Balance.
- The Taxiway W Improvements project variance (\$2.5 million) reflects the timing of the project completion. All phases of the project (I-VII) are scheduled to be completed by 2016. A portion of these funds (\$898,000) was rebudgeted into 2010-2011 as part of the 2010-2011 Adopted Capital Budget and an additional \$867,000 is recommended to be rebudgeted as part of this report with the remainder available for future use.
- The Public Parking Garage project variance (\$980,000) reflects the continuation of activities for the expanded Rental Car Facility, which includes 350 ground level public parking spaces. Funding of \$835,000 was rebudgeted into 2010-2011 as part of the 2010-2011 Adopted Capital Budget and an additional \$131,000 is recommended to be rebudgeted as part of this report to complete this project in 2010-2011.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**AIRPORT CAPITAL FUNDS (CONT'D.)**

**Ending Fund Balance Performance  
(\$ in Thousands)**

<b>2009-2010 Modified Budget</b>	<b>2009-2010 Estimated Ending Fund Balance</b>	<b>2009-2010 Actual Ending Fund Balance</b>	<b>Variance</b>	<b>Less Additional Rebudgets Recommended</b>	<b>Revised Variance</b>	<b>Revised Variance as % Of Budget</b>
\$741,624	\$291,255	\$348,314	\$57,059	(\$7,056)	\$50,003	6.7%

The 2009-2010 Ending Fund Balance of \$348.3 million was \$57.1 million above the estimate used to develop the 2010-2011 Adopted Budget as a result of the lower than budgeted expenditures, slightly offset by revenues that came in below the modified budget estimate.

It is recommended that a portion (\$7.1 million) of the additional fund balance be allocated for rebudgets to complete various capital projects, including the Consolidated Rental Car Facility and Public Parking Garage, and various tasks within the Terminal Area Development, Phase I appropriation. The remaining fund balance of \$50.0 million is recommended to be allocated to the 2010-2011 Ending Fund Balance and would be available for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**AIRPORT OPERATING FUNDS - AIRPORT REVENUE FUND**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$127,098	\$123,013	(\$4,085)	(3.2%)
Expenditures	\$136,615	\$117,353	\$19,262	14.1%

Revenue Performance

Revenue performance in the Airport Revenue Fund was down slightly from the budgeted level. Operating revenue categories at the Airport include: Airfield, Landing Fees, Parking and Roadway, Petroleum Products, Terminal Building, Terminal Rental and Miscellaneous Revenue. This category of operating revenue ended the year \$2.9 million below the budgeted level as the result of varied performance in each of these categories. Higher than budgeted levels of revenue were received in the Airfield, Miscellaneous and Terminal Rental areas. However, the reduction in passenger activity experienced in 2009-2010 negatively impacted revenue from Parking and Roadway activities. Landing Fees were slightly lower than budgeted and the Terminal Building category was impacted by lower than budgeted concession sales, in part due to delays in new food and beverage and retail shops opening in the new terminal. Transfers from other Airport funds, also a significant revenue source for the Airport Revenue Fund, were below budgeted levels by \$1.2 million due to reduced debt expenditures and interest earnings from the Airport Fiscal Agent Fund and lower than anticipated transfers from the Airport Capital Improvement Fund. In total, both of these revenue categories reflect a revenue variance in 2009-2010 of \$4.1 million below budgeted levels.

Expenditure Performance

Expenses in this fund are primarily transfers to other Airport funds. Significant operating transfers were not required during 2009-2010, therefore the fund ended the year with an amount of un-transferred funds of \$19.3 million. As a result, fund balance remains available for use in the future.

**Ending Fund Balance Performance  
(\$ in Thousands)**

<b>2009-2010 Modified Budget</b>	<b>2009-2010 Estimated Ending Fund Balance</b>	<b>2009-2010 Actual Ending Fund Balance</b>	<b>Variance</b>	<b>Less Additional Rebudgets Recommended</b>	<b>Revised Variance</b>	<b>Revised Variance as % Of Budget</b>
\$156,638	\$25,145	\$35,200	\$10,055	\$0	\$10,055	6.4%

The 2009-2010 fund balance variance of \$10.1 million was the combined result of the factors discussed above including expenditure savings in the operating transfers offset by lower than estimated Airport revenues.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**AIRPORT OPERATING FUNDS - AIRPORT CUSTOMER FACILITY AND  
TRANSPORTATION FEE FUND & AIRPORT MAINTENANCE AND OPERATION FUND**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$109,988	\$91,812	(\$18,176)	(16.5%)
Expenditures	\$106,115	\$92,082	(\$14,033)	(13.2%)

Revenue Performance

Airport Operating Funds include the Airport Customer Facility and Transportation Fee Fund (Fund 519), which includes the Rental Car Customer Facility Charge Fees and the Rental Car Contributions; and the Airport Maintenance and Operation Fund (Fund 523) that provides for all general Airport operating expenses including Police, Fire and interdepartmental services. Revenue in these two funds ended the year significantly less than budgeted (\$18.2 million), however that was in large part due to the reduction in expenditures in these funds. Operating expenditure savings in 2009-2010 resulted in a lower than estimated need for contributions from the rental car companies (\$580,000) in the Customer Facility and Transportation Fee Fund and savings in the various Airport operating expenses resulted in a decreased need for the transfer (\$17.1 million) from the Airport Revenue Fund to the Airport Maintenance and Operation Fund.

Expenditure Performance

Consistent with the performance of the Airport operating fund revenues, Airport operating expenses also ended the year below budgeted levels. The revenues and expenditures are closely linked in the operating funds as mentioned above. For 2009-2010, expenditures and transfers in these two funds totaled \$92.1 million, which was \$14.0 million below budgeted levels. Significant savings were realized from the successful implementation of a 2009-2010 Cost Management Plan (\$5 million). Personal Services savings of approximately \$800,000 were the result of the continuation of the city-wide hiring freeze, where the Airport Department averaged six vacancies in the first half of the year and 15 in the second half, reduced direct service expense savings in other departments, as well as reduced compensated absence liability associated with the reduced Airport staffing levels. Workers' Compensation Claims ended the year \$856,000 below budget and the Airport had an additional \$10.9 million in Non-Personal/Equipment savings in both funds. Lower parking and shuttle bus program expenses were the result of reduced passenger activity. Savings were also realized from efficiencies associated with the opening of the new terminal facilities including utilities and systems that were not in operations for the entire year. Most of the savings have been determined to be one-time in nature, but the resulting fund balance may provide some contingency for future budget development and balancing.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**AIRPORT OPERATING FUNDS - AIRPORT CUSTOMER FACILITY AND  
TRANSPORTATION FEE FUND & AIRPORT MAINTENANCE AND OPERATION FUND  
(CONT'D.)**

**Ending Fund Balance Performance  
(\$ in Thousands)**

<b>2009-2010 Modified Budget</b>	<b>2009-2010 Estimated Ending Fund Balance</b>	<b>2009-2010 Actual Ending Fund Balance</b>	<b>Variance</b>	<b>Less Additional Rebudgets Recommended</b>	<b>Revised Variance</b>	<b>Revised Variance as % Of Budget</b>
\$127,148	\$21,369	\$20,300	(\$1,069)	\$0	(\$1,069)	(.84%)

The 2009-2010 combined Ending Fund Balance of \$20.3 million was \$1.1 million below the estimate used to develop the 2010-2011 Adopted Budget. This variance was due to expenditure savings described previously, offset partially by lower than estimated revenue.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**BUILDING AND STRUCTURE TAX FUND**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$28,159	\$19,562	(\$8,597)	-30.5%
Expenditures	\$44,309	\$28,908	\$15,401	34.8%

Revenue Performance

In 2009-2010, revenues totaled \$19.6 million and were generated from the following: Building and Structure Construction Tax (\$6.1 million); transfer from the Sewer Service and Use Charge Capital Improvement Fund (\$6.0 million); receipts from State grants (\$4.6 million) for a traffic signal communications and synchronization project, a couplet conversion project, light rail transit extension project, and a signal retiming project; and receipts from federal grants (\$2.5 million) for various Intelligent Transportation Systems (ITS) projects and pedestrian corridor improvement projects. The 2009-2010 revenues were below the budget estimate by \$8.6 million primarily due to lower than budgeted receipts of federal grants (\$6.0 million) and State grants (\$4.6 million) as a result of project delays, which were offset by higher than budgeted receipts of Building and Structure Construction Tax (\$2.1 million) as a result of stronger 4<sup>th</sup> quarter performance in the commercial sector.

This 2009-2010 collection level was also \$3.1 million (18.5%) above the 2008-2009 level of \$16.5 million primarily due to the transfer from the Sewer Service and Use Charge Capital Improvement Fund (\$6.0 million) offset slightly by lower receipts of Building and Structure Construction Tax (\$900,000) and developer contributions (\$2.6 million). At \$6.1 million, Building and Structure Construction Tax receipts in 2009-2010 exceeded the modified budget estimate of \$4.0 million, were 13.0% (\$918,000) lower than 2008-2009 collections (\$7.0 million), and only a fraction of peak collection levels (\$17.5 million) in 2000-2001. It should be noted that this decrease reflects the impact of the continued construction slowdown from the economic recession.

Expenditure Performance

In 2009-2010, expenditures of \$28.9 million were primarily attributed to: a transfer to the Sewer Service and Use Charge Capital Improvement Fund (\$6.0 million), Traffic Signal Communications and Synchronization project (\$5.5 million), Julian and St. James Couplet Conversion project (\$3.7 million), SJSU to Japantown Pedestrian Corridor project (\$1.5 million), Jackson Street: LRT to Japantown project (\$1.0 million), ITS: Transportation Incident Management Center project (\$1.0 million), ADA Sidewalk Accessibility Program (\$914,000), Lighting and Signal Program (\$907,000), Traffic Signals – Rehabilitation project (\$799,000), Underground Utilities – City Conversions project (\$531,000), and ITS: Enhancements project (\$527,000).

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**BUILDING AND STRUCTURE TAX FUND (CONT'D.)**

Expenditure Performance (Cont'd.)

This expenditure level was \$15.4 million or 34.8% below the modified budget. The majority of these savings were anticipated (\$10.8 million) and rebudgeted as part of the 2010-2011 Adopted Capital Budget. A total of \$3.8 million is recommended for rebudget as part of this report to ensure sufficient funding for these projects in 2010-2011. These rebudgets, combined with the rebudgets approved as part of the 2010-2011 Adopted Capital Budget, bring the expenditure variance down to \$800,000, or 1.8% below modified budget levels.

The variance between budgeted and actual expenditures was caused primarily by the following projects with significant expenditure variances:

	<u>(\$000s)</u>
Traffic Signal Communications and Synchronization	\$ 2,298
ITS: Transportation Incident Management Center	2,287
Route 101/Mabury Land Acquisition	2,096
ITS: Enhancements	1,873
Julian and St. James Couplet Conversion	1,363
Underground Utilities – City Conversions	993
Jackson St: LRT to Japantown Pedestrian Corridor	935
Branham Lane/Monterey Highway Rail Grade Separation	570
SJSU to Japantown Pedestrian Corridor	561
Traffic Flow Management and Signal Retiming	443
Total	\$ 13,419

Following are descriptions of the projects' variances:

- Since the Traffic Signal Communications and Synchronization project is funded by a State grant, the project experienced delays as a result of the project being put on hold pending the resolution of the State's Budget. Of the \$2.3 million variance displayed above, \$2.0 million was rebudgeted as part of the 2010-2011 Adopted Capital Budget for the design and construction of the project. The remaining savings (\$269,000) are recommended for rebudget in this report.
- The ITS: Transportation Incident Management Center (TiMC) project generated savings due to delays in the award of the consultant services agreement. Unexpended funds totaling \$1.3 million were rebudgeted as part of the 2010-2011 Adopted Capital Budget for the construction of the project. The remaining savings (\$1.0 million) are recommended for rebudget in this report.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**BUILDING AND STRUCTURE TAX FUND (CONT'D.)**

Expenditure Performance (Cont'd.)

- The Route 101/Mabury Land Acquisition project generated savings as a result of delays in finalizing the settlement agreement for the purchase of the property. The delay was anticipated and the unexpended funds of \$2.1 million were rebudgeted as part of the 2010-2011 Adopted Capital Budget.
- The ITS: Enhancements project generated savings due to delays in the award of the construction contract. Unexpended funds of \$1.6 million were rebudgeted as part of the 2010-2011 Adopted Capital Budget for the construction of the project. The remaining savings (\$238,000) are recommended for rebudget as part of this report.
- The Julian and St. James Couplet Conversion project generated savings due to delays in the award of the construction contract. The unexpended funds totaling \$1.4 million were anticipated and rebudgeted as part of the 2010-2011 Adopted Capital Budget.
- The Underground Utilities – City Conversions appropriation generated savings due to the delay of one planned project that is still in the design phase. Unexpended funds of \$560,000 were rebudgeted as part of the 2010-2011 Adopted Capital Budget. The remaining savings (\$433,000) are recommended for rebudget as part of this report.
- The Jackson Street: LRT to Japantown Pedestrian Corridor project generated savings as a result of delays in award of the construction contract. An early rebudget of \$55,000 for this project was approved by City Council on August 24, 2010. The remaining savings (\$880,000) are recommended for rebudget as part of this report.
- The Branham Lane/Monterey Highway Rail Grade Separation project is funded by a federal grant that is administered by Caltrans. The project was delayed awaiting the release of the grant funds from Caltrans, which is expected to occur in 2010-2011. The unexpended funds totaling \$570,000 were anticipated and rebudgeted as part of the 2010-2011 Adopted Capital Budget.
- The SJSU to Japantown Pedestrian Corridor project generated savings as a result of the delay in award of the construction contract. An early rebudget of \$175,000 for this project was approved by City Council on August 24, 2010. The remaining savings (\$386,000) are recommended for rebudget as part of this report.
- The Traffic Flow Management and Signal Retiming project generated savings due to staffing resources that were affected by the delay in the Traffic Signal Communications and Synchronization project. Unexpended funds of \$466,000 were rebudgeted as part of the 2010-2011 Adopted Capital Budget; however, the total funds available were over estimated by \$23,000 because actual year-end expenditures were higher than expected and an adjustment is recommended in this report to correct the excess rebudgeting of expenditures.

The remaining variance (\$2.0 million) reflects unexpended funds in a number of projects with balances of less than \$400,000.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**BUILDING AND STRUCTURE TAX FUND (CONT'D.)**

**Ending Fund Balance Performance  
(\$ in Thousands)**

2009-2010 Modified Budget	2009-2010 Estimated Ending Fund Balance	2009-2010 Actual Ending Fund Balance	Variance	Less Additional Rebudgets Recommended	Revised Variance	Revised Variance as % Of Budget
\$47,410	\$6,385	\$10,510	\$4,125	(\$3,762)	\$363	0.8%

The 2009-2010 Ending Fund Balance of \$10.5 million was \$4.1 million above the estimate used to develop the 2010-2011 Adopted Capital Budget. This variance was due to higher than estimated revenues (\$6.0 million) offset by higher than estimated expenditures (\$1.9 million).

It is recommended that a portion of the additional fund balance be allocated to rebudget in various capital projects to ensure sufficient funding for these projects to continue in 2010-2011. In addition, recommendations to rebudget \$2.5 million in revenues are included in this report to reflect revenue that was anticipated in 2009-2010 but will be collected in 2010-2011. The following appropriation adjustments are also included in this report: an increase (\$1.4 million) to the Reserve for the Route 101/Blossom Hill Interchange project, establish the Milpitas Transit Area – Capitol Avenue Corridor Improvements project (\$200,000), an increase to the Bike/Pedestrian Project Development (\$28,000) appropriation offset by new revenues of \$15,000, and an increase to the Lighting and Signal Program (\$7,000) appropriation. The remaining fund balance of \$1.0 million is recommended to be allocated to the 2010-2011 Ending Fund Balance and would be available for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**CONSTRUCTION AND CONVEYANCE TAX FUNDS**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$33,074	\$32,449	(\$625)	(1.9%)
Expenditures	\$79,460	\$43,824	\$35,636	44.8%

Revenue Performance

Construction and Conveyance Tax Fund revenues in 2009-2010 totaled \$32.4 million and were generated from Construction and Conveyance tax receipts, transfers between funds, State and federal grants, interest earnings, developer contributions, and miscellaneous revenues.

The elements of the negative \$625,000 net revenue variance (-1.9%) were as follows: (\$000s)

Grants	\$ (2,709)
Interest Earnings	(830)
Developer Contributions and Miscellaneous Revenues	(724)
Construction and Conveyance Tax Revenue	2,495
Transfers of Construction and Conveyance	1,143
Revenue between funds	_____
Total	\$ (625)

Construction and Conveyance Tax revenue collections in 2009-2010, which are almost entirely generated from property transfers, grew modestly compared to receipts in 2008-2009. Actual collections for 2009-2010 totaled \$22.5 million, an increase of \$2.0 million (10%) from the prior year collection of \$20.5 million. When the 2009-2010 budget was developed, due to the state of the economy, it was assumed that receipts would fall to \$20.0 million, a 2% decline from the 2008-2009 collection level. However, during the second half of 2009-2010, collections began to experience growth compared to the prior fiscal year collection levels. Therefore, as part of this document, adjustments are recommended in each Construction and Conveyance Tax Fund ending fund balance as a result of the higher than anticipated revenue.

Consistent with the increase in Construction and Conveyance Tax revenues, property transfers for all types of residences increased 17% from the prior year. Additionally, the median home price for single family homes within the City increased in value, with a median home price in June 2010 of \$523,500, up 17% from the June 2009 price of \$449,000. Consequently, the amount of time it takes to sell a home (single-family and multi-family dwelling units) has significantly dropped in the past year from 105 days in June 2009 to 71 days in June 2010.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**CONSTRUCTION AND CONVEYANCE TAX FUNDS (CONT'D.)**

Revenue Performance (Cont'd.)

The higher than anticipated tax collections also positively impacted the transfer category because of the Council-approved methodology used to distribute the tax revenue to individual Construction and Conveyance Tax funds.

The negative variance for the interest earnings and miscellaneous revenues categories resulted from lower than expected average cash balances. Grant revenue fell below anticipated levels by \$2.7 million as many of the grants are paid on a reimbursement basis and the work on the eligible projects has not yet been completed. In addition, a number of the projects were recently completed, but the reimbursement requests have not yet been finalized. Most of these grant revenues are expected to be received in 2010-2011 and are recommended to be rebudgeted as part of this report.

Expenditure Performance

The expenditure variance of \$35.6 million, or 44.8%, is primarily the result of unexpended capital project funds. A portion of these expenditure savings were anticipated and the funds were rebudgeted as part of the 2010-2011 Adopted Capital Budget to complete these projects. Additional rebudgets are recommended in this report to provide sufficient funding to complete the projects.

The following is a list of projects in which unexpended balances exceeded \$300,000:

		<u>(\$000s)</u>
Council District 1:	Strategic Capital Replacement and Maintenance Needs	\$ 372
Council District 2:	Edenvale Community Center FF&E	525
	Strategic Capital Replacement and Maintenance Needs	328
Council District 3:	Watson Site Clean-Up and Restoration	1,795
	Watson Park Phase II Development (Soccer Field)	404
Council District 4:	Strategic Capital Replacement and Maintenance Needs	350
Council District 5:	TRAIL: Lower Silver Creek/Silverstone Place	898
	Strategic Capital Replacement and Maintenance Needs	386

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**CONSTRUCTION AND CONVEYANCE TAX FUNDS (CONT'D.)**

Expenditure Performance (Cont'd.)

Council District 6:	TRAIL: Three Creeks Acquisition	1,310
	Bascom Community Center – Multi-Service	926
	Bascom Community Center FF&E	599
	Bramhall Park Play Lot Renovation	545
	Strategic Capital Replacement and Maintenance Needs	486
Council District 7:	Seven Trees Community Center – Multi-Service	1,335
	Seven Trees Community Center FF&E	902
	Strategic Capital Replacement and Maintenance Needs	597
	West Evergreen Park	500
	Nisich Park Development	406
Council District 8:	Strategic Capital Replacement and Maintenance Needs	380
Council District 9:	Strategic Capital Replacement and Maintenance Needs	606
	Paul Moore Park Playground Renovations	393
Council District 10:	Strategic Capital Replacement and Maintenance Needs	585
	Almaden Winery Irrigation Automation	550
Central Fund:	Transfer to Council Districts and City-Wide Construction and Conveyance Tax Funds	(1,334)
	Unanticipated or Critical Repairs	357
	Weed Abatement	322
City-Wide:	Happy Hollow Park and Zoo Phase II Renovations and Improvements	1,273
	Happy Hollow East Side Improvements	1,200
	TRAIL: Willow Glen Spur Acquisition	1,165
	TRAIL: Albertson Parkway	603
Communications:	City-Wide Trunking Radio System	1,100
	Communications Maintenance	310
Library:	Branch Libraries FF&E	1,933
	New Branch Opening Day Collections	1,323
Service Yards:	Roof Replacement, Painting, and Supplemental Needs	570
		_____
Total		\$24,000

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**CONSTRUCTION AND CONVEYANCE TAX FUNDS (CONT'D.)**

Expenditure Performance (Cont'd.)

Explanations for projects with significant variances are summarized below.

- The Strategic Capital Replacement and Maintenance Needs allocations for all Council Districts (with the exception of Council District 3) had a project expenditure variance exceeding \$300,000. The Capital Infrastructure team started implementation of the project spending plans in 2009-2010, its first year of overseeing the execution and management of these projects. However, a lack of available resources in the General Services Department significantly affected the speed with which projects were completed. In addition, expenditures in 2009-2010 for projects in the spending plans were first made utilizing available funds in the Subdivision Park Trust Fund, as well as the Enhanced Maintenance and Minor Park Renovation appropriations in the Construction and Conveyance Tax Funds of each Council District.
- The Edenvale Community Center Fixtures, Furnishings and Equipment (FF&E) project was delayed as a result of the Edenvale Community Center project delay. All remaining FF&E purchases are anticipated to occur in 2010-2011.
- The Watson Site Clean-Up and Restoration project had an expenditure variance due to the continuation of remediation and restoration efforts. This project is currently anticipated to be completed in 2010-2011.
- The Watson Park Phase II Development (Soccer Field) had an expenditure variance due to a delay in the project bid and construction award. It is currently anticipated that construction will begin in fall 2010.
- The Transfers from the Central Fund to the 10 Council Districts and Parks City-Wide Construction and Conveyance Tax Funds had a negative expenditure variance due to higher than anticipated Construction and Conveyance Tax receipts. These exceeded appropriations were ratified by the City Council on September 28, 2010.
- The TRAIL: Lower Silver Creek/Silverstone Place project requires the purchase of an easement with Pacific Gas and Electric (PG&E). Final negotiations for the purchase with PG&E occurred at the end of 2009-2010. It is currently anticipated that the construction for this project will be completed in 2010-2011.
- The TRAIL: Three Creeks Acquisition project (funded by the Council District 6 Construction and Conveyance Tax Fund and the Parks City-Wide Construction and Conveyance Tax Fund) seeks to acquire 2.1 miles of linear parcels from Union Pacific Railroad (UPRR). The negotiation process has been impacted by development of a California-mandated Remedial Action Work Plan and a disagreement on the valuation of property. Negotiations with UPRR are anticipated to continue in 2010-2011.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**CONSTRUCTION AND CONVEYANCE TAX FUNDS (CONT'D.)**

Expenditure Performance (Cont'd.)

- The Bascom Community Center – Multi-Service project had an expenditure variance due to project schedule delays as a result of additions and changes in the project scope and negotiations of change orders taking longer than originally anticipated.
- The Bascom Community Center FF&E project had an expenditure variance due to a delay in the Bascom Community Center – Multi-Service project, which resulted in a delay in the purchase and installation of FF&E.
- The Bramhall Park Play Lot Renovation project was placed on hold pending additional funding being secured for the project. Funding has been allocated in the Subdivision Park Trust Fund in the 2010-2011 Adopted Capital Budget. This project is currently anticipated to begin in 2010-2011.
- The Seven Trees Community Center – Multi-Service project had an expenditure variance due to a lower than anticipated construction award. As a result of the project savings, a total of \$1.3 million is recommended to be reallocated to the Council District 7 Construction and Conveyance Tax Fund Ending Fund Balance as part of this report.
- The Seven Trees Community Center FF&E project had an expenditure variance due to a delay in the Seven Trees Community Center project, which resulted in a delay in the purchase and installation of FF&E.
- The West Evergreen Park project had an expenditure variance due to a delay in the project schedule. It is currently anticipated that the project design will begin in 2010-2011.
- This Nisich Park Development project had an expenditure variance due to the need to address asbestos that was found in an area of the park during the grading operations. Soils testing and reporting to the Department of Toxic Substances Control is currently underway. Construction has been suspended until remediation requirements are determined and completed.
- The Paul Moore Park Playground Renovation project experienced a longer than anticipated project scoping phase. Construction of the playground improvements is anticipated to be completed in 2010-2011.
- The Almaden Winery Irrigation Automation project had an expenditure variance due to a delay in the project schedule. It is currently anticipated that the project will begin design and construction in 2010-2011.
- The Unanticipated or Critical Repairs allocation had unexpended funds at year-end due to a number of projects not being completed in 2009-2010. It is anticipated that these projects will be completed in 2010-2011.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS**  
**(CONT'D.)**

**CONSTRUCTION AND CONVEYANCE TAX FUNDS (CONT'D.)**

Expenditure Performance (Cont'd.)

- The Weed Abatement allocation had an expenditure variance due to the timing for processing a purchase order. It is anticipated that the purchase order will be completed in 2010-2011.
- The Happy Hollow Park and Zoo Phase II Renovations project and the Happy Hollow East Side Improvements project had expenditure variances resulting from a combination of project delays, escalating construction costs, and redesign and rebid of work preceding the recent economic downturn. It is anticipated that all phases of the project will be completed in 2010-2011.
- The TRAIL: Albertson Parkway project completed in 2009-2010, however, several elements of the project were not constructed per specification. Final payment to the contractor is anticipated to occur in 2010-2011 once the issues are corrected.
- The City-Wide Trunking Radio System allocation provides matching grant funds to the County of Santa Clara for the expansion of the Emergency Communication Microwave (ECOMM) system. The expenditure variance was due to a delay in the ECOMM project, however, it is anticipated that the funds will be provided to the County of Santa Clara in 2010-2011.
- The Communications Maintenance allocation had an expenditure variance due to lower than anticipated equipment replacement activities.
- The Branch Libraries Fixtures, Furnishings and Equipment (FF&E) allocation provides funding to outfit the General Obligation Bond-funded libraries. All unexpended funds are carried over to the following year to purchase the necessary furniture, fixtures and equipment for the new and remodeled libraries as these facilities come on-line.
- The Branch Libraries Fixtures, Furnishings and Equipment (FF&E) allocation provides funding to outfit the General Obligation Bond-funded libraries. All unexpended funds are carried over to the following year to purchase the necessary furniture, fixtures and equipment for the new and remodeled libraries as these facilities come on-line.
- New Branch Opening Day Collections allocations provide funding for new materials at each of the newly constructed branch libraries funded by the Branch Libraries Bond Projects Fund. All unexpended funds are carried over to the following year to purchase the necessary materials for the new libraries as they come on-line.
- The Roof Replacement, Maintenance and Supplemental Needs allocation had an expenditure variance due to a delay in roof repairs prior to installation of solar panels at the Central Service Yard. The project is currently underway and is expected to be completed in 2010-2011.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**CONSTRUCTION AND CONVEYANCE TAX FUNDS (CONT'D.)**

**Ending Fund Balance Performance  
(\$ in Thousands)**

<b>2009-2010 Modified Budget</b>	<b>2009-2010 Estimated Ending Fund Balance</b>	<b>2009-2010 Actual Ending Fund Balance</b>	<b>Variance</b>	<b>Less Additional Rebudgets Recommended</b>	<b>Revised Variance</b>	<b>Revised Variance as % Of Budget</b>
\$120,746	\$62,292	\$76,866	\$14,574	(\$7,034)	\$7,540	6.2%

The 2009-2010 Ending Fund Balance of \$76.9 million was \$14.6 million above the estimate used to develop the 2010-2011 Adopted Budget. This variance was due primarily to lower than anticipated project expenditures (\$13.0 million) and higher than anticipated tax revenues (\$2.5 million) and transfers (\$1.3 million), partially offset by lower than anticipated interest earnings (\$830,000), developer contributions and miscellaneous revenue (\$725,000), and grant revenue (\$702,000).

Included in this report is a recommendation to rebudget a significant portion of the additional fund balance (\$7.0 million) to allow projects to continue in 2010-2011. In addition, this report recommends technical adjustments totaling \$595,000 in the ten Council District Construction and Conveyance Tax Funds for the reallocation of funds previously appropriated to Minor Park Renovations to Strategic Capital Replacement and Maintenance Needs and the re-allocation of \$50,000 for the Central Service Yard Tenant Improvement project. The remaining fund balance is recommended to be allocated to the respective funds' 2010-2011 Ending Fund Balance and would be available for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**CONSTRUCTION EXCISE TAX FUND**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$35,624	\$25,295	(\$10,329)	(29.0%)
Expenditures	\$57,934	\$39,068	\$18,866	32.6%

Revenue Performance

In 2009-2010, revenues totaled \$25.3 million and were generated primarily from the following: receipts from State grants (\$12.0 million) for Gas Tax – Pavement Maintenance, Recovery Act reimbursements for street resurfacing and resealing activities, Diridon Station Expansion project, and Pedestrian and Bicycle Facilities project; receipts of Construction Excise Tax (\$8.4 million); developer contributions (\$2.8 million) for traffic signal improvements and fiber optics permit fees; and receipts from federal grants (\$1.4 million) for pavement maintenance activities, a school sign upgrade project, and a sidewalk improvements project. The 2009-2010 revenues were below the budget estimate by \$10.3 million primarily due to lower than budgeted receipts of State grants (\$13.2 million), which were partially offset by higher than budgeted receipts of Construction Excise Tax (\$2.9 million) as a result of stronger 4<sup>th</sup> quarter performance in the commercial sector.

This 2009-2010 collection level was also \$23.2 million (47.9%) below the 2008-2009 level of \$48.5 million primarily due to one-time grant funding for pavement maintenance activities that were collected in 2008-2009. At \$8.4 million, Construction Excise Tax receipts in 2009-2010 exceeded the modified budget estimate of \$5.5 million and were 3.5% (\$282,000) higher than 2008-2009 collections (\$8.1 million); however, 59% below peak collections of \$20.7 million in 2000-2001. It should be noted that this decrease reflects the continued construction slowdown from the economic recession.

Expenditure Performance

In 2009-2010, expenditures of \$39.1 million were primarily attributed to Prop 1B - Pavement Maintenance activities (\$10.1 million), Recovery Act – Street Resurfacing and Resealing activities (\$6.7 million), Gas Tax – Pavement Maintenance activities (\$6.5 million), transfers to the General Fund for pavement maintenance activities, general purpose, and the debt service on City Hall (\$5.6 million), Diridon Station Expansion Planning (\$945,000), Congestion Management Program Dues (\$812,000), Fiber Optics Permit Engineering (\$783,000), and Bicycle and Pedestrian Facilities (\$577,000).

This expenditure level was \$18.9 million or 32.6% below the modified budget. The majority of these savings (\$14.3 million) were anticipated and rebudgeted as part of the 2010-2011 Adopted Capital Budget. A total of \$3.7 million is recommended for rebudget as part of this report to ensure sufficient

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**CONSTRUCTION EXCISE TAX FUND (CONT'D.)**

Expenditure Performance (Cont'd.)

funding for these projects in 2010-2011. These rebudgets, combined with the rebudgets approved as part of the 2010-2011 Adopted Capital Budget, brings the expenditure variance to \$900,000, or 1.6%.

The variance between budgeted and actual expenditures was caused primarily by the following projects with significant expenditure variances:

	<u>(\$000s)</u>
Recovery Act – Street Resurfacing and Rehabilitation	\$ 8,400
Prop 1B – Pavement Maintenance	6,226
Gas Tax – Pavement Maintenance	1,737
Fiber Optics Permit Engineering	417
San Carlos Multi-Modal Streetscape Improvements	286
Bicycle and Pedestrian Facilities	248
Total	\$ <u>17,314</u>

Following are descriptions of the projects' variances:

- The Recovery Act – Street Resurfacing and Rehabilitation project uses State grant funding for pavement maintenance activities. Unexpended funds of \$10.2 million were rebudgeted as part of the 2010-2011 Adopted Capital Budget for the award and construction of pavement projects, which typically occur during the summer months. A downward adjustment (\$1.8 million) is recommended in this report since the actual year-end expenditure savings were insufficient to cover the rebudget amounts assumed in the development of the 2010-2011 Adopted Capital Budget.
- The Prop 1B – Pavement Maintenance project uses State grant funding to perform street sealing and resurfacing of various City streets, thereby improving the overall condition of the City's street network. Unexpended funds of \$3.0 million were rebudgeted as part of the 2010-2011 Adopted Capital Budget for the award and construction of pavement projects. The remaining savings (\$3.2 million) are recommended for rebudget in this report.
- The Gas Tax – Pavement Maintenance project uses State grant funding to provide pavement maintenance for the City, such as surface sealing and street resurfacing. The remaining savings totaling \$1.7 million are recommended for rebudget as part of this report.
- The Fiber Optics Permit Engineering appropriation is an annual program that provides funding for permit issuance, plan review, and related construction inspection services to fiber cable companies. The expenditure savings in this project, which will revert to the Ending Fund Balance, reflected savings in staff and overhead costs.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**CONSTRUCTION EXCISE TAX FUND (CONT'D.)**

Expenditure Performance (Cont'd.)

- The San Carlos Multi-Modal Streetscape Improvements project funds pedestrian-oriented improvements to enhance pedestrian accessibility to public transit including Valley Transportation Authority's light rail and bus system that will link San José State University to the South of First Street Area District and the Downtown core. Projected unexpended funds of \$330,000 were rebudgeted as part of the 2010-2011 Adopted Capital Budget for the finalization of the scope of work prior to design. A downward adjustment (\$44,000) is recommended in this report since the actual year-end expenditure savings were insufficient to cover the rebudget amount assumed in the development of the 2010-2011 Adopted Capital Budget.
- The Bicycle and Pedestrian Facilities appropriation is an annual program that provides funding for the installation of various pedestrian and bicycle facilities, including sidewalks, crosswalks, bike lanes, bike parking, and school safety improvements. The remaining savings of \$248,000 are recommended for rebudget into 2010-2011 as part of this report.

The remaining variance (\$1.6 million) reflects unexpended funds in a number of projects with balances of less than \$200,000.

**Ending Fund Balance Performance  
(\$ in Thousands)**

2009-2010 Modified Budget	2009-2010 Estimated Ending Fund Balance	2009-2010 Actual Ending Fund Balance	Variance	Less Additional Rebudgets Recommended	Revised Variance	Revised Variance as % Of Budget
\$61,334	\$7,146	\$14,242	\$7,096	(\$3,705)	\$3,391	5.5%

The 2009-2010 Ending Fund Balance of \$14.2 million was \$7.1 million above the estimate used to develop the 2010-2011 Adopted Capital Budget. This variance was due to the following: higher than estimated revenues (\$254,000), lower than estimated expenditures (\$4.9 million), and a technical adjustment to the 2009-2010 Beginning Fund Balance (\$2.0 million).

It is recommended that a portion of the additional fund balance be allocated to rebudget into various capital projects to ensure sufficient funding for these projects to continue in 2010-2011. In addition, recommendations to rebudget \$3.0 million in revenues are included in this report to reflect revenue that was anticipated in 2009-2010, but will be collected in 2010-2011. The following appropriation adjustments are also included in this report: an increase to the Gas Tax – Pavement Maintenance project (\$2.0 million) to reflect a technical adjustment, an increase to the reserve for North San José Traffic Impact Fees (\$557,000) as the result of additional fund balance collected from the reconciliation of these restricted fees, an increase to the Capital Expressway: Story Road and Aborn Road Improvements

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**CONSTRUCTION EXCISE TAX FUND (CONT'D.)**

project (\$395,000) offset by new revenues (\$395,000) from developer funds, a decrease to the Congestion Management Program Dues (\$28,000) appropriation to reflect the revised fee amount, and an increase to the Traffic Congestion Data Management (\$2,000) appropriation offset by new revenues (\$2,000) from developer funds. The remaining fund balance of \$3.8 million is recommended to be allocated to the 2010-2011 Ending Fund Balance and would be available for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**CONVENTION AND CULTURAL AFFAIRS FUND**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget*</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$21,736	\$22,419	\$683	3.1%
Expenditures	\$25,985	\$26,436	(\$451)	(1.7%)

\* The budgeted revenue estimate does not account for an increase of \$625,000 that was ratified by the City Council on September 28, 2010 in response to higher than anticipated revenue and expenditure levels.

The budgeted expenditure level does not account for the increase of \$758,000 that was necessary due to higher than budgeted expenditures in the Non-Personal/Equipment allocation. This increase was ratified by the City Council on September 28, 2010.

Revenue Performance

In 2009-2010, revenues totaled \$22.4 million and were generated from the following: transfers from the Transient Occupancy Tax (TOT) Fund (\$3.9 million), General Fund (\$250,000), and General Purpose Parking Fund (\$500,000), and operating revenues from the City's convention facilities (\$17.8 million). The 2009-2010 revenues exceeded the budget estimate by \$683,000 due primarily to higher than budgeted payments from facility users associated with contractual labor at the Convention Center. On September 28, 2010 the City Council ratified an increase to the revenue estimate (\$625,000) in recognition of this additional revenue and in response to higher than budgeted expenditure levels.

The 2009-2010 collection level was also \$3.2 million (16.9%) above the 2008-2009 level of \$19.2 million due to an increase in operating revenues from the City's convention facilities (\$6.2 million) and a transfer from the General Fund (\$250,000), partially offset by decreased transfers from the TOT Fund (\$2.8 million) and the General Purpose Parking Fund (\$383,000). The decline in the TOT transfer was the result of a reduced allocation of \$600,000 due to lower 2008-2009 TOT receipts and a projected 2009-2010 decline in TOT receipts. Due to the fact that actual TOT receipts ended 2009-2010 at higher than estimated levels, a recommendation is included in this document to increase the Transfer from the TOT Fund by \$261,000. For more information on the 2009-2010 performance of the TOT Fund, please refer to the TOT Fund section of this document.

Expenditure Performance

In 2009-2010, expenditures of \$26.4 million were primarily attributed to Non-Personal/Equipment (\$18.4 million) and Personal Services (\$5.0 million) costs associated with operating the convention facilities. This expenditure level was \$451,000 or 1.7% above the modified budget due primarily to

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**CONVENTION AND CULTURAL AFFAIRS FUND (CONT'D.)**

Expenditure Performance (Cont'd.)

higher than anticipated expenditures in the Non-Personal/Equipment appropriation (\$758,000), partially offset by lower than budgeted expenditures in the Personal Services (\$92,000), Management Fee (\$154,000), and Workers' Compensation Claims (\$35,000) appropriations. This document includes a recommendation to rebudget \$154,000 in the Team San José (TSJ) Management Fee appropriation. This funding is allocated to TSJ and is paid on a sliding scale according to performance measures in the contract between the City and TSJ. The City is in the process of reviewing 2009-2010 performance against the targets. This rebudget brings the expenditure variance to -\$605,000 (-2.3%).

A Notice of Default was issued to Team San José in August in response to the Non-Personal/Equipment overage of \$758,000. Subsequent to that, a ratification of the appropriation was approved by the City Council on September 28, 2010 to allow for final 2009-2010 financial accounting to be completed. The City Auditor's Office is conducting follow-up work to identify the cause of the overage, and Administration staff is working to determine if measures need to be implemented to improve fiscal oversight, and if any budgetary actions are required to ensure the long term health of the fund. It is currently anticipated that this work will be presented to the City Council in fall 2010.

Expenditures in this fund were 50% above the 2008-2009 level of \$17.6 million due primarily to higher Non-Personal/Equipment costs (\$9.8 million). This appropriation increased dramatically in 2009-2010 due to TSJ bringing food and beverage services in house (previously TSJ received a fixed percentage of overall food sales). Also new for 2009 was Team San José's management of a concert series at the San José Civic Auditorium and Broadway shows. As discussed above, all of the aforementioned changes also resulted in increased operating revenue.

**Ending Fund Balance Performance  
(\$ in Thousands)**

2009-2010 Modified Budget	2009-2010 Estimated Ending Fund Balance	2009-2010 Actual Ending Fund Balance	Variance	Less Additional Rebudgets Recommended	Revised Variance	Revised Variance as % Of Budget
\$31,972	\$6,130	\$6,321	\$191	(\$154)	\$37	0.1%

The 2009-2010 Ending Fund Balance of \$6.3 million was \$191,000 above the estimate used to develop the 2010-2011 Adopted Budget. This variance was due to higher than anticipated facility revenues (\$621,000), partially offset by higher than anticipated expenditures (\$430,000).

It is recommended that a portion of the additional fund balance be allocated to rebudget TSJ Management Fee funds of \$154,000. This funding is allocated to Team San José and is paid on a sliding scale according to performance measures in the contract between the City and TSJ. A final

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**CONVENTION AND CULTURAL AFFAIRS FUND (CONT'D.)**

payment to TSJ will be made once the City Auditor's Office has completed the annual TSJ performance audit. The remaining fund balance of \$37,000 is recommended to be allocated to the 2010-2011 Ending Fund Balance and would be available for future use. Also included in this document is a technical adjustment increasing the Transfer from the Transient Occupancy Tax Fund (\$260,500) based on higher than anticipated 2009-2010 TOT receipts (\$260,500), and an adjustment related to employee total compensation reductions totaling \$110,000, which would increase the Convention and Cultural Affairs Fund Ending Fund Balance accordingly, and also be available for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**GENERAL OBLIGATION BOND FUNDS**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$2,512	\$2,382	(\$130)	(5.2%)
Expenditures	\$124,699	\$99,475	\$25,224	20.2%

Revenue Performance

The General Obligation Bond (G.O. Bond) Funds consist of the Branch Libraries Bond Projects Fund, Neighborhood Security Act Bond Fund, and Parks and Recreation Bond Projects Fund. All G.O. Bond proceeds have already been issued for the Parks and Recreation Bond Projects Fund, however, \$5.9 million remain to be issued for the Branch Library Bond Projects Fund and \$3.3 million remain to be issued for the Neighborhood Security Act Bond Fund. It is currently anticipated that the remaining G.O. Bond proceeds will be issued in 2010-2011. In 2009-2010, revenues totaled \$2.4 million and were generated primarily from interest earnings (\$1.5 million), transfers (\$797,000) from the Trustee Rebate Fund, General Fund, and the Fire Construction and Conveyance Tax Fund, and revenue from the Santa Clara Valley Water District (\$71,000). The negative revenue variance of \$130,000, or 5.2%, primarily represents lower than anticipated interest earnings (\$467,000) partially offset by higher than anticipated transfers (\$265,000) from the Trustee Rebate Fund and higher than anticipated revenue from the Santa Clara Valley Water District (\$71,000).

Expenditure Performance

The expenditure variance of \$25.2 million, or 20.2%, is primarily the result of unexpended capital project funds. Projects with significant variances include the following:

- The South San José Police Substation project had an expenditure variance of \$3.4 million due to an extended construction schedule that resulted in the completion date for the facility being delayed until 2010-2011. This funding was anticipated and rebudgeted to 2010-2011 as part of the 2010-2011 Adopted Capital Budget.
- The Bascom Branch project had an expenditure variance of \$3.3 million due to unused project contingency and because the actual construction award was significantly lower than the amount budgeted. Of the expenditure variance, \$1.9 million in project savings was redistributed to the Branch Library Bond Projects Contingency Reserve as part of the 2010-2011 Adopted Capital Budget, with an additional \$950,000 recommended to be redistributed to the Branch Library Bond Projects Contingency Reserve as part of this report. When the project is completed any additional savings will be recommended to be reallocated to other existing projects as needed or placed in the Branch Library Bond Projects Contingency Reserve.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**GENERAL OBLIGATION BOND FUNDS (CONT'D.)**

Expenditure Performance (Cont'd.)

- The Educational Park Branch project had an expenditure variance of \$3.3 million due to unused project contingency and because the actual construction award was significantly lower than the amount budgeted. As construction is still underway, project savings are not being realized at this time to allow funding for potential unforeseen conditions. However, when the project is completed any savings will be recommended to be reallocated to other existing projects as needed or placed in the Branch Library Bond Projects Contingency Reserve.
- The Seven Trees Branch project had an expenditure variance of \$2.8 million due to unused project contingency and because the actual construction award was significantly lower than the amount budgeted. Of the expenditure variance, \$1.8 million in project savings was redistributed to the Branch Library Bond Projects Contingency Reserve as part of the 2010-2011 Adopted Capital Budget, with an additional \$624,000 recommended to be redistributed to the Branch Library Bond Projects Contingency Reserve as part of this report. When the project is completed any additional savings will be recommended to be reallocated to other existing projects as needed or placed in the Branch Library Bond Projects Contingency Reserve.
- The Happy Hollow Park and Zoo Renovations and Improvements project had an expenditure variance of \$2.7 million resulting from a combination of project delays, escalating construction costs, and redesign and rebid of work preceding the recent economic downturn. It is anticipated that all phases of the project will be completed in 2010-2011. A portion of this funding was anticipated and rebudgeted to 2010-2011 in the Adopted Capital Budget (\$1.7 million) with the remaining funds recommended to be rebudgeted in this report (\$982,000).
- The Fire Station 36 project had an expenditure variance of \$2.1 million due to the construction contract award being lower than anticipated and due to a delay in project construction beginning. This project is currently underway and is anticipated to be completed in 2011-2012. A majority of this funding was anticipated and rebudgeted to 2010-2011 in the Adopted Capital Budget (\$2.1 million) with the remaining funds recommended to be rebudgeted in this report (\$53,000).
- The Land Acquisition allocation had an expenditure variance of \$1.0 million due to land not yet being purchased for the Southeast Branch (the only remaining branch with a site not yet determined).
- The Southeast Branch project had an expenditure variance of \$960,000 due to a delay in awarding the design agreement as purchase of the land for the new branch has not been completed.
- The Berryessa Parking Lot project had an expenditure variance of \$550,000 due to a delay in encumbering the construction contract. The contract was awarded in late June 2010, however, the contract was not encumbered until July 2010.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**GENERAL OBLIGATION BOND FUNDS (CONT'D.)**

Expenditure Performance (Cont'd.)

- The Seven Trees Community Center – Multi-Service project had an expenditure variance of \$542,000 due to unused project contingency. When the project is completed any savings will be recommended to be reallocated to other existing projects as needed or placed in the Parks and Recreation Bond Projects Contingency Reserve.
- The Mayfair Community Center – Satellite project had an expenditure variance of \$467,000 due to a delay in finalizing all post construction project needs.
- The Fire Station 37 – Willow Glen project had an expenditure variance of \$434,000 due an extension to the project schedule. It is currently anticipated this project will be completed in 2011-2012.
- The Santa Teresa Branch project had an expenditure variance of \$420,000 due to unused project contingency and because the actual construction award was significantly lower than the amount anticipated. Of the expenditure variance, \$270,000 in project savings is recommended to be redistributed to the Branch Library Bond Projects Contingency Reserve as part of this report. When the project is completed any additional savings will be recommended to be reallocated to other existing projects as needed or placed in the Branch Library Bond Projects Contingency Reserve.
- The Public Art – Parks and Recreation Bond Projects had an expenditure variance of \$396,000 due to delays in purchasing public art for various facilities. Public Art is tied to the progress of bond projects and delays in bond projects result in corresponding delays in public art.
- The TRAIL: Coyote Creek (Tully Road to Los Lagos Golf Course) project had an expenditure variance of \$338,000 due to unforeseen buried utilities being discovered at the project site. Design modifications and the associated cost are currently being evaluated and it is anticipated the project will complete in 2010-2011.

A large portion of these expenditure savings were anticipated and the funds were rebudgeted to 2010-2011 in the Adopted Capital Budget (\$17.9 million), with a portion of the remaining balance recommended for rebudget in this document that are offset by the reduction in some over-expended 2009-2010 rebudgets (\$288,000).

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**GENERAL OBLIGATION BOND FUNDS (CONT'D.)**

**Ending Fund Balance Performance  
(\$ in Thousands)**

2009-2010 Modified Budget	2009-2010 Estimated Ending Fund Balance	2009-2010 Actual Ending Fund Balance	Variance	Less Additional Rebudgets Recommended	Revised Variance	Revised Variance as % Of Budget
\$167,945	\$64,865	\$68,398	\$3,533	(\$288)	\$3,245	1.9%

The 2009-2010 Ending Fund Balance of \$68.4 million was \$3.5 million above the estimate used to develop the 2010-2011 Adopted Capital Budget. This variance was primarily due to lower than anticipated project expenditures (\$3.2 million), higher than anticipated transfer revenue (\$215,000), and higher than anticipated interest earnings/miscellaneous revenue (\$102,000).

Included in this report is a recommendation to rebudget a portion of the additional fund balance partially offset by the reduction in some over-expended 2009-2010 rebudgets (\$288,000). In addition, this report recommends allocating an additional \$250,000 for increased project costs in the Branch Library Bond Projects Fund for the Land Acquisition project. The remaining fund balance of \$3.0 million is recommended to be allocated to the respective funds Contingency Reserves and would be available for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**GENERAL PURPOSE PARKING FUND**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$10,176	\$10,719	\$543	5.3%
Expenditures	\$14,351	\$12,840	\$1,512	10.5%

Revenue Performance

In 2009-2010, revenues totaled \$10.7 million and were generated from the following: parking garages and lots (\$8.3 million), parking meters (\$2.2 million), interest earnings (\$250,000), and miscellaneous revenues (\$42,000). The 2009-2010 revenues exceeded the budget estimate by \$543,000 primarily due to higher than budgeted revenues from parking garages and lots (\$464,000) and parking meters (\$80,000).

This 2009-2010 collection level was \$954,000 (8.2%) below the 2008-2009 level of \$11.7 million due to lower revenue collections in parking garages and lots and lower interest earnings. As a result of the economic downturn, revenues generated in this fund have generally declined.

Expenditure Performance

In 2009-2010, expenditures of \$12.8 million were primarily attributed to the Non-Personal/Equipment expenditures for the Department of Transportation (\$5.8 million), the Parking Capital Program (\$2.8 million), Personal Services expenditures for the Department of Transportation (\$1.8 million), a transfer to the Parking Capital Development Fund (\$1.0 million), and a transfer to the Convention and Cultural Affairs Fund (\$450,000).

This expenditure level was \$1.5 million or 10.5% below the modified budget. Of these savings, \$293,000 was anticipated and rebudgeted as part of the 2010-2011 Adopted Budget. A total of \$14,000 is recommended for rebudget as part of this report to ensure sufficient funding for specific capital projects in 2010-2011. These rebudgets, combined with the rebudgets approved as part of the 2010-2011 Adopted Budget, bring the expenditure variance to \$1.2 million, or 8.3%.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**GENERAL PURPOSE PARKING FUND (CONT'D.)**

Expenditure Performance (Cont'd.)

The variance between budgeted and actual expenditures was caused primarily by the following projects with significant expenditure variances:

	<u>(\$000s)</u>
Non-Personal/Equipment – Department of Transportation	\$ 878
Capital Program – Revenue Control Equipment	217
Capital Program – Convention Center Deck Upgrade	133
Capital Program – Security Improvements	100
Total	\$ 1,328

Following are descriptions of the projects' variances:

- The Department of Transportation's Non-Personal/Equipment appropriation generated savings primarily due to lower than budgeted costs for contractual services, electricity, rent, and insurance. These savings (\$878,000) will revert to the Ending Fund Balance.
- The Revenue Control Equipment project generated savings as a result of delays in the development of an optic network for the parking access and revenue system for the Downtown garages. The delay was anticipated and the unexpended funds of \$217,000 were rebudgeted as part of the 2010-2011 Adopted Budget.
- The Convention Center Deck Upgrade project and the Security Improvements project generated savings as a result of lower than anticipated project costs. These savings (\$233,000) for both projects will revert to the Ending Fund Balance.

The remaining variance (\$184,000) reflects unexpended funds in a number of appropriations with balances of less than \$100,000.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**GENERAL PURPOSE PARKING FUND (CONT'D.)**

**Ending Fund Balance Performance  
(\$ in Thousands)**

2009-2010 Modified Budget	2009-2010 Estimated Ending Fund Balance	2009-2010 Actual Ending Fund Balance	Variance	Less Additional Rebudgets Recommended	Revised Variance	Revised Variance as % Of Budget
\$19,989	\$3,130	\$4,843	\$1,713	(\$14)	\$1,699	54.3%

The 2009-2010 Ending Fund Balance of \$4.8 million was \$1.7 million above the estimate used to develop the 2010-2011 Adopted Budget. This variance was primarily due to the following: higher than anticipated revenues from parking garages, lots, and meters; expenditure savings in the Department of Transportation's Non-Personal/Equipment appropriation; and expenditure savings in the Parking Capital Program.

It is recommended that a portion of the additional fund balance be allocated to rebudget \$16,000 for the Parking Guidance System Phase II capital project to fund the remaining payment owed to the contractor, and a downward adjustment of \$2,000 is recommended for the HP Pavilion/Diridon Area Multi-Space Meters capital project because actual year-end expenditures were higher than expected. Also, a recommendation to augment the Parking Guidance System Phase II capital project by \$82,000 is included in this report to fund the remaining payment owed to the contractor. In addition, this report recommends technical adjustments related to employee total compensation reductions totaling \$142,000 which would reduce the General Services, Information Technology, and Transportation Departments' Personal Services allocations and increase the General Purpose Parking Fund's ending fund balance accordingly. The remaining fund balance of \$1.8 million is recommended to be allocated to the 2010-2011 Ending Fund Balance and would be available for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**INTEGRATED WASTE MANAGEMENT FUND**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$112,281	\$109,490	(\$2,791)	(2.5%)
Expenditures	\$121,312	\$119,250	\$2,062	(1.7%)

Revenue Performance

In 2009-2010, revenues totaled \$109.5 million and were generated from the following: Recycle Plus Collection Charges (\$96.9 million), Lien-Related Charges (\$6.7 million), AB939 Fees (\$3.5 million), unclaimed Construction and Demolition Diversion Deposits (\$1.5 million), and other sources of revenue (\$949,000). The 2009-2010 revenues fell short of the budget estimate by \$2.8 million due primarily to lower than expected Recycle Plus Collection Charge revenues. The shortfall in this revenue stream was driven by lower than expected annexations, downsizing of garbage containers by landlords due to lower occupancy rates, downsizing of containers among residential property owners, and an increase in residents taking low income assistance.

The 2009-2010 collection level was \$2.7 million (2.6%) above the 2008-2009 level of \$106.8 million due primarily to higher Recycle Plus Collection Charges (\$3.6 million), an increase in Lien Related Charges (\$905,000), and grant revenues from the Department of Resources Recycling and Recovery (\$189,000), partially offset by lower interest earnings (\$648,000), and Household Hazardous Waste Revenue from the County (\$485,000). The increase in Recycle Plus Collection Charges is due mainly to rate increases of 2.0% for Single Family Dwellings, and 4.0% for Multi-Family Dwellings, which took place at the beginning of 2009-2010. The increase in Lien-Related Charges reflects the receipt of revenues due to the City in the prior year, collected through the property lien process in 2009-2010. Household Hazardous Waste Revenue was not received from the County in 2009-2010 due to the increased number of residential participants in the program. Household Hazardous Waste Revenue represents savings for San José's portion of the County-run Household Hazardous Waste program. The increased number of residential participants in the program led to greater than expected program expenditures, and hence no savings returned to San José as Household Hazardous Waste Revenue.

Expenditure Performance

In 2009-2010, expenditures of \$119.3 million were primarily attributed to the Recycle Plus Single Family Dwelling (\$47.5 million), Yard Trimmings/Street Sweeping (\$23.3 million), and Multi-Family Dwelling (\$14.6 million) contracts, as well as the IDC Disposal Agreement (\$8.5 million). The Environmental Services Non-Personal/Equipment (\$6.9 million) and Personal Services (\$6.0 million) appropriations also accounted for significant expenditures.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**INTEGRATED WASTE MANAGEMENT FUND (CONT'D.)**

Expenditure Performance (Cont'd.)

The 2009-2010 expenditure level was \$2.1 million (1.7%) below the modified budget primarily as a result of unexpended funds associated with the Household Hazardous Waste Las Plumas Facility due to a delay of the project schedule into 2010-2011 (\$906,000) and Multi-Family Dwelling (MFD) and Single Family Dwelling (SFD) garbage hauler contracts (\$458,000). Savings were generated in the MFD and SFD contracts due to lower than anticipated development activity, a lower than expected number of annexations, and property owners downsizing garbage containers. This document includes a recommendation to rebudget \$81,000 for the Household Hazardous Waste Las Plumas Facility project. The remainder of the savings (\$825,000) in this project was rebudgeted as part of the 2010-2011 Adopted Capital Budget. Expenditures in this fund were 6.9% (\$7.8 million) above the 2008-2009 level of \$111.4 million due primarily to spending on the Household Hazardous Waste Las Plumas Facility (\$3.6 million), Yard Trimmings/Street Sweeping (\$2.6 million), and the Recycle Plus Single Family Dwelling (\$1.2 million) contract. These increases were partially offset by the elimination of one-time funding for a transfer to the General Fund (\$551,000) and the net impact of small variances in other appropriations (\$279,000).

**Ending Fund Balance Performance  
(\$ in Thousands)**

2009-2010 Modified Budget	2009-2010 Estimated Ending Fund Balance	2009-2010 Actual Ending Fund Balance	Variance from Estimate	Less Additional Rebudgets Recommended	Revised Variance	Revised Variance as % Of Budget
\$140,011	\$9,669	\$6,444	(\$3,225)	(\$80)	(\$3,305)	(2.3%)

The 2009-2010 Ending Fund Balance of \$6.4 million was \$3.2 million below the estimate used to develop the 2010-2011 Adopted Operating Budget due to higher than estimated expenditures. The Department plans to liquidate encumbrances of \$3.2 million in September 2010, which will return the Ending Fund Balance to the Adopted level. In addition, this report recommends technical adjustments related to employee total compensation reductions totaling \$279,000 which would reduce the Personal Services allocations and increase the Integrated Waste Management Fund Ending Fund Balance accordingly. This additional funding would also be available for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**LIBRARY PARCEL TAX FUND**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$6,925	\$7,188	\$263	3.8%
Expenditures	\$8,310	\$6,056	\$2,254	27.1%

Revenue Performance

In 2009-2010, revenues totaled \$7.2 million and were generated primarily from parcel tax revenue (\$7.1 million) and interest earnings (\$63,000). The 2009-2010 revenues exceeded the budget estimate by \$263,000, or 3.8%, due to higher than budgeted parcel tax revenue (\$325,000) partially offset by lower than budgeted interest earnings (\$62,000).

Expenditure Performance

In 2009-2010, expenditures of \$6.1 million were primarily attributed to Library Department Personal Services (\$3.0 million), Acquisition of Materials (\$2.0 million), Automation Projects (\$595,000), and Non-Personal/Equipment (\$247,000). This expenditure level was \$2.3 million or 27.1% below the modified budget due to unexpended funds associated with automation projects (\$923,000) being delayed until 2010-2011, Library Department Personal Services (\$897,000) due to a high number of vacancies, Non-Personal/Equipment (\$357,000) due to savings for supplies and materials, and Acquisition of Materials (\$67,000). This document includes a recommendation to rebudget \$67,000 for the Acquisition of Materials project. This rebudget, combined with a rebudget totaling \$150,000 for automation projects approved as part of the 2010-2011 Adopted Budget, brings the expenditure variance to \$2.0 million, or 24.5%.

**Ending Fund Balance Performance  
(\$ in Thousands)**

<b>2009-2010 Modified Budget</b>	<b>2009-2010 Estimated Ending Fund Balance</b>	<b>2009-2010 Actual Ending Fund Balance</b>	<b>Variance</b>	<b>Less Additional Rebudgets Recommended</b>	<b>Revised Variance</b>	<b>Revised Variance as % Of Budget</b>
\$12,559	\$4,436	\$6,658	\$2,222	(\$67)	\$2,155	17.2%

The 2009-2010 Ending Fund Balance of \$6.7 million was \$2.2 million above the estimate used to develop the 2010-2011 Adopted Budget. This variance is the result of the combined impact of the lower than estimated expenditures and higher than estimated revenues.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**LIBRARY PARCEL TAX FUND (CONT'D.)**

As discussed above, it is recommended that a portion of the additional fund balance be rebudgeted for the Acquisition of Materials project (\$67,000). The remaining fund balance of \$2.2 million is recommended to be allocated to the 2010-2011 Ending Fund Balance and would be available for future use. In addition, this report recommends technical adjustments related to employee total compensation reductions totaling \$32,000 which would reduce the Library Department and Information Technology Department Personal Services allocations and increase the Library Parcel Tax Fund Ending Fund Balance accordingly, which would also be available for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**LOW AND MODERATE INCOME HOUSING FUND**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$161,664	\$164,345	\$2,680	1.7%
Expenditures	\$205,592	\$195,391	\$10,201	5.0%

Revenue Performance

In 2009-2010, revenues totaled \$164.3 million and were generated from the following sources: net bond sale proceeds (\$92.5 million), 20% tax increment revenues (\$40.5 million), loan repayments (\$14.3 million), commercial paper proceeds (\$12.9 million), a transfer from the Multi-Source Housing Fund (\$2.7 million), interest earnings (\$571,000), miscellaneous revenue (\$490,000), and repayments from the Teacher Housing Program (\$360,000). The 2009-2010 revenues exceeded the budgeted estimate by \$2.7 million, or 1.7%, primarily due to higher than budgeted loan repayments (\$2.3 million) from the refinancing of the Rincon de Los Esteros project and higher than budgeted miscellaneous revenue (\$390,000) for liquidated damages payments.

The 2009-2010 revenues of \$164.3 million were \$58.8 million above the 2008-2009 level of \$105.5 million due to the sale of bonds (\$92.5 million) and commercial paper proceeds (\$12.9 million) offset by a \$50.0 million line of credit that was used in 2008-2009. The bond sale and commercial paper proceeds were used to fund a loan to the San Jose Redevelopment Agency (SJRA) for the Supplemental Education Revenue Augmentation Fund (SERAF) payment and to repay the Department's line of credit. It should be noted that in July 2010, the County Assessor's Office released the property tax roll for the 2010-2011 fiscal year. Based on this information, the 20% tax increment revenue will be 7.7% lower than anticipated in the 2010-2011 Adopted Budget. Adjustments to lower this revenue estimate are contained elsewhere in this report.

Expenditure Performance

In 2009-2010, expenditures of \$195.4 million were primarily attributed to the Housing Loans, Grants, and Site Acquisition appropriation (\$57.2 million), loan to the SJRA for the SERAF payment (\$52.0 million), line of credit payment (\$47.5 million), debt service payment (\$17.3 million), Personal Services (\$8.1 million), and the Second Mortgage Loan Commitment Program (\$4.1 million).

It should be noted that expenditures in this fund were 52.4% above the 2008-2009 level of \$128.2 million primarily due to the loan to SJRA (\$52.0 million) and the increased (\$45.0 million) line of credit payment, which were offset by lower expenditures in the Housing Loans, Grants, and Site Acquisition appropriation (\$33.2 million).

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**LOW AND MODERATE INCOME HOUSING FUND (CONT'D.)**

Expenditure Performance (Cont'd.)

Total expenditures of \$195.4 million were \$10.2 million or 5.0% below the modified budget. A total of \$3.2 million is recommended for rebudget as part of this report to ensure sufficient funding for these projects in 2010-2011. These rebudgets, combined with a rebudget totaling \$250,000 approved as part of the 2010-2011 Adopted Budget, brings the expenditure variance to \$6.7 million, or 3.3%.

The variance between budgeted and actual expenditures was caused primarily by the following projects with significant expenditure savings:

	<u>(\$000s)</u>
Housing Loans, Grants and Site Acquisition	\$ 2,563
Debt Service Payment	2,182
Teacher/First Time Buyer Loan Program	2,135
Second Mortgage Loan Commitment Program	761
Housing Rehabilitation Loan Program	749
Line of Credit Payment	500
San José State Teacher Program	303
Total	\$ 9,193

Following are descriptions of the project savings:

- The Housing Loans, Grants and Site Acquisition appropriation generated savings as a result of delays in various housing projects. Majority of the remaining savings of \$2.5 million are recommended for rebudget as part of this report.
- The Debt Service Payment appropriation generated savings as a result of a reduction in debt service owed due to the refinancing of the bonds in the fund.
- The Teacher/First Time Buyer Loan Program and the Second Mortgage Loan Commitment Program generated savings as a result of the difficulty that potential clients had in obtaining conventional financing. The expenditure savings in these projects will revert to the ending fund balance.
- The Housing Rehabilitation Loan Program provides financial and technical assistance to San José's lower income residents seeking to maintain and/or improve the condition of their properties. The unexpended funds of \$749,000 in the Housing Rehabilitation Loan Program are recommended for rebudget into 2010-2011 as part of this report.
- The Line of Credit Payment appropriation generated savings as a result of the conversion of monthly debt service payments into semi-annual debt service payments and the resulting lack of required payments during the conversion period. The savings in this appropriation will revert to the ending fund balance.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**LOW AND MODERATE INCOME HOUSING FUND (CONT'D.)**

Expenditure Performance (Cont'd.)

- The San José State Teacher Program generated savings as a result of San José State University (SJSU) temporarily suspending this program. The program is a partnership between the City and SJSU to provide home loans to faculty and staff members, but with SJSU's severe budget constraints, the program has been temporarily suspended. The savings in this appropriation will revert to the ending fund balance.

The remaining variance (\$1.0 million) reflects unexpended funds in a number of projects with balances of less than \$300,000.

**Ending Fund Balance Performance  
(\$ in Thousands)**

2009-2010 Modified Budget	2009-2010 Estimated Ending Fund Balance	2009-2010 Actual Ending Fund Balance	Variance	Less Additional Rebudgets Recommended	Revised Variance	Revised Variance as % Of Budget
\$210,207	\$10,698	\$18,832	\$8,134	(\$3,249)	\$4,885	2.3%

The 2009-2010 Ending Fund Balance of \$18.8 million was \$8.1 million above the estimate used to develop the 2010-2011 Adopted Budget. This variance was due to the following: higher than anticipated revenues from loan repayments; higher than anticipated miscellaneous revenues; and expenditure savings primarily in the Housing Loans, Grants, and Site Acquisition appropriation, debt service payment, Teacher/First Time Buyer Loan Program, Second Mortgage Loan Commitment Program, and Housing Rehabilitation Loan Program.

It is recommended that a portion of the additional fund balance be allocated to rebudget \$3.2 million (Housing Loans, Grants, and Site Acquisition of \$2.5 million and Housing Rehabilitation Loan Program of \$749,000) to continue providing housing loans and grants to potential buyers and developers in low and moderate income areas. In addition, a recommendation to adjust the revenue estimate for 20% tax increment downward by \$3.1 million is included in this report to reflect the adjusted amount received from the County Assessor's Office. Also included in this report are the following adjustments: increase funding for the Homeowner Education Program (\$250,000), increase to the Information Technology Personal Services appropriation (\$14,758), and technical adjustments to move funding for Non-Profit

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**LOW AND MODERATE INCOME HOUSING FUND (CONT'D.)**

Platform (\$41,037) and City-Wide Grants Management System (\$7,768) out of the Low and Moderate Income Housing Fund and into the Housing Trust Fund. In addition, this report recommends technical adjustments related to employee total compensation reductions totaling \$317,000 which would reduce the City Attorney, City Manager, Finance, and Housing Departments Personal Services allocations and increase the Low and Moderate Income Housing Fund's ending fund balance accordingly. The remaining fund balance of \$1.9 million is recommended to be allocated to the 2010-2011 Ending Fund Balance and would be available for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**SUBDIVISION PARK TRUST FUND**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$0	\$3,085	\$3,085	N/A
Expenditures	\$41,692	\$15,539	\$26,153	62.7%

Revenue Performance

Under current City Council policy, in-lieu fee revenues in the Park Trust Fund are primarily recognized and budgeted in the year following the receipt of the funds, in recognition of the fact that these revenues cannot be reasonably estimated from year-to-year. As a result, there are typically large positive revenue variances in this fund each year. In 2009-2010, the positive revenue variance of \$3.1 million is primarily the result of (\$1.7 million), interest earnings (\$1.2 million), and developer review and inspection fees (\$129,000) received.

Expenditure Performance

The expenditure variance of \$26.2 million, or 62.7%, is primarily the result of unexpended capital project funds. Projects with significant variances include the following:

- The Santana Park Development project had an expenditure variance of \$4.5 million to allow for a community engagement process, which required more time for the project design.
- The Commodore Children’s Park Development project had an expenditure variance of \$3.0 million due to the project being placed on hold due to its significant operating and maintenance impact on the General Fund once developed. The Parks, Recreation and Neighborhood Services Department (PRNS) is currently exploring other sources to fund the operating and maintenance impact for the completed facility.
- The Newhall Neighborhood Park project had an expenditure variance of \$1.5 million due to the project being placed on hold due to its significant operating and maintenance impact on the General Fund once developed. PRNS is currently exploring other sources to fund the operating and maintenance impact for the completed facility.
- The Watson Park Phase II Development (Soccer Field) project had an expenditure variance of \$1.1 million due to a delay in the project bid and award schedule. It is currently anticipated the project will begin construction in fall 2010.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**SUBDIVISION PARK TRUST FUND (CONT'D.)**

Expenditure Performance (Cont'd.)

- The KB Homes Reimbursement – Tuscany Hills allocation had an expenditure variance of \$945,000. The developer dedicated parkland to the City and constructed park and neighborhood trail improvements after paying the parkland obligation fees. The developer has completed the turnkey project and the reimbursement of \$945,000 was completed in September 2010.
- The Dairy Hill Detention Basin Refund project had an expenditure variance of \$896,000 due to a delay in completing recreation improvements. The project is currently under construction and is anticipated to be completed in 2010-2011. Once the project is complete, a reimbursement will be issued to the developer (Summerhill Homes, LLC.) for recreation and landscape improvements done by the developer that exceeded its parkland obligation.
- The Calabazas Park Play Lot Renovation project had an expenditure variance of \$879,000 due to delay in the project design schedule. The project is currently anticipated to begin in 2010-2011.
- The Backesto Park Improvements project had an expenditure variance of \$864,000 due to the project being placed on hold pending additional input from the community.
- The TRAIL: Guadalupe River (Branham Lane to Chynoweth Avenue) project had an expenditure variance of \$694,000. In 2009-2010, the Santa Clara Valley Water District (SCVWD) reported that they would not have access to federal funds for development of a flood protection project. The City project will resume design work once there is a design for the underlying flood protection project.
- The Seven Trees Community Center – Multi-Service project provides supplemental funding to the Parks and Recreation Bond Projects funded project. This allocation had an expenditure variance of \$693,000 due to unused project contingency and because the actual construction award was significantly lower than the amount budgeted.
- The Penitencia Creek Park Dog Park project had an expenditure variance of \$685,000 due to coordination issues involving a joint-use agreement with the County of Santa Clara.
- The Almaden Apartments Area Park project had an expenditure variance of \$639,000 due to the project being placed on hold due to its significant operating and maintenance impact on the General Fund once developed. PRNS is currently exploring other sources to fund the operating and maintenance impact for the completed facility.
- The Saint James Park Renovation Phase I project had an expenditure variance of \$622,000 due to the reallocation of project funds to the Saint James Community Center Demolition project as part of the 2010-2011 Adopted Capital Budget.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**SUBDIVISION PARK TRUST FUND (CONT'D.)**

Expenditure Performance (Cont'd.)

- The TRAIL: Willow Glen Spur Acquisition project had an expenditure variance of \$621,000. The project seeks to acquire 2.1 miles of linear parcels from Union Pacific Railroad (UPRR). The negotiation process has been impacted by development of a California-mandated Remedial Action Work Plan and a disagreement on the valuation of property. Negotiations with UPRR are anticipated to continue in 2010-2011.
- The Penitencia Creek Park Play Lot project had an expenditure variance of \$600,000 due to a delay in the project design process. The project is currently anticipated to begin in 2010-2011.
- The Calabazas Branch Library Community Room project had an expenditure variance of \$517,000 due to the Library Department incorporating the costs for the new community room into the existing Calabazas Branch Library project funded by the Branch Libraries Bond Projects Fund. The funding allocated in the Subdivision Park Trust Fund will be reallocated to the Reserve: Future PDO/PIO Projects and will be available for other project needs within the nexus of this facility.
- The Martial-Cottle Community Garden project had an expenditure variance of \$500,000 due to a delay in completing a master plan for the community garden. Once the master planning process is complete, design and construction of the new facility is expected to begin in 2010-2011.

This document includes a recommendation to rebudget \$4.4 million for various projects with unexpended funds in the Subdivision Park Trust Fund. This rebudget, combined with a rebudget totaling \$14.4 million approved as part of the 2010-2011 Adopted Capital Budget, brings the expenditure variance to \$7.4 million, or 17.8%.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**SUBDIVISION PARK TRUST FUND (CONT'D.)**

**Ending Fund Balance Performance  
(\$ in Thousands)**

2009-2010 Modified Budget	2009-2010 Estimated Ending Fund Balance	2009-2010 Actual Ending Fund Balance	Variance	Less Additional Rebudgets Recommended	Revised Variance	Revised Variance as % Of Budget
\$89,563	\$69,409	\$77,157	\$7,748	(\$4,402)	\$3,347	3.7%

The 2009-2010 Ending Fund Balance of \$77.2 million was \$7.7 million above the estimate used to develop the 2010-2011 Adopted Capital Budget. This variance was due primarily to higher than anticipated in-lieu fees (\$1.7 million), higher than anticipated interest earnings (\$339,000), and lower than anticipated project expenditures (\$5.8 million).

Included in this report is a recommendation to rebudget a significant portion of the additional fund balance (\$4.4 million) to allow projects to continue in 2010-2011. In addition, this report recommends allocating an additional \$377,000 for new project costs for the TRAIL: Highway 237 Bikeway project and the TRAIL: Coyote Creek (Highway 237 to Story Road) project. The remaining fund balance of \$3.0 million is recommended to be allocated to the Reserve: Future PDO/PIFO Projects and would be available for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**SAN JOSÉ/SANTA CLARA TREATMENT PLANT CAPITAL FUND**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$55,301	\$51,709	(\$3,592)	(6.5%)
Expenditures	\$107,519	\$69,900	\$37,619	35.0%

Revenue Performance

In 2009-2010, revenues totaled \$51.7 million and were generated primarily from Transfers from the Sewer Service and Use Charge Fund (\$28.7 million), the Sewage Treatment Plant Connection Fee Fund (\$3.1 million), and the Sewer Revenue Bond Payment Fund (\$4.2 million); and contributions from the Tributary Agencies for Equipment and Projects (\$10.0 million), and debt service (\$2.6 million). This revenue level was \$3.6 million (6.5%) below budget, due to lower than budgeted contributions from the Tributary Agencies (\$2.6 million) and delays in the receipt of grants from the U.S. Bureau of Reclamation (\$1.4 million), partially offset by small favorable variances in a variety of revenue streams. Contributions from the Tributary Agencies reflect the true cost of these Agencies' share of projects and equipment. Fluctuations in this revenue stream can be the result of billing cycles, project timing, and actual versus budgeted project costs.

The 2009-2010 collection level was \$3.1 million (6.5%) above the 2008-2009 level of \$48.6 million due primarily to a higher Transfer from the Sewer Service and Use Charge Fund (\$9.1 million), the Transfer from the Sewer Revenue Bond Payment Fund (\$4.2 million), and other small increases in various revenue streams. These increases were partially offset by lower 2009-2010 contributions from the Tributary Agencies for Equipment and Projects (\$4.6 million), grant receipts from the U.S. Bureau of Reclamation (\$3.6 million), interest earnings (\$1.4 million), and contributions from the Tributary Agencies for debt service (\$1.2 million).

Expenditure Performance

In 2009-2010, expenditures of \$69.9 million were primarily attributed to capital projects (\$58.5 million) and debt payments (\$11.4 million). The largest projects included Plant Electrical Reliability (\$15.3 million), the Revised South Bay Action Plan – South Bay Water Recycling Extension (\$11.2 million), Alternative Disinfection (\$6.6 million), M5 Buss Ring (\$5.6 million), and Plant Infrastructure Improvements (\$4.2 million). This expenditure level was \$37.6 million (35.0%) below budget. Projects with significant amounts of unused funding at the end of 2009-2010 included the Revised South Bay Action Plan – South Bay Water Recycling Extension (\$8.3 million), Plant Electrical Reliability (\$7.7 million), and the South Bay Water Recycling Reservoir Facility (\$5.2 million). This document includes a recommendation to rebudget a portion of the savings to 2010-2011 offset by reductions in over-

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**SAN JOSÉ/SANTA CLARA TREATMENT PLANT CAPITAL FUND (CONT'D.)**

Expenditure Performance (Cont'd.)

expended 2009-2010 rebudgets (-\$2.3 million). These rebudgets, when combined with rebudgets totaling \$26.2 million approved as part of the 2010-2011 Adopted Capital Budget, reduce the expenditure variance to \$13.7 million, or 12.8%. This variance is primarily attributable to lower than anticipated bids in the Plant Electrical Reliability and Equipment Replacement appropriations.

Expenditures in this fund were 3.5% (\$2.5 million) below the 2008-2009 level of \$72.4 million as the result of Bond Reserve payments that took place in 2008-2009 (\$6.2 million), partially offset by higher project expenditure levels.

**Ending Fund Balance Performance  
(\$ in Thousands)**

2009-2010 Modified Budget	2009-2010 Estimated Ending Fund Balance	2009-2010 Actual Ending Fund Balance	Variance	Less Additional Rebudgets Recommended	Revised Variance	Revised Variance as % Of Budget
\$157,323	\$77,814	\$84,115	\$6,301	(\$2,345)	\$8,646	5.5%

The 2009-2010 Ending Fund Balance of \$84.1 million was \$6.3 million above the estimate used to develop the 2010-2011 Adopted Budget. This variance was due to lower than estimated project expenditures (\$8.5 million), partially offset by lower than estimated revenues (\$2.2 million). Included in this document is a recommendation to rebudget a portion of the additional fund balance offset by the reduction in some over expended 2009-2010 rebudgets (-\$2.3 million). The remaining fund balance of \$8.6 million is recommended to be allocated to the 2010-2011 Ending Fund Balance and would be available for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**SAN JOSÉ/SANTA CLARA TREATMENT PLANT OPERATING FUNDS**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$193,992	\$194,139	\$147	0.1%
Expenditures	\$211,972	\$205,702	\$6,270	3.0%

Revenue Performance

The San José/Santa Clara Treatment Plant Operating Funds include the Sewer Service and Use Charge Fund, the San José/Santa Clara Treatment Plant Operating Fund, the Sewage Treatment Plant Connection Fee Fund, and the San José/Santa Clara Treatment Plant Income Fund. In 2009-2010, revenues in these funds totaled \$194.1 million and were generated primarily from Sewer Service and Use Charges for Residential (\$93.7 million), Commercial (\$18.7 million), and Industrial (\$4.3 million) users, Contributions from Tributary Agencies (\$22.6 million), and sales of Recycled Water (\$3.7 million). Revenue collections ended the year slightly (0.1%) above budget.

The 2009-2010 collection level was also \$3.8 million (2.0%) above the 2008-2009 level of \$190.3 million due primarily to higher Sewer Service and Use Charge collections (\$15.0 million), partially offset by lower loan repayments to the Sewage Treatment Plant Connection Fee Fund (\$10.3 million), and a lower transfer from the Sewer Service and Use Charge Fund to the San José/Santa Clara Treatment Plant Operating Fund (\$1.4 million). A 15% rate increase was approved for the Sewer Service and Use Charge in 2009-2010, which led to the significant increase in this revenue source.

Expenditure Performance

In 2009-2010, expenditures of \$205.7 million were primarily attributed to Transfers from the Sewer Service and Use Charge Fund to the Treatment Plant Operating Fund (\$45.1 million), Treatment Plant Capital Fund (\$28.7 million), and Sewer Service and Use Charge Capital Fund (\$17.2 million), Environmental Services Department Personal Services (\$41.3 million), Environmental Services Department Non-Personal/Equipment costs (\$21.8 million), General Fund Overhead Reimbursements (\$11.4 million), Department of Transportation Personal Services (\$8.7 million), and Department of Transportation Non-Personal/Equipment costs (\$4.2 million). Expenditures ended the year \$6.3 million (3.0%) under budget due primarily to: savings in Workers' Compensation Claims (\$1.6 million) resulting from a lower number of current claims and estimated liability; Environmental Services Department Non-Personal/Equipment costs (\$1.5 million) due to delays in three energy efficiency projects; Environmental Services Department Personal Services costs (\$1.4 million) resulting from vacancy savings and workload reallocations to capital funding sources; and Major Litigation

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**SAN JOSÉ/SANTA CLARA TREATMENT PLANT OPERATING FUNDS (CONT'D.)**

Expenditure Performance (Cont'd.)

expenditures (\$600,000). As part of the 2010-2011 Adopted Operating Budget, \$97,000 was rebudgeted into 2010-2011. When combined with \$875,000 in rebudgets recommended as part of this report for energy efficiency projects, the expenditure variance is reduced to 2.5%.

In total, 2009-2010 expenditures were \$21.0 million (11.4%) above the 2008-2009 level of \$184.6 million due to higher Transfers to the San José/Santa Clara Treatment Plant Capital Fund (\$9.1 million) and Sewer Service and Use Charge Capital Fund (\$1.3 million); a loan to the San Jose Redevelopment Agency (\$5.0 million) as approved by the City Council; higher Overhead Reimbursements to the General Fund (\$3.6 million); and higher Environmental Services Personal Services expenditures (\$2.2 million). These increases were partially offset by the elimination of a Transfer to the Sewage Treatment Plant Connection Fee Fund (\$5.0 million) and lower Environmental Services Department Non-Personal/Equipment expenditures (\$3.3 million).

**Ending Fund Balance Performance  
(\$ in Thousands)**

2009-2010 Modified Budget	2009-2010 Estimated Ending Fund Balance	2009-2010 Actual Ending Fund Balance	Variance	Less Additional Rebudgets Recommended	Revised Variance	Revised Variance as % Of Budget
\$256,636	\$36,749	\$40,038	\$3,289	(\$875)	\$2,414	0.9%

The 2009-2010 Ending Fund Balance of \$40.0 million was \$3.3 million above the estimate used to develop the 2010-2011 Adopted Operating Budget. This variance was due primarily to lower than anticipated Workers' Compensation Claims (\$1.6 million) and higher than estimated Sewer Service and Use Charge revenue from industrial users (\$1.1 million). Small savings in a large number of other appropriations account for the remainder of the variance. Though the Sewer Service and Use Charge revenue from industrial users came in above the estimate presented in the 2010-2011 Adopted Operating Budget, it is expected that this revenue stream will decrease to the 2010-2011 Adopted Operating Budget level of \$3.3 million due to the declining number of industrial users anticipated this year.

It is recommended that a portion of the additional fund balance be allocated to rebudget Environmental Services Department Non-Personal/Equipment funds of \$875,000 for energy efficiency projects at the Water Pollution Control Plant including the Digester Insulation Coating Project (\$400,000) and the purchase of 115 LED lights (\$115,000); to continue the Treatment Plant Bufferland Structure Demolition project (\$200,000); and for the hauling of bio-solids, which was delayed from 2009-2010 (\$160,000). The remaining fund balance of \$2.4 million is recommended to be allocated to the 2010-2011 Ending Fund Balance and would be available for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**SANITARY SEWER CAPITAL PROGRAM**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$30,704	\$29,535	(\$1,169)	(3.8%)
Expenditures	\$70,377	\$28,385	\$41,992	59.7%

Revenue Performance

The Sanitary Sewer Capital Program includes the Sewer Service and Use Charge Capital Fund and the Sanitary Sewer Connection Fee Fund. In 2009-2010, revenues totaled \$29.5 million and were generated primarily from a transfer from the Sewer Service and Use Charge Fund (\$17.2 million), a transfer from the Building and Structure Construction Tax Fund due to a short-term loan (\$6.0 million), Miscellaneous Revenue (\$4.2 million) collected as a reimbursement from Caltrans for portions of Highway 87 Sanitary Sewer Phase II projects, and several other revenue streams (\$2.1 million) including Connection Fees, interest income, and Joint Participation revenues.

For 2009-2010 revenues came in under the budgeted level by \$1.2 million (3.8%) due to lower than budgeted Interest Income (\$919,000) and Joint Participation revenue (\$330,000) due to a delay in the design phase of the 60' Brick Interceptor project, which the City will be partially reimbursed by the West Valley Sanitation District. Connection Fees, which totaled \$330,000 for the year, exceeded the budget by 32%. However, the 2009-2010 collection level for Connection Fees still represents a decrease of 49% from 2008-2009 collections, as fees continued to be impacted by the downturn in development activity through 2009-2010.

The 2009-2010 collection level was also \$25.7 million (46.5%) below the 2008-2009 level of \$55.2 million due primarily to the repayment of a short term loan by the San Jose Redevelopment Agency (SJRA) (\$35.0 million) in 2008-2009, as well as several smaller revenue sources that also had higher collection levels in 2008-2009.

Expenditure Performance

In 2009-2010, expenditures totaled \$28.4 million. Major projects included Miscellaneous Rehabilitation Projects (\$5.3 million) including the Balsa-Husted, Brace Ave/Perie Lane, Narvaez/Shadow Creek Dr, Union/Almaden Oak, and White/McKee Road Sanitary Sewer projects; the 60" Brick Interceptor (\$3.2 million); Miscellaneous Projects (\$3.3 million) including Husted-Richland, Moorpark/West San José, South De Anza Blvd, and Story Road Sanitary Sewer projects; Flow Monitoring (\$2.5 million); and Union/Almaden Oak Sanitary Sewer Rehabilitation (\$1.0 million). The total expenditures also included

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

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

Expenditure Performance (Cont'd.)

a transfer to the Building and Structure Construction Tax Fund (\$6.0 million). These expenditures ended the year 60% (\$42.0 million) below the budgeted level of \$70.4 million. This variance was primarily due to the cancellation of the Edenvale Sanitary Sewer Supplement project (\$15.0 million) due to the shift of development activity away from the Coyote Valley, and unexpended funds for the following appropriations: Inflow and Infiltration Reduction (\$5.8 million), 30" Old Bayshore Supplement (\$4.2 million), Spreckles Sanitary Sewer Replacement (\$2.3 million), University Avenue Sanitary Sewer Replacement (\$2.0 million), and Sanitary Sewer Condition Assessments (\$1.9 million).

Of the \$42.0 million expenditure variance, \$11.2 million was rebudgeted as part of the 2010-2011 Adopted Capital Budget for future project expenditures, and an additional \$9.0 million is recommended to be rebudgeted as part of this document bringing the expenditure variance to \$21.7 million, or 30.9%.

Expenditures in this fund were 50% below the 2008-2009 level of \$56.8 million. This variance reflects a short-term loan of \$35.1 million to the SJRA, which was made to and repaid by the SJRA in 2008-2009.

**Ending Fund Balance Performance  
(\$ in Thousands)**

2009-2010 Modified Budget	2009-2010 Estimated Ending Fund Balance	2009-2010 Actual Ending Fund Balance	Variance	Less Additional Rebudgets Recommended	Revised Variance	Revised Variance as % Of Budget
\$111,306	\$67,584	\$82,063	\$14,479	(\$9,017)	\$5,462	4.9%

The 2009-2010 Ending Fund Balance of \$82.1 million was \$14.5 million above the estimate used to develop the 2010-2011 Adopted Capital Budget. This variance was due to lower than expected expenditures (\$15.2 million), partially offset by lower than expected revenues (\$876,000). This document recommends rebudgets of \$9.0 million for projects, including \$2.0 million for Inflow and Infiltration Reduction, \$2.7 million for Miscellaneous Rehabilitation Projects, \$2.3 million for Miscellaneous Projects, as well as smaller adjustments for a variety of other projects. Miscellaneous Rehabilitation Projects include the Downer Canoas, Emory, Westgate, Blossom Hill Area, Padres, and Spencer Prevost Sanitary Sewer projects. Miscellaneous Projects include the Dorel Drive, Chant Court, Hillcrest, Padres, Lamplighter, Sony Development, and Baypointe Sanitary Sewer projects. The remaining fund balance of \$5.4 million is recommended to be allocated to the 2010-2011 Ending Fund Balance and would be available for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**STORM SEWER CAPITAL PROGRAM**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	2009-2010 Budget	2009-2010 Actuals	Variance	% Variance
Revenues	5,994	5,945	(49)	(0.8%)
Expenditures	9,005	3,684	5,321	59.1%

Revenue Performance

The Storm Sewer Capital Program is comprised of two funds: the Storm Sewer Capital Fund and the Storm Drainage Fee Fund. In 2009-2010, revenues totaled approximately \$5.9 million and were generated primarily from a Transfer from the Storm Sewer Operating Fund (\$5.8 million) and Storm Drainage Fees (\$96,000). 2009-2010 revenues came in under the budget estimate by \$49,000 (0.8%), due to lower than budgeted interest earnings (\$70,000), partially offset by higher than budgeted Storm Drainage Fees (\$21,000).

This 2009-2010 collection level was \$2.4 million (69.7%) above the 2008-2009 level of \$3.5 million due to a higher transfer from the Storm Sewer Operating Fund (\$2.4 million). Storm Drainage Fee revenue declined \$8,000 (7.6%) and was 87% (\$630,000) below the most recent peak in 2003-2004. Collections in this category have declined due to the downturn in the economy and associated development related activity.

Expenditure Performance

In 2009-2010, expenditures totaled \$3.7 million. Major projects contributing to this expenditure level were Albany-Kiely Storm Drain Improvement (\$1.1 million), Storm Pump Station Replacement (\$833,000), Alviso Storm Drain Rehabilitation (\$375,000), Miscellaneous Projects (\$340,000), and the Infrastructure Management System (\$310,000).

This expenditure level was \$5.3 million (59.1%) below the modified budget due primarily to unexpended funds associated with Storm Pump Station Replacement (\$2.7 million), Creek Channel Stabilization (\$581,000), Albany-Kiely Storm Drain Improvement (\$363,000), Miscellaneous Projects (\$360,000), Minor Neighborhood Storm Drain Improvements (\$339,000), and Storm Drainage Improvements – Special Corridors (\$321,000). This document includes a recommendation to rebudget \$2.3 million to complete several projects, as described in the Ending Fund Balance Performance section below. These rebudgets, combined with rebudgets totaling \$2.4 million approved as part of the 2010-2011 Adopted Budget, bring the expenditure variance to \$562,000, or 6.2% of budget, and are spread among several projects in this fund.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

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

Expenditure Performance (Cont'd.)

Expenditures in this program were 26.4% below the 2008-2009 level of \$5.0 million due to the completion of the Chateau Drive Storm Drain Improvements Project (\$602,000), and lower spending on the Alviso Storm Drain Rehabilitation (\$307,000), and Albany-Kiely Storm Drainage Improvements (\$221,000) projects.

**Ending Fund Balance Performance  
(\$ in Thousands)**

2009-2010 Modified Budget	2009-2010 Estimated Ending Fund Balance	2009-2010 Actual Ending Fund Balance	Variance	Less Additional Rebudgets Recommended	Revised Variance	Revised Variance as % Of Budget
\$9,456	\$2,940	\$5,773	\$2,833	(\$2,306)	\$527	5.6%

The 2009-2010 Ending Fund Balance of \$5.8 million was \$2.8 million above the estimate used to develop the 2010-2011 Adopted Capital Budget. This variance was principally due to the lower than expected expenditures in the projects discussed in the Expenditures Performance section above. It is recommended that a portion of the additional fund balance be allocated to rebudget funds for Storm Pump Station Rehabilitation and Replacement (\$1.2 million), Creek Channel Stabilization (\$380,000), Miscellaneous Projects (\$360,000), Storm Drainage – Special Corridors (\$321,000), and Alviso Storm Rehabilitation (\$24,000). This document also includes a recommendation to allocate \$52,000 of the remaining fund balance for Permit Review and Inspection for Outside Agencies in connection with the Santa Clara Valley Water District’s Lower Silver Creek Flood Protection and Restoration Projects. The remaining fund balance of \$475,000 is recommended to be allocated to the 2010-2011 Ending Fund Balance and would be available for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**STORM SEWER OPERATING FUND**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$29,512	\$30,662	\$1,150	3.9%
Expenditures	\$29,343	\$26,223	\$3,120	10.6%

Revenue Performance

In 2009-2010, revenues totaled \$30.7 million and were generated primarily by Storm Sewer Service Fee assessments (\$30.5 million). The 2009-2010 revenue level was \$7.2 million (30.5%) above the 2008-2009 level of \$23.5 million due to the 30% rate increase approved for 2009-2010.

Expenditure Performance

Expenditures in this fund are focused primarily on maintenance and operation of the Storm Sewer System, and non-point source pollution reduction. In 2009-2010, expenditures of \$26.2 million consisted primarily of a Transfer to the Storm Sewer Capital Fund (\$5.8 million), Department of Transportation Personal Services (\$4.9 million) and Non-Personal/Equipment (\$2.7 million) costs, Environmental Services Department Personal Services (\$4.9 million) and Non-Personal/Equipment costs (\$2.8 million), Overhead reimbursements to the General Fund (\$2.2 million), and the Yard Trimmings/Street Sweeping contract (\$1.0 million).

This spending level was \$3.1 million (10.6%) below the modified budget, primarily due to Environmental Services Department (ESD) Non-Personal/Equipment (\$1.1 million) savings resulting from project delays, ESD Personal Services (\$677,000) due to a high number of vacancies, and Non-Personal/Equipment savings in the Department of Transportation (\$794,000) due to a lower than anticipated number of major repairs and cleanings. The majority of the Non-Personal/Equipment savings (\$848,000) were rebudgeted to 2010-2011 in the Adopted Operating Budget, reducing the total expenditure variance to 7.7%.

Expenditures in this fund were \$5.2 million (24.5%) above the 2008-2009 level of \$21.1 million due primarily to an increase in the Transfer to the Storm Sewer Capital Fund (\$2.4 million), higher Environmental Services Department Personal Services expenses (\$1.1 million), Overhead Reimbursement to the General Fund (\$708,000), Department of Transportation Personal Services expenses (\$620,000), and Environmental Services Non-Personal/Equipment (\$601,000) costs.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

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

**Ending Fund Balance Performance  
(\$ in Thousands)**

2009-2010 Modified Budget	2009-2010 Estimated Ending Fund Balance	2009-2010 Actual Ending Fund Balance	Variance	Less Additional Rebudgets Recommended	Revised Variance	Revised Variance as % Of Budget
\$41,324	\$11,564	\$14,104	\$2,540	(\$0)	\$2,540	6.1%

The 2009-2010 Ending Fund Balance of \$14.1 million was \$2.5 million above the estimate used to develop the 2010-2011 Adopted Budget. This variance was due primarily to lower than estimated Environmental Services Non-Personal/Equipment (\$891,000) and Personal Services (\$420,000) expenditures, and higher than estimated Storm Sewer Service Charge Assessments (\$298,000). The remaining fund balance of \$2.5 million is recommended to be allocated to the 2010-2011 Ending Fund Balance for future use, and to offset future rate increases needed to maintain the aging storm sewer infrastructure. In addition, this report recommends technical adjustments related to employee total compensation reductions totaling \$856,000 which would reduce the Personal Services allocations across several departments and increase the Ending Fund Balance in the Storm Sewer Operating Fund accordingly. This additional funding would also be available for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**TRANSIENT OCCUPANCY TAX FUND**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$9,844	\$10,378	\$534	5.4%
Expenditures	\$10,157	\$8,743	\$1,414	13.9%

Revenue Performance

In 2009-2010, revenues generated from Transient Occupancy Tax (TOT) receipts totaled \$10.4 million. The 2009-2010 revenues exceeded the modified budget estimate by \$534,000 primarily due to higher than budgeted TOT collections.

The 2009-2010 revenue estimate assumed a decline of approximately 16% from the 2008-2009 level. Actual TOT revenues of \$10.4 million ended the year 9.7% below the 2008-2009 revenue collections, and 5.4% above the modified budget. The higher than budgeted 2009-2010 revenue is primarily due to the average occupancy rate for the City's 14 largest hotels climbing from 53.8% to 55.9%, partially offset by a \$13 decrease in the average room rate for the same set of hotels (from \$130 to \$117).

Expenditure Performance

By ordinance, the TOT Fund tax revenue is split into three categories (San José Convention and Visitors Bureau, Cultural Development, and Convention Facilities Operation Subsidy through a transfer to the Convention and Cultural Affairs Fund). The Cultural Development category includes the Cultural Grants/Program and Services appropriation as well as the Cultural Grants Administration appropriation. While savings in the Cultural Development category of \$1.1 million were realized, the majority of these savings were anticipated and rebudgeted as part of the approval of the 2010-2011 Adopted Operating Budget. At year-end, additional savings of \$100,000 were realized in the Cultural Grants/Programs and Services (\$88,000) and Cultural Grants Administration (\$12,000) appropriation, and savings from both of these appropriations are recommended to be rebudgeted into the Cultural Grants/Programs and Services appropriation in this report. The transfers to the Convention and Visitors Bureau and the Convention and Cultural Affairs Fund occurred at budgeted levels.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

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

**Ending Fund Balance Performance  
(\$ in Thousands)**

2009-2010 Modified Budget	2009-2010 Estimated Ending Fund Balance	2009-2010 Actual Ending Fund Balance	Variance	Less Additional Rebudgets Recommended	Revised Variance	Revised Variance as % Of Budget
\$11,575	\$2,737	\$3,367	\$630	(\$100)	\$530	37.3%

The 2009-2010 Ending Fund Balance of \$3.4 million was \$630,000 above the estimate used to develop the 2010-2011 Adopted Budget. This variance was due primarily to higher than anticipated TOT receipts (\$521,000), interest earnings (\$15,000), and lower than anticipated expenditures of \$94,000 in the Cultural Development appropriations. Recommendations are included elsewhere in this document to distribute the higher than anticipated TOT receipts according to the City Council approved distribution formula.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**WATER UTILITY CAPITAL PROGRAM**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$3,202	\$3,099	(\$103)	(3.2%)
Expenditures	\$4,976	\$3,100	\$1,876	37.7%

Revenue Performance

The Water Utility Capital Program is comprised of two funds: the Water Utility Capital Fund and the Major Facilities Fund. In 2009-2010, revenues totaled \$3.1 million and were generated primarily from a Transfer from the Water Utility Fund (\$2.9 million) and fees paid to developers for direct services (\$104,000). Other revenues such as Service Connection Fees (\$48,000), Meter Installation Fees (\$9,000), and Advance System Design Fees (\$9,000) all ended the year below the budgeted estimate due to lower than anticipated development activity. These fees are charged to developers for connections to the water utility system, installation of water meters, and the review of possible development plans, respectively. Revenues from Major Facilities Fees (\$39,000) ended the year at the budgeted level. Overall, revenues for the fees in this program were \$571,000 (84.6%) lower than 2008-2009 as a result of the slowdown in development. It is anticipated that a continued slowdown in development will likely impact most of these revenue streams in 2010-2011 as well.

Expenditure Performance

In 2009-2010, expenditures totaled \$3.1 million. Major projects in this program included the Nortech and Trimble Pump Station (\$540,000), Infrastructure Replacement (\$370,000), System Maintenance and Repairs (\$359,000), and Security Improvements (\$151,000). The Service Connections (\$575,000) and Advance System Design (\$107,000) appropriations also incurred significant expenditures in 2009-2010, however, these expenditures will be reduced when \$456,000 of contract encumbrances are liquidated in 2010-2011. Expenditures were \$1.9 million (37.7%) below budget primarily due to savings in the following projects: Nortech Parkway East Loop Main (\$716,000) due to project delays; Meter Installations and Service Connections (\$360,000) due to lower than anticipated development levels resulting in few meter installations and service connections; System Maintenance and Repairs (\$181,000) due to lower than anticipated emergency repairs; North Coyote Valley Water System (\$168,000) due to project delays; Water Valve Rehabilitation (\$100,000) due to project delays; and Infrastructure Improvements (\$90,000). This document includes a recommendation to rebudget \$90,000 in the Infrastructure Improvements appropriation to install an asset management system, partially offset by a reduction in some over-expended 2009-2010 rebudgets (\$40,000). This rebudget, combined with rebudgets totaling \$736,000 which were approved as part of the 2010-2011 Adopted Budget, bring the expenditure variance to \$1.1 million, or 21.9%.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**WATER UTILITY CAPITAL PROGRAM (CONT'D.)**

Expenditure Performance (Cont'd.)

Expenditures in this fund were 41% below the 2008-2009 level of \$5.3 million primarily due to the completion of the Norwood Pump Station Project (\$681,000) in 2008-2009, and decreased expenditures in 2009-2010 for the North First Street Parallel Main Project (\$901,000), System Maintenance and Repairs (\$161,000), Infrastructure Replacements (\$124,000), and Service Connections (\$77,000) projects.

**Ending Fund Balance Performance  
(\$ in Thousands)**

2009-2010 Modified Budget	2009-2010 Estimated Ending Fund Balance	2009-2010 Actual Ending Fund Balance	Variance	Less Additional Rebudgets Recommended	Revised Variance	Revised Variance as % Of Budget
\$9,988	\$6,315	\$6,944	\$629	(\$50)	\$579	5.8%

The 2009-2010 Ending Fund Balance of \$6.9 million was \$629,000 above the estimate used to develop the 2010-2011 Adopted Budget. This variance was due to lower than estimated project expenditures (\$732,000) partially offset by lower than estimated fee revenues (\$103,000).

It is recommended that a portion of the additional Fund Balance be allocated to rebudget \$90,000 for the Infrastructure Improvements Project, partially offset by a reduction in some over-expended 2009-2010 rebudgets (\$40,000). The remaining fund balance of \$539,000 is recommended to be allocated to the 2010-2011 Ending Fund Balance and would be available for future use.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**WATER UTILITY OPERATING FUND**

**Revenue and Expenditure Performance  
(\$ in Thousands)**

	<b>2009-2010 Budget</b>	<b>2009-2010 Actuals</b>	<b>Variance</b>	<b>% Variance</b>
Revenues	\$25,964	\$24,710	(\$1,254)	(4.8%)
Expenditures	\$26,479	\$23,806	\$2,673	10.1%

Revenue Performance

In 2009-2010, revenues totaled \$24.7 million and were generated from potable water sales (\$24.6 million), and interest earnings (\$82,000). The revenues from potable water sales came in under budget by \$1.3 million. This shortfall was the result of a 6.3% decrease in water sales, which was driven by the mandatory 15% water rationing program approved by the City Council to address three years of drought, and lower water demands as a result of the economic downturn and the cool spring and summer. Also impacting revenue collections was a \$240,000 writeoff of uncollectible accounts.

The 2009-2010 collection level was also \$541,000 (2.1%) below the 2008-2009 level of \$25.3 million, despite a 10% rate increase in 2009-2010. This shortfall was also due to rationing, the economic downturn, cool weather, and the writeoff of uncollectible accounts.

Expenditure Performance

In 2009-2010, expenditures of \$23.8 million were primarily for potable wholesale water purchases (\$13.6 million) and other Environmental Services Department Non-Personal/Equipment needs (\$3.2 million), Environmental Services Department Personal Services (\$3.2 million), and a transfer to the Water Utility Capital Fund (\$2.9 million). Expenditures ended the year \$2.7 million (10.1%) below budget, primarily due to lower Environmental Services Department Non-Personal/Equipment spending (\$2.5 million). Most of these savings (\$1.9 million) can be attributed to lower than expected wholesale purchases of potable water. The remaining savings was primarily due to lower than expected electricity purchases and supplies and materials costs.

Expenditures in this fund were \$1.1 million (4.3%) below the 2008-2009 level of \$24.9 million due primarily to lower Environmental Services Department Non-Personal/Equipment (\$789,000) and Information Technology Personal Services (\$112,000) spending.

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**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS  
(CONT'D.)**

**WATER UTILITY OPERATING FUND (CONT'D.)**

**Ending Fund Balance Performance  
(\$ in Thousands)**

2009-2010 Modified Budget	2009-2010 Estimated Ending Fund Balance	2009-2010 Actual Ending Fund Balance	Variance	Less Additional Rebudgets Recommended	Revised Variance	Revised Variance as % Of Budget
\$31,137	\$3,597	\$5,009	\$1,403	(\$0)	\$1,403	4.5%

The 2009-2010 Ending Fund Balance of \$5.0 million was \$1.4 million above the estimate used to develop the 2010-2011 Adopted Operating Budget. This variance was primarily due to lower than estimated Environmental Services Non-Personal Equipment expenditures (\$2.1 million) partially offset by lower than expected potable water sales revenues (\$1.0 million).

The additional fund balance of \$1.4 million is recommended to be allocated to the 2010-2011 Ending Fund Balance to be available for future use. In addition, this report recommends technical adjustments related to employee total compensation reductions totaling \$248,000 which would reduce the Environmental Services, Planning, Building and Code Enforcement, Finance, and Information Technology Departments' Personal Services allocations and increases the Water Utility Operating Fund Ending Fund Balance accordingly, which would also be available for future use.

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

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

**Recommended Budget Adjustments**

This section of the Annual Report summarizes recommended budget adjustments in all funds and is broken down by General Fund and Special/Capital Funds. This section consists of the following types of changes:

**General Fund**

**Required Technical/Rebalancing Actions** – These actions recommend current year adjustments to align budgeted revenue and expenditures with the most current information, or to correct technical problems discovered in the 2010-2011 Adopted Budget. The following items are recommended: a downward adjustment to the estimate for Property Tax (\$4.1 million); an increase to the estimate for Sales Tax (\$4.2 million); an increase to the Sick Leave Payments Upon Retirement appropriation (\$3.9 million); and an increase to the Transfers and Reimbursements estimate (\$299,000); as well as an increase to the Fire Department’s Personal Services appropriation offset by a reduction to the Salary and Benefit Reserve (\$51,000) due to lost pre-payment savings as a result of a delay in payment of a portion of the City’s contribution to the Police/Fire Retirement Fund; and, finally, an increased transfer to the Downtown Property and Business Improvement District from the General Fund for a higher than budgeted cost of living adjustment approved in the District agreement (\$7,200).

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

**Special/Capital Funds**

**Special Fund Adjustments** – These actions adjust revenue estimates based on updated collection information, 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 adjust capital projects based on new and/or revised grants and reimbursements, 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.

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

**Clean-Up Actions**

**General Fund & Special/Capital Funds**

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

**Fund Balance Reconciliations** – These actions revise the Beginning Fund Balance estimates in the 2010-2011 budget for all funds where the actual (unaudited) 2009-2010 Ending Fund Balance/2010-2011 Beginning Fund Balance differed from the budgeted amount.

**Fee Program Reconciliation** – These actions adjust appropriations based on actual fee program reconciliations. In the four development fee programs (Building, Fire, Planning, and Public Works), these actions adjust fee reserves to reflect the policy of preserving all expenditure savings and/or revenue excess/shortfall and related interest earnings resulting from year-end program reconciliations.

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

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

- **Net-Zero Funding Transfers/Reallocations** – These actions include net-zero transfers between appropriations, funds and revenue categories, redistributing funding allocations.
- **Grants/Reimbursement Revisions** – These actions include revenue and expenditure appropriation adjustments to reflect updated grant awards, assessment activity, and/or reimbursements for previously approved projects.
- **Other Adjustments:**
  - **Employee Total Compensation Reductions** – These technical adjustments recognize savings achieved from employee total compensation reductions in the Special Fund departmental Personal Services allocations. Due to the timing of final Adopted Budget actions, savings from the employee total compensation reductions were not accounted for in the special funds. These actions decrease departmental Personal Services appropriations within special funds to recognize these reductions, offset by an increase to each fund's Ending Fund Balance.

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

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

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

- **Other Adjustments** (Cont'd.)
  - **Benefit Funds Adjustments for Service Restorations and Employee Total Compensation Reductions** – These technical adjustments increase appropriations in the Benefit, Dental Insurance, Life Insurance, and Unemployment Insurance Funds to align the budget for benefit allocations with the service restorations approved by the City Council as part of the Mayor's June Budget Message for 2010-2011 and final budget adoption. Due to the timing of the final budget approval in late June, all reconciling budget actions were not completed. Corresponding increases in transfers and participant contributions are recommended to offset these actions. Additionally, to align the Health Premiums budget with the employee total compensation reductions and associated service restorations approved by the City Council as part of the Mayor's June Budget Message for 2010-2011, final budget adoption, and the subsequent August 3, 2010 City Council approval of an agreement with the Police Officers' Association, a decrease to the Health Premiums appropriation is also recommended, offset by a decrease in transfers. The agreements with ABMEI, ALP, POA, and Unit 82/99 include changes to healthcare premium cost sharing (from 90% City funded/10% employee funded to 85% City/15% employee) and healthcare plan design changes, which will generate savings in the Health Premiums appropriation.
  - **Cardroom Table Fee** – This technical adjustment reduces the Cardroom Table Fee revenue for 2010-2011 to credit the cardrooms for over collection in 2009-2010. As a result of a settlement between the City and the cardrooms, the annual revenue collected from the cardroom table fees is required to be reconciled to the expenditures incurred by the City for cardroom regulation. In 2009-2010 the revenue collected from the cardrooms was greater than the City's expenditures by \$99,404.
  - **Energy Efficiency Program Implementation** – Per previous City Council direction, this technical adjustment allocates energy rebates received in 2009-2010, as well as the equivalent of first year energy savings from departmental Non-Personal/Equipment appropriations, to a revolving energy efficiency City-Wide Expenses appropriation for future energy savings projects.

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

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

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

- **Other Adjustments** (Cont'd.)
  - **Strategic Capital Replacement and Maintenance Needs** – These technical adjustments in the ten City Council District Construction and Conveyance Tax funds rebudget and reallocate 2009-2010 savings that occurred in the Minor Park Renovations appropriations to the Strategic Capital Replacement and Maintenance Needs projects for infrastructure improvements at neighborhood parks.
  - **Transient Occupancy Tax Fund Allocation Adjustments** – These technical adjustments increase three funding allocations based on higher than anticipated Transient Occupancy Tax (TOT) collections received in 2009-2010: 1) Transfer to the Convention and Cultural Affairs Fund, 2) funding to the San José Convention and Visitors Bureau (CVB), and, 3) funding to the Fine Arts Commission for distribution to various cultural organizations. Per City Ordinance, the Convention and Cultural Affairs Fund receives 50% of the increase in TOT tax receipts; the CVB receives 25%; and the Arts Commission receives 25%. The 2010-2011 allocations were built with an assumption that 2009-2010 tax receipts would total \$9.8 million, however actual collections ended the year at \$10.35 million. These actions are necessary to adjust the Convention and Cultural Affairs Fund's, CVB's, and Arts Commission's share of 2009-2010 tax receipts.

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2009-2010

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<b>2009 Emergency Management and Performance Grant</b>	CITY-WIDE EXPENSES		(\$1,390)	(\$1,390)
<p>This action eliminates funding for the 2009 Emergency Management and Performance Grant. Funding from this grant was appropriated in the 2010-2011 Adopted Operating Budget to fund a portion of a Senior Analyst position that manages grants for the Office of Emergency Services in the Fire Department. As this position was subsequently funded in full by the 2009 Urban Area Security Initiative (UASI) Grant and there are no other eligible uses for the 2009 Emergency Management and Performance grant in 2010-2011, a close out of this grant is recommended. A corresponding decrease to Revenue from the Federal Government is also recommended.</p>				
<b>2009 Urban Areas Security Initiative (UASI) Grant - Police</b>	CITY-WIDE EXPENSES		\$12,500	\$12,500
<p>This action recognizes and appropriates additional grant funding from the 2009 Bay Area Urban Area Security Initiative (UASI) grant for the Police Department. This grant was initially appropriated by the City Council on June 22, 2010 for \$950,000. The additional funding will be used for the Department's Bomb Squad to attend a field based Large Vehicle Bomb Countermeasure Course in October 2010. A corresponding increase to Revenue from the Federal Government is also recommended.</p>				
<b>2010 Human Trafficking Prevention Grant</b>	CITY-WIDE EXPENSES		\$170,000	\$170,000
<p>This action recognizes and appropriates grant funding to the Police Department from the Federal Office of Justice Planning, Bureau of Justice Assistance for activities related to the prevention of human trafficking. The grant expenditure term is through September 30, 2011. A corresponding increase to Revenue from the Federal Government is also recommended.</p>				
<b>2010-2011 Anti-Drug Abuse Grant</b>	CITY-WIDE EXPENSES		\$132,416	\$132,416
<p>This action recognizes and appropriates grant funding from the State of California Governor's Office of Emergency Services for equipment and training related to anti-drug abuse activities. The Police Department will purchase ballistic shields, concealed cellular body wire systems, entry flashlights, raid jackets, and surveillance equipment. In addition this funding will allow for 16 Police Officers to attend a national narcotics conference in Long Beach, California and observe best practices in the field of narcotics/money interdiction programs. A corresponding increase to Revenue from the State of California is also recommended.</p>				

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2009-2010

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEEES</b>				
<i>2010-2011 Internet Crimes Against Children (ICAC) State Grant</i>	CITY-WIDE EXPENSES		\$125,000	\$125,000
<p>This action recognizes and appropriates grant funding to the Police Department from the State of California Governor's Office of Emergency Services to reimburse salary and benefits for a forensic investigator to provide support for the ICAC program. The forensic investigator will conduct computer forensics on ICAC related investigations, oversee the Silicon Valley ICAC CyberTip Manager, and assist the ICAC Task Force with on-scene computer forensics. A corresponding increase to Revenue from the State of California is also recommended.</p>				
<i>Almaden Lake Park Swim Program - Departmental Charges</i>				REVENUE ADJUSTMENTS (\$42,206)
<p>This action reduces the Departmental Charges revenue estimate as a result of the early closure of the summer 2010 Almaden Lake Park swim program due to an algae bloom. Corresponding actions recommended below in this report include a reduction to Parks, Recreation and Neighborhood Services Personal Services appropriation and the establishment of a reserve for the possible continuation of this program, on a one-time basis, in summer 2011.</p>				
<i>Almaden Lake Park Swim Program - PRNS Personal Services</i>		PARKS, REC AND NEIGH SVCS	(\$60,716)	
<p>This action decreases the Parks, Recreation and Neighborhood Services Department's Personal Services budget by \$60,716 to account for the earlier than anticipated closure of the Almaden Lake Park swim program in summer 2010. Funding was budgeted for this program to be offered throughout summer 2010, however swimming was closed on July 23, 2010 due to an algae bloom. This program was funded on a one-time basis in 2010 through a combination of General Fund resources and private donations. Corresponding actions recommended in this report include a reduction to the revenue estimate and the establishment of a reserve for the possible continuation of this program, on a one-time basis, in summer 2011.</p>				

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2009-2010

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<i>Almaden Lake Park Swim Program-Summer 2011 Earmarked Reserve</i>	EARMARKED RESERVES		\$18,510	
<p>This action establishes a reserve for the possible future provision of a summer swim program at Almaden Lake Park during summer 2011. This program was funded on a one-time basis in summer 2010 through a combination of General Fund resources and private donations. The swim program was closed earlier than anticipated due to an algae bloom. This report includes recommendations to decrease the Parks, Recreation and Neighborhood Services Department's Personal Services Budget (\$60,716) and the Departmental Charges revenue estimate (\$42,206) as a result of the closure. This action recommends the placement of the net savings from this program (\$18,510) into a reserve, which when combined with the unspent private donations of \$35,000, would total \$53,510 for the possible provision of this program in summer 2011.</p>				
<i>Bay Area Air Quality Management District Risk Reduction Plan</i>	PLAN, BLDG AND CODE ENF		\$45,000	\$45,000
<p>This action recognizes and appropriates funding from the Bay Area Air Quality Management District for planning work related to an air quality risk reduction plan to be completed in 2010-2011. The Bay Area Air Quality Management District is reimbursing the City for funding equivalent to 0.50 of a temporary Planner II position that is assisting in the development of a Community Risk Reduction Plan (CRRP) which will address toxic air pollution impacts and potential mitigation strategies for disproportionately impacted areas in San José. The scope of work includes identifying plan areas, setting targets, developing a mitigation strategy, coordinating public participation, coordinating with District staff, and completing a draft CRRP. A corresponding increase to Revenue from Local Agencies is also recommended.</p>				
<i>Community Transition Center</i>	POLICE		\$130,000	\$130,000
<p>This action recognizes and appropriates funding from the County of Santa Clara for Police Department staffing on an overtime basis at the Multi-Disciplinary Alternate Reception Center (MARC). The goal of the MARC is to minimize juvenile recidivism and decrease juvenile offenses. The County will reimburse the City quarterly for two Police Officers to staff the MARC three nights a week on overtime. A corresponding increase to Revenue from Local Agencies is also recommended.</p>				
<i>Council District 2 Special Event</i>	MAYOR & COUNCIL		\$2,699	\$2,699
<p>An increase to the Council District 2 appropriation is recommended to reimburse the District for an Indian Flag Raising event. Sponsorship revenue of \$2,699 was raised for the event that was held on August 13, 2010 in front of the City Hall Rotunda. A corresponding increase to Other Revenue is also recommended.</p>				

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2009-2010

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<b><i>Council District 3 Travel Reimbursement</i></b>	MAYOR & COUNCIL		\$685	\$685
An increase to the Council District 3 appropriation is recommended to reimburse the District for travel conducted by the Councilmember to Washington D.C. in September 2009 on behalf of and paid for by the Valley Transportation Authority. A corresponding increase to Other Revenue is also recommended.				
<b><i>Council District 4 Travel Reimbursement</i></b>	MAYOR & COUNCIL		\$554	\$554
An increase to the Council District 4 appropriation is recommended to reimburse the District for travel conducted by the Councilmember to Yosemite, California in September/October 2009 on behalf of and paid for by the League of California Cities. A corresponding increase to Other Revenue is also recommended.				
<b><i>Council District 8 Special Events</i></b>	MAYOR & COUNCIL		\$7,468	\$7,468
An increase to the Council District 8 appropriation is recommended to reimburse the District for a Senior Health Walk event held on May 22, 2010 at the Eastridge Mall, and the Day in the Park event which will be held on October 2, 2010 at Lake Cunningham Regional Park. Sponsorship revenue was raised for the Senior Health Walk (\$4,368) and the Day in the Park (\$3,100) events. A corresponding increase to Other Revenue is also recommended.				
<b><i>Council District 9 Special Events</i></b>	MAYOR & COUNCIL		\$2,330	\$2,330
An increase to the Council District 9 appropriation is recommended to reimburse the District for a Historic Photo Contest sponsored by the Historic Landmarks Commission to capture and highlight historically significant properties that contribute to the character of San José. Sponsorship revenue (\$1,330) was raised for the Historic Photo Contest, and the winning photo was announced at a ceremony on May 18, 2010 in the City Hall Rotunda. In addition, sponsorship revenue (\$1,000) was raised for the Celebrate Cambrian event held on May 15, 2010 at the Camden Community Center. A corresponding increase to Other Revenue is also recommended.				
<b><i>Economic Development Pre-Development Activities</i></b>	CITY-WIDE EXPENSES		\$10,000	\$10,000
This action recognizes and appropriates \$10,000 to the Economic Development Pre-Development Activities appropriation for the partial reimbursement by the developer of appraisal costs for the San Pedro Square project originally expended from this appropriation. This action will allow for these funds to be available for future development project costs. A corresponding increase to Other Revenue is also recommended.				

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2009-2010

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<i>Emergency Communications Office Equipment</i>	POLICE		\$250,000	\$250,000
<p>This action recognizes and appropriates funding from the State of California's Office of Chief Information Officer, Telecommunications Section to the Police Department. The State collects fees from telephone customers under the Warren Act that are deposited into the State Emergency Telephone Number Account and made available to local Public Safety Answering Points based on call volume. These funds will be used for replacement of 9-1-1 related telephone equipment and mapping services. A corresponding increase to Revenue from the State of California is also recommended.</p>				
<i>FBI Computer Forensic Laboratory</i>	POLICE		\$12,900	\$12,900
<p>This action recognizes and appropriates a one-time reimbursement from the FBI for Police Department overtime scheduled to be incurred for staffing the Computer Forensic Laboratory from October 2010 to June 2011. A corresponding increase to Revenue from the Federal Government is also recommended.</p>				
<i>FBI Violent Gang Task Force</i>	POLICE		\$86,000	\$86,000
<p>This action recognizes and appropriates a one-time reimbursement from the FBI for Police Department overtime for the Gang Investigation Unit (GIU). The FBI and the San José GIU co-lead the Santa Clara County Violent Gang Task Force, which identifies and targets criminal groups responsible for violent street gang activity and apprehends dangerous criminals. A corresponding increase to Revenue from the Federal Government is also recommended.</p>				
<i>Happy Hollow Park and Zoo - Department Charges</i>	PARKS, REC AND NEIGH SVCS		\$555,000	\$555,000
<p>This action increases the Parks, Recreation and Neighborhood Services Personal Services (\$145,000) and Non-Personal/Equipment (\$410,000) allocations to account for higher than anticipated expenditures at Happy Hollow Park and Zoo. The higher than anticipated expenditures are associated with significantly higher than anticipated attendance levels since the facility opened in March 2010. This facility has been successful in achieving a 100% cost recovery status, therefore a corresponding increase to the revenue estimate for Departmental Charges is recommended. The increases will support higher than budgeted Non-Personal/Equipment costs, including supplies, maintenance materials, membership mailings, veterinary care, and landscaping costs, and allow for the Department to staff the appropriate level of part-time unbenefitted support during peak periods.</p>				

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2009-2010

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEEES</b>				
<i>Internet Crimes Against Children (ICAC) Continuation Grant</i>	CITY-WIDE EXPENSES		\$355,102	\$355,102
<p>This action recognizes and appropriates additional grant funding from the Federal Office of Juvenile Justice and Delinquency Prevention to the Police Department for an annual conference for law enforcement agencies to address crimes against children that are instigated through the internet. The funding is also used for ICAC educational and enforcement activities including investigational overtime and sworn travel and training, as well as surveillance equipment and maintenance and operations funding for three undercover vehicles that were purchased from this grant in 2008-2009. The original grant was appropriated by the City Council on October 29, 2008. This action brings the total grant award to \$1.3 million, and extends the grant expenditure term to June 30, 2011. A corresponding increase to Revenue from the Federal Government is also recommended.</p>				
<i>Library Grants/Revenue from Federal Government</i>	LIBRARY		\$383,816	\$383,816
<p>This action recognizes and appropriates funding from the receipt of two grants from the Federal Government: Smart Start San José Quality Improvement Project grant (\$300,000) and Work Wise: Component for Tutors grant (\$83,816). The Smart Start San José Quality Improvement Project grant provides funding for staffing, tools, and resources to assess and improve program quality for Smart Start San José childcare facilities. The Work Wise: Component for Tutors grant creates a vocational literacy curriculum for adult literacy volunteer tutors to use with their learners and provides funding to train volunteers. A corresponding increase to Revenue from the Federal Government is also recommended.</p>				
<i>Library Grants/Revenue from State of California</i>	LIBRARY		\$83,803	\$83,803
<p>This action recognizes and appropriates funding from the receipt of two grants from the State of California: San José Historeality grant (\$49,875) and 2010-2011 Public Library Staff Education Program grant (\$33,928). The San José Historeality grant provides funding for the development of three historical walking tours of San José that will be available on GPS enabled mobile services and the San José Public Library website. The 2010-2011 Public Library Staff Education Program grant provides partial tuition reimbursement to Library Department employees pursuing their Master's of Library and Information Science degree. A corresponding increase to Revenue from the State of California is also recommended.</p>				
<i>Mayor's Office Travel Reimbursement</i>	MAYOR & COUNCIL		\$181	\$181
<p>An increase to the Mayor's Office appropriation is recommended to reimburse the Office for travel to Long Beach, California in June 2010 conducted by the Mayor on behalf of and paid for by WestEd. A corresponding increase to Other Revenue is also recommended.</p>				

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2009-2010

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<i>Northern California Regional Intelligence Center (NCRIC)-Police</i>	CITY-WIDE EXPENSES		\$15,000	\$15,000
<p>This action recognizes and appropriates grant funding from the Bay Area Super Urban Area Security Initiative (SUASI) to the Police Department to fund salary, benefits, overtime, and travel costs for a Police Lieutenant position as a member of the NCRIC for the period of July 1, 2010 through June 30, 2011. Funding of \$220,684 was appropriated for this grant in the 2010-2011 Adopted Operating Budget; however, this additional funding for overtime was inadvertently omitted. A corresponding increase to Revenue from the Federal Government is also recommended.</p>				
<i>Planning Fee Program Reserve</i>	EARMARKED RESERVES		(\$112,180)	(\$112,180)
<p>This action recommends a downward adjustment of \$112,180 to the Planning Development Fee Program Reserve. The year-end reconciliation of Planning's revenues and expenditures totaled \$112,180. Rather than returning these funds to the Planning Development Fee Program Reserve, they are recommended to address a projected drop in 2010-2011 Planning development activity (from \$2.5 million to \$2.4 million). A downward adjustment to Departmental Charges revenue is also recommended.</p>				
<i>Recovery Act-2010-2012 Anti Drug Abuse Enforce Team Pro Grt</i>	CITY-WIDE EXPENSES		\$19,594	\$19,594
<p>This action recognizes and appropriates Recovery Act funding from the Federal Government to fund overtime for San José Police Department personnel to participate in the Santa Clara County Specialized Enforcement Team (SCCSET). The SCCSET consists of officers assigned from six local jurisdictions to conduct covert anti-drug operations. A corresponding increase to Revenue from the Federal Government - Recovery Act is also recommended.</p>				
<i>San José Resident Office Task Force</i>	POLICE		\$17,200	\$17,200
<p>This action recognizes and appropriates grant funding from the Federal Government for Police Department in the Narcotics Covert Investigations (NCI) Unit for overtime for staff that are part of the San José Resident Office Task Force. This Task Force is a coordinated effort between the United States Drug Enforcement Agency (DEA) and local law enforcement agencies to reduce illegal narcotics in San José. A corresponding increase to Revenue from the Federal Government is also recommended.</p>				

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2009-2010

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<b>Senior Nutrition Program</b>	PARKS, REC AND NEIGH SVCS		(\$10,324)	(\$10,324)
<p>This action aligns the Senior Nutrition Program expenditures with the 2010-2011 Nutrition Agreement between the City and Santa Clara County. This change increases the Parks, Recreation and Neighborhood Services Department's (PRNS) Personal Services budget (\$42,538) to fund a slightly higher level of support for this program. Offsetting this increase is a decrease to the PRNS Non-Personal/Equipment allocation (\$52,862) to accurately account for the level of funding allowed for by the County and the City's partial contribution back to the County for this program. A corresponding decrease to Revenue from Local Agencies is also recommended.</p>				
<b>Sidewalk Repairs</b>	CITY-WIDE EXPENSES		\$200,000	\$200,000
<p>This action recognizes and appropriates additional funding for Sidewalk Repairs. Property owners are responsible for the repair and/or replacement of sidewalks. If a property owner does not want to make the repairs themselves, the City offers to make the repairs on behalf of the property owner and will invoice the property owner for the costs. Recently, staff has experienced an increase in sidewalk repair jobs, and this additional funding, offset by a recommended increase to Other Revenue, would allow for these repairs to continue.</p>				
<b>TOTAL GRANTS/REIMBURSEMENTS/FEES</b>			<b>\$2,451,148</b>	<b>\$2,451,148</b>

### REQUIRED TECHNICAL/REBALANCING ACTIONS

<b>Pre-Funding of Retirement Contribution</b>	FIRE		\$51,000	
<p>This action increases the Fire Department's Personal Services appropriation due to a delay in the pre-payment of a portion of the City's estimated contribution to the Police/Fire Retirement Fund. As approved by the City Council, the City makes an annual payment for its contribution to both the Federated and Police/Fire Retirement Funds versus bi-weekly transfers as part of the payroll cycle. In anticipation of an agreement with the International Association of Fire Fighters (IAFF), a portion of the pre-payment was withheld from the payment to the Police/Fire Retirement Fund that was made in early July 2010. Since no agreement was reached by mid-September, the City transferred the remaining funds on September 15, 2010 to complete the pre-payment of the City's estimated annual retirement contribution. Due to this delay, a portion of the pre-payment discount will not be realized and additional funding is necessary in the Fire Department's Personal Services appropriation. This increase is recommended to be offset by a reduction to the Salary and Benefit Reserve.</p>				

# General Fund Recommended Budget Adjustments Summary

## Annual Report 2009-2010

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
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### REQUIRED TECHNICAL/REBALANCING ACTIONS

<i>Pre-Funding of Retirement Contribution-Salary and Benefit Reserve</i>	EARMARKED RESERVES		(\$51,000)	
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This action decreases the Salary and Benefit Earmarked Reserve due to a delay in the prepayment of a portion of the City's estimated contribution to the Police/Fire Retirement Fund. As approved by the City Council, the City makes an annual payment for its contribution to both the Federated and Police/Fire Retirement Funds versus bi-weekly transfers as part of the payroll cycle. In anticipation of an agreement with the International Association of Fire Fighters (IAFF), a portion of the pre-payment was withheld from the payment to the Police/Fire Retirement Fund that was made in early July 2010. Since no agreement was reached by mid-September, the City transferred the remaining funds on September 15, 2010 to complete the pre-payment of the City's estimated annual retirement contribution. Due to this delay, a portion of the pre-payment discount will not be realized and additional funding is necessary in the Fire Department's Personal Services appropriation.

<i>Property Tax Adjustment</i>	REVENUE ADJUSTMENTS			(\$4,143,000)
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A decrease to the Property Tax revenue estimate of \$4,143,000 (from \$199,052,000 to 194,909,000) is recommended to bring the revenue estimate in line with the 2010-2011 Property Tax information provided by the County of Santa Clara Controller-Treasurer Department on August 25, 2010.

The 2010-2011 Adopted Budget estimate for the Secured Property Tax allows for a decline of 1.3% from the actual 2009-2010 collection level. This projected decline is related to two factors: a drop in the California Consumer Price Index (CCPI) that is used as a basis for assessed values and an anticipated decrease in commercial property valuation. Information provided by the County indicates the impact of commercial property valuation reductions could be even more significant than anticipated, and accordingly a \$1.3 million reduction to this estimate, bringing total Secured Property Taxes to \$182.1 million, is recommended. This will allow for a 2.0% decline in this category for 2010-2011. For the SB813 Property Tax revenue category, a \$1.8 million downward adjustment to the revenue estimate is recommended. The most recent information from the County Controller-Treasurer indicates that due to the backlog of refunds related to home sales in 2009-2010, a significant one-time reduction to these revenues (approximately 51%) will be realized this year. This will bring the revenue estimate for this category to only \$1.5 million in 2010-2011. Finally, a downward adjustment of \$1.0 million to the Unsecured Property Tax category is warranted due to the continued weakness in the economy and the lag in personal property valuation. This adjustment will allow for a 16.7% decline from actual 2009-2010 Unsecured Property Tax collections, bringing the estimate to \$10.2 million in 2010-2011 and is consistent with the most recent County projections.

# General Fund Recommended Budget Adjustments Summary Annual Report 2009-2010

<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>Sales Tax Adjustment</i></b>				\$4,200,000
An increase to the General Sales Tax estimate of \$4,200,000 (from \$123,432,000 to \$127,632,000) is recommended based on actual 2009-2010 revenue performance. When the 2010-2011 Adopted Budget was developed, it was assumed that 2009-2010 collections would fall 5.0% below the 2008-2009 collection level. However, actual 2009-2010 receipts dropped 3.5% due to higher than anticipated collections in the last two quarters of 2009-2010. The proposed upward adjustment to the General Sales Tax estimate will require growth of 3.5% for 2010-2011 when compared to 2009-2010 actual receipt levels. This increase accounts for the overall higher actual collection level in 2009-2010 than that used in the development of the 2010-2011 Adopted Budget, as well as one-time accounting adjustments to reflect prior-year collections and the "Triple-Flip" true-up payment from the State for 2009-2010.	REVENUE ADJUSTMENTS			
<b><i>Sick Leave Payments Upon Retirement</i></b>			\$3,898,317	
An increase of \$3,898,317 (from \$10.7 million to \$14.6 million, which includes a rebudget of \$243,000 that is recommended in this report) to the Sick Leave Payments Upon Retirement City-Wide Expenses appropriation is recommended to reflect projected retirements and payments. For 2010-2011, over 100 members of the Police and Fire retirement system (average payout of \$91,000) and 400 members of the Federated retirement system (average payout of \$29,000) are eligible for retirement resulting in a potential liability of approximately \$21 million. Based on 2009-2010 actual expenditures of \$14.6 million, this action is recommended to bring the current year appropriation in line with anticipated year-end expenditures.	CITY-WIDE EXPENSES			
<b><i>Transfer to the Downtown Property and Business Improve District Fd</i></b>			\$7,200	
This action increases the Transfer to the Downtown Property and Business Improvement District Fund from the General Fund for the increased cost of living adjustment (2.91% compared to the budgeted COLA of 0.7%) in the current agreement with the Property and Business Improvement District as approved by the City Council in June, 2010.	TRANSFERS			
<b><i>Transfers and Reimbursements Adjustment</i></b>				\$298,795
An increase of \$298,795 to the Transfers and Reimbursements estimate is recommended to recognize the following transfers: \$291,923 from the Healthy Neighborhoods Venture Fund; \$6,402 from the Emergency Communication System Support Fee Fund; and \$470 from the Municipal Health Services Program Fund. Each of these funds were closed at the end of 2009-2010, and these transfers represent the fund balances remaining after the year-end reconciliation.	REVENUE ADJUSTMENTS			
<b>TOTAL REQUIRED TECHNICAL/REBALANCING ACTIONS</b>			<b>\$3,905,517</b>	<b>\$355,795</b>

**General Fund Recommended Budget Adjustments Summary  
Annual Report 2009-2010**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<i>General Fund Recommended Budget Adjustments Totals</i>				
		<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
			\$6,356,665	\$2,806,943

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2009-2010

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT CAPITAL IMPVT FUND (520)</b>				
<i>Taxiway W Improvements/Earned Revenue</i>	Airport Capital Program		(\$998,000)	(\$998,000)
Decreases the Earned Revenue estimate by a net \$998,000 to reflect lower than estimated project costs of an Airport Improvement Program (AIP) grant award for phase II of the Taxiway W Improvements project (\$1.3 million), offset by a new AIP grant award revision of \$307,000 received in September 2010 for the Taxiway W Improvements project. This most recent grant award is for phases III through VII of the project. A corresponding net decrease of \$998,000 to the Taxiway W Improvements appropriation is recommended.				
<b>TOTAL AIRPORT CAPITAL IMPVT FUND (520)</b>			<b>(\$998,000)</b>	<b>(\$998,000)</b>
<b>AIRPORT RENEW &amp; REPL FUND (527)</b>				
<i>Ending Fund Balance Adjustment</i>	Airport Capital Program		\$629,000	
Increases the Ending Fund Balance to offset the action recommended in this report.				
<i>Taxiway C Pavement Repair</i>	Airport Capital Program		(\$629,000)	
Eliminates funding for the Taxiway C Pavement Repair project. Airport Improvement Program grant funding was awarded for the Taxiway W (Whiskey) Improvements project which includes pavement repair on Taxiway C (Charlie). Sufficient Ending Fund Balance is available to offset this action.				
<b>TOTAL AIRPORT RENEW &amp; REPL FUND (527)</b>			<b>\$0</b>	<b>\$0</b>
<b>ANTI-TOBACCO SETTLEMNT FD (426)</b>				
<i>Ending Fund Balance Adjustment</i>	Parks, Rec And Neigh Svcs		(\$291,923)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>Transfer to the General Fund</i>	Parks, Rec And Neigh Svcs		\$291,923	
Increases the transfer to the General Fund by \$291,923 as a result of higher than anticipated 2009-2010 savings related to the Senior Nutrition Program, non-profit organizations, San José After School Program, and other miscellaneous programs. As part of the 2010-2011 Adopted Budget, the Anti-Tobacco Settlement Fund, which funds Healthy Neighborhood Venture Fund (HNVF) activities was eliminated; tobacco settlement proceeds and fund balance were shifted to the General Fund; and HNMF activities were eliminated or shifted to the General Fund and Library Parcel Tax Fund. This action increases the 2010-2011 transfer to the General Fund, from \$6.9 million to \$7.2 million to close out this fund. A corresponding Ending Fund Balance adjustment is recommended to offset this action.				
<b>TOTAL ANTI-TOBACCO SETTLEMNT FD (426)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2009-2010

<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>Bike/Pedestrian Development/Earned Revenue</i></b>	Traffic Capital Program		\$28,000	\$15,000
Recognizes State grant revenue from the Transportation Fund for Clean Air Grant (\$15,000) and increases the Bike/Pedestrian Development project (\$28,000) to provide funding for the installation of 248 bicycle spaces in the City of San José. A local match (\$13,000) is required for this project and is recommended to be funded from the Ending Fund Balance.				
<b><i>Earned Revenue</i></b>	Traffic Capital Program			(\$3,000)
Decreases the estimate for Earned Revenue for the East Santa Clara Street Bridge at Coyote Creek project to reflect revenues that were anticipated to be collected in 2010-2011 but were collected in 2009-2010. The funding provides preliminary engineering for the replacement of the existing East Santa Clara Street Bridge at Coyote Creek to conform to current structural stability, roadway width, and flood control requirements.				
<b><i>Ending Fund Balance Adjustment</i></b>	Traffic Capital Program		(\$1,578,000)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Lighting and Signal Program</i></b>	Traffic Capital Program		\$7,000	
Increases funding for the Lighting and Signal Program for the purchase of traffic controllers at the intersection of Almaden Expressway and Blossom Hill Road. Funding for this project was received from developers in 2009-2010 and proceeds are included in the Ending Fund Balance reconciliation recommended as part of this report. Sufficient Ending Fund Balance is available to offset this action.				
<b><i>Milpitas Transit Area - Capitol Avenue Corridor Improvements</i></b>	Traffic Capital Program		\$200,000	
Establishes the Milpitas Transit Area - Capitol Avenue Corridor Improvements project for the enhancement of the transit center along Capitol Avenue near the Great Mall shopping center. The Milpitas Transit Area Specific Plan is a plan for the redevelopment of an approximately 437-acre area in the southern portion of the City of Milpitas that currently includes a number of industrial uses near the Great Mall shopping center. As part of the Plan, the City of Milpitas provided funds in 2008-2009 to the City of San José to address the significant traffic impacts in the Capitol Avenue corridor and these proceeds are included in the Ending Fund Balance reconciliation recommended as part of this report. Sufficient Ending Fund Balance is available to offset this action.				
<b><i>Reserve - Route 101/Blossom Hill Interchange Improvements</i></b>	Traffic Capital Program		\$1,355,000	
Increases the reserve for the Route 101/Blossom Hill Interchange Improvements project. On August 3, 2010, the City Council approved the borrowing of \$1,351,000 from this reserve to partially fund the local match for the Transportation for Livable Communities Grant, which leveraged \$6.5 million in grant funds for three capital improvement projects. This recommended action will repay the loan in full (\$1,351,000) plus interest payments (\$4,000). Sufficient Ending Fund Balance is available to offset this action.				

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2009-2010

<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>TOTAL BLDG &amp; STRUCT CONST TAX FD (429)</b>			<b>\$12,000</b>	<b>\$12,000</b>
<b>BRANCH LIB BOND PROJECT FD (472)</b>				
<b>Contingency Reserve: Library Bond Projects</b>	Library Capital Program		(\$250,000)	
Reduces the Contingency Reserve: Library Bond Projects appropriation to offset the Land Acquisition project that is described below.				
<b>Land Acquisition</b>	Library Capital Program		\$250,000	
Increases the Land Acquisition project to ensure sufficient funding is available to purchase land for the new Southeast Branch Library.				
<b>TOTAL BRANCH LIB BOND PROJECT FD (472)</b>			<b>\$0</b>	<b>\$0</b>
<b>BUSINESS IMPVT DIST FUND (351)</b>				
<b>Ending Fund Balance Adjustment</b>	Economic Development		(\$132,000)	
Decreases the Ending Fund Balance for the Hotel Business Improvement District to offset the action recommended in this report.				
<b>Hotel Business Improvement District</b>	Economic Development		\$132,000	
Increases Hotel Business Improvement District appropriation to align budgeted funds with the 2010-2011 anticipated quarterly disbursements. In 2009-2010, the methodology for disbursement of funds to the Business Improvement Districts was changed from reimbursements to quarterly payments of total cash balance. As a result, the payment for receipts during the 4th Quarter of 2009-2010 will be disbursed in the 1st Quarter of 2010-2011. This action aligns the 2010-2011 budget with the disbursement of the revenues collected during the 4th Quarter of 2009-2010 and the budgeted disbursements of receipts for the first three quarters of 2010-2011 for the Hotel Business Improvement District. Sufficient Ending Fund Balance is available to offset this action.				
<b>TOTAL BUSINESS IMPVT DIST FUND (351)</b>			<b>\$0</b>	<b>\$0</b>
<b>CIVIC CENTER CONST FUND (425)</b>				
<b>Central Service Yard Tenant Improvement</b>	Muni Improvements Capital Program		(\$50,000)	
Decreases the Central Service Yard Tenant Improvement appropriation in order to partially fund City Hall Garage Waterproofing costs. A corresponding increase to this appropriation in the Construction Tax and Property Conveyance Tax Fund: Service Yards Purposes is recommended in this document.				

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2009-2010

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CIVIC CENTER CONST FUND (425)</b>				
<b>City Hall Garage Waterproofing</b>	Muni Improvements		\$92,248	
Establishes an appropriation to fund Public Works and General Services Departments' staff, consultant, and possibly some remedial measures in order to further evaluate water intrusion in the City Hall Garage. Negotiations are underway regarding remedial measures with the insurance company that covered the project. In order to partially fund the staff support, investigatory efforts, and potential remedial measures referred to above, a reallocation of Central Service Yard Tenant Improvement expenses (\$50,000) from the Civic Center Construction Fund to the Construction Tax and Property Conveyance Tax Fund: Service Yards Purposes is recommended in this document. Sufficient Ending Fund Balance is available to offset the remainder of this action (\$42,248).				
<b>Ending Fund Balance Adjustment</b>	Muni Improvements		(\$42,248)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b>TOTAL CIVIC CENTER CONST FUND (425)</b>			<b>\$0</b>	<b>\$0</b>
<b>COMMTY FACIL REVENUE FUND (422)</b>				
<b>Debt Service Payments for the Hayes Phase I</b>	Finance		\$102,000	
Increases the Hayes Mansion Phase I Debt Service appropriation to provide sufficient funding for 2010-2011 anticipated debt service payments. In the 2009-2010 Mid-Year Budget Review, in order to offset a projected shortfall in operating revenues from Hayes Mansion, the debt related expenditures for Hayes Mansion were reduced based on lower than estimated short-term interest rates for the City's Hayes Mansion bond payments. However, the 2009-2010 Modified Budget debt service appropriation in the Community Facilities Revenue Fund was insufficient to pay all of the actual principal, interest, and financing costs in 2009-2010; therefore, a small portion of the higher costs were paid from funds available in a pass through debt service fund. The availability of these pass through funds were used in the development of the 2010-2011 Adopted Budget; therefore, an increase to the debt service appropriation in the Community Facilities Revenue Fund is recommended to restore funding to the level required in 2010-2011 and will be offset by a reallocation of funds from the Debt Service Payments for the Hayes Phase III appropriation and a decrease in Ending Fund Balance.				
<b>Debt Service Payments for the Hayes Phase III</b>	Finance		(\$8,770)	
Decreases the Debt Service Payments for the Hayes Phase III appropriation to align the 2010-2011 budget for debt service payments with the projected debt service payments for 2010-2011. These funds will be reallocated to fund the Debt Service Payments for the Hayes Phase I appropriation action recommended in this report.				
<b>Ending Fund Balance Adjustment</b>	Finance		(\$93,230)	
Decreases the Ending Fund Balance to offset actions recommended in this report.				

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2009-2010.

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
COMMTY FACIL REVENUE FUND (422)				
<b>TOTAL COMMTY FACIL REVENUE FUND (422)</b>			<b>\$0</b>	<b>\$0</b>
CONST/CONV TAX PK CD 4 FUND (381)				
<b>TRAIL: Highway 237 Bikeway/Earned Revenue</b>	Parks & Comm Fac Dev Capital Program		\$23,000	\$23,000
Recognizes the receipt of funds from Calpine Corporation for damages incurred to the bikeway along Highway 237 from Coyote Creek to Zanker Road. This action also establishes a new allocation for the TRAIL: Highway 237 Bikeway project. Project elements include re-construction of a paved trail along Highway 237 from Zanker Road to Coyote Creek, including new signage and striping. This appropriation would augment existing funding included in the Construction Excise Tax Fund (\$350,000) for this project. In addition, this report includes a recommendation in the Subdivision Park Trust Fund to appropriate \$327,000 to this project.				
<b>TOTAL CONST/CONV TAX PK CD 4 FUND (381)</b>			<b>\$23,000</b>	<b>\$23,000</b>
CONST/CONV TAX PK CD 5 FUND (382)				
<b>Emma Prusch Back Acreage</b>	Parks & Comm Fac Dev Capital Program		\$100,000	
Establishes a new allocation for the Emma Prusch Back Acreage project. There are currently six acres of undeveloped land in the western portion of Emma Prusch Park. This project would allow the City to extend electrical and water service to the west agricultural zone of Emma Prusch Park and fund staff time to oversee a Request for Proposal (RFP) process with the goal of seeking a vendor that would offer agricultural services and educational programming in all or a portion of the undeveloped land. A corresponding reduction to the Reserve: Veggelution Expansion allocation is included in this report.				
<b>Reserve: Veggelution Expansion</b>	Parks & Comm Fac Dev Capital Program		(\$100,000)	
Eliminates the Reserve: Veggelution Expansion allocation. This report includes a related action to establish an active appropriation for the Emma Prusch Back Acreage project.				
<b>TOTAL CONST/CONV TAX PK CD 5 FUND (382)</b>			<b>\$0</b>	<b>\$0</b>
CONST/CONV TAX PK CD10 FD (389)				
<b>Council District 10 Sports Field Development</b>	Parks & Comm Fac Dev Capital Program		\$2,000,000	
Establishes a new appropriation for the Council District 10 Sports Field Development project. This project may include development of a joint-use agreement, currently under negotiation, with the San José Unified School District to construct sports fields at the Allen at Steinbeck Elementary School for San José residents and youth. This agreement would reduce the City's sports field deficit and contribute to the ongoing effort to improve facilities and expand access and availability to sports fields and recreational opportunities. A corresponding reduction to the Reserve: Council District 10 Sports Field Development allocation is included in this report.				

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2009-2010

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PK CD10 FD (389)</b>				
<b>Reserve: Council District 10 Sports Field Development</b>	Parks & Comm Fac Dev Capital Program		(\$2,000,000)	
Eliminates the Reserve: Council District 10 Sports Field Development allocation. This report includes a corresponding action to establish an active appropriation for the Council District 10 Sports Field Development.				
<b>TOTAL CONST/CONV TAX PK CD10 FD (389)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK YARDS FD (398)</b>				
<b>Fire Station 19 Conversion</b>	Parks & Comm Fac Dev Capital Program		\$200,000	
Establishes a new allocation for the Fire Station 19 Conversion project to fund the conversion of the Fire Station 19 property (currently located at the northern end of Penitencia Creek Park) into a park yard once Fire Station 19 is relocated in 2010-2011. A corresponding reduction to the Reserve: Fire Station 19 Conversion allocation is also included in this report.				
<b>Reserve: Fire Station 19 Conversion</b>	Parks & Comm Fac Dev Capital Program		(\$200,000)	
Eliminates the Reserve: Fire Station 19 Conversion allocation. This document includes a corresponding action to establish an active appropriation for the Fire Station 19 Conversion project.				
<b>TOTAL CONST/CONV TAX PK YARDS FD (398)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX SRVC YDS FD (395)</b>				
<b>Central Service Yard Tenant Improvement</b>	Service Yards Capital Program		\$50,000	
Reallocates Central Service Yard Tenant Improvement expenses from the Civic Center Construction Fund to the Construction Tax and Property Conveyance Tax Fund: Service Yards Purposes in order to partially fund City Hall Garage waterproofing costs. A corresponding decrease in this appropriation in the Civic Center Construction Fund is recommended in this document.				
<b>Ending Fund Balance Adjustment</b>	Service Yards Capital Program		(\$50,000)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b>TOTAL CONST/CONV TAX SRVC YDS FD (395)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONSTRUCTION EXCISE TAX FD (465)</b>				
<b>Capitol Expressway: Story Rd and Aborn Rd Impv/Earned Revenue</b>	Traffic Capital Program		\$395,000	\$395,000
Increases funding for the Capitol Expressway: Story Road and Aborn Road Improvements project to reflect developer funds received for improvements at the intersections of Capitol Expressway/Story Road and Capitol Expressway/Aborn Road. Improvements include the construction of left-turn lanes, roadway widening, traffic signal and median island modifications, and pavement re-striping.				

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2009-2010

<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>Congestion Management Program Dues</i></b>	Traffic Capital Program		(\$28,000)	
Decreases funding for the Congestion Management Program Dues appropriation to reflect the revised amount of the City's payment of dues supporting the Santa Clara County Congestion Management Program. A new Member Agency Fee Schedule was released after the adoption of the budget, and the fee schedule reflected a lower payment than programmed in the 2011-2015 Adopted Capital Improvement Program. An increase to the Ending Fund Balance is recommended to offset this action.				
<b><i>Ending Fund Balance Adjustment</i></b>	Traffic Capital Program		\$28,000	
Increases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Gas Tax - Pavement Maintenance/Beginning Fund Balance</i></b>	Traffic Capital Program		\$2,029,000	\$2,029,000
Increases the Beginning Fund Balance and corresponding Gas Tax - Pavement Maintenance appropriation for street sealing and resurfacing activities on various City streets. A portion of the annual allocation (\$2,029,000) for pavement maintenance was accrued to Fiscal Year 2008-2009 after the release of the 2008-2009 Annual Report. This action is required to correctly account for these restricted funds as this adjustment was inadvertently omitted from the 2009-2010 Beginning Fund Balance.				
<b><i>Traffic Congestion Data Management/Earned Revenue</i></b>	Traffic Capital Program		\$2,000	\$2,000
Increases funding for the Traffic Congestion Data Management project to reflect developer funds received for a post-construction traffic calming study. The Department of Transportation will perform volume counts and associated work.				
<b>TOTAL CONSTRUCTION EXCISE TAX FD (465)</b>			<b>\$2,426,000</b>	<b>\$2,426,000</b>
<b>DOWNTOWN PBID FUND (302)</b>				
<b><i>Downtown Property and Business Improvement District</i></b>	Transportation		\$83,000	
Increases the Downtown Property and Business Improvement District appropriation to align the funding level with the City Council approved cost of living adjustment of 2.91% (approved by the City Council on June 15, 2010). The funding pays for specific enhanced cleaning, ambassador services, and image enhancements in the Downtown area. The services and improvements are funded by assessments collected from the individual property owners within the district, and the funds are restricted to services and improvements provided within the district. Corresponding increases to the estimate for Earned Revenue and Transfer to the Downtown Property and Business Improvement District from the General Fund are also recommended as part of this report.				

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2009-2010

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>DOWNTOWN PBID FUND (302)</b>				
<i>Special Assessments</i>	Transportation			\$75,800
Increases the estimate for Earned Revenue in the Downtown Property and Business Improvement District Fund to reflect additional special assessments collected from property owners as a result of the cost of living adjustment as established in the agreement with the Property and Business Improvement District approved by the City Council on June 15, 2010. A corresponding increase to the Downtown Property and Business Improvement District appropriation is also recommended as part of this report.				
<i>Transfer to the Downtown Property and Business Impv District Fd</i>	Transportation			\$7,200
Increases the Transfer to the Downtown Property and Business Improvement District (PBID) Fund from the General Fund for City properties located in the district for the cost of living adjustment as established in the agreement with the Downtown PBID and approved by the City Council on June 15, 2010. This transfer from the General Fund provides funding for the assessments on City-owned properties within the Downtown PBID. A corresponding increase to the Downtown Property and Business Improvement District appropriation is also recommended as part of this report.				
<b>TOTAL DOWNTOWN PBID FUND (302)</b>			<b>\$83,000</b>	<b>\$83,000</b>
<b>EMER COMM SYS SUPP FEE FD (154)</b>				
<i>Ending Fund Balance Adjustment</i>	Finance		(\$6,402)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>Tech Adjust: Transfer to General Fund</i>	Finance		\$6,402	
Establishes a Transfer to the General Fund in the amount of \$6,402 in order to close out the Emergency Communication System Support Fee Fund. Unanticipated Emergency Communications System Support fee revenue were received in 2009-2010. These funds are eligible for transfer to the General Fund.				
<b>TOTAL EMER COMM SYS SUPP FEE FD (154)</b>			<b>\$0</b>	<b>\$0</b>
<b>FEDERAL LLEBG PROG FUND (415)</b>				
<i>Ending Fund Balance Adjustment</i>	Police		(\$80)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<i>Interest Earnings</i>	Police			\$50
Recognizes interest earnings anticipated in 2010-2011.				
<i>LLEBG Close-Out</i>	Police		\$130	
Appropriates interest earnings that were unanticipated in 2009-2010 (\$80) and anticipated interest earnings in 2010-2011 (\$50) in order to use these funds and close out the Local Law Enforcement Block Grant Fund.				

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2009-2010

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>FEDERAL LLEBG PROG FUND (415)</b>				
<b>TOTAL FEDERAL LLEBG PROG FUND (415)</b>			\$50	\$50
<b>GENERAL PURPOSE PARKING FD (533)</b>				
<b><i>Parking Guidance System Phase II</i></b>	Parking Capital Program		\$82,000	
Increases funding for the Parking Guidance System Phase II project to provide for the preventative, routine, and emergency maintenance service of the system. Sufficient Ending Fund Balance is available to offset this action.				
<b><i>Ending Fund Balance Adjustment</i></b>	Transportation		(\$82,000)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
<b>TOTAL GENERAL PURPOSE PARKING FD (533)</b>			\$0	\$0
<b>GIFT TRUST FUND (139)</b>				
<b><i>Books for Little Hands</i></b>	Library		\$9,518	\$9,518
Recognizes and appropriates gifts received to support the Library Department's Books for Little Hands program. This funding will be used to provide early learning materials to San Jose Unified School District preschools.				
<b><i>Police Major Awards Banquet</i></b>	Police		\$460	\$460
Recognizes and appropriates gifts received to support the Police Department's Major Awards Banquet. This funding will be used to cover expenses related to the annual award ceremony.				
<b><i>Police Reserves Unit</i></b>	Police		\$20,500	\$20,500
Recognizes and appropriates gifts received to support the Police Department's Reserves Unit. This funding will be used for Police Reserve Unit operations during the Christmas in the Park event.				
<b>TOTAL GIFT TRUST FUND (139)</b>			\$30,478	\$30,478
<b>HOME INVEST PART PROG FUND (445)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Housing		\$14,758	
Increases the Ending Fund Balance to offset the action recommended in this report.				
<b><i>Info Tech Dept Personal Services Funding Reallocation</i></b>	Housing		(\$14,758)	
Eliminates funding for the Information Technology Personal Services appropriation in the Home Investment Partnership Program Fund. A portion of a Senior Systems Applications Programmer position is currently funded in the Home Investment Partnership Program Fund, and the duties (develops and manages the Housing Department databases) performed are not eligible to be funded by this fund. A separate recommended action, as part of this report, allocates funding for this position to the Low and Moderate Income Housing Fund to align expenditures with the appropriate funding source.				
<b>TOTAL HOME INVEST PART PROG FUND (445)</b>			\$0	\$0

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2009-2010

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>ICE CENTRE REVENUE FUND (432)</b>				
<b>Ending Fund Balance Adjustment</b>	Finance		(\$416,700)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
<b>Ice Centre Debt Service Payment</b>	Finance		\$416,700	
Increases the Ice Centre Debt Service Payment appropriation to align the budget for debt service payments with the projected debt service payments for 2010-2011 which were inadvertently budgeted in the 2010-2011 Adopted Budget at an amount that was lower than required.				
<b>TOTAL ICE CENTRE REVENUE FUND (432)</b>			<b>\$0</b>	<b>\$0</b>
<b>LOW/MOD INCOME HOUSING FD (443)</b>				
<b>20% Tax Increment</b>	Housing			(\$3,104,262)
Decreases the revenue estimate for 20% Tax Increment as a result of the revised figures received from the Santa Clara County Assessor's Office and as reflected in the San Jose Redevelopment Agency's 2010-2011 Proposed Budget. The San Jose Redevelopment Agency (SJRA) receives funding through tax increment revenues received from taxable values of properties in redevelopment project areas, and 20% of all tax increment revenues are to be set aside into the Low and Moderate Income Housing Fund to be used for the purpose of increasing, improving, and/or preserving the supply of low and moderate income housing. Due to the downturn in the real estate market, the taxable values of properties have drastically declined resulting in lower tax increment revenues. Sufficient Ending Fund Balance is available to offset this action.				
<b>Ending Fund Balance Adjustment</b>	Housing		(\$3,369,020)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b>Homeowner Education Program</b>	Housing		\$250,000	
Increases funding for the Homeowner Education Program appropriation. As part of the Neighborhood Stabilization Program 2 (NSP2), which provides federal grant funding to all states, selected local governments, national non-profits, and national consortiums for the purchase and redevelopment of foreclosed and abandoned homes and residential properties, the City committed to providing funding for a homeowner education program in order to leverage the \$25 million grant funding. This program is designed to educate first-time homebuyers with credit planning and the home buying process. Sufficient Ending Fund Balance is available to offset this action.				

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2009-2010

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>LOW/MOD INCOME HOUSING FD (443)</b>				
<i>Info Tech Dept Personal Services Funding Reallocation</i>	Housing		\$14,758	
Increases the Information Technology Personal Services appropriation in the Low and Moderate Income Housing Fund to realign funding for a portion of a Senior Systems Applications Programmer position. This portion of the position is currently funded in the Home Investment Partnership Program Fund, and the duties (develops and manages the Housing Department databases) performed are not eligible to be funded by this fund. A corresponding decrease to the Information Technology Personal Services appropriation in the Home Investment Partnership Program Fund is also recommended as part of this report. Sufficient Ending Fund Balance is available in this fund to offset this action.				
<b>TOTAL LOW/MOD INCOME HOUSING FD (443)</b>			(\$3,104,262)	(\$3,104,262)
<b>MUNICIPAL HEALTH SERV PRG (132)</b>				
<i>Tech Adjust: Transfer to the General Fund</i>	Finance		\$470	
Establishes a Transfer to the General Fund in the amount of \$470 to account for unanticipated interest earnings received in 2009-2010 and close out the Municipal Health Services Program Fund. These funds are eligible for transfer to the General Fund.				
<i>Ending Fund Balance Adjustment</i>	Parks, Rec And Neigh Svcs		(\$470)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
<b>TOTAL MUNICIPAL HEALTH SERV PRG (132)</b>			\$0	\$0
<b>REDEV CAPITAL PROJECT FD (450)</b>				
<i>460 Park Avenue Building Demolition</i>	Muni Improvements Capital Program		\$2,108	
Increases funding for the 460 Park Avenue Building Demolition (PSM 576) project in order to refund hard cost project savings to the San Jose Redevelopment Agency. Additional funding is necessary due to higher than anticipated project costs for which the City is responsible. A corresponding decrease to Ending Fund Balance is recommended to offset this action.				
<i>Ending Fund Balance Adjustment</i>	Muni Improvements Capital Program		(\$25,314)	
Decreases the Ending Fund Balance to offset actions recommended in this report.				
<i>Charcot/Orchard Median Island Pavement</i>	Traffic Capital Program		\$1,134	
Increases funding for the Charcot/Orchard Median Island Pavement (PSM 576) project in order to refund hard cost project savings to the San Jose Redevelopment Agency. Additional funding is necessary due to higher than anticipated project costs for which the City is responsible. A corresponding decrease to Ending Fund Balance is recommended to offset this action.				

# Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2009-2010

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>REDEV CAPITAL PROJECT FD (450)</b>				
<b><i>Winchester Blvd Signal Modification &amp; Countdown Head Installation</i></b>	Traffic Capital Program		\$22,072	
Increases funding for the Winchester Blvd Signal Modification & Countdown Head Installation (PSM 477) project in order to refund hard cost project savings to the San Jose Redevelopment Agency. Additional funding is necessary due to higher than anticipated project costs for which the City is responsible. A corresponding decrease to Ending Fund Balance is recommended to offset this action.				
<b>TOTAL REDEV CAPITAL PROJECT FD (450)</b>			<b>\$0</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHG CAP FD (545)</b>				
<b><i>Fund Balance Adjustment</i></b>	Sanitary Sewer Capital Program		(\$1,492,000)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Morrill Avenue/Sierra Road Sanitary Sewer Improvements</i></b>	Sanitary Sewer Capital Program		\$1,450,000	
Increases the Morrill Avenue/Sierra Road Sanitary Sewer Improvements project due to a change in scope. The 2010-2011 Adopted Capital Budget includes \$145,000 for this project. The adopted funding level assumed that the project would install 500 linear feet of pipeline. The recently approved 2040 General Plan Land Use Scenarios, however, suggest that the project scope should be increased to include the upsizing (to increase flow capacity) of 3,300 linear feet of pipeline. This additional funding would allow for the award of the construction contract in 2010-2011. Sufficient Ending Fund Balance is available to offset this action.				
<b><i>Permit Review and Inspection for Silicon Valley Water District</i></b>	Sanitary Sewer Capital Program		\$42,000	
Increases the Permit Review and Inspection for Outside Agencies appropriation to fund work associated with the Santa Clara Valley Water District's (SCVWD) Lower Silver Creek Flood Protection and Creek Restoration project. The SCVWD's project will improve and modify storm facilities that require permitting, engineering, and inspection to City standards and specifications. Sufficient Ending Fund Balance is available to offset this action.				
<b>TOTAL SEWER SVC &amp; USE CHG CAP FD (545)</b>			<b>\$0</b>	<b>\$0</b>
<b>STATE DRUG FORF FUND (417)</b>				
<b><i>Reserve - Police Substation FF&amp;E</i></b>	Police		(\$186,000)	
Reduces the Police Substation FF&E Reserve in order to provide funding for the Police Department to procure and install the remaining furniture, fixtures and equipment for the scheduled opening of the Substation in September 2011.				
<b><i>South San José Police Substation FF&amp;E</i></b>	Police		\$186,000	
Establishes funding for the Police Department to procure and install the remaining furniture, fixtures and equipment for the scheduled opening of the Substation in September 2011. A corresponding decrease to the Police Substation FF&E Reserve is recommended above.				

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2009-2010

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>STATE DRUG FORF FUND (417)</b>				
<b>TOTAL STATE DRUG FORF FUND (417)</b>			\$0	\$0
<b>STORES FUND (551)</b>				
<b>Ending Fund Balance Adjustment</b>	Finance		(\$304,209)	
Decreases the Unrestricted Ending Fund Balance to offset the action recommended in this report.				
<b>Reserve for Inventory</b>	Finance		\$304,209	
This action establishes a Reserve for Inventory to recognize the value of inventory as of June 30, 2010. Historically, the unrestricted fund balance in the Stores Fund has been reported to include the value of inventory and documented that the fund balance reported in the Comprehensive Annual Financial Report (CAFR) will differ by this reserve amount. This action aligns the components of the budgetary fund balance with the CAFR. Sufficient Unrestricted Ending Fund Balance is available to offset this action.				
<b>TOTAL STORES FUND (551)</b>			\$0	\$0
<b>STORM SEWER CAPITAL FUND (469)</b>				
<b>Ending Fund Balance Adjustment</b>	Storm Sewer Capital Program		(\$52,000)	
Decreases Ending Fund Balance to offset the action recommended in this report.				
<b>Permit Review and Inspection for Outside Agencies</b>	Storm Sewer Capital Program		\$52,000	
Increases the Permit Review and Inspection for Outside Agencies appropriation to fund work associated with the Santa Clara Valley Water District's (SCVWD) Lower Silver Creek Flood Protection and Creek Restoration project. The SCVWD's project will improve and modify storm facilities that require permitting, engineering, and inspection to City standards and specifications. Sufficient Ending Fund Balance is available to offset this action.				
<b>TOTAL STORM SEWER CAPITAL FUND (469)</b>			\$0	\$0
<b>SUBDIVISION PARK TRUST FUND (375)</b>				
<b>Martin Park Expansion</b>	Parks & Comm Fac Dev Capital Program		\$8,000	
Increases the Martin Park Expansion project by \$8,000 to ensure sufficient funding is available to complete the design of this new 5.8 acre neighborhood park, which may include a soccer field, picnic areas, and pathways. As approved by the City Council on February 9, 2010, the construction of this new park has been placed on hold due to the estimated operating and maintenance impact the completed facility will have on the General Fund. All deferred projects will be re-evaluated on an annual basis to determine if activity should resume. A corresponding decrease to the Reserve: Martin Park Expansion allocation is also included in this report.				
<b>Reserve: Future PDO/PIO Projects</b>	Parks & Comm Fac Dev Capital Program		(\$377,000)	
Decreases the Reserve: Future PDO/PIO Projects to offset actions recommended in this report.				

# Special/Capital Funds Recommended Budget Adjustments Summary

## Annual Report 2009-2010

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SUBDIVISION PARK TRUST FUND (375)</b>				
<b>Reserve: Martin Park Expansion</b>	Parks & Comm Fac Dev Capital Program		(\$8,000)	
Decreases the Reserve: Martin Park Expansion allocation. This report includes a related action to increase the active appropriation for the Martin Park Expansion project to ensure funding is available to complete the design of this new 5.8 acre neighborhood park.				
<b>TRAIL: Coyote Creek (Highway 237 to Story Road)</b>	Parks & Comm Fac Dev Capital Program		\$50,000	
Increases the TRAIL: Coyote Creek (Highway 237 to Story Road) project to ensure sufficient funding is available to complete federally mandated environmental documentation for the future development of a trail segment along the Coyote Creek Trail system. The proposed trail alignment includes significantly more bridges and undercrossings than originally anticipated. The additional funding will support the efforts of City staff and consultants to further study the trail alignment and prepare necessary environmental documentation. A corresponding decrease to the Reserve: Future PDO/PIO Projects is recommended to offset this action.				
<b>TRAIL: Highway 237 Bikeway</b>	Parks & Comm Fac Dev Capital Program		\$327,000	
Establishes a new allocation for the TRAIL: Highway 237 Bikeway project. Project elements include the re-construction of a paved trail along Highway 237 from Zanker Road to Coyote Creek, including new signage and striping. This appropriation would augment existing funding included in the Construction Excise Tax Fund (\$350,000) for this project. In addition, this report includes a recommendation in the Council District 4 Construction and Conveyance Tax Fund to appropriate \$23,000 to this project. A corresponding decrease to the Reserve: Future PDO/PIO Projects is recommended to offset this action.				
<b>TOTAL SUBDIVISION PARK TRUST FUND (375)</b>			\$0	\$0
<b>SUPPL LAW ENF SVCES FUND (414)</b>				
<b>Ending Fund Balance Adjustment</b>	Police		(\$125,712)	
Reduces the Ending Fund Balance to adjust for lower earned revenue anticipated in 2010-2011 as discussed below.				
<b>SLES 2009-2011 Grant Revenue Adjustment</b>	Police			(\$125,712)
Decreases Earned Revenue from the State of California due to the second of four payments for the 2009-2011 Supplemental Law Enforcement Services (SLES) Grant (\$125,712) being received in 2009-2010 instead of 2010-2011, as previously anticipated. These funds are included in the Ending Fund Balance reconciliation recommended in this report. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
<b>SLES Grant 2009-2011</b>	Police		\$642,789	\$642,789
Recognizes and appropriates the third of four payments for the 2009-2011 SLES grant. Funding from this grant will be used according to the spending plan that was approved by the City Council on February 2, 2010. The spending plan provides funds for various projects including the Automated Field Reporting/Records Management System (AFR/RMS), hardware and software upgrades, the Mobile ID Project, and training.				

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2009-2010

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SUPPL LAW ENF SVCES FUND (414)</b>				
<b>TOTAL SUPPL LAW ENF SVCES FUND (414)</b>			\$517,077	\$517,077
<b>VEHICLE MAINT &amp; OPER FUND (552)</b>				
<b><i>Inventory - Happy Hollow Ride Maint and Inspec</i></b>	General Services		(\$53,000)	
<p>Reallocates funding in the amount of \$53,000 from the General Services Department's Vehicle and Maintenance Operations Inventory (parts and fuel) appropriation to Personal Services appropriation to fund a temporary Equipment Mechanic Assistant position. This position would perform Happy Hollow Park and Zoo ride maintenance and inspection services to ensure that the rides are operating safely. A corresponding increase to the Department's Personal Services appropriation will offset this action.</p>				
<b><i>Personal Services - Happy Hollow Ride Maint and Inspec</i></b>	General Services		\$53,000	
<p>Reallocates funding in the amount of \$53,000 from the General Services Department's Vehicle and Maintenance Operations Inventory (parts and fuel) appropriation to Personal Services appropriation to fund a temporary Equipment Mechanic Assistant position. This position would perform Happy Hollow Park and Zoo ride maintenance and inspection services to ensure that the rides are operating safely. A corresponding decrease to the Department's Inventory (parts and fuel) appropriation will offset this action.</p>				
<b>TOTAL VEHICLE MAINT &amp; OPER FUND (552)</b>			\$0	\$0
<b>WORKFORCE INVSTMNT ACT FD (290)</b>				
<b><i>2010-2011 Rapid Response Grant/Earned Revenue</i></b>	Economic Development		(\$179,430)	(\$179,430)
<p>Decreases the Rapid Response Grant appropriation and corresponding estimate for reimbursement to align budget levels with the awarded 2010-2011 State allocation for the Rapid Response Program.</p>				
<b><i>Minority Small Business Initiative/Earned Revenue</i></b>	Economic Development		\$200,000	\$200,000
<p>Recognizes and appropriates grant funding from the United States Small Business Administration (SBA) for the Minority Small Business Initiative for the term beginning September 2010 and ending September 2011. Funds will be used to assist in addressing the needs of minority and immigrant entrepreneurs throughout Silicon Valley. This action is offset by an increase to the estimate for Grant Reimbursement.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2009-2010

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>WORKFORCE INVSTMNT ACT FD (290)</b>				
<p><b><i>Recovery Act - Regional Industry Clusters of Opp/ARRA - Fed Rev</i></b></p> <p>Recognizes and appropriates grant funding from the California Workforce Investment Board, the California Energy Commission, and the California Economic Strategy Panel in coordination with the California Labor and Workforce Development Agency for the Regional Industry Clusters of Opportunity Grant for the term ending June 2010. Funding was awarded to NOVA and work2future to 1) complete research analysis of targeted industry clusters of opportunity, 2) design and implement a collaborative engagement process, 3) identify specific investments and other commitments by a variety of partners to advance the competitive position of regionally targeted clusters of opportunity, and 4) support long-term sustainability and growth of regional clusters of opportunity. This action is offset by an increase to the estimate for Recovery Act - Federal Revenue.</p>	Economic Development		\$100,000	\$100,000
<p><b><i>Recovery Act - State Incentive Award 2007-2008/ARRA - Fed Revenue</i></b></p> <p>Recognizes funding from the State and establishes an appropriation for the State Incentive Award. work2future received this incentive award for exemplary performance by meeting the program's performance measures. Funds may be utilized for any allowable cost under the Workforce Investment Act and are anticipated to be used for the Adult, Dislocated, and Youth Workers Programs. A corresponding increase in the estimate for Recovery Act - Federal Revenue is recommended to offset this action.</p>	Economic Development		\$30,874	\$30,874
<p><b><i>Recovery Act - State Incentive Award 2008-2009/ARRA - Fed Revenue</i></b></p> <p>Recognizes funding from the State and establishes an appropriation for the State Incentive Award. work2future received this incentive award for exemplary performance by meeting the program's performance measures. Funds may be utilized for any allowable cost under the Workforce Investment Act and are anticipated to be used for the Adult, Dislocated, and Youth Workers Programs. A corresponding increase in the estimate for Recovery Act - Federal Revenue is recommended to offset this action.</p>	Economic Development		\$24,637	\$24,637
<b>TOTAL WORKFORCE INVSTMNT ACT FD (290)</b>			<b>\$176,081</b>	<b>\$176,081</b>

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>CITY-WIDE EXPENSES</b>						
2009 Emergency Management and Performance Grant			(\$1,390)	(\$1,390)	(\$1,390)	\$0
2009 Urban Areas Security Initiative (UASI) Grant - Police			\$12,500	\$12,500	\$12,500	\$0
2010 Human Trafficking Prevention Grant			\$170,000	\$170,000	\$170,000	\$0
2010-2011 Anti-Drug Abuse Grant			\$132,416	\$132,416	\$132,416	\$0
2010-2011 Internet Crimes Against Children (ICAC) State Grant			\$125,000	\$125,000	\$125,000	\$0
Economic Development Pre-Development Activities			\$10,000	\$10,000	\$10,000	\$0
Internet Crimes Against Children (ICAC) Continuation Grant			\$355,102	\$355,102	\$355,102	\$0
Northern California Regional Intelligence Center (NCRIC)-Police			\$15,000	\$15,000	\$15,000	\$0
Recovery Act-2010-2012 Anti Drug Abuse Enforce Team Pro Grt			\$19,594	\$19,594	\$19,594	\$0
Sick Leave Payments Upon Retirement			\$3,898,317	\$3,898,317		\$3,898,317
Sidewalk Repairs			\$200,000	\$200,000	\$200,000	\$0
<b>CITY-WIDE EXPENSES Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,936,539</b>	<b>\$4,936,539</b>	<b>\$1,038,222</b>	<b>\$3,898,317</b>
<b>EARMARKED RESERVES</b>						
Almaden Lake Park Swim Program-Summer 2011 Earmarked Reserve			\$18,510	\$18,510		\$18,510
Planning Fee Program Reserve			(\$112,180)	(\$112,180)	(\$112,180)	\$0
Pre-Funding of Retirement Contribution-Salary and Benefit Reserve			(\$51,000)	(\$51,000)		(\$51,000)
<b>EARMARKED RESERVES Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$144,670)</b>	<b>(\$144,670)</b>	<b>(\$112,180)</b>	<b>(\$32,490)</b>

General Fund  
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Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
<b>FIRE</b>						
Pre-Funding of Retirement Contribution	\$51,000			\$51,000		\$51,000
<b>FIRE Total</b>	<b>\$51,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$51,000</b>	<b>\$0</b>	<b>\$51,000</b>
<b>LIBRARY</b>						
Library Grants/Revenue from Federal Government			\$383,816	\$383,816	\$383,816	\$0
Library Grants/Revenue from State of California			\$83,803	\$83,803	\$83,803	\$0
<b>LIBRARY Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$467,619</b>	<b>\$467,619</b>	<b>\$467,619</b>	<b>\$0</b>
<b>MAYOR &amp; COUNCIL</b>						
Council District 2 Special Event			\$2,699	\$2,699	\$2,699	\$0
Council District 3 Travel Reimbursement			\$685	\$685	\$685	\$0
Council District 4 Travel Reimbursement			\$554	\$554	\$554	\$0
Council District 8 Special Events			\$7,468	\$7,468	\$7,468	\$0
Council District 9 Special Events			\$2,330	\$2,330	\$2,330	\$0
Mayor's Office Travel Reimbursement			\$181	\$181	\$181	\$0
<b>MAYOR &amp; COUNCIL Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,917</b>	<b>\$13,917</b>	<b>\$13,917</b>	<b>\$0</b>

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Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
<b>PARKS, REC AND NEIGH SVCS</b>						
Almaden Lake Park Swim Program - PRNS Personal Services	(\$60,716)			(\$60,716)		(\$60,716)
Happy Hollow Park and Zoo - Department Charges	\$145,000	\$410,000		\$555,000	\$555,000	\$0
Senior Nutrition Program	\$42,538	(\$52,862)		(\$10,324)	(\$10,324)	\$0
<b>PARKS, REC AND NEIGH SVCS Total</b>	<b>\$126,822</b>	<b>\$357,138</b>	<b>\$0</b>	<b>\$483,960</b>	<b>\$544,676</b>	<b>(\$60,716)</b>
<b>PLAN, BLDG AND CODE ENF</b>						
Bay Area Air Quality Management District Risk Reduction Plan	\$45,000			\$45,000	\$45,000	\$0
<b>PLAN, BLDG AND CODE ENF Total</b>	<b>\$45,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$45,000</b>	<b>\$45,000</b>	<b>\$0</b>
<b>POLICE</b>						
Community Transition Center	\$130,000			\$130,000	\$130,000	\$0
Emergency Communications Office Equipment		\$250,000		\$250,000	\$250,000	\$0
FBI Computer Forensic Laboratory	\$12,900			\$12,900	\$12,900	\$0
FBI Violent Gang Task Force	\$86,000			\$86,000	\$86,000	\$0
San José Resident Office Task Force	\$17,200			\$17,200	\$17,200	\$0
<b>POLICE Total</b>	<b>\$246,100</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$496,100</b>	<b>\$496,100</b>	<b>\$0</b>

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>REVENUE ADJUSTMENTS</b>						
Almaden Lake Park Swim Program - Departmental Charges				\$0	(\$42,206)	\$42,206
Property Tax Adjustment				\$0	(\$4,143,000)	\$4,143,000
Sales Tax Adjustment				\$0	\$4,200,000	(\$4,200,000)
Transfers and Reimbursements Adjustment				\$0	\$298,795	(\$298,795)
<b>REVENUE ADJUSTMENTS Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$313,589</b>	<b>(\$313,589)</b>
<b>TRANSFERS</b>						
Transfer to the Downtown Property and Business Improve District Fd			\$7,200	\$7,200		\$7,200
<b>TRANSFERS Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,200</b>	<b>\$7,200</b>	<b>\$0</b>	<b>\$7,200</b>
<b>Total General Fund Recommended Budget Adjustments</b>	<b>\$468,922</b>	<b>\$607,138</b>	<b>\$5,280,605</b>	<b>\$6,356,665</b>	<b>\$2,806,943</b>	<b>\$3,549,722</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>AIRPORT CAPITAL IMPVT FUND (520)</b>								
<b>Airport Capital Program</b>								
Taxiway W Improvements/Earned Revenue			(\$998,000)		(\$998,000)	(\$998,000)		\$0
<b>Total AIRPORT CAPITAL IMPVT FUND (520)</b>	\$0	\$0	(\$998,000)	\$0	(\$998,000)	(\$998,000)	\$0	\$0
<b>AIRPORT RENEW &amp; REPL FUND (527)</b>								
<b>Airport Capital Program</b>								
Ending Fund Balance Adjustment				\$629,000	\$629,000			\$629,000
Taxiway C Pavement Repair			(\$629,000)		(\$629,000)			(\$629,000)
<b>Total AIRPORT RENEW &amp; REPL FUND (527)</b>	\$0	\$0	(\$629,000)	\$629,000	\$0	\$0	\$0	\$0
<b>ANTI-TOBACCO SETTLEMNT FD (426)</b>								
<b>PARKS, REC AND NEIGH SVCS</b>								
Ending Fund Balance Adjustment				(\$291,923)	(\$291,923)			(\$291,923)
Transfer to the General Fund			\$291,923		\$291,923			\$291,923
<b>Total ANTI-TOBACCO SETTLEMNT FD (426)</b>	\$0	\$0	\$291,923	(\$291,923)	\$0	\$0	\$0	\$0
<b>BLDG &amp; STRUCT CONST TAX FD (429)</b>								
<b>Traffic Capital Program</b>								
Bike/Pedestrian Development/Earned Revenue			\$28,000		\$28,000	\$15,000		\$13,000
Earned Revenue					\$0	(\$3,000)		\$3,000
Ending Fund Balance Adjustment				(\$1,578,000)	(\$1,578,000)			(\$1,578,000)
Lighting and Signal Program			\$7,000		\$7,000			\$7,000
Milpitas Transit Area - Capitol Avenue Corridor Improvements			\$200,000		\$200,000			\$200,000
Reserve - Route 101/Blossom Hill Interchange Improvements			\$1,355,000		\$1,355,000			\$1,355,000
<b>Total BLDG &amp; STRUCT CONST TAX FD (429)</b>	\$0	\$0	\$1,590,000	(\$1,578,000)	\$12,000	\$12,000	\$0	\$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>BRANCH LIB BOND PROJECT FD (472)</b>								
<b>Library Capital Program</b>								
Contingency Reserve: Library Bond Projects				(\$250,000)	(\$250,000)			(\$250,000)
Land Acquisition			\$250,000		\$250,000			\$250,000
<b>Total BRANCH LIB BOND PROJECT FD (472)</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>BUSINESS IMPVT DIST FUND (351)</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Ending Fund Balance Adjustment				(\$132,000)	(\$132,000)			(\$132,000)
Hotel Business Improvement District			\$132,000		\$132,000			\$132,000
<b>Total BUSINESS IMPVT DIST FUND (351)</b>	\$0	\$0	\$132,000	(\$132,000)	\$0	\$0	\$0	\$0
<b>CIVIC CENTER CONST FUND (425)</b>								
<b>Muni Improvements Capital Program</b>								
Central Service Yard Tenant Improvement				(\$50,000)	(\$50,000)			(\$50,000)
City Hall Garage Waterproofing			\$92,248		\$92,248			\$92,248
Ending Fund Balance Adjustment				(\$42,248)	(\$42,248)			(\$42,248)
<b>Total CIVIC CENTER CONST FUND (425)</b>	\$0	\$0	\$42,248	(\$42,248)	\$0	\$0	\$0	\$0
<b>COMMTY FACIL REVENUE FUND (422)</b>								
<b>FINANCE</b>								
Debt Service Payments for the Hayes Phase I			\$102,000		\$102,000			\$102,000
Debt Service Payments for the Hayes Phase III			(\$8,770)		(\$8,770)			(\$8,770)
Ending Fund Balance Adjustment				(\$93,230)	(\$93,230)			(\$93,230)
<b>Total COMMTY FACIL REVENUE FUND (422)</b>	\$0	\$0	\$93,230	(\$93,230)	\$0	\$0	\$0	\$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>CONST/CONV TAX PK CD 4 FUND (381)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
TRAIL: Highway 237 Bikeway/Earned Revenue			\$23,000		\$23,000	\$23,000		\$0
<b>Total CONST/CONV TAX PK CD 4 FUND (381)</b>								
	\$0	\$0	\$23,000	\$0	\$23,000	\$23,000	\$0	\$0
<b>CONST/CONV TAX PK CD 5 FUND (382)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Emma Prusch Back Acreage			\$100,000		\$100,000			\$100,000
Reserve: Veggichlution Expansion			(\$100,000)		(\$100,000)			(\$100,000)
<b>Total CONST/CONV TAX PK CD 5 FUND (382)</b>								
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>CONST/CONV TAX PK CD10 FD (389)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Council District 10 Sports Field Development			\$2,000,000		\$2,000,000			\$2,000,000
Reserve: Council District 10 Sports Field Development			(\$2,000,000)		(\$2,000,000)			(\$2,000,000)
<b>Total CONST/CONV TAX PK CD10 FD (389)</b>								
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>CONST/CONV TAX PK YARDS FD (398)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Fire Station 19 Conversion			\$200,000		\$200,000			\$200,000
Reserve: Fire Station 19 Conversion			(\$200,000)		(\$200,000)			(\$200,000)
<b>Total CONST/CONV TAX PK YARDS FD (398)</b>								
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>CONST/CONV TAX SRVC YDS FD (395)</b>								
<b>Service Yards Capital Program</b>								
Central Service Yard Tenant Improvement			\$50,000		\$50,000			\$50,000

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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 SRVC YDS FD (395)</b>								
<b>Service Yards Capital Program</b>								
Ending Fund Balance Adjustment				(\$50,000)	(\$50,000)			(\$50,000)
<b>Total CONST/CONV TAX SRVC YDS FD (395)</b>	\$0	\$0	\$50,000	(\$50,000)	\$0	\$0	\$0	\$0
<b>CONSTRUCTION EXCISE TAX FD (465)</b>								
<b>Traffic Capital Program</b>								
Capitol Expressway: Story Rd and Aborn Rd Impv/Earned Revenue			\$395,000		\$395,000	\$395,000		\$0
Congestion Management Program Dues			(\$28,000)		(\$28,000)			(\$28,000)
Ending Fund Balance Adjustment				\$28,000	\$28,000			\$28,000
Gas Tax - Pavement Maintenance/Beginning Fund Balance			\$2,029,000		\$2,029,000		\$2,029,000	\$0
Traffic Congestion Data Management/Earned Revenue			\$2,000		\$2,000	\$2,000		\$0
<b>Total CONSTRUCTION EXCISE TAX FD (465)</b>	\$0	\$0	\$2,398,000	\$28,000	\$2,426,000	\$397,000	\$2,029,000	\$0
<b>DOWNTOWN PBID FUND (302)</b>								
<b>TRANSPORTATION</b>								
Downtown Property and Business Improvement District			\$83,000		\$83,000			\$83,000
Special Assessments					\$0	\$75,800		(\$75,800)
Transfer to the Downtown Property and Business Impv District Fd					\$0	\$7,200		(\$7,200)
<b>Total DOWNTOWN PBID FUND (302)</b>	\$0	\$0	\$83,000	\$0	\$83,000	\$83,000	\$0	\$0
<b>EMER COMM SYS SUPP FEE FD (154)</b>								
<b>FINANCE</b>								
Ending Fund Balance Adjustment				(\$6,402)	(\$6,402)			(\$6,402)
Tech Adjust: Transfer to General Fund			\$6,402		\$6,402			\$6,402
<b>Total EMER COMM SYS SUPP FEE FD (154)</b>	\$0	\$0	\$6,402	(\$6,402)	\$0	\$0	\$0	\$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>FEDERAL LLEBG PROG FUND (415)</b>								
<b>POLICE</b>								
Ending Fund Balance Adjustment				(\$80)	(\$80)			(\$80)
Interest Earnings					\$0	\$50		(\$50)
LLEBG Close-Out			\$130		\$130			\$130
<b>Total FEDERAL LLEBG PROG FUND (415)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$130</b>	<b>(\$80)</b>	<b>\$50</b>	<b>\$50</b>	<b>\$0</b>	<b>\$0</b>
<b>GENERAL PURPOSE PARKING FD (533)</b>								
<b>TRANSPORTATION</b>								
Ending Fund Balance Adjustment				(\$82,000)	(\$82,000)			(\$82,000)
<b>Parking Capital Program</b>								
Parking Guidance System Phase II			\$82,000		\$82,000			\$82,000
<b>Total GENERAL PURPOSE PARKING FD (533)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$82,000</b>	<b>(\$82,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>GIFT TRUST FUND (139)</b>								
<b>POLICE</b>								
Police Major Awards Banquet			\$460		\$460	\$460		\$0
Police Reserves Unit			\$20,500		\$20,500	\$20,500		\$0
<b>LIBRARY</b>								
Books for Little Hands			\$9,518		\$9,518	\$9,518		\$0
<b>Total GIFT TRUST FUND (139)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,478</b>	<b>\$0</b>	<b>\$30,478</b>	<b>\$30,478</b>	<b>\$0</b>	<b>\$0</b>
<b>HOME INVEST PART PROG FUND (445)</b>								
<b>HOUSING</b>								
Ending Fund Balance Adjustment				\$14,758	\$14,758			\$14,758
Info Tech Dept Personal Services Funding Reallocation	(\$14,758)				(\$14,758)			(\$14,758)

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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>HOME INVEST PART PROG FUND (445)</b>								
Total HOME INVEST PART PROG FUND (445)	(\$14,758)	\$0	\$0	\$14,758	\$0	\$0	\$0	\$0
<b>ICE CENTRE REVENUE FUND (432)</b>								
<b>FINANCE</b>								
Ending Fund Balance Adjustment				(\$416,700)	(\$416,700)			(\$416,700)
Ice Centre Debt Service Payment			\$416,700		\$416,700			\$416,700
Total ICE CENTRE REVENUE FUND (432)	\$0	\$0	\$416,700	(\$416,700)	\$0	\$0	\$0	\$0
<b>LOW/MOD INCOME HOUSING FD (443)</b>								
<b>HOUSING</b>								
20% Tax Increment					\$0	(\$3,104,262)		\$3,104,262
Ending Fund Balance Adjustment				(\$3,369,020)	(\$3,369,020)			(\$3,369,020)
Homeowner Education Program			\$250,000		\$250,000			\$250,000
Info Tech Dept Personal Services Funding Reallocation	\$14,758				\$14,758			\$14,758
Total LOW/MOD INCOME HOUSING FD (443)	\$14,758	\$0	\$250,000	(\$3,369,020)	(\$3,104,262)	(\$3,104,262)	\$0	\$0
<b>MUNICIPAL HEALTH SERV PRG (132)</b>								
<b>FINANCE</b>								
Tech Adjust: Transfer to the General Fund			\$470		\$470			\$470
<b>PARKS, REC AND NEIGH SVCS</b>								
Ending Fund Balance Adjustment				(\$470)	(\$470)			(\$470)
Total MUNICIPAL HEALTH SERV PRG (132)	\$0	\$0	\$470	(\$470)	\$0	\$0	\$0	\$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>REDEV CAPITAL PROJECT FD (450)</b>								
<b>Muni Improvements Capital Program</b>								
460 Park Avenue Building Demolition			\$2,108		\$2,108			\$2,108
Ending Fund Balance Adjustment				(\$25,314)	(\$25,314)			(\$25,314)
<b>Traffic Capital Program</b>								
Charcot/Orchard Median Island Pavement			\$1,134		\$1,134			\$1,134
Winchester Blvd Signal Modification & Countdown Head Installation			\$22,072		\$22,072			\$22,072
<b>Total REDEV CAPITAL PROJECT FD (450)</b>	\$0	\$0	\$25,314	(\$25,314)	\$0	\$0	\$0	\$0
<b>SEWER SVC &amp; USE CHG CAP FD (545)</b>								
<b>Sanitary Sewer Capital Program</b>								
Fund Balance Adjustment				(\$1,492,000)	(\$1,492,000)			(\$1,492,000)
Morrill Avenue/Sierra Road Sanitary Sewer Improvements			\$1,450,000		\$1,450,000			\$1,450,000
Permit Review and Inspection for Silicon Valley Water District			\$42,000		\$42,000			\$42,000
<b>Total SEWER SVC &amp; USE CHG CAP FD (545)</b>	\$0	\$0	\$1,492,000	(\$1,492,000)	\$0	\$0	\$0	\$0
<b>STATE DRUG FORF FUND (417)</b>								
<b>POLICE</b>								
Reserve - Police Substation FF&E			(\$186,000)		(\$186,000)			(\$186,000)
South San José Police Substation FF&E			\$186,000		\$186,000			\$186,000
<b>Total STATE DRUG FORF FUND (417)</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>STORES FUND (551)</b>								
<b>FINANCE</b>								
Ending Fund Balance Adjustment				(\$304,209)	(\$304,209)			(\$304,209)
Reserve for Inventory				\$304,209	\$304,209			\$304,209

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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>STORES FUND (551)</b>								
<b>Total STORES FUND (551)</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>STORM SEWER CAPITAL FUND (469)</b>								
<b>Storm Sewer Capital Program</b>								
Ending Fund Balance Adjustment				(\$52,000)	(\$52,000)			(\$52,000)
Permit Review and Inspection for Outside Agencies			\$52,000		\$52,000			\$52,000
<b>Total STORM SEWER CAPITAL FUND (469)</b>	\$0	\$0	\$52,000	(\$52,000)	\$0	\$0	\$0	\$0
<b>SUBDIVISION PARK TRUST FUND (375)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Martin Park Expansion			\$8,000		\$8,000			\$8,000
Reserve: Future PDO/PIO Projects			(\$377,000)		(\$377,000)			(\$377,000)
Reserve: Martin Park Expansion			(\$8,000)		(\$8,000)			(\$8,000)
TRAIL: Coyote Creek (Highway 237 to Story Road)			\$50,000		\$50,000			\$50,000
TRAIL: Highway 237 Bikeway			\$327,000		\$327,000			\$327,000
<b>Total SUBDIVISION PARK TRUST FUND (375)</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>SUPPL LAW ENF SVCES FUND (414)</b>								
<b>POLICE</b>								
Ending Fund Balance Adjustment				(\$125,712)	(\$125,712)			(\$125,712)
SLES 2009-2011 Grant Revenue Adjustment					\$0	(\$125,712)		\$125,712
SLES Grant 2009-2011			\$642,789		\$642,789	\$642,789		\$0
<b>Total SUPPL LAW ENF SVCES FUND (414)</b>	\$0	\$0	\$642,789	(\$125,712)	\$517,077	\$517,077	\$0	\$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>VEHICLE MAINT &amp; OPER FUND (552)</b>								
<b>GENERAL SERVICES</b>								
Inventory - Happy Hollow Ride Maint and Inspec			(\$53,000)		(\$53,000)			(\$53,000)
Personal Services - Happy Hollow Ride Maint and Inspec			\$53,000		\$53,000			\$53,000
<b>Total VEHICLE MAINT &amp; OPER FUND (552)</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>WORKFORCE INVSTMNT ACT FD (290)</b>								
<b>ECONOMIC DEVELOPMENT</b>								
2010-2011 Rapid Response Grant/Earned Revenue			(\$179,430)		(\$179,430)	(\$179,430)		\$0
Minority Small Business Initiative/Earned Revenue			\$200,000		\$200,000	\$200,000		\$0
Recovery Act - Regional Industry Clusters of Opp/ARRA - Fed Rev			\$100,000		\$100,000	\$100,000		\$0
Recovery Act - State Incentive Award 2007-2008/ARRA - Fed Revenue			\$30,874		\$30,874	\$30,874		\$0
Recovery Act - State Incentive Award 2008-2009/ARRA - Fed Revenue			\$24,637		\$24,637	\$24,637		\$0
<b>Total WORKFORCE INVSTMNT ACT FD (290)</b>	\$0	\$0	\$176,081	\$0	\$176,081	\$176,081	\$0	\$0

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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
<b>CAPITAL PROJECTS</b>							
Rebudget: Building Facilities Maintenance Backlog			(\$81,000)	(\$81,000)			(\$81,000)
Rebudget: City Hall Network Ops Ctr Secondary Cooling System			(\$26,000)	(\$26,000)			(\$26,000)
Rebudget: Fire Apparatus Replacement			\$643,000	\$643,000			\$643,000
Rebudget: Fuel Tank Monitoring			(\$1,000)	(\$1,000)			(\$1,000)
Rebudget: Maintenance Backlog - Neighborhood Appearance			\$12,000	\$12,000			\$12,000
Rebudget: Parks and Recreation Bond Projects			(\$1,000)	(\$1,000)			(\$1,000)
Rebudget: South San José Police Substation FF&E			(\$97,000)	(\$97,000)			(\$97,000)
Rebudget: Watson Site Clean-up and Restoration			\$62,000	\$62,000			\$62,000
<b>CAPITAL PROJECTS Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$511,000</b>	<b>\$511,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$511,000</b>
<b>CITY CLERK</b>							
Rebudget: Non-Personal/Equipment - Elections		(\$250,000)		(\$250,000)			(\$250,000)
<b>CITY CLERK Total</b>	<b>\$0</b>	<b>(\$250,000)</b>	<b>\$0</b>	<b>(\$250,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$250,000)</b>
<b>CITY MANAGER</b>							
Rebudget: Non-Pers/Equip - City Council Chambers Audio System		\$110,000		\$110,000			\$110,000
<b>CITY MANAGER Total</b>	<b>\$0</b>	<b>\$110,000</b>	<b>\$0</b>	<b>\$110,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$110,000</b>

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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
<b>CITY-WIDE EXPENSES</b>							
Rebudget: 2008 Human Trafficking Prevention Grant			(\$6,486)	(\$6,486)	(\$6,486)		\$0
Rebudget: 2008 Juvenile Justice and Delinquency Prevention Grant			(\$48,192)	(\$48,192)			(\$48,192)
Rebudget: 2008 Metro Medical Response System Grant			(\$9,411)	(\$9,411)			(\$9,411)
Rebudget: 2008 Super Urban Area Security Initiative Grt-Police			(\$35,200)	(\$35,200)	(\$35,200)		\$0
Rebudget: 2008 Urban Area Security Initiative (UASI) Grant - Fire			(\$110,328)	(\$110,328)			(\$110,328)
Rebudget: 2008-2012 Avoid the 13 Grant			(\$15,062)	(\$15,062)	(\$15,062)		\$0
Rebudget: 2009 COPS Technology Program Grant			\$100,587	\$100,587	\$100,587		\$0
Rebudget: 2009 Child Sexual Predator Program Grant			(\$11,114)	(\$11,114)	(\$11,114)		\$0
Rebudget: 2009-2010 Next Generation Click It or Ticket Grant			(\$1,822)	(\$1,822)	(\$1,822)		\$0
Rebudget: 2009-2010 Sobriety Checkpoint Mini-Grant			(\$19,131)	(\$19,131)	(\$19,131)		\$0
Rebudget: Arena Community Fund			(\$27,822)	(\$27,822)			(\$27,822)
Rebudget: Arena Traffic Control (fr Transportation Non-Pers/Eq)			\$50,000	\$50,000			\$50,000
Rebudget: Arts Grants Multi-Year Stabl Fd (fr Arts Stabl Flx Fd)			\$900	\$900			\$900
Rebudget: Arts Stabilization Loan Fund			(\$100,000)	(\$100,000)			(\$100,000)
Rebudget: City Staff Relocations from Old MLK Library			(\$185,100)	(\$185,100)			(\$185,100)
Rebudget: Community Responsibility Council & Translation Center			\$2,600	\$2,600			\$2,600
Rebudget: Community Translation/Interpretation & Mtg Spaces			\$38,150	\$38,150			\$38,150
Rebudget: Comprehensive General Plan Update			(\$24,702)	(\$24,702)			(\$24,702)
Rebudget: Computer Remediation Technology Project			\$59,000	\$59,000			\$59,000

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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
<b>CITY-WIDE EXPENSES</b>							
Rebudget: Contractual Street Tree Planting			(\$34,000)	(\$34,000)			(\$34,000)
Rebudget: Domestic Violence Prevention			(\$18,700)	(\$18,700)			(\$18,700)
Rebudget: Econ Dev Pre-Development Activities (fr PBCE NP/Eq)			\$108,200	\$108,200			\$108,200
Rebudget: Economic Incentive Fund			(\$22,600)	(\$22,600)			(\$22,600)
Rebudget: Emergency Response and Preparedness			\$99,337	\$99,337			\$99,337
Rebudget: Emergency Services Grant Fund			\$160,000	\$160,000			\$160,000
Rebudget: Energy Efficiency Program			\$5,798	\$5,798			\$5,798
Rebudget: Executive Recruitments			\$84,000	\$84,000			\$84,000
Rebudget: Festivals, Parades, and Celebrations			\$5,750	\$5,750			\$5,750
Rebudget: Government Access - Capital Expenditures			\$1,961	\$1,961			\$1,961
Rebudget: Historic Preservation			(\$5,000)	(\$5,000)			(\$5,000)
Rebudget: Hoffman/Via Monte Neighborhood Youth Center			\$7,270	\$7,270			\$7,270
Rebudget: Inactive Impv District Funds Close-Out Administration			\$130,000	\$130,000			\$130,000
Rebudget: Info Tech Business Apps/Test Lab (from IT Test Lab)			\$88,000	\$88,000			\$88,000
Rebudget: Internet Crimes Against Children Continuation Grant			(\$45,242)	(\$45,242)	(\$45,242)		\$0
Rebudget: Kaiser Foundation Grant			\$4,708	\$4,708			\$4,708
Rebudget: Mayor's Gang Task Force Year-End Summit			(\$1,400)	(\$1,400)			(\$1,400)
Rebudget: Police Audit Optimization Study			\$150,000	\$150,000			\$150,000
Rebudget: Public Art in Private Development			\$5,695	\$5,695			\$5,695

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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
<b>CITY-WIDE EXPENSES</b>							
Rebudget: Public and Education Access - Capital Expenditures			\$1,627	\$1,627			\$1,627
Rebudget: Recovery Act - 2009 Administration			(\$1,700)	(\$1,700)			(\$1,700)
Rebudget: Recovery Act - Energy Effi. and Cons. Block Grant			\$145,562	\$145,562	\$145,562		\$0
Rebudget: Recovery Act - Solar Market Transformation			\$3,192	\$3,192	\$3,192		\$0
Rebudget: Recovery Act-2009 Anti-Human Trafficking Task Force			(\$27,834)	(\$27,834)	(\$27,834)		\$0
Rebudget: Recovery Act-2009 Internet Crimes Against Children			(\$8,810)	(\$8,810)	(\$8,810)		\$0
Rebudget: San José BEST			(\$132,665)	(\$132,665)			(\$132,665)
Rebudget: San José Cycling Events			\$80,000	\$80,000			\$80,000
Rebudget: San José Green Vision			\$86,000	\$86,000			\$86,000
Rebudget: Science Program for Alum Rock Youth Center			\$3,640	\$3,640			\$3,640
Rebudget: Sick Leave Payments Upon Retirement			\$243,000	\$243,000			\$243,000
Rebudget: Urban Forestry Grant			\$3,690	\$3,690			\$3,690
Rebudget: Watson Park Settlement			\$130,000	\$130,000			\$130,000
Rebudget: Weed and Seed - East San José (CMO)			(\$3,195)	(\$3,195)			(\$3,195)
Rebudget: Weed and Seed - East San José (Police)			\$483	\$483	\$483		\$0
Rebudget: Workers' Comp Claims - Fire (from other WC approps)			\$218,000	\$218,000			\$218,000
Tech Adjust: Energy Efficiency Fd (1st Year Savings fr GF Depts)			\$90,700	\$90,700			\$90,700
Tech Adjust: Energy Efficiency Fund (Prior Year Rebates)			\$2,264	\$2,264			\$2,264
Tech Adjust: Gov't Access - Capital Expenditures (Reconciliation)			\$14,912	\$14,912			\$14,912

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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
<b>CITY-WIDE EXPENSES</b>							
Tech Adjust: Public & Ed Access - Capital Exp (Reconciliation)			\$133,109	\$133,109			\$133,109
Tech Adjust: Silicon Valley Interop Proj (from GS Non-Pers/Eq)			\$265,000	\$265,000			\$265,000
<b>CITY-WIDE EXPENSES Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,627,619</b>	<b>\$1,627,619</b>	<b>\$79,123</b>	<b>\$0</b>	<b>\$1,548,496</b>
<b>EARMARKED RESERVES</b>							
Fee Program Reconciliation: Building Fee Program Reserve			\$878,210	\$878,210			\$878,210
Fee Program Reconciliation: Fire Fee Program Reserve			\$226,060	\$226,060			\$226,060
Fee Program Reconciliation: Planning Fee Program Reserve			\$112,180	\$112,180			\$112,180
Fee Program Reconciliation: Public Works Fee Program Reserve			\$253,952	\$253,952			\$253,952
Rebudget: Building Fee Program Reserve			(\$75,000)	(\$75,000)			(\$75,000)
<b>EARMARKED RESERVES Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,395,402</b>	<b>\$1,395,402</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,395,402</b>
<b>ENVIRONMENTAL SERVICES</b>							
Rebudget: Silicon Valley Energy Watch Grant	(\$269)	\$54,908		\$54,639	\$54,639		\$0
Rebudget: Solar America Cities Grant	\$2,013	\$10,605		\$12,618	\$12,618		\$0
<b>ENVIRONMENTAL SERVICES Total</b>	<b>\$1,744</b>	<b>\$65,513</b>	<b>\$0</b>	<b>\$67,257</b>	<b>\$67,257</b>	<b>\$0</b>	<b>\$0</b>
<b>FINANCE</b>							
Rebudget: Financial Advisory Services		\$80,000		\$80,000			\$80,000
<b>FINANCE Total</b>	<b>\$0</b>	<b>\$80,000</b>	<b>\$0</b>	<b>\$80,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$80,000</b>

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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
<b>FIRE</b>							
Tech Adjust: Energy Efficiency Fd (1st Yr Savings to City-Wide)		(\$23,000)		(\$23,000)			(\$23,000)
<b>FIRE Total</b>	\$0	(\$23,000)	\$0	(\$23,000)	\$0	\$0	(\$23,000)
<b>GENERAL SERVICES</b>							
Rebudget: Silicon Valley Interoperability Project		\$42,000		\$42,000			\$42,000
Tech Adjust: Energy Efficiency Fd (1st Yr Savings to City-Wide)		(\$4,900)		(\$4,900)			(\$4,900)
Tech Adjust: Silicon Valley Interoperability Project (to City-Wide)		(\$265,000)		(\$265,000)			(\$265,000)
<b>GENERAL SERVICES Total</b>	\$0	(\$227,900)	\$0	(\$227,900)	\$0	\$0	(\$227,900)
<b>HUMAN RESOURCES</b>							
Rebudget: Employee Wellness Program		(\$40,911)		(\$40,911)			(\$40,911)
<b>HUMAN RESOURCES Total</b>	\$0	(\$40,911)	\$0	(\$40,911)	\$0	\$0	(\$40,911)
<b>INDEPENDENT POLICE AUDITOR</b>							
Rebudget: IPA Administrative Support Staffing	\$35,600			\$35,600			\$35,600
Rebudget: IPA Contractual Services		\$2,800		\$2,800			\$2,800
<b>INDEPENDENT POLICE AUDITOR Total</b>	\$35,600	\$2,800	\$0	\$38,400	\$0	\$0	\$38,400
<b>INFORMATION TECHNOLOGY</b>							
Rebudget: Converged Network (VoIP) Expansion		\$300,000		\$300,000			\$300,000
<b>INFORMATION TECHNOLOGY Total</b>	\$0	\$300,000	\$0	\$300,000	\$0	\$0	\$300,000

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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
<b>LIBRARY</b>							
Rebudget: Library Grants			\$10,059	\$10,059	\$10,059		\$0
Tech Adjust: Energy Efficiency Fd (1st Yr Savings to City-Wide)		(\$3,400)		(\$3,400)			(\$3,400)
<b>LIBRARY Total</b>	\$0	(\$3,400)	\$10,059	\$6,659	\$10,059	\$0	(\$3,400)
<b>MAYOR &amp; COUNCIL</b>							
Rebudget: Council District 1			(\$3,464)	(\$3,464)			(\$3,464)
Rebudget: Council District 2			(\$52)	(\$52)			(\$52)
Rebudget: Council District 3			(\$2,422)	(\$2,422)			(\$2,422)
Rebudget: Council District 4			(\$10,561)	(\$10,561)			(\$10,561)
Rebudget: Council District 5			\$2,642	\$2,642			\$2,642
Rebudget: Council District 6			(\$9,030)	(\$9,030)			(\$9,030)
Rebudget: Council District 7			(\$16,891)	(\$16,891)			(\$16,891)
Rebudget: Council District 8			(\$27,830)	(\$27,830)			(\$27,830)
Rebudget: Council District 9			(\$37,576)	(\$37,576)			(\$37,576)
Rebudget: Council District 10			(\$475)	(\$475)			(\$475)
<b>MAYOR &amp; COUNCIL Total</b>	\$0	\$0	(\$105,659)	(\$105,659)	\$0	\$0	(\$105,659)
<b>PARKS, REC AND NEIGH SVCS</b>							
Tech Adjust: Energy Efficiency Fd (1st Yr Savings to City-Wide)		(\$59,400)		(\$59,400)			(\$59,400)
<b>PARKS, REC AND NEIGH SVCS Total</b>	\$0	(\$59,400)	\$0	(\$59,400)	\$0	\$0	(\$59,400)

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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
<b>PLAN, BLDG AND CODE ENF</b>							
Tech Adjust: Waste Tire Enforcement Grant (Reconciliation)		(\$5,058)		(\$5,058)	(\$5,058)		\$0
<b>PLAN, BLDG AND CODE ENF Total</b>	\$0	(\$5,058)	\$0	(\$5,058)	(\$5,058)	\$0	\$0
<b>POLICE</b>							
Rebudget: Children's Interview Center		\$1,408		\$1,408			\$1,408
Rebudget: Confidential Funds		\$67,600		\$67,600			\$67,600
<b>POLICE Total</b>	\$0	\$69,008	\$0	\$69,008	\$0	\$0	\$69,008

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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
<b>REVENUE ADJUSTMENTS</b>							
Fund Balance Reconciliation				\$0		\$6,591,162	(\$6,591,162)
Tech Adjust: 2009 ARRA Human Trafficking (Fed Rev - ARRA)				\$0	(\$352,590)		\$352,590
Tech Adjust: 2009 ARRA Human Trafficking (State Rev - ARRA)				\$0	\$352,590		(\$352,590)
Tech Adjust: ARRA Anti-Drug Abuse Grant (Federal Rev - ARRA)				\$0	(\$60,066)		\$60,066
Tech Adjust: ARRA Anti-Drug Abuse Grant (State Rev - ARRA)				\$0	\$60,066		(\$60,066)
Tech Adjust: Cardroom Table Fee (Recon) (Licenses & Permits)				\$0	(\$99,404)		\$99,404
Tech Adjust: First 5 Grant Revenue (Local Agencies)				\$0	\$250,000		(\$250,000)
Tech Adjust: First 5 Grant Revenue (Revenue from the State)				\$0	(\$250,000)		\$250,000
Tech Adjust: Labor Compliance Revenue (Fines and Penalties)				\$0	(\$150,000)		\$150,000
Tech Adjust: Labor Compliance Revenue (Other Revenue)				\$0	\$150,000		(\$150,000)
Tech Adjust: PRNS Revenue (Departmental Charges)				\$0	(\$91,920)		\$91,920
Tech Adjust: PRNS Revenue (Rev from Local Agencies)				\$0	\$91,920		(\$91,920)
Tech Adjust: Parking Citation Dismissal Fees (Dept Charges)				\$0	\$20,000		(\$20,000)
Tech Adjust: Parking Citation Dismissal Fees (Fines and Penalties)				\$0	(\$20,000)		\$20,000
Tech Adjust: Silicon Valley Energy Watch (Other Revenue)				\$0	\$350,160		(\$350,160)
Tech Adjust: Silicon Valley Energy Watch (Rev fr Local Agencies)				\$0	(\$350,160)		\$350,160
<b>REVENUE ADJUSTMENTS Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$99,404)</b>	<b>\$6,591,162</b>	<b>(\$6,491,758)</b>

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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
<b>TRANSFERS</b>							
Rebudget: Transfer To Vehicle Maint & Op Fund			(\$400,000)	(\$400,000)			(\$400,000)
<b>TRANSFERS Total</b>	\$0	\$0	(\$400,000)	(\$400,000)	\$0	\$0	(\$400,000)
<b>Total General Fund Clean-Up Actions</b>	\$37,344	\$17,652	\$3,038,421	\$3,093,417	\$51,977	\$6,591,162	(\$3,549,722)

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	
<b>AIRPORT CAPITAL IMPVY FUND (520)</b>							
<b>Airport Capital Program</b>							
Fund Balance Reconciliation				(\$1,903,537)	(\$1,903,537)		(\$1,903,537) \$0
Rebudget: North Concourse Building			\$497,000	(\$497,000)	\$0		\$0
Rebudget: Recovery Act - Federal Revenue				\$3,000,000	\$3,000,000	\$3,000,000	\$0
Rebudget: South Apron Replacement			\$100,000	(\$100,000)	\$0		\$0
Rebudget: Terminal Area Improvement, Phase I			(\$180,000)	\$180,000	\$0		\$0
<b>Total AIRPORT CAPITAL IMPVY FUND (520)</b>	\$0	\$0	\$417,000	\$679,463	\$1,096,463	\$3,000,000	(\$1,903,537) \$0
<b>AIRPORT CUST FAC &amp; TRANS FD (519)</b>							
<b>AIRPORT</b>							
Fund Balance Reconciliation - Contrib from Rental Car Agencies					\$0	\$14,849	(\$14,849)
Fund Balance Reconciliation - OPEB				\$8,281	\$8,281		\$8,281 \$0
Fund Balance Reconciliation - Rate Stabilization Reserve				\$200,000	\$200,000		\$185,151 \$14,849
Tech Adjust: Employee Total Compensation Red - Rate Stab Res				\$3,904	\$3,904		\$3,904
Tech Adjust: Employee Total Compensation Reduction	(\$3,904)				(\$3,904)		(\$3,904)
<b>Total AIRPORT CUST FAC &amp; TRANS FD (519)</b>	(\$3,904)	\$0	\$0	\$212,185	\$208,281	\$14,849	\$193,432 \$0
<b>AIRPORT FISCAL AGENT FUND (525)</b>							
<b>AIRPORT</b>							
Fund Balance Reconciliation - Reserve for Debt Service				(\$241,586)	(\$241,586)		(\$241,586) \$0
<b>Total AIRPORT FISCAL AGENT FUND (525)</b>	\$0	\$0	\$0	(\$241,586)	(\$241,586)	\$0	(\$241,586) \$0
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>							
<b>CITY ATTORNEY</b>							
Tech Adjust: Employee Total Compensation Reduction	(\$36,082)				(\$36,082)		(\$36,082)
<b>CITY AUDITOR</b>							
Tech Adjust: Employee Total Compensation Reduction	(\$2,878)				(\$2,878)		(\$2,878)
<b>PUBLIC WORKS</b>							
Tech Adjust: Employee Total Compensation Reduction	(\$16,792)				(\$16,792)		(\$16,792)

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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>PLAN, BLDG AND CODE ENF</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$3,073)				(\$3,073)			(\$3,073)
<b>PARKS, REC AND NEIGH SVCS</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$6,714)				(\$6,714)			(\$6,714)
<b>AIRPORT</b>								
Fund Balance Reconciliation - Contingency Reserve			(\$7,400)		(\$7,400)			(\$7,400)
Fund Balance Reconciliation - Res for Workers' Comp Claims				(\$333,857)	(\$333,857)		(\$333,857)	\$0
Fund Balance Reconciliation - Res per Master Trust				(\$1,502,014)	(\$1,502,014)		(\$1,066,662)	(\$435,352)
Fund Balance Reconciliation - Sal, Bens & Empl Impact Reserve					\$0		(\$442,752)	\$442,752
Tech Adjust: Employee Total Comp Red- Contingency Res			\$1,628,261		\$1,628,261			\$1,628,261
Tech Adjust: Employee Total Compensation Reduction	(\$1,562,722)				(\$1,562,722)			(\$1,562,722)
<b>Total AIRPORT MAINT &amp; OPER FUND (523)</b>	<b>(\$1,628,261)</b>	<b>\$0</b>	<b>\$1,620,861</b>	<b>(\$1,835,871)</b>	<b>(\$1,843,271)</b>	<b>\$0</b>	<b>(\$1,843,271)</b>	<b>\$0</b>
<b>AIRPORT PASS FACIL CHG FUND (529)</b>								
<b>Airport Capital Program</b>								
Fund Balance Reconciliation				\$4,238,509	\$4,238,509		\$4,238,509	\$0
<b>Total AIRPORT PASS FACIL CHG FUND (529)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,238,509</b>	<b>\$4,238,509</b>	<b>\$0</b>	<b>\$4,238,509</b>	<b>\$0</b>
<b>AIRPORT RENEW &amp; REPL FUND (527)</b>								
<b>Airport Capital Program</b>								
Fund Balance Reconciliation				\$2,313,275	\$2,313,275		\$2,313,275	\$0
Rebudget: Advanced Planning			\$44,000	(\$44,000)	\$0			\$0
Rebudget: Airfield Improvements			\$198,000	(\$198,000)	\$0			\$0
Rebudget: Environmental Audit and Plans			\$156,000	(\$156,000)	\$0			\$0
Rebudget: Environmental Program			\$6,000	(\$6,000)	\$0			\$0
Rebudget: Equipment, Operating			\$66,000	(\$66,000)	\$0			\$0
Rebudget: Pavement Maintenance			\$109,000	(\$109,000)	\$0			\$0
Rebudget: Tenant Plan Review			\$89,000	(\$89,000)	\$0			\$0
<b>Total AIRPORT RENEW &amp; REPL FUND (527)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$668,000</b>	<b>\$1,645,275</b>	<b>\$2,313,275</b>	<b>\$0</b>	<b>\$2,313,275</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 REV BOND IMP FUND (526)</b>								
<b>Airport Capital Program</b>								
Fund Balance Reconciliation				\$52,410,768	\$52,410,768		\$52,410,768	\$0
Rebudget: Clean-Up of Existing Fuel Farm			\$572,000	(\$572,000)	\$0			\$0
Rebudget: Consolidated Rental Car Facility			\$2,926,000	(\$2,926,000)	\$0			\$0
Rebudget: North Concourse Building			(\$159,000)	\$159,000	\$0			\$0
Rebudget: Public Parking Garage			\$131,000	(\$131,000)	\$0			\$0
Rebudget: Public Parking Improvements			(\$324,000)	\$324,000	\$0			\$0
Rebudget: Taxiway W Improvements			\$867,000	(\$867,000)	\$0			\$0
Rebudget: Terminal Area Improvement, Phase I			\$1,958,000	(\$1,958,000)	\$0			\$0
<b>Total AIRPORT REV BOND IMP FUND (526)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,971,000</b>	<b>\$46,439,768</b>	<b>\$52,410,768</b>	<b>\$0</b>	<b>\$52,410,768</b>	<b>\$0</b>
<b>AIRPORT REVENUE FUND (521)</b>								
<b>AIRPORT</b>								
Fund Balance Reconciliation - Curfew Reserve				\$18,296	\$18,296		\$18,296	\$0
Fund Balance Reconciliation - Res. per Master Trust Agr.					\$0		(\$1)	\$1
Fund Balance Reconciliation - Reserve for Future Deficits				\$10,036,717	\$10,036,717		\$10,036,718	(\$1)
<b>Total AIRPORT REVENUE FUND (521)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,055,013</b>	<b>\$10,055,013</b>	<b>\$0</b>	<b>\$10,055,013</b>	<b>\$0</b>
<b>AIRPORT SURPLUS REV FD (524)</b>								
<b>AIRPORT</b>								
Fund Balance Reconciliation - Res. per Master Trust Agr.				\$528,014	\$528,014		\$528,014	\$0
Fund Balance Reconciliation - Reserve for Capital Projects				\$1,000,000	\$1,000,000		\$1,000,000	\$0
<b>Total AIRPORT SURPLUS REV FD (524)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,528,014</b>	<b>\$1,528,014</b>	<b>\$0</b>	<b>\$1,528,014</b>	<b>\$0</b>
<b>ANTI-TOBACCO SETTLEMNT FD (426)</b>								
<b>PARKS, REC AND NEIGH SVCS</b>								
Fund Balance Reconciliation				\$291,281	\$291,281		\$291,281	\$0
Tech Adjust: Interest Earnings Reserve Reconciliation				\$642	\$642		\$642	\$0
<b>Total ANTI-TOBACCO SETTLEMNT FD (426)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$291,923</b>	<b>\$291,923</b>	<b>\$0</b>	<b>\$291,923</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>BENEFIT FUND (160)</b>								
<b>HUMAN RESOURCES</b>								
Fund Balance Reconciliation				\$123,555	\$123,555		\$123,555	\$0
Tech Adjust: Benefits Administration Fee (service restorations)				\$29,000	\$29,000	\$29,000		\$0
Tech Adjust: Employee Assistance Program (service restorations)			\$7,600		\$7,600	\$7,600		\$0
Tech Adjust: Employee Total Compensation Reduction	(\$10,127)			\$10,127	\$0			\$0
Tech Adjust: FICA - Medicare (service restorations)			\$419,300		\$419,300	\$419,300		\$0
Tech Adjust: General Employee Vision (service restorations)			\$5,000		\$5,000	\$5,000		\$0
Tech Adjust: Health Premiums (srvc restorations & comp reductions)			(\$469,000)		(\$469,000)	(\$469,000)		\$0
Tech Adjust: MEF Legal (service restorations)			\$2,000		\$2,000	\$2,000		\$0
<b>Total BENEFIT FUND (160)</b>	<b>(\$10,127)</b>	<b>\$0</b>	<b>(\$35,100)</b>	<b>\$162,682</b>	<b>\$117,455</b>	<b>(\$6,100)</b>	<b>\$123,555</b>	<b>\$0</b>
<b>BLDG &amp; STRUCT CONST TAX FD (429)</b>								
<b>Traffic Capital Program</b>								
Fund Balance Reconciliation				\$3,895,071	\$3,895,071		\$3,895,071	\$0
Rebudget: Bascom Avenue Median Island Landscaping Maintenance			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Blossom Hill Rd/Monterey Pedestrian Improvements			(\$5,000)	\$5,000	\$0			\$0
Rebudget: Bridge Mitigation Monitoring			\$65,000	(\$65,000)	\$0			\$0
Rebudget: Capitol LRT to Eastridge			\$35,000	(\$35,000)	\$0			\$0
Rebudget: Earned Rev - Julian St & St. James Couplet Conversion				\$735,000	\$735,000	\$735,000		\$0
Rebudget: East Santa Clara St Bridge at Coyote Creek			(\$3,000)	\$3,000	\$0			\$0
Rebudget: ITS: Enhancements			\$238,000	\$85,000	\$323,000	\$323,000		\$0
Rebudget: ITS: Transportation Incident Management Center			\$1,022,000	(\$886,000)	\$136,000	\$136,000		\$0
Rebudget: Jackson St: LRT to Japantown Pedestrian Corridor			\$880,000	(\$276,000)	\$604,000	\$604,000		\$0
Rebudget: Public Art			(\$29,000)	\$29,000	\$0			\$0
Rebudget: Route 101: Interstate 280 to Yerba Buena			\$33,000	(\$33,000)	\$0			\$0
Rebudget: SJSU to Japantown Pedestrian Corridor			\$386,000	\$253,000	\$639,000	\$639,000		\$0
Rebudget: Santa Clara/Alum Rock Bus Rapid Transit			\$22,000	(\$22,000)	\$0			\$0
Rebudget: State Route Relinquishment			\$14,000	(\$14,000)	\$0			\$0
Rebudget: Traffic Flow Management and Signal Retiming			(\$23,000)	\$43,000	\$20,000	\$20,000		\$0
Rebudget: Traffic Signal - Endicott and Hayes			\$65,000	(\$65,000)	\$0			\$0
Rebudget: Traffic Signal - Hostetter Rd and Piedmont Rd			\$6,000	(\$6,000)	\$0			\$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>BLDG &amp; STRUCT CONST TAX FD (429)</b>								
<b>Traffic Capital Program</b>								
Rebudget: Traffic Signal Communications and Synchronization			\$269,000	(\$234,000)	\$35,000	\$35,000		\$0
Rebudget: Traffic Signals - Flow Management			\$76,000	(\$76,000)	\$0			\$0
Rebudget: Underground Utilities - City Conversions			\$433,000	(\$433,000)	\$0			\$0
Rebudget: Willow Glen Way: Guadaluper River Bridge			\$266,000	(\$266,000)	\$0			\$0
<b>Total BLDG &amp; STRUCT CONST TAX FD (429)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,762,000</b>	<b>\$2,625,071</b>	<b>\$6,387,071</b>	<b>\$2,492,000</b>	<b>\$3,895,071</b>	<b>\$0</b>
<b>BRANCH LIB BOND PROJECT FD (472)</b>								
<b>Library Capital Program</b>								
Fund Balance Reconciliation				\$1,660,033	\$1,660,033		\$1,660,033	\$0
Fund Balance Reconciliation: Library Bond Contingency Reserve			\$2,032,033	(\$2,032,033)	\$0			\$0
Rebudget: Berryessa Parking Lot			\$96,000	(\$96,000)	\$0			\$0
Rebudget: Calabazas Branch			(\$550,000)	\$550,000	\$0			\$0
Rebudget: Educational Park Branch			(\$33,000)	\$33,000	\$0			\$0
Rebudget: Land Acquisition			\$8,000	(\$8,000)	\$0			\$0
Rebudget: Miscellaneous Post Construction Costs			\$22,000	(\$22,000)	\$0			\$0
Rebudget: Santa Teresa Branch			\$75,000	(\$75,000)	\$0			\$0
Rebudget: Southeast Branch			\$10,000	(\$10,000)	\$0			\$0
<b>Total BRANCH LIB BOND PROJECT FD (472)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,660,033</b>	<b>\$0</b>	<b>\$1,660,033</b>	<b>\$0</b>	<b>\$1,660,033</b>	<b>\$0</b>
<b>BUSINESS IMPVT DIST FUND (351)</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Fund Balance Reconciliation - Downtown Assessment				\$150,972	\$150,972		\$150,972	\$0
Fund Balance Reconciliation - Hotel Assessment				\$504,459	\$504,459		\$504,459	\$0
Fund Balance Reconciliation - Reserve for Interest				(\$20,124)	(\$20,124)		(\$20,124)	\$0
Fund Balance Reconciliation - Willow Glen CBID				\$8,986	\$8,986		\$8,986	\$0
Fund Balance Reconciliation - Willow Glen/Japantown Assessment				\$52,358	\$52,358		\$52,358	\$0
<b>Total BUSINESS IMPVT DIST FUND (351)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$696,651</b>	<b>\$696,651</b>	<b>\$0</b>	<b>\$696,651</b>	<b>\$0</b>

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	Beg Fund Balance	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue		
<b>CASH RESERVE FUND (002)</b>								
<b>FINANCE</b>								
Fund Balance Reconciliation				(\$6)	(\$6)		(\$6)	\$0
<b>Total CASH RESERVE FUND (002)</b>	\$0	\$0	\$0	(\$6)	(\$6)	\$0	(\$6)	\$0
<b>CFD #1 CAPITAL AUTOMALL FUND (371)</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$65	\$65		\$65	\$0
Tech Adjust: Employee Total Compensation Reduction	(\$1,955)			\$1,955	\$0			\$0
<b>Total CFD #1 CAPITAL AUTOMALL FUND (371)</b>	(\$1,955)	\$0	\$0	\$2,020	\$65	\$0	\$65	\$0
<b>CFD #11 ADELINE - MARY HELEN FD (374)</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$3,617	\$3,617		\$3,617	\$0
<b>Total CFD #11 ADELINE - MARY HELEN FD (374)</b>	\$0	\$0	\$0	\$3,617	\$3,617	\$0	\$3,617	\$0
<b>CFD #12 BASKING RIDGE FUND (376)</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$112,117	\$112,117		\$112,117	\$0
Tech Adjust: Employee Total Compensation Reduction	(\$1,302)			\$1,302	\$0			\$0
<b>Total CFD #12 BASKING RIDGE FUND (376)</b>	(\$1,302)	\$0	\$0	\$113,419	\$112,117	\$0	\$112,117	\$0
<b>CFD #2 AND CFD #3 FUND (369)</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$59,326	\$59,326		\$59,326	\$0
Tech Adjust: Employee Total Compensation Reduction	(\$5,113)			\$5,113	\$0			\$0
<b>Total CFD #2 AND CFD #3 FUND (369)</b>	(\$5,113)	\$0	\$0	\$64,439	\$59,326	\$0	\$59,326	\$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>CFD #8 COMM HILL FUND (373)</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$108,869	\$108,869		\$108,869	\$0
Tech Adjust: Employee Total Compensation Reduction	(\$1,302)			\$1,302	\$0			\$0
<b>Total CFD #8 COMM HILL FUND (373)</b>	<b>(\$1,302)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$110,171</b>	<b>\$108,869</b>	<b>\$0</b>	<b>\$108,869</b>	<b>\$0</b>
<b>CITY HALL DEBT SERVICE FUND (210)</b>								
<b>FINANCE</b>								
Fund Balance Reconciliation					\$0		(\$53,651)	\$53,651
Tech Adj: City Hall Debt Service					(\$53,651)			(\$53,651)
<b>Total CITY HALL DEBT SERVICE FUND (210)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$53,651)</b>	<b>\$0</b>	<b>(\$53,651)</b>	<b>\$0</b>	<b>(\$53,651)</b>	<b>\$0</b>
<b>CIVIC CENTER CONST FUND (425)</b>								
<b>Muni Improvements Capital Program</b>								
Fund Balance Reconciliation				\$42,248	\$42,248		(\$201,454)	\$243,702
Rebudget: Central Service Yard Tenant Improvements					(\$243,702)			(\$243,702)
<b>Total CIVIC CENTER CONST FUND (425)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$243,702)</b>	<b>\$42,248</b>	<b>(\$201,454)</b>	<b>\$0</b>	<b>(\$201,454)</b>	<b>\$0</b>
<b>CIVIC CENTER IMPVT FUND (473)</b>								
<b>Muni Improvements Capital Program</b>								
Fund Balance Reconciliation					\$0		(\$782,875)	\$782,875
Rebudget: City Hall Technology, Furniture and Equipment					(\$15,000)			(\$15,000)
Rebudget: Earned Revenue - Commercial Paper					\$0	\$767,875		(\$767,875)
<b>Total CIVIC CENTER IMPVT FUND (473)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$15,000)</b>	<b>\$0</b>	<b>(\$15,000)</b>	<b>\$767,875</b>	<b>(\$782,875)</b>	<b>\$0</b>
<b>COMM DEV BLOCK GRANT FD (441)</b>								
<b>FINANCE</b>								
Tech Adjust: Employee Total Compensation Reduction				(\$1,321)	\$1,321	\$0		\$0
<b>HOUSING</b>								
Fund Balance Reconciliation				\$1,421,458	\$1,421,458		\$1,421,458	\$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>COMM DEV BLOCK GRANT FD (441)</b>								
<b>HOUSING</b>								
Rebudget: Green Streets Projects			(\$4,771)	\$4,771	\$0			\$0
Rebudget: Recovery Act - Community Development Block Grant			\$150,597	(\$150,597)	\$0			\$0
Rebudget: Small Business Incubator			\$17,010	(\$17,010)	\$0			\$0
Tech Adjust: ADA Compliance Imprvts (to Curb Ramp Imprvt for SNI)			(\$500,000)		(\$500,000)			(\$500,000)
Tech Adjust: Curb Ramp Imprvt for SNI (fr ADA Compliance Imprvts)			\$500,000		\$500,000			\$500,000
Tech Adjust: Employee Total Compensation Reduction			(\$16,814)	\$16,814	\$0			\$0
<b>PLAN, BLDG AND CODE ENF</b>								
Tech Adjust: Employee Total Compensation Reduction			(\$21,767)	\$21,767	\$0			\$0
<b>ECONOMIC DEVELOPMENT</b>								
Tech Adjust: Employee Total Compensation Reduction			(\$5,620)	\$5,620	\$0			\$0
<b>Total COMM DEV BLOCK GRANT FD (441)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$117,314</b>	<b>\$1,304,144</b>	<b>\$1,421,458</b>	<b>\$0</b>	<b>\$1,421,458</b>	<b>\$0</b>
<b>COMMTY FACIL REVENUE FUND (422)</b>								
<b>FINANCE</b>								
Fund Balance Reconciliation				\$125,924	\$125,924		\$125,924	\$0
<b>Total COMMTY FACIL REVENUE FUND (422)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$125,924</b>	<b>\$125,924</b>	<b>\$0</b>	<b>\$125,924</b>	<b>\$0</b>
<b>CONST/CONV TAX CENTRAL FD (390)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Fund Balance Reconciliation				\$2,153,248	\$2,153,248		\$2,153,248	\$0
Rebudget: City-Building Energy Projects Program			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Parks and Community Facilities Greenprint			(\$6,000)	\$6,000	\$0			\$0
Rebudget: Parks and Community Facilities Master Plan			\$39,000	(\$39,000)	\$0			\$0
Rebudget: Pools and Fountains			\$39,000	(\$39,000)	\$0			\$0
Rebudget: Regional Parks Safety Enhancements			\$150,000	(\$150,000)	\$0			\$0
Rebudget: Tree Services			\$93,000	(\$93,000)	\$0			\$0
<b>Total CONST/CONV TAX CENTRAL FD (390)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$325,000</b>	<b>\$1,828,248</b>	<b>\$2,153,248</b>	<b>\$0</b>	<b>\$2,153,248</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 COMM FUND (397)</b>								
<b>Communications Capital Program</b>								
Fund Balance Reconciliation				\$478,871	\$478,871		\$478,871	\$0
Rebudget: Fiber Optic Cable Installation at Animal Control Center			(\$8,000)	\$8,000	\$0			\$0
<b>Total CONST/CONV TAX COMM FUND (397)</b>	\$0	\$0	(\$8,000)	\$486,871	\$478,871	\$0	\$478,871	\$0
<b>CONST/CONV TAX FIRE FUND (392)</b>								
<b>Public Safety Capital Program</b>								
Fund Balance Reconciliation				\$110,998	\$110,998		\$110,998	\$0
Rebudget: City-Building Energy Projects Program			(\$26,000)	\$26,000	\$0			\$0
Rebudget: Computer Replacement Program			\$29,000	(\$29,000)	\$0			\$0
Rebudget: Earned Revenue - Sale of Former Fire Station 12				\$370,000	\$370,000	\$370,000		\$0
Rebudget: Emergency Response Maps			\$35,000	(\$35,000)	\$0			\$0
Rebudget: FF&E and Facility Improvements			\$207,000	(\$207,000)	\$0			\$0
Rebudget: Facilities Improvements			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Fire Apparatus Replacement			(\$483,000)	\$483,000	\$0			\$0
Rebudget: Fire Data System			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Fire Station 19 - Relocation (Piedmont)			\$33,000	(\$33,000)	\$0			\$0
Rebudget: Fire Station 2 - Rebuild			\$31,000	(\$31,000)	\$0			\$0
Rebudget: Tools and Equipment			\$30,000	(\$30,000)	\$0			\$0
Rebudget: Traffic Control Equipment			\$39,000	(\$39,000)	\$0			\$0
<b>Total CONST/CONV TAX FIRE FUND (392)</b>	\$0	\$0	(\$45,000)	\$525,998	\$480,998	\$370,000	\$110,998	\$0
<b>CONST/CONV TAX LIBRARY FD (393)</b>								
<b>Library Capital Program</b>								
Fund Balance Reconciliation				\$753,575	\$753,575		\$753,575	\$0
Rebudget: Branch Libraries Fixtures, Furnishings and Equipment			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Facilities Improvements			\$64,000	(\$64,000)	\$0			\$0
Rebudget: New Branch Opening Day Collections			\$46,000	(\$46,000)	\$0			\$0
<b>Total CONST/CONV TAX LIBRARY FD (393)</b>	\$0	\$0	\$120,000	\$633,575	\$753,575	\$0	\$753,575	\$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>CONST/CONV TAX PK CD 1 FUND (377)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Fund Balance Reconciliation				\$982,892	\$982,892		\$982,892	\$0
Rebudget: Council District 1 Public Art			\$48,000	(\$48,000)	\$0			\$0
Rebudget: Cypress Center Parking Lot Expan. and Outdoor Patio			\$125,000	(\$125,000)	\$0			\$0
Rebudget: Murdock Park Renovation			\$36,000	(\$36,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$372,000	(\$372,000)	\$0			\$0
Rebudget: TRAIL: San Tomas Aquino/Saratoga Creek Mitigation			\$20,000	(\$20,000)	\$0			\$0
Tech Adjust: Strategic Capital Replacement and Maint. Needs			\$32,000	(\$32,000)	\$0			\$0
<b>Total CONST/CONV TAX PK CD 1 FUND (377)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$633,000</b>	<b>\$349,892</b>	<b>\$982,892</b>	<b>\$0</b>	<b>\$982,892</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 2 FUND (378)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Fund Balance Reconciliation				\$514,097	\$514,097		\$514,097	\$0
Rebudget: Earned Revenue				(\$146,000)	(\$146,000)	(\$146,000)		\$0
Rebudget: Edenvale Community Center FF&E			\$23,000	(\$23,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$203,000	(\$203,000)	\$0			\$0
Tech Adjust: Strategic Capital Replacement and Maint. Needs			\$60,000	(\$60,000)	\$0			\$0
<b>Total CONST/CONV TAX PK CD 2 FUND (378)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$286,000</b>	<b>\$82,097</b>	<b>\$368,097</b>	<b>(\$146,000)</b>	<b>\$514,097</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 3 FUND (380)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Fund Balance Reconciliation				\$907,899	\$907,899		\$907,899	\$0
Rebudget: O'Donnell's Garden Park			\$117,000	(\$117,000)	\$0			\$0
Rebudget: Park Beautification Volunteer Assistance			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Pool Repairs			\$52,000	(\$52,000)	\$0			\$0
Rebudget: Roosevelt Community Center FF&E			\$40,000	(\$40,000)	\$0			\$0
Rebudget: Ryland Park Renovation			\$42,000	(\$42,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$33,000	(\$33,000)	\$0			\$0
Rebudget: TRAIL: Guadalupe River Reach VI Gateway			\$200,000	(\$200,000)	\$0			\$0
Rebudget: Tamien Specific Plan Area Park Improvements			\$6,000	(\$6,000)	\$0			\$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>CONST/CONV TAX PK CD 3 FUND (380)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Rebudget: Watson Park Phase II Development (Soccer Field)			\$35,000	(\$35,000)	\$0			\$0
Rebudget: Watson Site Clean-up and Restoration			\$102,000	(\$102,000)	\$0			\$0
Tech Adjust: Strategic Capital Replacement and Maint. Needs			\$10,000	(\$10,000)	\$0			\$0
<b>Total CONST/CONV TAX PK CD 3 FUND (380)</b>	\$0	\$0	\$647,000	\$260,899	\$907,899	\$0	\$907,899	\$0
<b>CONST/CONV TAX PK CD 4 FUND (381)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Fund Balance Reconciliation				\$735,635	\$735,635		\$735,635	\$0
Rebudget: Council District 4 Public Art			\$44,000	(\$44,000)	\$0			\$0
Rebudget: Earned Revenue				\$105,000	\$105,000	\$105,000		\$0
Rebudget: North San José Master Plan			\$60,000	(\$60,000)	\$0			\$0
Rebudget: Penitencia Creek Reach VI			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Pool Repairs			\$22,000	(\$22,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$356,000	(\$356,000)	\$0			\$0
Rebudget: TRAIL: Lower Guadalupe River (Gold St. to Hwy 880)			\$3,000	(\$3,000)	\$0			\$0
Tech Adjust: Strategic Capital Replacement and Maint. Needs			\$86,000	(\$86,000)	\$0			\$0
<b>Total CONST/CONV TAX PK CD 4 FUND (381)</b>	\$0	\$0	\$581,000	\$259,635	\$840,635	\$105,000	\$735,635	\$0
<b>CONST/CONV TAX PK CD 5 FUND (382)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Fund Balance Reconciliation				\$1,151,904	\$1,151,904		\$1,151,904	\$0
Rebudget: Council District 5 Public Art			(\$1,000)	\$1,000	\$0			\$0
Rebudget: Mayfair Community Center FF&E			\$21,000	(\$21,000)	\$0			\$0
Rebudget: Overfelt Amphitheatre Minor Improvements			\$30,000	(\$30,000)	\$0			\$0
Rebudget: Police Athletic League (PAL) Stadium Improvements			\$6,000	(\$6,000)	\$0			\$0
Rebudget: Pool Repairs			\$135,000	(\$135,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$501,000	(\$501,000)	\$0			\$0
Rebudget: TRAIL: Lower Silver Creek/Silverstone Place			(\$17,000)	\$17,000	\$0			\$0
Tech Adjust: Strategic Capital Replacement and Maint. Needs			\$121,000	(\$121,000)	\$0			\$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>CONST/CONV TAX PK CD 5 FUND (382)</b>								
Total CONST/CONV TAX PK CD 5 FUND (382)	\$0	\$0	\$796,000	\$355,904	\$1,151,904	\$0	\$1,151,904	\$0
<b>CONST/CONV TAX PK CD 6 FUND (384)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Fund Balance Reconciliation				\$1,171,700	\$1,171,700		\$1,171,700	\$0
Rebudget: Bascom Community Center FF&E			\$48,000	(\$48,000)	\$0			\$0
Rebudget: Bramhall Park Play Lot Renovation			\$21,000	(\$21,000)	\$0			\$0
Rebudget: Council District 6 Public Art			\$114,000	(\$114,000)	\$0			\$0
Rebudget: Los Gatos Creek Volunteer Projects			\$11,000	(\$11,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$513,000	(\$513,000)	\$0			\$0
Rebudget: TRAIL: Los Gatos Reach IV Mitigation and Monitoring			(\$1,000)	\$1,000	\$0			\$0
Tech Adjust: Strategic Capital Replacement and Maint. Needs			\$16,000	(\$16,000)	\$0			\$0
Total CONST/CONV TAX PK CD 6 FUND (384)	\$0	\$0	\$722,000	\$449,700	\$1,171,700	\$0	\$1,171,700	\$0
<b>CONST/CONV TAX PK CD 7 FUND (385)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Fund Balance Reconciliation				\$2,031,441	\$2,031,441		\$2,031,441	\$0
Rebudget: Council District 7 Public Art			\$34,000	(\$34,000)	\$0			\$0
Rebudget: Earned Revenue				(\$29,000)	(\$29,000)	(\$29,000)		\$0
Rebudget: Nisich Park Development			(\$574,000)	\$574,000	\$0			\$0
Rebudget: Pool Repairs			\$190,000	(\$190,000)	\$0			\$0
Rebudget: Seven Trees Community Center FF&E			\$41,000	(\$41,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$643,000	(\$643,000)	\$0			\$0
Rebudget: Turtle Rock Park Improvements			\$1,000	(\$1,000)	\$0			\$0
Tech Adjust: Strategic Capital Replacement and Maint. Needs			\$79,000	(\$79,000)	\$0			\$0
Total CONST/CONV TAX PK CD 7 FUND (385)	\$0	\$0	\$414,000	\$1,588,441	\$2,002,441	(\$29,000)	\$2,031,441	\$0
<b>CONST/CONV TAX PK CD 8 FUND (386)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Fund Balance Reconciliation				\$451,465	\$451,465		\$451,465	\$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>CONST/CONV TAX PK CD 8 FUND (386)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Rebudget: Aborn Park Playground Improvements			(\$18,000)	\$18,000	\$0			\$0
Rebudget: Council District 8 Public Art			\$21,000	(\$21,000)	\$0			\$0
Rebudget: Smythe Field Improvements			\$20,000	(\$20,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$280,000	(\$280,000)	\$0			\$0
Tech Adjust: Strategic Capital Replacement and Maint. Needs			\$21,000	(\$21,000)	\$0			\$0
<b>Total CONST/CONV TAX PK CD 8 FUND (386)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$324,000</b>	<b>\$127,465</b>	<b>\$451,465</b>	<b>\$0</b>	<b>\$451,465</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 9 FUND (388)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Fund Balance Reconciliation				\$1,135,670	\$1,135,670		\$1,135,670	\$0
Rebudget: Council District 9 Public Art			\$40,000	(\$40,000)	\$0			\$0
Rebudget: Kirk Senior Nutrition Program (Temporary Relocation)			\$46,000	(\$46,000)	\$0			\$0
Rebudget: Minor Park Renovations			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Paul Moore Park Sports Field Renovation			\$115,000	(\$115,000)	\$0			\$0
Rebudget: Pool Repairs			\$71,000	(\$71,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$614,000	(\$614,000)	\$0			\$0
Tech Adjust: Strategic Capital Replacement and Maint. Needs			\$145,000	(\$145,000)	\$0			\$0
<b>Total CONST/CONV TAX PK CD 9 FUND (388)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,041,000</b>	<b>\$94,670</b>	<b>\$1,135,670</b>	<b>\$0</b>	<b>\$1,135,670</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD10 FD (389)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Fund Balance Reconciliation				\$885,526	\$885,526		\$885,526	\$0
Rebudget: Almaden Winery Irrigation Automation			(\$3,000)	\$3,000	\$0			\$0
Rebudget: Council District 10 Public Art			\$44,000	(\$44,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$498,000	(\$498,000)	\$0			\$0
Rebudget: TRAIL: Guadalupe River Reach 13 Lighting Study			\$70,000	(\$70,000)	\$0			\$0
Tech Adjust: Strategic Capital Replacement and Maint. Needs			\$25,000	(\$25,000)	\$0			\$0
<b>Total CONST/CONV TAX PK CD10 FD (389)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$634,000</b>	<b>\$251,526</b>	<b>\$885,526</b>	<b>\$0</b>	<b>\$885,526</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 YARDS FD (398)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Fund Balance Reconciliation				\$33,363	\$33,363		\$33,363	\$0
Rebudget: Guadalupe Gardens Fixtures, Furnishings and Equipment			\$8,000	(\$8,000)	\$0			\$0
<b>Total CONST/CONV TAX PK YARDS FD (398)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,000</b>	<b>\$25,363</b>	<b>\$33,363</b>	<b>\$0</b>	<b>\$33,363</b>	<b>\$0</b>
<b>CONST/CONV TAX PKS CW FUND (391)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Fund Balance Reconciliation				\$964,921	\$964,921		\$964,921	\$0
Rebudget: Alum Rock Park Security Improvements			\$11,000	(\$11,000)	\$0			\$0
Rebudget: Earned Revenue				\$956,000	\$956,000	\$956,000		\$0
Rebudget: Environmental Mitigation Maintenance and Monitoring			\$6,000	(\$6,000)	\$0			\$0
Rebudget: Family Camp Infrastructure Renovation			\$35,000	(\$35,000)	\$0			\$0
Rebudget: Family Camp Master Plan			(\$8,000)	\$8,000	\$0			\$0
Rebudget: Happy Hollow Park and Zoo - Kelley Park Misc. Improv.			\$17,000	(\$17,000)	\$0			\$0
Rebudget: Happy Hollow Park and Zoo Minor Renovation			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Japanese Friendship Garden Koi Filtration System			\$153,000	(\$153,000)	\$0			\$0
Rebudget: Los Lagos Golf Course Enhancements			(\$5,000)	\$5,000	\$0			\$0
Rebudget: Our City Forest Temporary Storage			\$9,000	(\$9,000)	\$0			\$0
Rebudget: Parks City-Wide Public Art			(\$6,000)	\$6,000	\$0			\$0
Rebudget: Regional Park Call Boxes			\$65,000	(\$65,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$324,000	(\$324,000)	\$0			\$0
Rebudget: TRAIL: Albertson Parkway			\$583,000	(\$583,000)	\$0			\$0
Rebudget: TRAIL: Milestone Markers			(\$14,000)	\$14,000	\$0			\$0
Rebudget: TRAIL: Penitencia Creek and King Road Crossing			\$4,000	(\$4,000)	\$0			\$0
Rebudget: Vietnamese Cultural Heritage Garden			\$12,000	(\$12,000)	\$0			\$0
<b>Total CONST/CONV TAX PKS CW FUND (391)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,188,000</b>	<b>\$732,921</b>	<b>\$1,920,921</b>	<b>\$956,000</b>	<b>\$964,921</b>	<b>\$0</b>
<b>CONST/CONV TAX SRVC YDS FD (395)</b>								
<b>Service Yards Capital Program</b>								
Fund Balance Reconciliation				\$110,727	\$110,727		\$110,727	\$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>CONST/CONV TAX SRVC YDS FD (395)</b>								
<b>Service Yards Capital Program</b>								
Rebudget: Central Service Yard Tenant Improvements			(\$37,000)	\$37,000	\$0			\$0
<b>Total CONST/CONV TAX SRVC YDS FD (395)</b>	\$0	\$0	(\$37,000)	\$147,727	\$110,727	\$0	\$110,727	\$0
<b>CONSTRUCTION EXCISE TAX FD (465)</b>								
<b>Traffic Capital Program</b>								
Fnd Bal Reconciliation - Reserve for Evergreen Traffic Impact Fees			(\$318)	\$318	\$0			\$0
Fnd Bal Reconciliation - Reserve for North San José Traffic Impact Fees			\$556,844	(\$556,844)	\$0			\$0
Fnd Bal Reconciliation - Rsrv. for Rte 101/OklnD/Mbry Trffc Impct Fees			\$312	(\$312)	\$0			\$0
Fund Balance Reconciliation				\$5,821,522	\$5,821,522		\$5,821,522	\$0
Rebudget: Bicycle and Pedestrian Facilities			\$248,000	\$204,000	\$452,000	\$452,000		\$0
Rebudget: CFD #14 Feasibility Study			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Capitol Expressway: Story Rd & Aborn Rd Improvements			\$7,000	(\$7,000)	\$0			\$0
Rebudget: Diridon Station Planning			\$46,000	(\$46,000)	\$0			\$0
Rebudget: Federal Pavement Maintenance			\$11,000	(\$11,000)	\$0			\$0
Rebudget: Gas Tax - Pavement Maintenance			\$1,737,000	(\$1,737,000)	\$0			\$0
Rebudget: Hitachi Maintenance Agreement			\$7,000	(\$7,000)	\$0			\$0
Rebudget: Land Management and Weed Abatement			\$107,000	(\$107,000)	\$0			\$0
Rebudget: Maintenance Assessment District Development			\$8,000	(\$8,000)	\$0			\$0
Rebudget: Minidoka Avenue Sidewalk Improvements			\$52,000	(\$45,000)	\$7,000	\$7,000		\$0
Rebudget: Montague Expressway Improvements			\$197,000	(\$197,000)	\$0			\$0
Rebudget: Prop. 1B - Pavement Maintenance			\$3,226,000	(\$3,226,000)	\$0			\$0
Rebudget: Recovery Act - Street Resurfacing and Rehabilitation			(\$1,768,227)	\$4,312,290	\$2,544,063	\$2,544,063		\$0
Rebudget: San Carlos Multimodal Streetscape Improvements			(\$44,000)	\$44,000	\$0			\$0
Rebudget: School Sign Upgrade			\$12,000	(\$9,000)	\$3,000	\$3,000		\$0
Rebudget: Traffic Congestion Data Management			\$38,000	(\$38,000)	\$0			\$0
Rebudget: Traffic Forecasting and Analysis			\$30,000	(\$30,000)	\$0			\$0
Rebudget: Traffic Safety Improvements			(\$17,000)	\$17,000	\$0			\$0
Rebudget: Vendome Area and 7th Street Traffic Calming			\$4,000	(\$4,000)	\$0			\$0
<b>Total CONSTRUCTION EXCISE TAX FD (465)</b>	\$0	\$0	\$4,459,611	\$4,367,974	\$8,827,585	\$3,006,063	\$5,821,522	\$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>CONV/CULTURAL AFFAIRS FUND (536)</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Fund Balance Reconciliation				\$191,367	\$191,367		\$191,367	\$0
Rebudget: Team San José Management Fee			\$153,623	(\$153,623)	\$0			\$0
Tech Adjust: Transfer from the Transient Occupancy Tax Fund				\$260,500	\$260,500	\$260,500		\$0
<b>CONVENTION FACILITIES DEPT</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$110,267)			\$110,267	\$0			\$0
<b>Total CONV/CULTURAL AFFAIRS FUND (536)</b>	<b>(\$110,267)</b>	<b>\$0</b>	<b>\$153,623</b>	<b>\$408,511</b>	<b>\$451,867</b>	<b>\$260,500</b>	<b>\$191,367</b>	<b>\$0</b>
<b>CONVENTION CTR FACIL DIST REVENUE FUND</b>								
<b>FINANCE</b>								
Fund Balance Reconciliation				\$531,428	\$531,428		\$531,428	\$0
<b>Total CONVENTION CTR FACIL DIST REVENUE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$531,428</b>	<b>\$531,428</b>	<b>\$0</b>	<b>\$531,428</b>	<b>\$0</b>
<b>DENTAL INSURANCE FUND (155)</b>								
<b>HUMAN RESOURCES</b>								
Fund Balance Reconciliation				\$806,212	\$806,212		\$806,212	\$0
Fund Balance Reconciliation - Reserve for Claims				(\$94,066)	(\$94,066)		(\$94,066)	\$0
Tech Adjust: Dental HMO Plan (service restorations)			\$15,500		\$15,500			\$15,500
Tech Adjust: Employee Total Compensation Reduction	(\$5,627)			\$5,627	\$0			\$0
Tech Adjust: Ending Fund Balance Adjustment (service restorations)				(\$91,700)	(\$91,700)			(\$91,700)
Tech Adjust: Participant Contributions (service restorations)					\$0	\$6,700		(\$6,700)
Tech Adjust: Payment of Claims (service restorations)			\$162,200		\$162,200			\$162,200
Tech Adjust: Reimbursement - City Funds (service restorations)					\$0	\$105,300		(\$105,300)
Tech Adjust: Reserve for Claims (service restorations)				\$26,000	\$26,000			\$26,000
<b>Total DENTAL INSURANCE FUND (155)</b>	<b>(\$5,627)</b>	<b>\$0</b>	<b>\$177,700</b>	<b>\$652,073</b>	<b>\$824,146</b>	<b>\$112,000</b>	<b>\$712,146</b>	<b>\$0</b>
<b>DOWNTOWN PBID FUND (302)</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$29,910	\$29,910		\$29,910	\$0

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Department/Proposal	USE			Ending Fnd Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fnd Balance	
<b>DOWNTOWN PBID FUND (302)</b>								
Total DOWNTOWN PBID FUND (302)	\$0	\$0	\$0	\$29,910	\$29,910	\$0	\$29,910	\$0
<b>E PRUSCH MEM PK IMPR FUND (131)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Fund Balance Reconciliation				\$93,570	\$93,570		\$93,570	\$0
Rebudget: Emma Prusch Park Capital Renovation and Maintenance			\$18,000	(\$18,000)	\$0			\$0
Rebudget: LeFevre House Improvements			\$22,000	(\$22,000)	\$0			\$0
Total E PRUSCH MEM PK IMPR FUND (131)	\$0	\$0	\$40,000	\$53,570	\$93,570	\$0	\$93,570	\$0
<b>ECON DEV ADMIN LOAN FUND (444)</b>								
<b>HOUSING</b>								
Fund Balance Reconciliation				(\$9,646)	(\$9,646)		(\$9,646)	\$0
Total ECON DEV ADMIN LOAN FUND (444)	\$0	\$0	\$0	(\$9,646)	(\$9,646)	\$0	(\$9,646)	\$0
<b>ECON DEV ENHANCEMENT FD (439)</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Fund Balance Reconciliation				(\$7,640)	(\$7,640)		(\$7,640)	\$0
Total ECON DEV ENHANCEMENT FD (439)	\$0	\$0	\$0	(\$7,640)	(\$7,640)	\$0	(\$7,640)	\$0
<b>EDW BYRNE MEMORIAL JAG FD (474)</b>								
<b>POLICE</b>								
Fund Balance Reconciliation				(\$42,145)	(\$42,145)		(\$42,145)	\$0
Rebudget: 2009 JAG			\$14,775	\$14,775	\$0			\$0
Rebudget: JAG 2007-2009			\$3,796	(\$3,796)	\$0			\$0
Rebudget: Recovery Act - JAG			(\$45,196)	\$45,196	\$0			\$0
Total EDW BYRNE MEMORIAL JAG FD (474)	\$0	\$0	(\$56,175)	\$14,030	(\$42,145)	\$0	(\$42,145)	\$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>GENERAL PURPOSE PARKING FD (533)</b>								
<b>Parking Capital Program</b>								
Rebudget: HP Pavilion/Diridon Area Multi-Space Meters			(\$2,000)	\$2,000	\$0			\$0
Rebudget: Parking Guidance System Phase II			\$16,000	(\$16,000)	\$0			\$0
<b>Total GENERAL PURPOSE PARKING FD (533)</b>	<b>(\$141,563)</b>	<b>\$0</b>	<b>\$14,000</b>	<b>\$1,840,367</b>	<b>\$1,712,804</b>	<b>\$0</b>	<b>\$1,712,804</b>	<b>\$0</b>
<b>GIFT TRUST FUND (139)</b>								
<b>CITY MANAGER</b>								
Rebudget: Berryessa Center Art Project			\$11	(\$11)	\$0			\$0
Rebudget: Cat Spay/Neuter Program			\$12	(\$12)	\$0			\$0
<b>CITY CLERK</b>								
Rebudget: Annual District I Festival in the Park			\$7	(\$7)	\$0			\$0
Rebudget: CommUnity Resource Fair			\$12,734	(\$12,734)	\$0			\$0
Rebudget: Go Girl Go BAWSI			\$20	(\$20)	\$0			\$0
Rebudget: Mayor's College Motivation Program			\$90	(\$90)	\$0			\$0
<b>FINANCE</b>								
Fund Balance Reconciliation				\$59,773	\$59,773		\$59,773	\$0
<b>POLICE</b>								
Rebudget: CADPE - Drug Education			\$7	(\$7)	\$0			\$0
Rebudget: Canine Unit			\$49	(\$49)	\$0			\$0
Rebudget: Child Interview Center			\$192	(\$192)	\$0			\$0
Rebudget: Child Safety Seats			\$15	(\$15)	\$0			\$0
Rebudget: Communications Facility Fitness Center			\$11	(\$11)	\$0			\$0
Rebudget: Community Services Program			(\$1,496)	\$1,496	\$0			\$0
Rebudget: Crime Prevention Committee			\$4	(\$4)	\$0			\$0
Rebudget: Cybercadet Program			\$24	(\$24)	\$0			\$0
Rebudget: G.E.A.R. Program			\$2	(\$2)	\$0			\$0
Rebudget: Internet Crimes Against Children Gifts			\$54	(\$54)	\$0			\$0
Rebudget: Investigative Enhancement			\$250	(\$250)	\$0			\$0
Rebudget: Major Awards Banquet			\$3	(\$3)	\$0			\$0
Rebudget: Mayor's Safe Families			\$30	(\$30)	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	
<b>GIFT TRUST FUND (139)</b>							
<b>POLICE</b>							
Rebudget: Police & School Partnership Program			\$47	(\$47)	\$0		\$0
Rebudget: Police Educational Robot			\$11	(\$11)	\$0		\$0
Rebudget: Police Mounted Unit			\$76	(\$76)	\$0		\$0
Rebudget: Police Reserves Unit			(\$1,850)	\$1,850	\$0		\$0
Rebudget: Robbery Secret Witness Program			\$82	(\$82)	\$0		\$0
Rebudget: S.A.V.E. Program			\$155	(\$155)	\$0		\$0
Rebudget: Scholastic Crime Stoppers			\$25	(\$25)	\$0		\$0
Rebudget: School Safety Gifts			\$19	(\$19)	\$0		\$0
Rebudget: Trauma Kits			\$9	(\$9)	\$0		\$0
Rebudget: Volunteer Program			\$4	(\$4)	\$0		\$0
<b>TRANSPORTATION</b>							
Rebudget: Downtown Area Shuttle Program			\$19	(\$19)	\$0		\$0
Rebudget: Our City Forest			\$193	(\$193)	\$0		\$0
Rebudget: Transportation and Parking Guidance Signs			\$9	(\$9)	\$0		\$0
<b>FIRE</b>							
Rebudget: Hazardous Material Training			\$13	(\$13)	\$0		\$0
Rebudget: Public Education Program			(\$225)	\$225	\$0		\$0
<b>PUBLIC WORKS</b>							
Rebudget: Kinjo Gardens			\$24	(\$24)	\$0		\$0
<b>GENERAL SERVICES</b>							
Rebudget: Animal Adoption			(\$840)	\$840	\$0		\$0
Rebudget: Animal Services			\$21,128	(\$21,128)	\$0		\$0
Rebudget: Hurricane Katrina Animals			\$3	(\$3)	\$0		\$0
Rebudget: Spay/Neuter Program			\$1,201	(\$1,201)	\$0		\$0
<b>ECONOMIC DEVELOPMENT</b>							
Rebudget: Albino, Erminia and Alba Joyce Martini Memorial Fund			\$100,248	(\$100,248)	\$0		\$0
Rebudget: Arts and Education Week			\$360	(\$360)	\$0		\$0
Rebudget: Cultural Performance			\$7	(\$7)	\$0		\$0
Rebudget: Incubation Office Project			\$307	(\$307)	\$0		\$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>GIFT TRUST FUND (139)</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Rebudget: Miscellaneous Gifts			\$2	(\$2)	\$0			\$0
Rebudget: Sponsorship Gifts			\$13,554	(\$13,554)	\$0			\$0
<b>PARKS, REC AND NEIGH SVCS</b>								
Rebudget: A.B. Langhof Gift			\$7	(\$7)	\$0			\$0
Rebudget: Abate Gift			(\$629)	\$629	\$0			\$0
Rebudget: Almaden Lake Park			\$1	(\$1)	\$0			\$0
Rebudget: Almaden Winery Park Youth Lot			\$137	(\$137)	\$0			\$0
Rebudget: Alum Rock Park			\$11	(\$11)	\$0			\$0
Rebudget: Alviso Community Center			\$172	(\$172)	\$0			\$0
Rebudget: Alviso Recreation and Teen Program			(\$2,311)	\$2,311	\$0			\$0
Rebudget: Calabazas BMX Park			\$26	(\$26)	\$0			\$0
Rebudget: Castro School Landscaping			\$31	(\$31)	\$0			\$0
Rebudget: Christmas in the Park			\$1	(\$1)	\$0			\$0
Rebudget: Combined Gifts			\$29	(\$29)	\$0			\$0
Rebudget: Community Cultural Council			(\$1,307)	\$1,307	\$0			\$0
Rebudget: Computer Equipment			(\$74)	\$74	\$0			\$0
Rebudget: Emma Prusch Farm Park			\$97	(\$97)	\$0			\$0
Rebudget: Friends of Paul Moore Park			\$74	(\$74)	\$0			\$0
Rebudget: Friends of San Jose Environmental Outreach			\$22	(\$22)	\$0			\$0
Rebudget: Gullo Park and Turf Irrigation			\$95	(\$95)	\$0			\$0
Rebudget: Happy Hollow Park and Zoo - Puppet Theatre			(\$21,739)	\$21,739	\$0			\$0
Rebudget: Happy Hollow Park and Zoo Improvements			\$303	(\$303)	\$0			\$0
Rebudget: Hershey Youth Track			\$6,741	(\$6,741)	\$0			\$0
Rebudget: J. Ward Memorial Scholarship			(\$489)	\$489	\$0			\$0
Rebudget: Japanese Friendship Garden			\$111	(\$111)	\$0			\$0
Rebudget: Leland High School Tennis			\$10	(\$10)	\$0			\$0
Rebudget: Lone Hill Tree			\$1	(\$1)	\$0			\$0
Rebudget: Mayor's Youth Conference			(\$2,232)	\$2,232	\$0			\$0
Rebudget: McClaren Circles Design of History			\$36	(\$36)	\$0			\$0
Rebudget: Miscellaneous Gifts Under \$1,000			(\$9,349)	\$9,349	\$0			\$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>GIFT TRUST FUND (139)</b>								
<b>PARKS, REC AND NEIGH SVCS</b>								
Rebudget: Mise and Starbird Gift			\$304	(\$304)	\$0			\$0
Rebudget: Nicolas Prusch Swimming			\$1,556	(\$1,556)	\$0			\$0
Rebudget: O'Donnel Gardens Park			\$3	(\$3)	\$0			\$0
Rebudget: Office of Therapeutics - Junior Sports Camp			\$2,500	\$2,500	\$0			\$0
Rebudget: Old Mill Exhibit			\$74	(\$74)	\$0			\$0
Rebudget: Older Adult Resource Program			\$88	(\$88)	\$0			\$0
Rebudget: Overfelt Gardens			\$5,009	(\$5,009)	\$0			\$0
Rebudget: Packard Foundation			\$229	(\$229)	\$0			\$0
Rebudget: RP & CS General Gifts over \$1,000			\$8,857	(\$8,857)	\$0			\$0
Rebudget: Richard Guarino Memorial Fund			\$3	(\$3)	\$0			\$0
Rebudget: San José BEST			\$2	(\$2)	\$0			\$0
Rebudget: Senior Companion			\$494	(\$494)	\$0			\$0
Rebudget: South Side Community Center Gazebo			\$3,342	\$3,342	\$0			\$0
Rebudget: Southside Community Center			\$5,088	\$5,088	\$0			\$0
Rebudget: St. James Park Landscaping			\$131	(\$131)	\$0			\$0
Rebudget: Summer Lunch Program			\$460	(\$460)	\$0			\$0
Rebudget: Swings for Special Needs Children			\$47	(\$47)	\$0			\$0
Rebudget: Willow Glen Founders Day			\$36	(\$36)	\$0			\$0
Rebudget: YIS Chowchilla			\$190	\$190	\$0			\$0
Rebudget: Youth Activities			\$3,307	(\$3,307)	\$0			\$0
Rebudget: Youth Commission			\$90	(\$90)	\$0			\$0
Rebudget: Youth Sports Fair			\$3	(\$3)	\$0			\$0
Rebudget: Zoo Educator Grant			\$2	(\$2)	\$0			\$0
Tech Adjust: Almaden Winery Improvement			\$30,940		\$30,940			\$30,940
Tech Adjust: Almaden Winery Park Youth Lot			(\$30,940)		(\$30,940)			(\$30,940)
<b>LIBRARY</b>								
Rebudget: Books for Little Hands			\$988	\$988	\$0			\$0
Rebudget: Calabazas Branch Library			\$13	(\$13)	\$0			\$0
Rebudget: Child Care Endowment			\$5,319	\$5,319	\$0			\$0
Rebudget: Children's Summer Reading Club			\$5,079	(\$5,079)	\$0			\$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>GIFT TRUST FUND (139)</b>								
<b>LIBRARY</b>								
Rebudget: Garbage Stickers			\$3,502	(\$3,502)	\$0			\$0
Rebudget: Library Literacy Project			\$3,037	(\$3,037)	\$0			\$0
Rebudget: Library-General Gifts			(\$71,674)	\$71,674	\$0			\$0
Rebudget: Tully Community Branch Family Learning Center			\$4	(\$4)	\$0			\$0
Rebudget: Young Adult Summer Reading Program			\$2	(\$2)	\$0			\$0
<b>AIRPORT</b>								
Rebudget: Art Work			\$39	(\$39)	\$0			\$0
Rebudget: Heliport System Plan Study			\$127	(\$127)	\$0			\$0
Rebudget: Kidport			\$1	(\$1)	\$0			\$0
<b>Total GIFT TRUST FUND (139)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$59,773</b>	<b>\$0</b>	<b>\$59,773</b>	<b>\$0</b>	<b>\$59,773</b>	<b>\$0</b>
<b>HOME INVEST PART PROG FUND (445)</b>								
<b>CITY ATTORNEY</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$985)			\$985	\$0			\$0
<b>HOUSING</b>								
Fund Balance Reconciliation				\$348,344	\$348,344		\$348,344	\$0
Tech Adjust: Employee Total Compensation Reduction	(\$15,168)			\$15,168	\$0			\$0
<b>Total HOME INVEST PART PROG FUND (445)</b>	<b>(\$16,153)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$364,497</b>	<b>\$348,344</b>	<b>\$0</b>	<b>\$348,344</b>	<b>\$0</b>
<b>HOUSING TRUST FUND (440)</b>								
<b>HOUSING</b>								
Fund Balance Reconciliation				\$569,491	\$569,491		\$569,491	\$0
Tech Adj: City-Wide Grants Mgmt Sys (from Low/Mod Housing Fund)			\$14,907	(\$14,907)	\$0			\$0
Tech Adj: Non-Profit Platform (from Low/Mod Inc Housing Fund)			\$41,037	(\$41,037)	\$0			\$0
<b>Total HOUSING TRUST FUND (440)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$55,944</b>	<b>\$513,547</b>	<b>\$569,491</b>	<b>\$0</b>	<b>\$569,491</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>ICE CENTRE REVENUE FUND (432)</b>								
<b>FINANCE</b>								
Fund Balance Reconciliation				(\$142,724)	(\$142,724)		(\$142,724)	\$0
<b>Total ICE CENTRE REVENUE FUND (432)</b>	\$0	\$0	\$0	(\$142,724)	(\$142,724)	\$0	(\$142,724)	\$0
<b>INTEGRATED WASTE MGT FUND (423)</b>								
<b>INFORMATION TECHNOLOGY</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$58,619)			\$58,619	\$0			\$0
<b>CITY ATTORNEY</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$3,007)			\$3,007	\$0			\$0
<b>HUMAN RESOURCES</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$2,790)			\$2,790	\$0			\$0
<b>FINANCE</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$17,382)			\$17,382	\$0			\$0
<b>TRANSPORTATION</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$9,079)			\$9,079	\$0			\$0
<b>PUBLIC WORKS</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$1,557)			\$1,557	\$0			\$0
<b>PLAN, BLDG AND CODE ENF</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$6,266)			\$6,266	\$0			\$0
Tech Adjust: PBCE Personal Services	\$57,450			(\$57,450)	\$0			\$0
<b>ECONOMIC DEVELOPMENT</b>								
Tech Adjust: Employee Total Compensation Reduction			(\$120)	\$120	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Fund Balance Reconciliation				(\$3,225,274)	(\$3,225,274)		(\$3,225,274)	\$0
Rebudget: Household Hazardous Waste Facility			\$81,000	(\$81,000)	\$0			\$0
Retirement Pre-Payment Reserve				(\$301)	(\$301)		(\$301)	\$0
Tech Adjust: Employee Total Compensation Reduction	(\$181,805)			\$181,805	\$0			\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fndd Balance	
<b>INTEGRATED WASTE MGT FUND (423)</b>								
Total INTEGRATED WASTE MGT FUND (423)	(\$223,055)	\$0	\$80,880	(\$3,083,400)	(\$3,225,575)	\$0	(\$3,225,575)	\$0
<b>LAKE CUNNINGHAM FUND (462)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Fund Balance Reconciliation				\$204,606	\$204,606		\$204,606	\$0
Rebudget: Lake Cunningham Capital Renovation and Maintenance			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Lake Cunningham Public Art			\$63,000	(\$63,000)	\$0			\$0
Rebudget: Lake Cunningham Skate Park FF&E			\$14,000	(\$14,000)	\$0			\$0
Rebudget: Lake Water Management Plan			\$60,000	(\$60,000)	\$0			\$0
Total LAKE CUNNINGHAM FUND (462)	\$0	\$0	\$149,000	\$55,606	\$204,606	\$0	\$204,606	\$0
<b>LIBRARY PARCEL TAX FUND (418)</b>								
<b>INFORMATION TECHNOLOGY</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$16,613)			\$16,613	\$0			\$0
<b>LIBRARY</b>								
Fund Balance Reconciliation				\$2,221,898	\$2,221,898		\$2,221,898	\$0
Tech Adjust: Employee Total Compensation Reduction	(\$15,075)			\$15,075	\$0			\$0
<b>Library Capital Program</b>								
Rebudget: Acquisition of Materials			\$67,000	(\$67,000)	\$0			\$0
Total LIBRARY PARCEL TAX FUND (418)	(\$31,688)	\$0	\$67,000	\$2,186,586	\$2,221,898	\$0	\$2,221,898	\$0
<b>LIFE INSURANCE FUND (156)</b>								
<b>HUMAN RESOURCES</b>								
Fund Balance Reconciliation				\$46,026	\$46,026		\$46,026	\$0
Tech Adjust: Employee Total Compensation Reduction	(\$1,124)			\$1,124	\$0			\$0
Tech Adjust: Insurance Premiums (service restorations)			\$18,000		\$18,000			\$18,000
Tech Adjust: Participant Contributions (service restorations)					\$0	\$9,500		(\$9,500)
Tech Adjust: Reimbursement - City Funds (service restorations)					\$0	\$8,500		(\$8,500)
Total LIFE INSURANCE FUND (156)	(\$1,124)	\$0	\$18,000	\$47,150	\$64,026	\$18,000	\$46,026	\$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>LOW/MOD INCOME HOUSING FD (443)</b>								
<b>CITY MANAGER</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$928)			\$928	\$0			\$0
<b>CITY ATTORNEY</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$38,520)			\$38,520	\$0			\$0
<b>FINANCE</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$9,793)			\$9,793	\$0			\$0
<b>HOUSING</b>								
Fund Balance Reconciliation				\$8,133,867	\$8,133,867		\$8,133,867	\$0
Rebudget: Housing Rehabilitation Loan			\$748,855	(\$748,855)	\$0			\$0
Rebudget: Loans, Grants and Site Acquisition			\$2,500,000	(\$2,500,000)	\$0			\$0
Tech Adj: City-Wide Grants Mgmt Sys (to Housing Trust Fund)			(\$7,768)	\$7,768	\$0			\$0
Tech Adj: Non-Profit Platform (to Housing Trust Fund)			(\$41,037)	\$41,037	\$0			\$0
Tech Adjust: Employee Total Compensation Reduction	(\$280,769)			\$280,769	\$0			\$0
<b>Total LOW/MOD INCOME HOUSING FD (443)</b>	<b>(\$330,010)</b>	<b>\$0</b>	<b>\$3,200,050</b>	<b>\$5,263,827</b>	<b>\$8,133,867</b>	<b>\$0</b>	<b>\$8,133,867</b>	<b>\$0</b>
<b>M.D. #1 LOS PASEOS FUND (352)</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$192,647	\$192,647		\$192,647	\$0
Tech Adjust: Employee Total Compensation Reduction	(\$5,762)			\$5,762	\$0			\$0
<b>Total M.D. #1 LOS PASEOS FUND (352)</b>	<b>(\$5,762)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$198,409</b>	<b>\$192,647</b>	<b>\$0</b>	<b>\$192,647</b>	<b>\$0</b>
<b>M.D. #11 BROKAW/JCT-OAK FD (364)</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$3,608	\$3,608		\$3,608	\$0
<b>Total M.D. #11 BROKAW/JCT-OAK FD (364)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,608</b>	<b>\$3,608</b>	<b>\$0</b>	<b>\$3,608</b>	<b>\$0</b>
<b>M.D. #13 KARINA CT-O'NL DR FD (366)</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$531	\$531		\$531	\$0

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	Beg Fund Balance	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue		
<b>M.D. #13 KARINA CT-O'NL DR FD (366)</b>								
<b>Total M.D. #13 KARINA CT-O'NL DR FD (366)</b>	\$0	\$0	\$0	\$531	\$531	\$0	\$531	\$0
<b>M.D. #15 SILVER CREEK FUND (368)</b>								
TRANSPORTATION								
Fund Balance Reconciliation				\$408,496	\$408,496		\$408,496	\$0
Tech Adjust: Employee Total Compensation Reduction	(\$10,034)			\$10,034	\$0			\$0
<b>Total M.D. #15 SILVER CREEK FUND (368)</b>	(\$10,034)	\$0	\$0	\$418,530	\$408,496	\$0	\$408,496	\$0
<b>M.D. #18 MEADOWLANDS FUND (372)</b>								
TRANSPORTATION								
Fund Balance Reconciliation				\$1,466	\$1,466		\$1,466	\$0
<b>Total M.D. #18 MEADOWLANDS FUND (372)</b>	\$0	\$0	\$0	\$1,466	\$1,466	\$0	\$1,466	\$0
<b>M.D. #19 RIVER OAKS FUND (359)</b>								
TRANSPORTATION								
Fund Balance Reconciliation				(\$22)	(\$22)		(\$22)	\$0
<b>Total M.D. #19 RIVER OAKS FUND (359)</b>	\$0	\$0	\$0	(\$22)	(\$22)	\$0	(\$22)	\$0
<b>M.D. #2 TRADE ZONE/LUNDY FD (354)</b>								
TRANSPORTATION								
Fund Balance Reconciliation				\$2,879	\$2,879		\$2,879	\$0
<b>Total M.D. #2 TRADE ZONE/LUNDY FD (354)</b>	\$0	\$0	\$0	\$2,879	\$2,879	\$0	\$2,879	\$0
<b>M.D. #20 RENAISSANC-N. 1ST FD (365)</b>								
TRANSPORTATION								
Fund Balance Reconciliation				\$38,546	\$38,546		\$38,546	\$0
<b>Total M.D. #20 RENAISSANC-N. 1ST FD (365)</b>	\$0	\$0	\$0	\$38,546	\$38,546	\$0	\$38,546	\$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>M.D. #21 GATEWAY FUND (356)</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$27,264	\$27,264		\$27,264	\$0
Tech Adjust: Employee Total Compensation Reduction	(\$789)			\$789	\$0			\$0
<b>Total M.D. #21 GATEWAY FUND (356)</b>	<b>(\$789)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$28,053</b>	<b>\$27,264</b>	<b>\$0</b>	<b>\$27,264</b>	<b>\$0</b>
<b>M.D. #22 HELLYER-FONT RD FD (367)</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$24,787	\$24,787		\$24,787	\$0
<b>Total M.D. #22 HELLYER-FONT RD FD (367)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,787</b>	<b>\$24,787</b>	<b>\$0</b>	<b>\$24,787</b>	<b>\$0</b>
<b>M.D. #5 ORCH PKY-PLUMRIA FD (357)</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$94,530	\$94,530		\$94,530	\$0
<b>Total M.D. #5 ORCH PKY-PLUMRIA FD (357)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$94,530</b>	<b>\$94,530</b>	<b>\$0</b>	<b>\$94,530</b>	<b>\$0</b>
<b>M.D. #8 ZANKER-MONTAGUE FD (361)</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				\$122	\$122		\$122	\$0
Tech Adjust: Employee Total Compensation Reduction	(\$1,367)			\$1,367	\$0			\$0
<b>Total M.D. #8 ZANKER-MONTAGUE FD (361)</b>	<b>(\$1,367)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,489</b>	<b>\$122</b>	<b>\$0</b>	<b>\$122</b>	<b>\$0</b>
<b>M.D. #9 S TERESA/GRT OAKS FD (362)</b>								
<b>TRANSPORTATION</b>								
Fund Balance Reconciliation				(\$3,335)	(\$3,335)		(\$3,335)	\$0
Tech Adjust: Employee Total Compensation Reduction	(\$1,578)			\$1,578	\$0			\$0
<b>Total M.D. #9 S TERESA/GRT OAKS FD (362)</b>	<b>(\$1,578)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,757)</b>	<b>(\$3,335)</b>	<b>\$0</b>	<b>(\$3,335)</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>MAJOR COLLECT &amp; ARTRLS FD (421)</b>								
<b>Traffic Capital Program</b>								
Fund Balance Reconciliation				\$334,403	\$334,403		\$334,403	\$0
Rebudget: Miscellaneous Street Improvements			\$349,000	(\$349,000)	\$0			\$0
<b>Total MAJOR COLLECT &amp; ARTRLS FD (421)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$349,000</b>	<b>(\$14,597)</b>	<b>\$334,403</b>	<b>\$0</b>	<b>\$334,403</b>	<b>\$0</b>
<b>MULTI-SOURCE HOUSING FD (448)</b>								
<b>HOUSING</b>								
Fund Balance Reconciliation				\$476,097	\$476,097		\$476,097	\$0
Rebudget: Emergency Shelter Grants			\$6,282	(\$6,282)	\$0			\$0
Rebudget: HOPWA Grants			\$22,942	(\$22,942)	\$0			\$0
Rebudget: Recovery Act - Homeless Prev & Rapid Re-Hsg Prog			\$879,059	\$354	\$879,413	\$879,413		\$0
Rebudget: Recovery Act - Neighborhood Stabilization Program 2			\$23,940		\$23,940	\$23,940		\$0
Tech Adjust: Employee Total Compensation Reduction	(\$4,476)			\$4,476	\$0			\$0
<b>Total MULTI-SOURCE HOUSING FD (448)</b>	<b>(\$4,476)</b>	<b>\$0</b>	<b>\$932,223</b>	<b>\$451,703</b>	<b>\$1,379,450</b>	<b>\$903,353</b>	<b>\$476,097</b>	<b>\$0</b>
<b>MUNI WATER MAJ FAC FEE FUND (502)</b>								
<b>Water Utility Sys Capital Program</b>								
Fund Balance Reconciliation				\$34,287	\$34,287		\$34,287	\$0
<b>Total MUNI WATER MAJ FAC FEE FUND (502)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$34,287</b>	<b>\$34,287</b>	<b>\$0</b>	<b>\$34,287</b>	<b>\$0</b>
<b>MUNICIPAL GOLF COURSE FUND (518)</b>								
<b>PARKS, REC AND NEIGH SVCS</b>								
Fund Balance Reconciliation				\$256,691	\$256,691		\$256,691	\$0
<b>Total MUNICIPAL GOLF COURSE FUND (518)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$256,691</b>	<b>\$256,691</b>	<b>\$0</b>	<b>\$256,691</b>	<b>\$0</b>
<b>MUNICIPAL HEALTH SERV PRG (132)</b>								
<b>PARKS, REC AND NEIGH SVCS</b>								
Fund Balance Reconciliation				\$470	\$470		\$470	\$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>MUNICIPAL HEALTH SERV PRG (132)</b>								
<b>Total MUNICIPAL HEALTH SERV PRG (132)</b>	\$0	\$0	\$0	\$470	\$470	\$0	\$470	\$0
<b>NEIGHBHD SECURITY BOND FD (475)</b>								
<b>Public Safety Capital Program</b>								
Fund Balance Reconciliation				(\$10,852)	(\$10,852)		(\$10,852)	\$0
Fund Balance Reconciliation: Public Safety Bond Contingency Reserve			\$199,148	(\$199,148)	\$0			\$0
Rebudget: Fire Station 19 - Relocation (Piedmont)			\$36,000	(\$36,000)	\$0			\$0
Rebudget: Fire Station 2 - Rebuild			(\$138,000)	\$138,000	\$0			\$0
Rebudget: Fire Station 21 - Relocation (White Road)			\$21,000	(\$21,000)	\$0			\$0
Rebudget: Fire Station 36 Silver Creek/Yerba Buena			\$53,000	(\$53,000)	\$0			\$0
Rebudget: Fire Station 37 Willow Glen			(\$10,000)	\$10,000	\$0			\$0
Rebudget: Fire Station Upgrades			\$8,000	(\$8,000)	\$0			\$0
Rebudget: Fire Training Center			\$45,000	(\$45,000)	\$0			\$0
Rebudget: Public Art - Fire Bond Project			(\$67,000)	\$67,000	\$0			\$0
Rebudget: South San Jose Police Substation			(\$158,000)	\$158,000	\$0			\$0
<b>Total NEIGHBHD SECURITY BOND FD (475)</b>	\$0	\$0	(\$10,852)	\$0	(\$10,852)	\$0	(\$10,852)	\$0
<b>PARKING CAPITAL DEV FUND (556)</b>								
<b>Parking Capital Program</b>								
Fund Balance Reconciliation				\$17,101	\$17,101		\$17,101	\$0
<b>Total PARKING CAPITAL DEV FUND (556)</b>	\$0	\$0	\$0	\$17,101	\$17,101	\$0	\$17,101	\$0
<b>PARKS &amp; REC BOND PROJ FD (471)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Fund Balance Reconciliation				\$1,883,965	\$1,883,965		\$1,883,965	\$0
Fund Balance Reconciliation: Parks Bond Contingency Reserve			\$1,013,965	(\$1,013,965)	\$0			\$0
Rebudget: Green Building Policy Compliance			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Happy Hollow Park and Zoo Renovation and Improv.			\$16,000	(\$16,000)	\$0			\$0
Rebudget: Happy Hollow Park and Zoo Renovation and Improv.			\$966,000	(\$966,000)	\$0			\$0
Rebudget: Seven Trees Community Center - Multi-Service			\$15,000	(\$15,000)	\$0			\$0

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	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fndd Balance	
<b>PARKS &amp; REC BOND PROJ FD (471)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Rebudget: Soccer Complex			(\$23,000)	\$23,000	\$0			\$0
Rebudget: TRAIL: Guadalupe River (Woz Way to Virginia Street)			(\$106,000)	\$106,000	\$0			\$0
<b>Total PARKS &amp; REC BOND PROJ FD (471)</b>	\$0	\$0	\$1,883,965	\$0	\$1,883,965	\$0	\$1,883,965	\$0
<b>PUBLIC WORKS PROG SUPP FD (150)</b>								
<b>INFORMATION TECHNOLOGY</b>								
Tech Adjust: Employee Total Compensation Reduction			(\$32,675)	\$32,675	\$0			\$0
<b>FINANCE</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$4,627)			\$4,627	\$0			\$0
<b>PUBLIC WORKS</b>								
Fund Balance Reconciliation				(\$536,076)	(\$536,076)		(\$536,076)	\$0
Tech Adjust: Employee Total Compensation Reduction	(\$122,531)			\$122,531	\$0			\$0
<b>Total PUBLIC WORKS PROG SUPP FD (150)</b>	(\$127,158)	\$0	(\$32,675)	(\$376,243)	(\$536,076)	\$0	(\$536,076)	\$0
<b>REDEV CAPITAL PROJECT FD (450)</b>								
<b>Developer Assisted Capital Program</b>								
Rebudget: Utility Undergrounding Program			\$1,779	(\$1,779)	\$0			\$0
<b>Muni Improvements Capital Program</b>								
Fund Balance Reconciliation				\$775,514	\$775,514		\$775,514	\$0
Rebudget: 460 Park Avenue Building Demolition			\$1,213	(\$1,213)	\$0			\$0
Rebudget: CDM Exhibit Shop Infrastructure & Safety Impv			(\$230)	\$230	\$0			\$0
Rebudget: California Theatre Orchestra Side Platforms			\$9,541	(\$9,541)	\$0			\$0
Rebudget: Childrens Discovery Muscum Boiler Replacement			\$632	(\$632)	\$0			\$0
Rebudget: Impv Dist 99-218 SJ Deferral of Assessments FY 09-10			\$819	(\$819)	\$0			\$0
Rebudget: KONA Area Clean-Up Project			\$44,767	(\$44,767)	\$0			\$0
Rebudget: Municipal Stadium Transformer Replacement Project			\$19,389	(\$19,389)	\$0			\$0
Rebudget: Project Facilitation Services			(\$15,561)	\$15,561	\$0			\$0
Rebudget: Public Art - Keystone Place Housing Project			(\$15,000)	\$15,000	\$0			\$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>REDEV CAPITAL PROJECT FD (450)</b>								
<b>Muni Improvements Capital Program</b>								
Rebudget: SNI Multi-Family Home Improvement Program			(\$33,725)	\$33,725	\$0			\$0
Rebudget: San Jose Convention Center Expansion & Renovation			\$9,792	(\$9,792)	\$0			\$0
Rebudget: Spartan Keyes Public Art Project			(\$592)	\$592	\$0			\$0
Rebudget: Underwood Multi-Family Exterior Impv Program			(\$15,783)	\$15,783	\$0			\$0
Rebudget: Variable Speed Fan Drive System at the Tech Museum			\$1,434	(\$1,434)	\$0			\$0
Rebudget: Washington Housing Rehabilitation Project			\$4,515	(\$4,515)	\$0			\$0
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Rebudget: Capitol Park Neighborhood Center			\$894	(\$894)	\$0			\$0
Rebudget: Downtown for the Holidays Project			\$440	(\$440)	\$0			\$0
Rebudget: Mayfair Community Center - Satellite			\$2,415	(\$2,415)	\$0			\$0
Rebudget: McLaughlin Nghbrbd Park - Staff & 3rd Prty RI Est Svcs			\$230	(\$230)	\$0			\$0
Rebudget: Starbird Youth Center Public Art			(\$2,727)	\$2,727	\$0			\$0
Rebudget: Welch Park Playground Demolition			\$29,733	(\$29,733)	\$0			\$0
<b>Traffic Capital Program</b>								
Rebudget: 13th St SNI Cplt Cnvrns & Ped Impr-Hnsly Hstrc Dist to SJS			\$68,852	(\$68,852)	\$0			\$0
Rebudget: 13th St SNI Cplt Cnvrns & Ped Impr-Julian & St. James			(\$3,640)	\$3,640	\$0			\$0
Rebudget: 13th St SNI Cplt Cnvrns & Ped Impr-LRT to Jpntwn Ped Cor			\$19,290	(\$19,290)	\$0			\$0
Rebudget: 24th Street Pedestrian Street Light Project			\$445	(\$445)	\$0			\$0
Rebudget: Additional Contingency Services			\$19,041	(\$19,041)	\$0			\$0
Rebudget: Agency Pole Painting			\$67,013	(\$67,013)	\$0			\$0
Rebudget: Ann Darling Drive Improvements			\$1,489	(\$1,489)	\$0			\$0
Rebudget: Charcot/Orchard Median Island Pavement			\$866	(\$866)	\$0			\$0
Rebudget: Circle of Palms Plaza Lighting Enhancements Phase II			\$25,486	(\$25,486)	\$0			\$0
Rebudget: Downtown Seasonal Banners			\$2,487	(\$2,487)	\$0			\$0
Rebudget: Downtown Street Lighting Improvements			\$24,295	(\$24,295)	\$0			\$0
Rebudget: Neighborhood Business Districts' Banner Program			\$11,506	(\$11,506)	\$0			\$0
Rebudget: Pedestrian Safety Improvements			\$108,294	(\$108,294)	\$0			\$0
Rebudget: Roundtable Pedestrian Light			\$19,841	(\$19,841)	\$0			\$0
Rebudget: San Antonio Ave Traffic Signal Modification			\$5,551	(\$5,551)	\$0			\$0
Rebudget: Stockton Ave/Julian St Parking Lot			(\$54)	\$54	\$0			\$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>REDEV CAPITAL PROJECT FD (450)</b>								
<b>Traffic Capital Program</b>								
Rebudget: Transit Mall Paving Restoration			(\$9,566)	\$9,566	\$0			\$0
Rebudget: William St & Colton Pl Sidewalk Improvements			\$2,300	(\$2,300)	\$0			\$0
Rebudget: Winchester Blvd Sgnl Mod & Countdown Head Inst			\$993	(\$993)	\$0			\$0
<b>Public Safety Capital Program</b>								
Rebudget: Fire Station 2 - Rebuild			\$1,697	(\$1,697)	\$0			\$0
<b>Total REDEV CAPITAL PROJECT FD (450)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$410,161</b>	<b>\$365,353</b>	<b>\$775,514</b>	<b>\$0</b>	<b>\$775,514</b>	<b>\$0</b>
<b>RES CONST TAX FUND (420)</b>								
<b>Developer Assisted Capital Program</b>								
Fund Balance Reconciliation				\$647,584	\$647,584		\$647,584	\$0
<b>Total RES CONST TAX FUND (420)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$647,584</b>	<b>\$647,584</b>	<b>\$0</b>	<b>\$647,584</b>	<b>\$0</b>
<b>SANITARY SEWER CONN FEE FD (540)</b>								
<b>Sanitary Sewer Capital Program</b>								
Fund Balance Reconciliation				\$4,239,843	\$4,239,843		\$4,239,843	\$0
Rebudget: 30" Old Bayshore Supplement			\$64,000	(\$64,000)	\$0			\$0
Rebudget: Fourth Major Interceptor Phase IIB			\$49,000	(\$49,000)	\$0			\$0
Rebudget: Inflow and Infiltration Reduction			\$500,000	(\$500,000)	\$0			\$0
Rebudget: Miscellaneous Projects			\$1,247,000	(\$1,247,000)	\$0			\$0
Rebudget: Miscellaneous Rehabilitation Projects			\$1,186,000	(\$1,186,000)	\$0			\$0
Rebudget: Spreckles Sanitary Sewer Force Main Supplement			\$4,000	(\$4,000)	\$0			\$0
<b>Total SANITARY SEWER CONN FEE FD (540)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,050,000</b>	<b>\$1,189,843</b>	<b>\$4,239,843</b>	<b>\$0</b>	<b>\$4,239,843</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHARGE FD (541)</b>								
<b>CITY MANAGER</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$465)			\$465	\$0			\$0
<b>INFORMATION TECHNOLOGY</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$28,868)			\$28,868	\$0			\$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>SEWER SVC &amp; USE CHARGE FD (541)</b>								
<b>CITY ATTORNEY</b>								
Tech Adjust: Employee Total Compensation Reduction			(\$25,022)	\$25,022	\$0			\$0
<b>FINANCE</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$6,514)			\$6,514	\$0			\$0
<b>TRANSPORTATION</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$819,954)			\$819,954	\$0			\$0
<b>PUBLIC WORKS</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$78,504)			\$78,504	\$0			\$0
<b>PLAN, BLDG AND CODE ENF</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$2,649)			\$2,649	\$0			\$0
<b>GENERAL SERVICES</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$17,020)			\$17,020	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Fund Balance Reconciliation				\$1,529,099	\$1,529,099		\$1,529,099	\$0
Tech Adjust: Employee Total Compensation Reduction	(\$22,649)			\$22,649	\$0			\$0
<b>Total SEWER SVC &amp; USE CHARGE FD (541)</b>	<b>(\$976,623)</b>	<b>\$0</b>	<b>(\$25,022)</b>	<b>\$2,530,744</b>	<b>\$1,529,099</b>	<b>\$0</b>	<b>\$1,529,099</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHG CAP FD (545)</b>								
<b>Sanitary Sewer Capital Program</b>								
Fund Balance Reconciliation				\$10,239,063	\$10,239,063		\$10,239,063	\$0
Rebudget: 60" Brick Interceptor, Phase VIA & VIB			\$26,000	(\$26,000)	\$0			\$0
Rebudget: Cropley Avenue Sanitary Sewer Improvement			\$23,000	(\$23,000)	\$0			\$0
Rebudget: Hydrogen Peroxide Injection Station			\$63,000	(\$63,000)	\$0			\$0
Rebudget: Inflow and Infiltration Reduction			\$1,500,000	(\$1,500,000)	\$0			\$0
Rebudget: Infrastructure - Sani Sewer Condition Assessmnt			(\$34,000)	\$34,000	\$0			\$0
Rebudget: Infrastructure Management System			\$69,000	(\$69,000)	\$0			\$0
Rebudget: Interceptor Management Plan			\$188,000	(\$188,000)	\$0			\$0
Rebudget: Miscellaneous Projects			\$1,084,000	(\$1,084,000)	\$0			\$0
Rebudget: Miscellaneous Rehabilitation Projects			\$1,585,000	(\$1,585,000)	\$0			\$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>SEWER SVC &amp; USE CHG CAP FD (545)</b>								
<b>Sanitary Sewer Capital Program</b>								
Rebudget: Morrill Ave/Sierra Rd Sanitary Sewer Imprvmt			\$241,000	(\$241,000)	\$0			\$0
Rebudget: Naglee Avenue Sanitary Sewer Replacement			\$250,000	(\$250,000)	\$0			\$0
Rebudget: Rehabilitation of Sanitary Sewer Pump Stations			\$16,000	(\$16,000)	\$0			\$0
Rebudget: Sanitary Sewer Condition Assessments Phase II			\$454,000	(\$454,000)	\$0			\$0
Rebudget: Spreckles Sanitary Sewer Force Main Supplement			\$102,000	(\$102,000)	\$0			\$0
Rebudget: University Avenue Sanitary Sewer Replacement			\$400,000	(\$400,000)	\$0			\$0
<b>Total SEWER SVC &amp; USE CHG CAP FD (545)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,967,000</b>	<b>\$4,272,063</b>	<b>\$10,239,063</b>	<b>\$0</b>	<b>\$10,239,063</b>	<b>\$0</b>
<b>SJ ARENA ENHANCEMENT FUND (301)</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Fund Balance Reconciliation					\$0		(\$1,460)	\$1,460
Tech Adjust: HP Improvements - Debt Service			(\$1,460)		(\$1,460)			(\$1,460)
<b>Total SJ ARENA ENHANCEMENT FUND (301)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,460)</b>	<b>\$0</b>	<b>(\$1,460)</b>	<b>\$0</b>	<b>(\$1,460)</b>	<b>\$0</b>
<b>SJ-SC TRMNT PLANT CAP FUND (512)</b>								
<b>Water Pollution Control Capital Program</b>								
Fund Balance Reconciliation				\$6,301,713	\$6,301,713		\$6,301,713	\$0
Rebudget: Plant Master Plan			\$90,000	(\$90,000)	\$0			\$0
Rebudget: Public Art			\$35,000	(\$35,000)	\$0			\$0
Rebudget: Recovery Act - SBWR Phase 1C			(\$1,198,092)	\$729,307	(\$468,785)	(\$468,785)		\$0
Rebudget: Revised South Bay Action Plan - SBWR Ext.			(\$1,272,000)	\$1,272,000	\$0			\$0
<b>Total SJ-SC TRMNT PLANT CAP FUND (512)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,345,092)</b>	<b>\$8,178,020</b>	<b>\$5,832,928</b>	<b>(\$468,785)</b>	<b>\$6,301,713</b>	<b>\$0</b>
<b>SJ-SC TRMNT PLANT OPER FUND (513)</b>								
<b>CITY MANAGER</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$465)			\$465	\$0			\$0
<b>CITY ATTORNEY</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$10,341)			\$10,341	\$0			\$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 OPER FUND (513)</b>								
<b>HUMAN RESOURCES</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$15,805)			\$15,805	\$0			\$0
<b>PLAN, BLDG AND CODE ENF</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$4,698)			\$4,698	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Fund Balance Reconciliation				\$1,266,549	\$1,266,549		\$1,266,549	\$0
Rebudget: Non-Personal/Equipment - Bio Solids Hauling		\$160,000		(\$160,000)	\$0			\$0
Rebudget: Non-Personal/Equipment: Energy Efficiency		\$515,000		(\$515,000)	\$0			\$0
Rebudget: Treatment Plant Bufferland Structure Demolition		\$200,000		(\$200,000)	\$0			\$0
Tech Adjust: Employee Total Compensation Reduction	(\$2,982,875)			\$2,982,875	\$0			\$0
<b>Total SJ-SC TRMNT PLANT OPER FUND (513)</b>	<b>(\$3,014,184)</b>	<b>\$875,000</b>	<b>\$0</b>	<b>\$3,405,733</b>	<b>\$1,266,549</b>	<b>\$0</b>	<b>\$1,266,549</b>	<b>\$0</b>
<b>SJ-SC TRMNT PLNT INC FUND (514)</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Fund Balance Reconciliation				(\$3,776)	(\$3,776)		(\$3,776)	\$0
<b>Total SJ-SC TRMNT PLNT INC FUND (514)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,776)</b>	<b>(\$3,776)</b>	<b>\$0</b>	<b>(\$3,776)</b>	<b>\$0</b>
<b>STATE DRUG FORF FUND (417)</b>								
<b>POLICE</b>								
Fund Balance Reconciliation				(\$181,091)	(\$181,091)		(\$181,091)	\$0
Fund Balance Reconciliation - Reserve - Police Substation FF&E				\$500,000	\$500,000		\$500,000	\$0
<b>Total STATE DRUG FORF FUND (417)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$318,909</b>	<b>\$318,909</b>	<b>\$0</b>	<b>\$318,909</b>	<b>\$0</b>
<b>STORES FUND (551)</b>								
<b>FINANCE</b>								
Fund Balance Reconciliation				(\$116,202)	(\$116,202)		(\$116,202)	\$0
Tech Adjust: Employee Total Compensation Reduction	(\$3,716)			\$3,716	\$0			\$0
<b>Total STORES FUND (551)</b>	<b>(\$3,716)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$112,486)</b>	<b>(\$116,202)</b>	<b>\$0</b>	<b>(\$116,202)</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>STORM DRAINAGE FEE FUND (413)</b>								
<b>Storm Sewer Capital Program</b>								
Fund Balance Reconciliation				\$29,289	\$29,289		\$29,289	\$0
<b>Total STORM DRAINAGE FEE FUND (413)</b>	\$0	\$0	\$0	\$29,289	\$29,289	\$0	\$29,289	\$0
<b>STORM SEWER CAPITAL FUND (469)</b>								
<b>Storm Sewer Capital Program</b>								
Fund Balance Reconciliation				\$2,803,447	\$2,803,447		\$2,803,447	\$0
Rebudget: Alviso Storm Rehabilitation			\$24,000	(\$24,000)	\$0			\$0
Rebudget: Creek Channel Stabilization			\$380,000	(\$380,000)	\$0			\$0
Rebudget: Miscellaneous Projects			\$360,000	(\$360,000)	\$0			\$0
Rebudget: Storm Drainage Improvements - Special Corridors			\$321,000	(\$321,000)	\$0			\$0
Rebudget: Storm Pump Station Rehab & Replacements			\$1,221,000	(\$1,221,000)	\$0			\$0
<b>Total STORM SEWER CAPITAL FUND (469)</b>	\$0	\$0	\$2,306,000	\$497,447	\$2,803,447	\$0	\$2,803,447	\$0
<b>STORM SEWER OPERATING FD (446)</b>								
<b>INFORMATION TECHNOLOGY</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$18,567)			\$18,567	\$0			\$0
<b>FINANCE</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$2,005)			\$2,005	\$0			\$0
<b>TRANSPORTATION</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$443,463)			\$443,463	\$0			\$0
<b>PUBLIC WORKS</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$45,492)			\$45,492	\$0			\$0
<b>PLAN, BLDG AND CODE ENF</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$842)			\$842	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Fund Balance Reconciliation				\$2,450,266	\$2,450,266		\$2,450,266	\$0
Tech Adjust: Employee Total Compensation Reduction	(\$345,096)			\$345,096	\$0			\$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>STORM SEWER OPERATING FD (446)</b>								
<b>Total STORM SEWER OPERATING FD (446)</b>	(\$855,465)	\$0	\$0	\$3,305,731	\$2,450,266	\$0	\$2,450,266	\$0
<b>SUBDIVISION PARK TRUST FUND (375)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Fund Balance Reconciliation				\$7,748,887	\$7,748,887		\$7,748,887	\$0
Fund Balance Reconciliation: Reserve: Future PDO/PIO Projects			\$3,346,887	(\$3,346,887)	\$0			\$0
Rebudget: Almaden Lake Park Neighborhood Improvements			\$8,000	(\$8,000)	\$0			\$0
Rebudget: Almaden Lake Park Playground			\$18,000	(\$18,000)	\$0			\$0
Rebudget: Almaden Lake Park Playground Public Art			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Alviso Area Improvements			\$53,000	(\$53,000)	\$0			\$0
Rebudget: Backesto Park Improvements			\$864,000	(\$864,000)	\$0			\$0
Rebudget: Bascom Community Center			(\$8,000)	\$8,000	\$0			\$0
Rebudget: Basking Ridge Tot Lot Public Art			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Bernal Park Expansion Public Art			(\$11,000)	\$11,000	\$0			\$0
Rebudget: Bernal Park Improvements			\$16,000	(\$16,000)	\$0			\$0
Rebudget: Berryessa Community Center Sidewalk Improvements			\$11,000	(\$11,000)	\$0			\$0
Rebudget: Berryessa Creek Park Minor Improvements			\$14,000	(\$14,000)	\$0			\$0
Rebudget: Berryessa Creek Park Play Lot Renovation			\$11,000	(\$11,000)	\$0			\$0
Rebudget: Bestor Art Park Minor Improvements			\$75,000	(\$75,000)	\$0			\$0
Rebudget: Biebrach Park Minor Improvements			\$7,000	(\$7,000)	\$0			\$0
Rebudget: Brenda Lopez Plaza Minor Improvements			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Cahalan Park Field Improvements			\$32,000	(\$32,000)	\$0			\$0
Rebudget: Calabazas Park Playground Improvements			(\$21,000)	\$21,000	\$0			\$0
Rebudget: Camden Comm. Center Restroom Renov./Minor Imp.			\$27,000	(\$27,000)	\$0			\$0
Rebudget: Camden Community Center Kid Zone			\$13,000	(\$13,000)	\$0			\$0
Rebudget: Camden Park and Community Center Improvements			(\$22,000)	\$22,000	\$0			\$0
Rebudget: Cataldi Park Minor Improvements			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Chelmers Park Development			\$27,000	(\$27,000)	\$0			\$0
Rebudget: Cimarron Park Minor Improvements			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Columbus Park Restroom and Ball Fields Public Art			\$1,000	(\$1,000)	\$0			\$0
Rebudget: Cypress Center Parking Lot Exp. and Outdoor Patio			\$163,000	(\$163,000)	\$0			\$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>SUBDIVISION PARK TRUST FUND (375)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Rebudget: Cypress Senior Center Minor Improvements			\$7,000	(\$7,000)	\$0			\$0
Rebudget: Dairy Hill Detention Basin Refund			\$896,000	(\$896,000)	\$0			\$0
Rebudget: Del Monte Park Land Acquisition Real Estate Services			\$86,000	(\$86,000)	\$0			\$0
Rebudget: Evergreen Community Center Expansion Public Art			\$1,000	(\$1,000)	\$0			\$0
Rebudget: Fernish Park Minor Improvements			\$11,000	(\$11,000)	\$0			\$0
Rebudget: Fleming Park			(\$140,000)	\$140,000	\$0			\$0
Rebudget: Flickinger Park Improvements			(\$37,000)	\$37,000	\$0			\$0
Rebudget: Glenview Park Infrastructure Improvements Public Art			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Graystone Park Minor Improvements			\$15,000	(\$15,000)	\$0			\$0
Rebudget: Hillview Park Minor Improvements			\$6,000	(\$6,000)	\$0			\$0
Rebudget: Hitachi Turnkey Design Review and Inspection			(\$4,000)	\$4,000	\$0			\$0
Rebudget: Houge Park Community Center Improvements			\$70,000	(\$70,000)	\$0			\$0
Rebudget: Houge Park Security Lighting			\$73,000	(\$73,000)	\$0			\$0
Rebudget: KB Homes Reimbursement - Tuscany Hills			\$945,000	(\$945,000)	\$0			\$0
Rebudget: Kirk Community Center Renovation			(\$70,000)	\$70,000	\$0			\$0
Rebudget: Kirk Community Center Renovation FF&E			\$158,000	(\$158,000)	\$0			\$0
Rebudget: Lincoln Glen Park Minor Improvements			\$13,000	(\$13,000)	\$0			\$0
Rebudget: LoBue Park Development			(\$12,000)	\$12,000	\$0			\$0
Rebudget: Los Paseos Park Improvements			\$62,000	(\$62,000)	\$0			\$0
Rebudget: Martin Park Expansion			(\$4,000)	\$4,000	\$0			\$0
Rebudget: Metcalf Park Playground Replacement			\$109,000	(\$109,000)	\$0			\$0
Rebudget: Mount Pleasant Park Minor Improvements			\$82,000	(\$82,000)	\$0			\$0
Rebudget: Newhall Neighborhood Park			\$14,000	(\$14,000)	\$0			\$0
Rebudget: Nisich Park Improvements			\$33,000	(\$33,000)	\$0			\$0
Rebudget: Noble Park Minor Improvements			\$41,000	(\$41,000)	\$0			\$0
Rebudget: Parkview II Park Renovation Public Art			\$13,000	(\$13,000)	\$0			\$0
Rebudget: Parkview Park Renovation			\$24,000	(\$24,000)	\$0			\$0
Rebudget: Paul Moore Park Playground Renovation			\$4,000	(\$4,000)	\$0			\$0
Rebudget: Penitencia Creek Neighborhood Park Public Art			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Penitencia Creek Park Dog Park Public Art			\$14,000	(\$14,000)	\$0			\$0

Special/Capital Fund  
 Clean-Up Actions  
 Annual Report 2009-2010

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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>SUBDIVISION PARK TRUST FUND (375)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Rebudget: Penitencia Creek Reach II Public Art			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Pfeiffer Park Minor Improvements			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Plata Arroyo Park Improvements			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Plata Arroyo Skate Park Development			\$24,000	(\$24,000)	\$0			\$0
Rebudget: Reserve: Administrative Allocation			(\$330,000)	\$330,000	\$0			\$0
Rebudget: River Glen Park Improvements			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Rock Springs Park Minor Improvements			\$14,000	(\$14,000)	\$0			\$0
Rebudget: Roosevelt Community Center			\$37,000	(\$37,000)	\$0			\$0
Rebudget: Roosevelt Park Minor Improvements			\$9,000	(\$9,000)	\$0			\$0
Rebudget: Rose Garden Enhancements			\$3,000	(\$3,000)	\$0			\$0
Rebudget: Rosemary Garden Park Improvements			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Rubino Park Improvements			\$55,000	(\$55,000)	\$0			\$0
Rebudget: Rubino Park Improvements Public Art			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Ryland Pool Repairs			\$31,000	(\$31,000)	\$0			\$0
Rebudget: Saint James Community Center Demolition			\$9,000	(\$9,000)	\$0			\$0
Rebudget: San Tomas Park Minor Improvements			\$22,000	(\$22,000)	\$0			\$0
Rebudget: Saratoga Creek Park Dog Park Public Art			\$3,000	(\$3,000)	\$0			\$0
Rebudget: Selma Olinder Park Minor Improvements			\$9,000	(\$9,000)	\$0			\$0
Rebudget: Seven Trees Community Center			(\$22,000)	\$22,000	\$0			\$0
Rebudget: Silver Creek Linear Park Development			\$113,000	(\$113,000)	\$0			\$0
Rebudget: Solari Park Sports Field Conversion			\$67,000	(\$67,000)	\$0			\$0
Rebudget: Spartan/Keyes Area Real Estate Services			\$17,000	(\$17,000)	\$0			\$0
Rebudget: TJ Martin Park Turf Renovation			\$34,000	(\$34,000)	\$0			\$0
Rebudget: TRAIL: Bay Reach 9 (Gold St. to San Tomas Aquino)			(\$3,000)	\$3,000	\$0			\$0
Rebudget: TRAIL: Coyote Creek (Hwy 237 to Story Rd.)			(\$4,000)	\$4,000	\$0			\$0
Rebudget: TRAIL: Coyote Creek Mitigation			\$40,000	(\$40,000)	\$0			\$0
Rebudget: TRAIL: Guad. Creek and Almaden Expwy Ped. Bridge			\$60,000	(\$60,000)	\$0			\$0
Rebudget: TRAIL: Guad. River (Branham to Chynoweth)			\$294,000	(\$294,000)	\$0			\$0
Rebudget: TRAIL: Lower Guadalupe River (Gold St. to Hwy 880)			\$1,000	(\$1,000)	\$0			\$0
Rebudget: TRAIL: Lower Silver Creek/Silverstone Place			\$50,000	(\$50,000)	\$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>SUBDIVISION PARK TRUST FUND (375)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Rebudget: TRAIL: Penitencia Creek Reach I			(\$1,000)	\$1,000	\$0			\$0
Rebudget: TRAIL: Thompson Creek (Aborn Rd. to Tully Rd.)			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Vinci Park Minor Improvements			\$14,000	(\$14,000)	\$0			\$0
Rebudget: Vista Park Improvements			\$1,000	(\$1,000)	\$0			\$0
Rebudget: Vista Park Phase II Development Public Art			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Wallenberg Park Minor Improvements			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Watson Park Minor Improvements			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Watson Park Phase II Development (Soccer Field)			(\$28,000)	\$28,000	\$0			\$0
Rebudget: Wilcox Park Minor Improvements			\$15,000	(\$15,000)	\$0			\$0
Rebudget: Wilcox Park Renovation			\$10,000	(\$10,000)	\$0			\$0
<b>Total SUBDIVISION PARK TRUST FUND (375)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,748,887</b>	<b>\$0</b>	<b>\$7,748,887</b>	<b>\$0</b>	<b>\$7,748,887</b>	<b>\$0</b>
<b>SUPPL LAW ENF SVCES FUND (414)</b>								
<b>POLICE</b>								
Fund Balance Reconciliation				\$128,071	\$128,071		\$128,071	\$0
Rebudget: SLES Grant 2009-2011			(\$117)	\$117	\$0			\$0
<b>Total SUPPL LAW ENF SVCES FUND (414)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$117)</b>	<b>\$128,188</b>	<b>\$128,071</b>	<b>\$0</b>	<b>\$128,071</b>	<b>\$0</b>
<b>SWG TRMNT PLNT CON FEE FD (539)</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Fund Balance Reconciliation: Res. for Treatment Plant Expansion			\$497,159		\$497,159		\$497,159	\$0
<b>Total SWG TRMNT PLNT CON FEE FD (539)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$497,159</b>	<b>\$0</b>	<b>\$497,159</b>	<b>\$0</b>	<b>\$497,159</b>	<b>\$0</b>
<b>TRANSIENT OCCUPANCY TX FD (461)</b>								
<b>FINANCE</b>								
Fund Balance Reconciliation				\$629,416	\$629,416		\$629,416	\$0
Tech Adjust: Cultural Grants/Programs and Services			\$130,250	(\$130,250)	\$0			\$0
Tech Adjust: San José Convention and Visitors Bureau			\$130,250	(\$130,250)	\$0			\$0
Tech Adjust: Transfer to the Convention and Cultural Affairs Fund			\$260,500	(\$260,500)	\$0			\$0

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 Fnn'd Balance	
<b>TRANSIENT OCCUPANCY TX FD (461)</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Rebudget: Cultural Grants/Programs and Services			\$87,809	(\$87,809)	\$0			\$0
Rebudget: Cultural Grants/Programs and Services (from OCA Admin)			\$11,867	(\$11,867)	\$0			\$0
Rebudget: Office of Cultural Affairs Relocation			(\$6,622)	\$6,622	\$0			\$0
Tech Adjust: Employee Total Compensation Reduction			\$37,221		\$37,221			\$37,221
Tech Adjust: Employee Total Compensation Reduction			(\$37,221)		(\$37,221)			(\$37,221)
<b>Total TRANSIENT OCCUPANCY TX FD (461)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$614,054</b>	<b>\$15,362</b>	<b>\$629,416</b>	<b>\$0</b>	<b>\$629,416</b>	<b>\$0</b>
<b>UNDERGROUND UTILITY FUND (416)</b>								
<b>Developer Assisted Capital Program</b>								
Fund Balance Reconciliation				(\$84,491)	(\$84,491)		(\$84,491)	\$0
<b>Total UNDERGROUND UTILITY FUND (416)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$84,491)</b>	<b>(\$84,491)</b>	<b>\$0</b>	<b>(\$84,491)</b>	<b>\$0</b>
<b>UNEMPLOYMENT INSUR FD (157)</b>								
<b>HUMAN RESOURCES</b>								
Fund Balance Reconciliation				(\$51,503)	(\$51,503)		(\$51,503)	\$0
Tech Adjust: Employee Total Compensation Reduction	(\$5,627)			\$5,627	\$0			\$0
Tech Adjust: Reimbursement - City Funds (service restorations)				\$82,000	\$82,000	\$82,000		\$0
<b>Total UNEMPLOYMENT INSUR FD (157)</b>	<b>(\$5,627)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$36,124</b>	<b>\$30,497</b>	<b>\$82,000</b>	<b>(\$51,503)</b>	<b>\$0</b>
<b>VEHICLE MAINT &amp; OPER FUND (552)</b>								
<b>INFORMATION TECHNOLOGY</b>								
Tech Adjust: Employee Total Compensation Reduction			(\$15,827)	\$15,827	\$0			\$0
<b>HUMAN RESOURCES</b>								
Tech Adjust: Employee Total Compensation Reduction			(\$3,419)	\$3,419	\$0			\$0
<b>GENERAL SERVICES</b>								
Fund Balance Reconciliation				\$737,613	\$737,613		\$737,613	\$0
Rebudget: Diesel Retrofit Mandate				(\$152,548)	(\$152,548)	(\$152,548)		\$0
Rebudget: Replacement Charges - Other Transfer				(\$400,000)	(\$400,000)	(\$400,000)		\$0

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>VEHICLE MAINT &amp; OPER FUND (552)</b>								
<b>GENERAL SERVICES</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$585,355)			\$585,355	\$0			\$0
<b>Total VEHICLE MAINT &amp; OPER FUND (552)</b>	<b>(\$585,355)</b>	<b>\$0</b>	<b>(\$19,246)</b>	<b>\$789,666</b>	<b>\$185,065</b>	<b>(\$552,548)</b>	<b>\$737,613</b>	<b>\$0</b>
<b>WATER UTILITY CAPITAL FUND (500)</b>								
<b>Water Utility Sys Capital Program</b>								
Fund Balance Reconciliation				\$594,669	\$594,669		\$594,669	\$0
Rebudget: Infrastructure Improvements			\$90,000	(\$90,000)	\$0			\$0
Rebudget: Nortech Parkway East Loop Main			(\$3,000)	\$3,000	\$0			\$0
Rebudget: Security Improvements			(\$38,000)	\$38,000	\$0			\$0
Tech Adjust: Transfer to City Hall Debt Svc Fund			\$1,000	(\$1,000)	\$0			\$0
<b>Total WATER UTILITY CAPITAL FUND (500)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$544,669</b>	<b>\$594,669</b>	<b>\$0</b>	<b>\$594,669</b>	<b>\$0</b>
<b>WATER UTILITY FUND (515)</b>								
<b>INFORMATION TECHNOLOGY</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$14,154)			\$14,154	\$0			\$0
<b>FINANCE</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$11,335)			\$11,335	\$0			\$0
<b>PLAN, BLDG AND CODE ENF</b>								
Tech Adjust: Employee Total Compensation Reduction	(\$490)			\$490	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Fund Balance Reconciliation				\$1,403,116	\$1,403,116		\$1,403,116	\$0
Tech Adjust: Employee Total Compensation Reduction	(\$221,535)			\$221,535	\$0			\$0
<b>Total WATER UTILITY FUND (515)</b>	<b>(\$247,514)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,650,630</b>	<b>\$1,403,116</b>	<b>\$0</b>	<b>\$1,403,116</b>	<b>\$0</b>
<b>WORKFORCE INVSTMNT ACT FD (290)</b>								
<b>CITY ATTORNEY</b>								
Tech Adjust: Employee Total Compensation Reduction			(\$14,192)		(\$14,192)			(\$14,192)

Special/Capital Fund  
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 Annual Report 2009-2010

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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>WORKFORCE INVSTMNT ACT FD (290)</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Fund Balance Rec: Program Contingency Res (firmly Res Prog Allctn)					\$0		(\$1,256,235)	\$1,256,235
Fund Balance Rec: Reserve for Program Allocation (firmly Unrestricted)				\$222,509	\$222,509		\$222,509	\$0
Rebudget: Administration			(\$13,506)		(\$13,506)	(\$13,506)		\$0
Rebudget: Adult Workers Program (2009-2011 allocation)			\$1,081,619		\$1,081,619	\$1,081,619		\$0
Rebudget: BusinessOwnerSpace.com Network			\$5,958	(\$5,958)	\$0			\$0
Rebudget: Capacity Building Learning Lab Program			\$11,686		\$11,686	\$11,686		\$0
Rebudget: Dislocated Workers (2009-2011 allocation)			\$22,927		\$22,927	\$22,927		\$0
Rebudget: Recovery Act - 2009 Green Jobs			\$40,000		\$40,000	\$40,000		\$0
Rebudget: Recovery Act - 2009 Rapid Response - 25 Percent Funds			\$196,422		\$196,422	\$196,422		\$0
Rebudget: Recovery Act - WP Disability Program Navigator (DPN)			\$9,339		\$9,339	\$9,339		\$0
Rebudget: Recovery Act - Wkfrc Fed Dislocated Worker Program			\$679,194		\$679,194	\$679,194		\$0
Rebudget: Recovery Act - Workforce Adult Program			(\$14,101)		(\$14,101)	(\$14,101)		\$0
Rebudget: Recovery Act - Wrkfrc Fed Rapid Response Program			(\$68,083)		(\$68,083)	(\$68,083)		\$0
Rebudget: Recovery Act - Wrkfrc Fed Youth Worker Program			(\$160,276)		(\$160,276)	(\$160,276)		\$0
Rebudget: Silicon Valley Small Business Assistance Portal Project			(\$18,150)		(\$18,150)	(\$18,150)		\$0
Rebudget: Youth Workers (2009-2011 allocation)			\$657,437		\$657,437	\$657,437		\$0
Tech Adjust: Employee Total Compensation Reduction			\$14,192		\$14,192			\$14,192
Tech Adjust: Grants Revenue (correct error)					\$0	\$1,256,235		(\$1,256,235)
<b>Total WORKFORCE INVSTMNT ACT FD (290)</b>	\$0	\$0	\$2,430,466	\$216,551	\$2,647,017	\$3,680,743	(\$1,033,726)	\$0

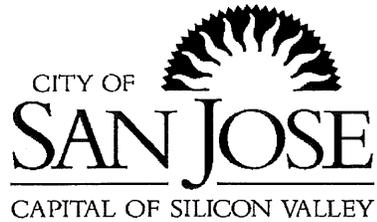
**2009-2010**

**ANNUAL**

**REPORT**

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**V. FINANCIAL  
STATEMENTS**



**FINANCE DEPARTMENT**  
Monthly Financial Report

Financial Results for the 12 Months Ended June 30, 2010  
Fiscal Year 2009-10  
*(UNAUDITED)*

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**Finance Department, City of San José**  
**Monthly Financial Report**  
**Financial Results for the 12 Months Ended June 30, 2010**  
**Fiscal Year 2009-10**  
**(UNAUDITED)**

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**Finance Department, City of San José**  
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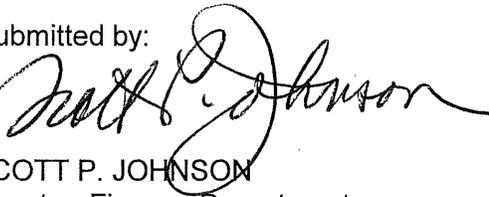
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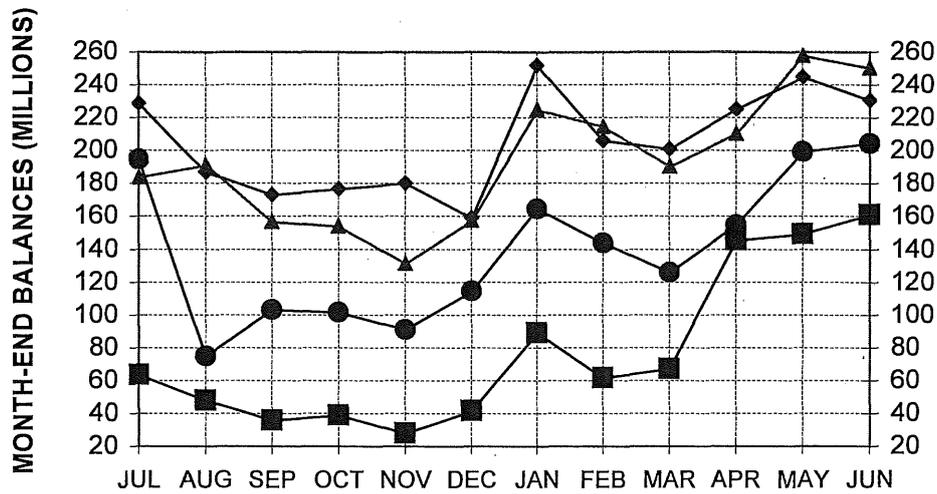
Submitted by:



SCOTT P. JOHNSON  
Director, Finance Department

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## GENERAL FUND Comparison of Cash Balances



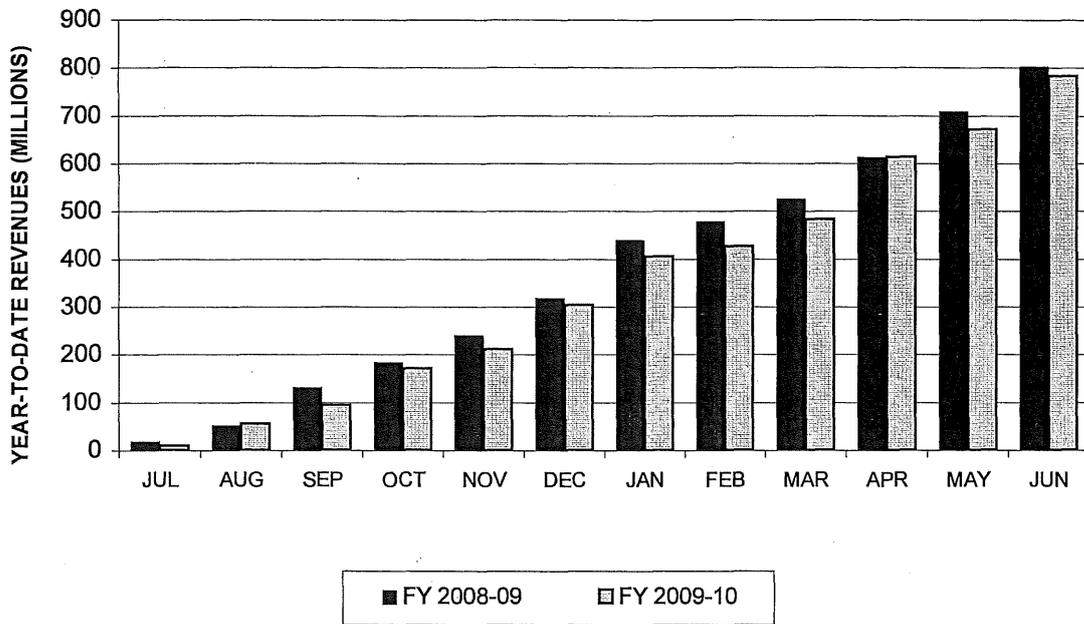
FY 2009-10   
  FY 2008-09  
 FY 2007-08   
  FY 2006-07

### GENERAL FUND MONTHLY CASH BALANCES

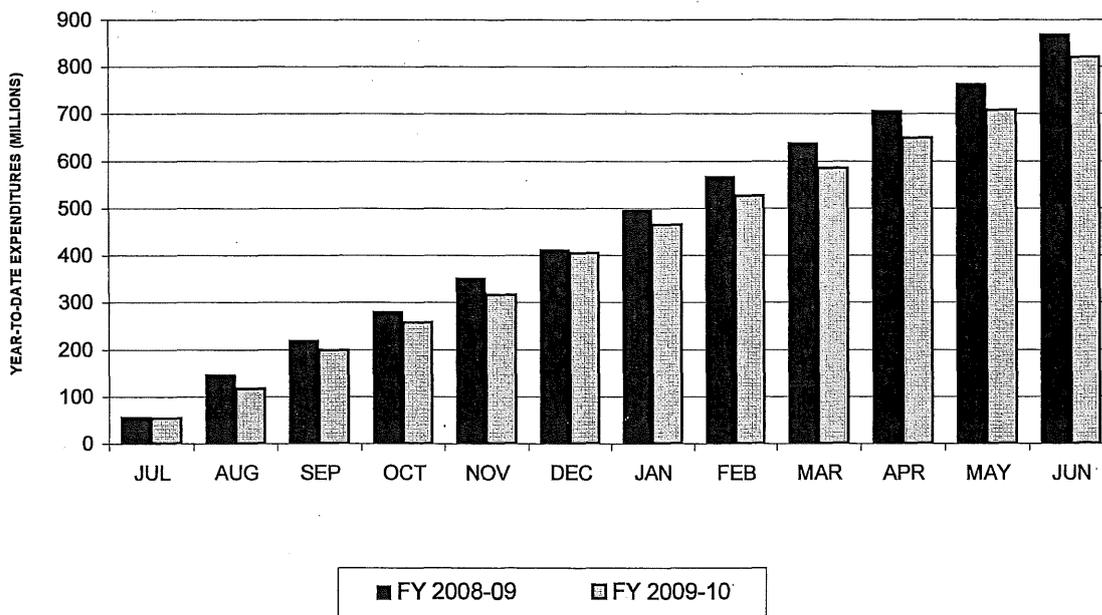
MONTH	FY 2009-10	FY 2008-09	FY 2007-08	FY 2006-07
JULY (1)	\$ 63,344,537	\$ 194,527,843	\$ 228,551,607	\$ 183,638,084
AUGUST	47,689,216	74,677,718	186,835,010	190,974,568
SEPTEMBER	35,662,298	102,811,355	173,043,887	156,674,730
OCTOBER	38,946,966	101,433,688	176,617,539	154,011,382
NOVEMBER	27,736,074	90,892,525	180,164,388	131,009,877
DECEMBER	41,491,217	114,535,815	159,164,830	157,479,064
JANUARY	88,749,418	164,539,700	251,792,153	224,766,520
FEBRUARY	61,606,869	143,802,507	205,882,438	214,574,932
MARCH	66,979,823	125,900,953	200,763,696	190,320,128
APRIL	145,213,763	154,701,704	225,008,853	210,342,744
MAY	149,064,276	199,321,150	244,545,422	257,771,653
JUNE	161,013,785	204,474,123	230,556,706	250,180,874

Note: (1) The General Fund cash balance decrease in July 2009 was mainly due to the City's budgetary action to pre-fund the employer share of retirement contributions in a lump-sum in the amount of \$102.7 million rather than in bi-weekly contributions that ultimately resulted in annual savings to the City.

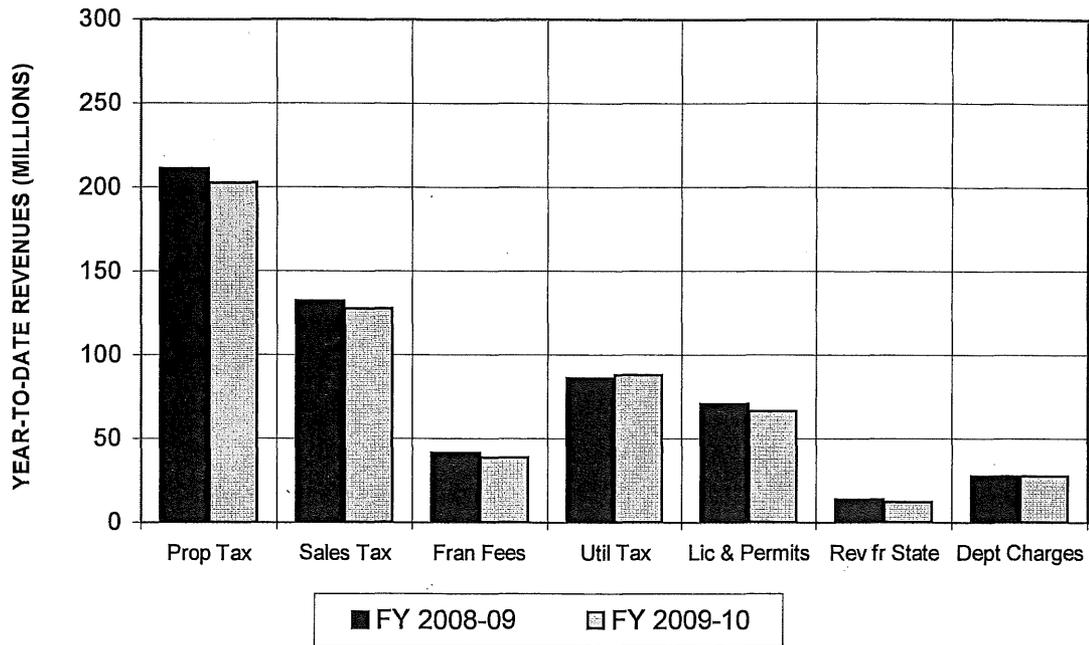
**GENERAL FUND**  
**Comparison of YTD Revenues**  
**Actual**



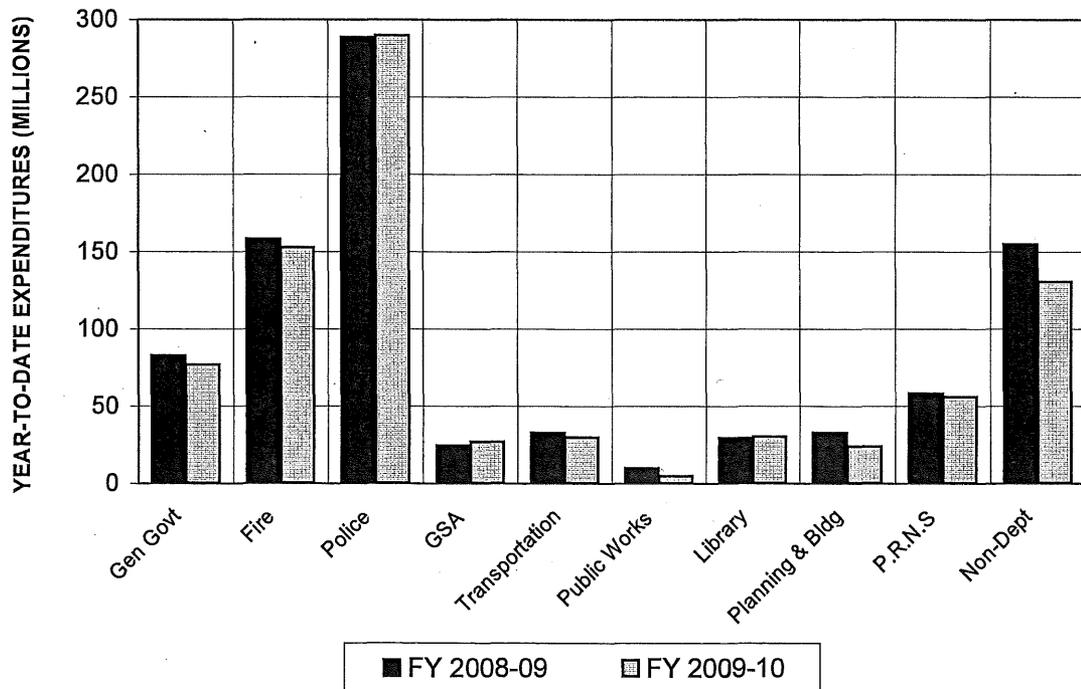
**GENERAL FUND**  
**Comparison of YTD Expenditures**  
**Actual**



**GENERAL FUND MAJOR REVENUES**  
**Comparison of YTD Actual vs. Prior YTD Actual**  
**For the 12 Months Ended June 30, 2010**



**GENERAL FUND MAJOR EXPENDITURES**  
**Comparison of YTD Actual vs. Prior YTD Actual**  
**For the 12 Months Ended June 30, 2010**



**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS**  
**FOR THE 12 MONTHS ENDED JUNE 30, 2010**  
*(UNAUDITED)*  
*(\$000's)*

	ADOPTED FY 2009-10 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2009-10 BUDGET	CUR YTD ACTUAL	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
<b>Fund Balance</b>											
Prior Year Encumbrances	\$ -	-	22,422	22,422	22,422	100.00%	34,009	100.00%	34,009	(11,587)	-34.07%
Liquidation of c/o Encumbrance	-	-	-	-	-	-	-	-	-	-	-
Available Balance	152,992	20,221	-	173,213	173,213	100.00%	223,651	100.00%	223,651	(50,438)	-22.55%
<b>Total Fund Balance</b>	<b>152,992</b>	<b>20,221</b>	<b>22,422</b>	<b>195,635</b>	<b>195,635</b>	<b>100.00%</b>	<b>257,660</b>	<b>100.00%</b>	<b>257,660</b>	<b>(62,025)</b>	<b>-24.07%</b>
<b>General Revenues</b>											
Property Tax	198,249	3,930	-	202,179	202,186	100.00%	210,844	100.00%	210,844	(8,658)	-4.11%
Sales Tax (Note 1)	135,795	(8,420)	-	127,375	127,238	99.89%	132,005	100.00%	132,005	(4,767)	-3.61%
Telephone Line Tax (Note 2)	21,600	(1,000)	-	20,600	20,500	99.51%	7,870	100.00%	7,870	12,630	160.48%
Transient Occupancy Tax	6,553	-	-	6,553	6,900	105.30%	7,795	100.00%	7,795	(895)	-11.48%
Franchise Fees	41,422	(2,843)	-	38,579	38,410	99.56%	41,067	100.00%	41,067	(2,657)	-6.47%
Utility Tax	84,959	2,280	-	87,239	87,651	100.47%	85,750	100.00%	85,750	1,901	2.22%
Licenses and Permits	70,862	(6,308)	-	64,554	65,985	102.22%	70,388	100.00%	70,388	(4,403)	-6.26%
Fines, Forfeits and Penalties	18,346	(1,853)	-	16,493	15,998	97.00%	13,905	100.00%	13,905	2,093	15.05%
Use of Money and Property	8,205	(4,989)	-	3,216	3,191	99.22%	6,888	100.00%	6,888	(3,697)	-53.67%
Revenue from Local Agencies	50,723	(409)	-	50,314	48,067	95.53%	52,317	100.00%	52,317	(4,250)	-8.12%
Revenue from State of Cal.	9,236	1,763	-	10,999	11,749	106.82%	13,539	100.00%	13,539	(1,790)	-13.22%
Revenue from Federal Government	13,892	5,379	-	19,271	5,493	28.50%	8,801	100.00%	8,801	(3,308)	-37.59%
Departmental Charges (Note 3)	30,439	(3,388)	-	27,051	27,282	100.85%	27,276	100.00%	27,276	6	0.02%
Other Revenues	15,462	11,324	-	26,786	27,023	100.88%	21,622	100.00%	21,622	5,401	24.98%
<b>Total General Revenues</b>	<b>705,743</b>	<b>(4,534)</b>	<b>-</b>	<b>701,209</b>	<b>687,673</b>	<b>98.07%</b>	<b>700,067</b>	<b>100.00%</b>	<b>700,067</b>	<b>(12,394)</b>	<b>-1.77%</b>
<b>Transfers &amp; Reimbursements</b>											
Overhead Reimbursements	38,325	1,129	-	39,454	40,530	102.73%	38,634	100.00%	38,634	1,896	4.91%
Transfers from Other Funds	28,119	9,442	-	37,561	37,504	99.85%	48,170	100.00%	48,170	(10,666)	-22.14%
Reimbursements for Services	17,048	(230)	-	16,818	16,916	100.58%	16,648	100.00%	16,648	268	1.61%
<b>Total Transfers &amp; Reimburse</b>	<b>83,492</b>	<b>10,341</b>	<b>-</b>	<b>93,833</b>	<b>94,950</b>	<b>101.19%</b>	<b>103,452</b>	<b>100.00%</b>	<b>103,452</b>	<b>(8,502)</b>	<b>-8.22%</b>
<b>Total Sources</b>	<b>\$ 942,227</b>	<b>26,028</b>	<b>22,422</b>	<b>990,677</b>	<b>978,258</b>	<b>98.75%</b>	<b>1,061,179</b>	<b>100.00%</b>	<b>1,061,179</b>	<b>(82,921)</b>	<b>-7.81%</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 2009-2010 impact through June 2010 is approximately \$3.0 million.  
Note 2 - Chapter 4.52 was added to the Municipal Code (by voters per 2008 Measure J) to replace the Emergency Communications System Support Fee effective April 1, 2009, originally mandated by Municipal Code Chapter 8.20.  
Note 3 - See Supplemental Schedule on Page 7.

**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**EXPENDITURES**  
**FOR THE 12 MONTHS ENDED JUNE 30, 2010**  
*( UNAUDITED )*  
*( \$000's )*

	ADOPTED FY 2009-10 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2009-10 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	\$ 10,252	(88)	135	10,299	7,749	113	75.24%	7,957	100.00%	7,957	(208)	-2.61%
City Attorney	12,790	273	561	13,624	13,083	463	96.03%	13,607	100.00%	13,607	(524)	-3.85%
City Auditor	2,379	-	63	2,442	2,116	4	86.65%	2,494	100.00%	2,494	(378)	-15.16%
City Clerk	4,093	(648)	82	3,527	2,062	10	58.46%	3,937	100.00%	3,937	(1,875)	-47.63%
City Manager	11,247	(110)	486	11,623	10,785	513	92.79%	11,733	100.00%	11,733	(948)	-8.08%
Finance	12,094	(201)	201	12,094	11,255	304	93.06%	12,022	100.00%	12,022	(767)	-6.38%
Information Technology	17,150	(595)	793	17,348	15,496	860	89.32%	15,923	100.00%	15,923	(427)	-2.68%
Human Resources	8,372	(195)	41	8,218	7,699	90	93.68%	7,553	100.00%	7,553	146	1.93%
Redevelopment Agency	2,062	(116)	-	1,946	1,896	-	97.43%	2,025	100.00%	2,025	(129)	-6.37%
Independent Police Auditor	801	4	2	807	694	-	86.00%	780	100.00%	780	(86)	-11.03%
Office of Economic Development	3,826	(46)	136	3,916	3,645	175	93.08%	4,433	100.00%	4,433	(788)	-17.78%
<b>Total General Government</b>	<b>85,066</b>	<b>(1,722)</b>	<b>2,500</b>	<b>85,844</b>	<b>76,480</b>	<b>2,532</b>	<b>89.09%</b>	<b>82,464</b>	<b>100.00%</b>	<b>82,464</b>	<b>(5,984)</b>	<b>-7.26%</b>
<b>Public Safety</b>												
Fire	154,892	(594)	221	154,519	152,579	400	98.74%	157,927	100.00%	157,927	(5,348)	-3.39%
Police	296,365	(3,370)	1,297	294,292	289,709	1,501	98.44%	288,395	100.00%	288,395	1,314	0.46%
<b>Total Public Safety</b>	<b>451,257</b>	<b>(3,964)</b>	<b>1,518</b>	<b>448,811</b>	<b>442,288</b>	<b>1,901</b>	<b>98.55%</b>	<b>446,322</b>	<b>100.00%</b>	<b>446,322</b>	<b>(4,034)</b>	<b>-0.90%</b>
<b>Capital Maintenance</b>												
General Services	27,225	(133)	421	27,513	26,593	441	96.66%	24,374	100.00%	24,374	2,219	9.10%
Transportation	31,229	(340)	665	31,554	29,418	881	93.23%	32,354	100.00%	32,354	(2,936)	-9.07%
Public Works	6,309	(1,084)	31	5,256	4,768	2	90.72%	9,436	100.00%	9,436	(4,668)	-49.47%
<b>Total Capital Maintenance</b>	<b>64,763</b>	<b>(1,557)</b>	<b>1,117</b>	<b>64,323</b>	<b>60,779</b>	<b>1,324</b>	<b>94.49%</b>	<b>66,164</b>	<b>100.00%</b>	<b>66,164</b>	<b>(5,385)</b>	<b>-8.14%</b>

(1) Does not include encumbrance balance.

**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**EXPENDITURES**  
**FOR THE 12 MONTHS ENDED JUNE 30, 2010**  
*( UNAUDITED )*  
*( \$000's )*

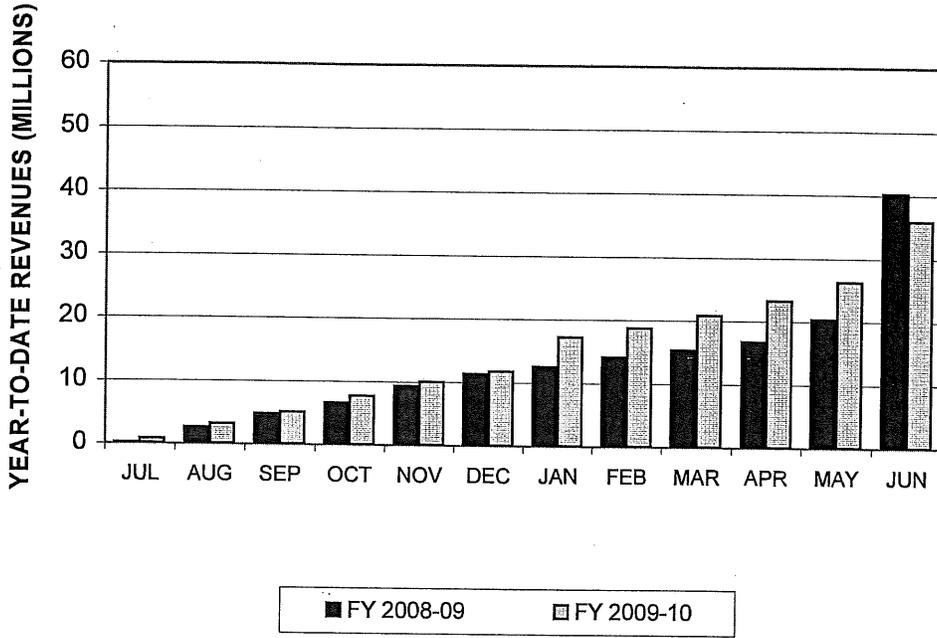
	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END	CUR YTD LESS	% CHANGE
	FY 2009-10 BUDGET	BUDGET AMENDMENTS		FY 2009-10 BUDGET	ACTUAL	ENCUMBR	ACTUAL % OF BUDGET	YTD ACTUAL(1)	OF PRIOR YEAR-END ACTUAL	BUDGETARY BASIS ACTUAL	PRIOR YTD ACTUAL(1)	LESS PRIOR YTD ACTUAL
<b>Community Service</b>												
Library	30,295	(440)	349	30,204	29,851	101	98.83%	29,232	100.00%	29,232	619	2.12%
Planning, Bldg & Code Enf.	26,578	(1,920)	152	24,810	23,575	194	95.02%	32,442	100.00%	32,442	(8,867)	-27.33%
Park, Rec & Neigh Svcs	57,829	183	239	58,251	55,749	1,734	95.70%	58,006	100.00%	58,006	(2,257)	-3.89%
Environmental Services	573	223	148	944	604	48	63.98%	607	100.00%	607	(3)	0.49%
<b>Total Community Services</b>	<b>115,275</b>	<b>(1,954)</b>	<b>888</b>	<b>114,209</b>	<b>109,779</b>	<b>2,077</b>	<b>96.12%</b>	<b>120,287</b>	<b>100.00%</b>	<b>120,287</b>	<b>(10,508)</b>	<b>-8.74%</b>
<b>Total Dept. Expenditures</b>	<b>\$ 716,361</b>	<b>(9,197)</b>	<b>6,023</b>	<b>713,187</b>	<b>689,326</b>	<b>7,834</b>	<b>96.65%</b>	<b>715,237</b>	<b>100.00%</b>	<b>715,237</b>	<b>(25,911)</b>	<b>-3.62%</b>
<b>Non-Dept Expenditures</b>												
<b>City-wide Expenditures:</b>												
Econ & Neighborhood Develop.	\$ 26,656	1,215	2,133	30,004	24,966	1,344	83.21%	30,505	100.00%	30,505	(5,539)	-18.16%
Environmental & Utility Services	1,634	9,691	87	11,412	1,470	-	12.88%	2,358	100.00%	2,358	(888)	-37.66%
Public Safety	20,305	3,274	698	24,277	18,248	960	75.17%	5,682	100.00%	5,682	12,566	221.15%
Recreation & Cultural Services	11,866	1,971	1,047	14,884	11,670	948	78.41%	10,035	100.00%	10,035	1,635	16.29%
Transportation Services	4,768	(217)	728	5,279	4,018	429	76.11%	2,472	100.00%	2,472	1,546	62.54%
Strategic Support	43,202	5,970	2,358	51,530	31,915	2,272	61.93%	48,621	100.00%	48,621	(16,706)	-34.36%
<b>Total City-wide Expenditures</b>	<b>108,431</b>	<b>21,904</b>	<b>7,051</b>	<b>137,386</b>	<b>92,287</b>	<b>5,953</b>	<b>67.17%</b>	<b>99,673</b>	<b>100.00%</b>	<b>99,673</b>	<b>(7,386)</b>	<b>-7.41%</b>
Capital Contributions	27,878	(9,869)	9,348	27,357	12,588	6,848	46.01%	17,008	100.00%	17,008	(4,420)	-25.99%
Transfers to Other Funds	23,820	1,619	-	25,439	25,425	-	99.94%	37,868	100.00%	37,868	(12,443)	-32.86%
<b>Total Non-Dept Expenditures</b>	<b>160,129</b>	<b>13,654</b>	<b>16,399</b>	<b>190,182</b>	<b>130,300</b>	<b>12,801</b>	<b>68.51%</b>	<b>154,549</b>	<b>100.00%</b>	<b>154,549</b>	<b>(24,249)</b>	<b>-15.69%</b>
<b>Reserves</b>												
Contingency Reserves	30,716	-	-	30,716	-	-	0.00%	-	0.00%	-	-	0.00%
Earmarked Reserves	35,021	21,571	-	56,592	-	-	0.00%	-	0.00%	-	-	0.00%
<b>Total Reserves</b>	<b>65,737</b>	<b>21,571</b>	<b>-</b>	<b>87,308</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>
<b>Total Uses</b>	<b>\$ 942,227</b>	<b>26,028</b>	<b>22,422</b>	<b>990,677</b>	<b>819,626</b>	<b>20,635</b>	<b>82.73%</b>	<b>869,786</b>	<b>100.00%</b>	<b>869,786</b>	<b>(50,160)</b>	<b>-5.77%</b>

(1) Does not include encumbrance balance.

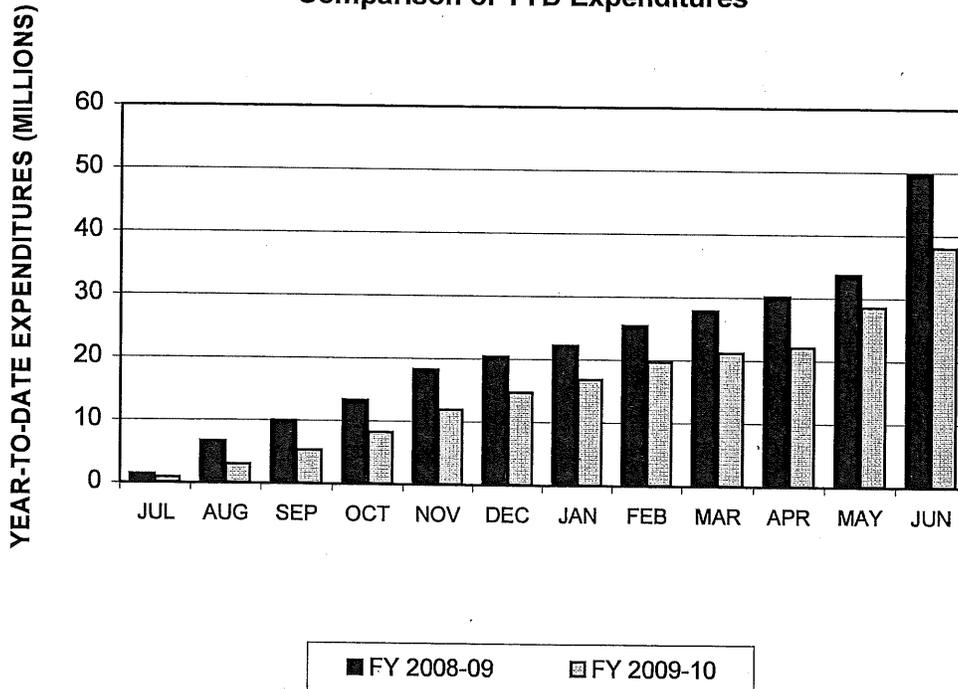
CITY OF SAN JOSE  
GENERAL FUND SOURCE AND USE OF FUNDS  
FOR THE 12 MONTHS ENDED JUNE 30, 2010  
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES  
(UNAUDITED)  
(\$000's)

	ADOPTED FY 2009-10 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2009-10 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	\$ 2,273	(412)	-	1,861	1,943	104.41%	1,554	100.00%	1,554	389	25.03%
Public Works	5,588	(1,500)	-	4,088	4,225	103.35%	6,410	100.00%	6,410	(2,185)	-34.09%
Transportation	1,032	(150)	-	882	991	112.36%	1,091	100.00%	1,091	(100)	-9.17%
Library	1,887	(300)	-	1,587	1,613	101.64%	1,369	100.00%	1,369	244	17.82%
Planning, Bldg & Code Enf	3,978	(1,080)	-	2,898	2,718	93.79%	4,288	100.00%	4,288	(1,570)	-36.61%
Parks Rec & Neigh Svcs	9,417	1,618	-	11,035	11,039	100.04%	6,987	100.00%	6,987	4,052	57.99%
Miscellaneous Dept Charges	6,264	(1,564)	-	4,700	4,753	101.13%	5,577	100.00%	5,577	(824)	-14.77%
<b>Total Departmental Revenues \$</b>	<b>30,439</b>	<b>(3,388)</b>	<b>-</b>	<b>27,051</b>	<b>27,282</b>	<b>100.85%</b>	<b>27,276</b>	<b>100.00%</b>	<b>27,276</b>	<b>6</b>	<b>0.02%</b>

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



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



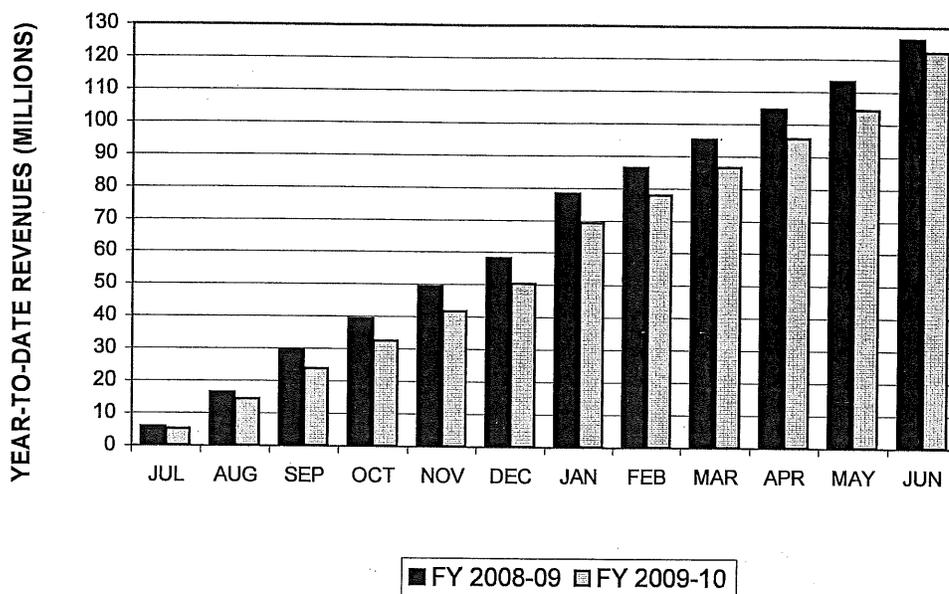
**CITY OF SAN JOSE  
SPECIAL REVENUE FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 12 MONTHS ENDED JUNE 30, 2010  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2009-10	BUDGET		FY 2009-10	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
<b>Construction/Conveyance Tax</b>							
Prior Year Encumbrance	\$ -	-	7,524	7,524	7,524	N/A	10,856
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	67,120	13,027	-	80,147	80,147	N/A	86,637
Revenues	27,352	5,722	-	33,074	35,919	N/A	40,233
<b>Total Sources</b>	<b>94,472</b>	<b>18,749</b>	<b>7,524</b>	<b>120,745</b>	<b>123,590</b>	<b>N/A</b>	<b>137,726</b>
<b>Total Uses</b>	<b>94,472</b>	<b>18,749</b>	<b>7,524</b>	<b>120,745</b>	<b>38,000</b>	<b>8,824</b>	<b>49,692</b>
<b>Gas Tax</b>							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	-	-	-	-	-	N/A	-
Revenues	16,366	-	-	16,366	16,321	N/A	16,093
<b>Total Sources</b>	<b>16,366</b>	<b>-</b>	<b>-</b>	<b>16,366</b>	<b>16,321</b>	<b>N/A</b>	<b>16,093</b>
<b>Total Uses</b>	<b>16,366</b>	<b>-</b>	<b>-</b>	<b>16,366</b>	<b>16,321</b>	<b>0</b>	<b>16,093</b>
<b>Building and Structures</b>							
Prior Year Encumbrance	-	-	3,662	3,662	3,662	N/A	6,211
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	9,330	6,259	-	15,589	15,589	N/A	18,236
Revenues	32,029	(3,870)	-	28,159	19,553	N/A	16,512
<b>Total Sources</b>	<b>41,359</b>	<b>2,389</b>	<b>3,662</b>	<b>47,410</b>	<b>38,804</b>	<b>N/A</b>	<b>40,959</b>
<b>Total Uses</b>	<b>41,359</b>	<b>2,389</b>	<b>3,662</b>	<b>47,410</b>	<b>23,472</b>	<b>5,436</b>	<b>22,177</b>
<b>Residential Construction</b>							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	1,237	73	-	1,310	1,310	N/A	1,339
Revenues	100	(25)	-	75	43	N/A	132
<b>Total Sources</b>	<b>1,337</b>	<b>48</b>	<b>-</b>	<b>1,385</b>	<b>1,353</b>	<b>N/A</b>	<b>1,471</b>
<b>Total Uses</b>	<b>\$ 1,337</b>	<b>48</b>	<b>-</b>	<b>1,385</b>	<b>394</b>	<b>0</b>	<b>161</b>

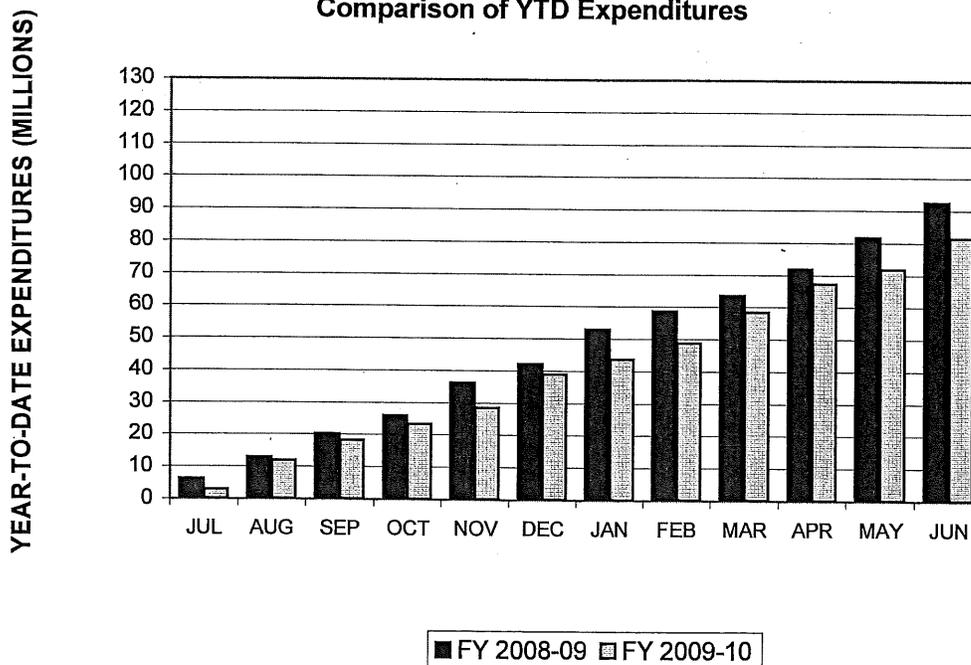
**CITY OF SAN JOSE  
SPECIAL REVENUE FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 12 MONTHS ENDED JUNE 30, 2010  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2009-10	BUDGET		FY 2009-10	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
<b>Transient Occupancy Tax</b>							
Prior Year Encumbrance	\$ -	-	314	314	314	N/A	397
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	1,300	117	-	1,417	1,417	N/A	4,117
Revenues	9,844	-	-	9,844	10,378	N/A	11,554
<b>Total Sources</b>	<b>11,144</b>	<b>117</b>	<b>314</b>	<b>11,575</b>	<b>12,109</b>	<b>N/A</b>	<b>16,068</b>
<b>Total Uses</b>	<b>11,144</b>	<b>117</b>	<b>314</b>	<b>11,575</b>	<b>8,546</b>	<b>197</b>	<b>-</b>
<b>Conventions, Arts &amp; Entertainment</b>							
Prior Year Encumbrance	-	-	345	345	345	N/A	689
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	8,755	1,136	-	9,891	9,891	N/A	7,606
Revenues	21,789	(53)	-	21,736	20,163	N/A	19,178
<b>Total Sources</b>	<b>30,544</b>	<b>1,083</b>	<b>345</b>	<b>31,972</b>	<b>30,399</b>	<b>N/A</b>	<b>27,473</b>
<b>Total Uses</b>	<b>30,544</b>	<b>1,083</b>	<b>345</b>	<b>31,972</b>	<b>25,881</b>	<b>510</b>	<b>17,135</b>
<b>Golf</b>							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	1,118	70	-	1,188	1,188	N/A	925
Revenues	1,924	-	-	1,924	1,924	N/A	2,421
<b>Total Sources</b>	<b>3,042</b>	<b>70</b>	<b>-</b>	<b>3,112</b>	<b>3,112</b>	<b>N/A</b>	<b>3,346</b>
<b>Total Uses</b>	<b>3,042</b>	<b>70</b>	<b>-</b>	<b>3,112</b>	<b>2,039</b>	<b>7</b>	<b>2,162</b>
<b>Other Funds</b>							
Prior Year Encumbrance	-	-	50,210	50,210	50,210	N/A	52,167
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	201,393	21,735	-	223,128	223,128	N/A	213,897
Revenues	527,351	33,336	-	560,687	524,528	N/A	477,733
<b>Total Sources</b>	<b>728,744</b>	<b>55,071</b>	<b>50,210</b>	<b>834,025</b>	<b>797,866</b>	<b>N/A</b>	<b>743,797</b>
<b>Total Uses</b>	<b>\$ 728,744</b>	<b>55,071</b>	<b>50,210</b>	<b>834,025</b>	<b>495,573</b>	<b>61,287</b>	<b>512,754</b>

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

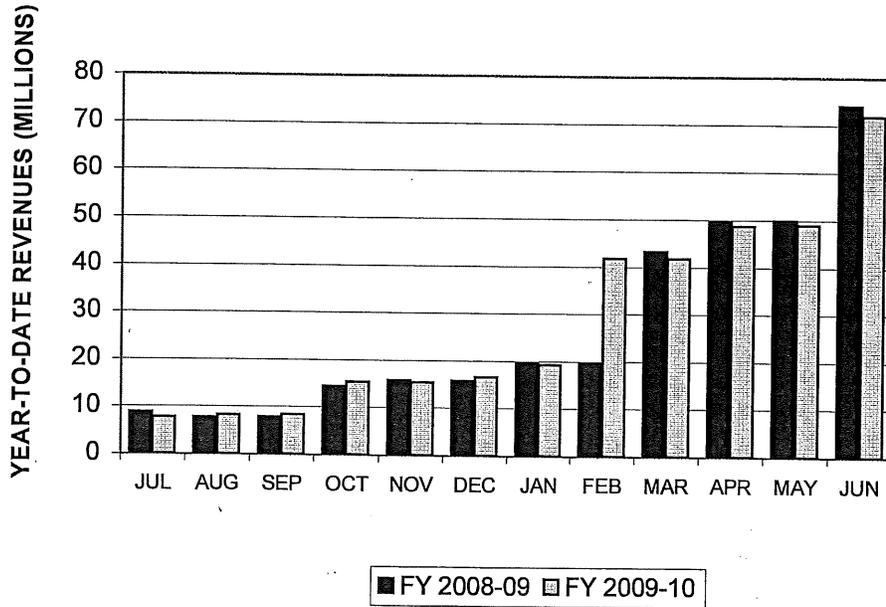


**AIRPORT MAINTENANCE & OPERATING FUND 523  
Comparison of YTD Expenditures**

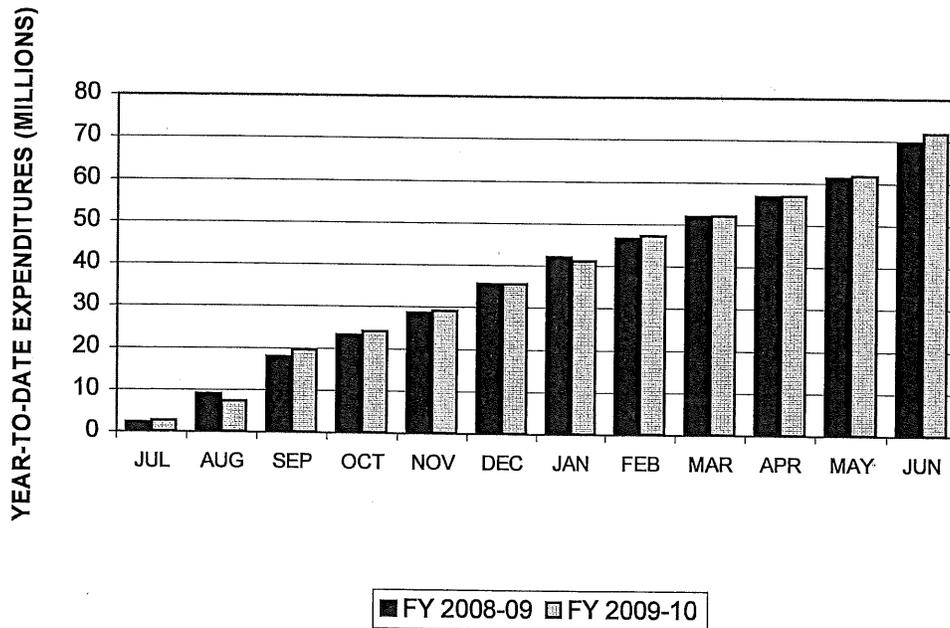


Note: The graphs above include the airport revenue fund (521) and operating fund (523) only.

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

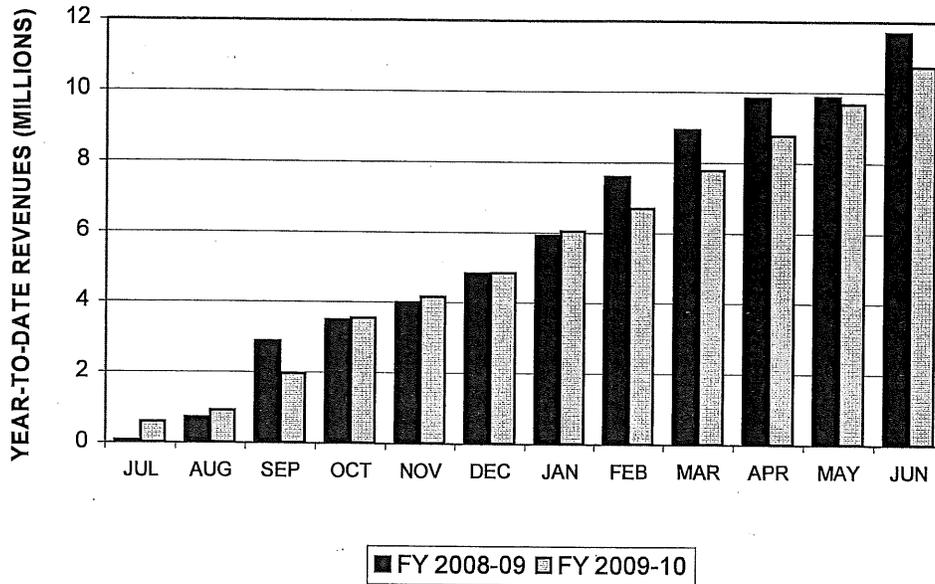


**WPCP OPERATING FUND 513  
Comparison of YTD Expenditures**

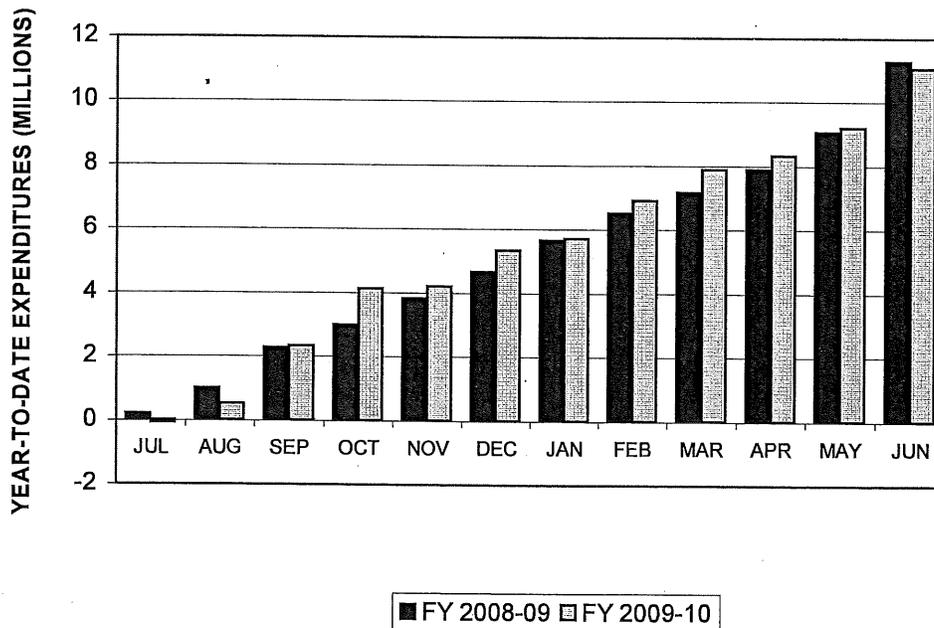


Note: Graphs above are only for WPCP operating fund (513).

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



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



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 12 MONTHS ENDED JUNE 30, 2010  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2009-10	BUDGET		FY 2009-10	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
<b>Airport</b>							
Prior Year Encumbrance	\$ -	-	325,154	325,154	325,154	N/A	494,393
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	491,434	(6,307)	-	485,127	485,127	N/A	630,858
Revenues	327,151	40,425	-	367,576	431,093	N/A	508,575
<b>Total Sources</b>	<b>818,585</b>	<b>34,118</b>	<b>325,154</b>	<b>1,177,857</b>	<b>1,241,374</b>	<b>N/A</b>	<b>1,633,826</b>
<b>Total Uses</b>	<b>818,585</b>	<b>34,118</b>	<b>325,154</b>	<b>1,177,857</b>	<b>599,428</b>	<b>95,602</b>	<b>668,097</b>
<b>(Note 1)</b>							
<b>Waste Water Treatment</b>							
Prior Year Encumbrance	-	-	42,930	42,930	42,930	N/A	48,265
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	168,191	38,347	-	206,538	206,538	N/A	170,780
Revenues	273,107	2,690	-	275,797	280,182	N/A	291,337
<b>Total Sources</b>	<b>441,298</b>	<b>41,037</b>	<b>42,930</b>	<b>525,265</b>	<b>529,650</b>	<b>N/A</b>	<b>510,382</b>
<b>Total Uses</b>	<b>441,298</b>	<b>41,037</b>	<b>42,930</b>	<b>525,265</b>	<b>248,908</b>	<b>49,542</b>	<b>237,368</b>
<b>(Note 2)</b>							
<b>Municipal Water</b>							
Prior Year Encumbrance	-	-	892	892	892	N/A	1,591
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	7,966	3,100	-	11,066	11,066	N/A	9,417
Revenues	29,848	(682)	-	29,166	27,808	N/A	30,068
<b>Total Sources</b>	<b>37,814</b>	<b>2,418</b>	<b>892</b>	<b>41,124</b>	<b>39,766</b>	<b>N/A</b>	<b>41,076</b>
<b>Total Uses</b>	<b>37,814</b>	<b>2,418</b>	<b>892</b>	<b>41,124</b>	<b>25,425</b>	<b>1,010</b>	<b>27,761</b>
<b>Parking</b>							
Prior Year Encumbrance	-	-	1,493	1,493	1,493	N/A	1,041
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	14,117	103	-	14,220	14,220	N/A	14,190
Revenues	12,718	(1,542)	-	11,176	10,719	N/A	11,673
<b>Total Sources</b>	<b>26,835</b>	<b>(1,439)</b>	<b>1,493</b>	<b>26,889</b>	<b>26,432</b>	<b>N/A</b>	<b>26,904</b>
<b>Total Uses</b>	<b>\$ 26,835</b>	<b>(1,439)</b>	<b>1,493</b>	<b>26,889</b>	<b>11,039</b>	<b>912</b>	<b>11,258</b>

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

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

**CITY OF SAN JOSE  
CAPITAL PROJECT FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 12 MONTHS ENDED JUNE 30, 2010  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2009-10	BUDGET		FY 2009-10	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
<b>Construction Excise</b>							
Prior Year Encumbrance	\$ -	-	5,472	5,472	5,472	N/A	8,041
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	13,727	6,511	-	20,238	20,238	N/A	9,599
Revenues	40,491	(4,867)	-	35,624	25,295	N/A	46,494
<b>Total Sources</b>	<b>54,218</b>	<b>1,644</b>	<b>5,472</b>	<b>61,334</b>	<b>51,005</b>	<b>N/A</b>	<b>64,134</b>
<b>Total Uses</b>	<b>54,218</b>	<b>1,644</b>	<b>5,472</b>	<b>61,334</b>	<b>31,685</b>	<b>7,383</b>	<b>40,617</b>
<b>Redevelopment Projects</b>							
Prior Year Encumbrance	-	-	4,428	4,428	4,428	N/A	4,903
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	2,331	7,270	-	9,601	9,601	N/A	8,074
Revenues	-	1,537	-	1,537	1,504	N/A	10,303
<b>Total Sources</b>	<b>2,331</b>	<b>8,807</b>	<b>4,428</b>	<b>15,566</b>	<b>15,533</b>	<b>N/A</b>	<b>23,280</b>
<b>Total Uses</b>	<b>2,331</b>	<b>8,807</b>	<b>4,428</b>	<b>15,566</b>	<b>9,363</b>	<b>2,836</b>	<b>9,585</b>
<b>Other</b>							
Prior Year Encumbrance	-	-	60,174	60,174	60,174	N/A	128,141
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	104,086	2,531	-	106,617	106,617	N/A	144,657
Revenues	14,439	(6,910)	-	7,529	4,059	N/A	21,152
<b>Total Sources</b>	<b>118,525</b>	<b>(4,379)</b>	<b>60,174</b>	<b>174,320</b>	<b>170,850</b>	<b>N/A</b>	<b>293,950</b>
<b>Total Uses</b>	<b>\$ 118,525</b>	<b>(4,379)</b>	<b>60,174</b>	<b>174,320</b>	<b>80,261</b>	<b>22,258</b>	<b>125,603</b>

**CITY OF SAN JOSE  
OTHER FUND TYPES  
SOURCE AND USE OF FUNDS  
FOR THE 12 MONTHS ENDED JUNE 30, 2010  
(UNAUDITED)  
(\$000's)**

	ADOPTED FY 2009-10 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2009-10 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
<b>Trust and Agency</b>							
Prior Year Encumbrance	\$ -	-	3	3	3	N/A	21
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	1,935	366	-	2,301	2,301	N/A	2,378
Revenues	80	541	-	621	857	N/A	950
<b>Total Sources</b>	<u>2,015</u>	<u>907</u>	<u>3</u>	<u>2,925</u>	<u>3,161</u>	<u>N/A</u>	<u>3,349</u>
<b>Total Uses</b>	\$ <u>2,015</u>	<u>907</u>	<u>3</u>	<u>2,925</u>	<u>705</u>	<u>18</u>	<u>977</u>