



# **MID-YEAR BUDGET REVIEW**

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## **2009-2010**


OFFICE OF THE CITY MANAGER  
JANUARY 2010

2009-2010

MID-YEAR  
BUDGET  
REVIEW

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2009-2010

MID-YEAR  
BUDGET  
REVIEW



MEMORANDUM OF  
TRANSMITTAL



**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Debra Figone

**SUBJECT:** 2009-2010 MID-YEAR  
BUDGET REVIEW REPORT

**DATE:** January 29, 2010

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## RECOMMENDATIONS

1. Approval of the 2009-2010 Mid-Year Budget Review Report.
2. Adoption of related Appropriation Ordinance and Funding Sources Resolution amendments in various funds as detailed in Section III (Recommended Budget Adjustments and Clean-Up Actions) of the 2009-2010 Mid-Year Budget Review Report.
3. Approval of the elimination of 9.0 positions as detailed in Section III of the 2009-2010 Mid-Year Budget Review Report; comprised of 6.0 positions in the Police Department, of which 5.0 are related to Airport services and 1.0 to the implementation of 2009-2010 Adopted Budget actions; 2.0 civil service positions in the Redevelopment Agency of the City of San José (SJRA) as part of the SJRA budget rebalancing actions; and 1.0 position in the Public Works Department related to Airport services.
4. Adoption of a Resolution making certain determinations regarding the expenditure of Redevelopment Agency funds included in the Agency's Adopted Budget, under the City Public Improvements line item on the following public improvements: Revenue Control Upgrades, Convention Center Deck Upgrade, Minor Parking Facility Improvements, Security Improvements, Arena Parking Meters, Parking Technology Improvements, Happy Hollow furniture, fixtures, and equipment, Anti-Graffiti Program, Watson Park Clean-Up and Restoration, and the Police Substation furniture, fixtures, and equipment. These projects are specifically described in the memorandum from the Redevelopment Agency of the City of San José dated August 18, 2009, included in the Appendix section of this report. As approved in the City's 2009-2010 Adopted Operating Budget, these Redevelopment Agency funds pay for eligible capital projects which would otherwise be funded from City sources, thereby freeing-up City funds to support the San José BEST program and pay the cost of eight Police Officers.

## OUTCOME

The Mid-Year Budget Review Report is designed to provide an understanding of the City's financial condition during the first six months of 2009-2010. Approval of the budget actions included in the Mid-Year Budget Review will bring revenues and expenditures into alignment in

the General Fund and several special and capital funds, address critical current year funding needs, fund various grant-supported activities, and process technical adjustments and corrections.

## **EXECUTIVE SUMMARY**

The Administration is actively managing the City's finances and funding sources (funds) to ensure the continued fiscal health of the City. With the difficult economic environment, the City's overall budget remains in a fragile, but relatively sound condition through December with the majority of funds performing within anticipated levels. The effects of the worst economic downturn in recent history, however, continue to negatively impact the budgetary performance of a number of City funds, including the General Fund.

The budget adjustments recommended in this document are designed to bring projected revenues and expenditures into alignment based on performance through the first half of the fiscal year. The 2009-2010 Adopted Budget had built in significant declines in many of the economically sensitive revenue categories across all City funds. In some cases, these decreases were not sufficient and additional downward adjustments are recommended in this document. Other revenue adjustments are necessary because activity levels have fallen below expectations, budget-balancing revenue strategies brought forward in the annual budget process have not generated the anticipated results, expenditure demands have changed since the budget was adopted, or expenditure line-items need to be realigned to remain within overall budget allocations.

With the rebalancing actions approved for the Development Fee Programs by the City Council on November 17, 2009 and the mid-year rebalancing actions contained in this report, difficult decisions continue to be necessary to maintain the fiscal health of the City. In the funds that are required to be reduced at mid-year, service delivery impacts were carefully weighed to formulate the Administration's recommendations. In some areas, additional adjustments may be brought forward for consideration later in the fiscal year. As we move forward into 2010-2011, the significant General Fund shortfall of approximately \$100 million, as well as budget shortfalls in a number of special and capital funds, will clearly necessitate even more difficult budget balancing decisions in the coming months.

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

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

- ***General Fund*** – A net reduction of \$1.9 million to the General Fund revenues and expenditures is recommended. Adjustments are proposed to: 1) bring revenue estimates in line with current lower than budgeted projections; 2) add funding to address a small number of urgent fiscal/program needs; 3) recognize anticipated expenditure savings in several programs; 4) allocate a portion of the Economic Uncertainty Reserve; 5) realign expenditure

line-items as part of Departmental Vacancy Savings Plans; and 6) recognize various grants and reimbursements.

General Fund revenues are down overall at mid-year. Consequently, revenue adjustments include a net decrease of \$6.0 million to current revenue estimates based on actual year-to-date collection trends. Downward adjustments totaling \$12.1 million are proposed in several categories, including Franchise Fees, Licenses and Permits, Departmental Charges, Use of Money and Property, and Fines, Forfeitures and Penalties. In a number of cases, the effects of the economic downturn have been more severe than anticipated when the 2009-2010 budget was developed, necessitating further revenue reductions. In other cases, revenue activity levels have fallen below projections used to develop the budget. A portion of this downward revenue adjustment (\$6.1 million) is recommended to be offset by improved collections in the Utility Tax, Property Tax, and Transfers and Reimbursements categories due to slightly better performance in these areas.

Net expenditure and earmarked reserve reductions totaling \$6.7 million, as well as a smaller new revenue adjustment of \$265,000, are proposed to offset the remaining revenue reduction (\$6.0 million) as well as fund three urgent fiscal/program needs (\$917,000). The largest adjustment is the proposed reduction of \$4.5 million to the Economic Uncertainty Reserve to offset the lower revenue estimates. This would bring the Reserve from the \$10.0 million level that was re-established in the 2008-2009 Annual Report (October 20, 2009) to \$5.5 million. Due to continued economic uncertainty, especially in the area of Sales Tax collections, a recommendation may be brought forward later in the fiscal year to restore this Reserve using litigation settlement funds or other one-time funds, if available. Other large downward adjustments are recommended for the Fuel Reserve (\$500,000), departmental expenditure allocations for fuel costs (\$400,000), Watson Park project savings (\$512,000), Salary and Benefit Reserve (health plan premium savings) (\$400,000), and the Parking Citations Processing expenditure allocations (\$389,000). New Urgent Fiscal/Program expenditure needs totaling \$917,000 are recommended and include funding for International Association of Firefighters (IAFF) binding interest arbitration costs (\$400,000), the City staff relocations from the old Dr. Martin Luther King, Jr. Library (\$267,000), and labor/employee relations consultant support funding (\$250,000).

Revenue and expenditure increases of \$3.9 million are recommended to reflect various grants, reimbursements, and fee adjustments. These are "net-zero" adjustments meaning revenue will offset expenditures.

- **Airport Funds** – Passenger activity is the key to revenue growth at the Airport. A 7% decline in airline passenger activity is projected for 2009-2010. Therefore, as part of the 2008-2009 Annual Report, revenue projections were reduced by \$4.5 million offset by additional 2008-2009 fund balance. Activity at the Airport through the first half of 2009-2010 is on par with these reduced projections, and the most recent data indicates that the decline in activity is beginning to level off. The Airport, however, continues to have significant budget concerns regarding the future, and is projecting a \$17 million shortfall for 2010-2011.

To better prepare for the 2010-2011 budget, the Mid-Year Budget Review Report includes a recommendation to reduce funding for Police services at the Airport (five positions). This proposal was the result of a collaborative effort between the Police Chief and the Airport Director and the respective staffs to bring Police services at the Airport in line with staffing levels required by the Transportation Security Administration (TSA) without compromising the safety of travelers, Airport staff, and sworn Police staff at the Airport. The elimination of one Public Works Living Wage Program position is also recommended based on the lower Airport activities. Other recommended actions include an increase to Police overtime funding to levels consistent with TSA-mandated Orange Alert Police staffing requirements, and to refund a portion of the Airport's outstanding commercial paper debt.

- ***Community Facilities Revenue Fund (Hayes Mansion)*** – The current economic environment continues to negatively impact the financial performance of the Hayes Mansion. Gross operating revenues at this facility are tracking \$3.8 million below current year projections. Because the operator has put in place operational cost controls, net revenue for this fund is currently tracking to end the year \$1.6 million below the budgeted estimate. This shortfall is recommended to be offset by a reduction to Hayes Mansion debt service and capital repair and replacement costs and ending fund balance. An ending fund balance of \$349,000 would remain to address any unforeseen increase in debt service payments or unanticipated capital needs. This fund will continue to be monitored closely, and any necessary recommendations to further adjust the budget this year will be brought forward for City Council consideration by year-end. It should be noted that the 2010-2011 Preliminary General Fund Forecast already included an increase to the General Fund subsidy to this fund (bringing the subsidy to \$5.9 million annually) based on the anticipated current year's performance. In the Administration's proposed asset management workplan for 2010, the Hayes Mansion facility is recommended to be added for review of potential options associated with the use of this property.
- ***Convention and Cultural Facilities Fund*** – While revenues are tracking on target, the Non-Personal/Equipment appropriation is currently on pace to exceed the budget by approximately \$950,000. Expenditure appropriation reductions are recommended in this document to reduce the projected overage to approximately \$600,000. Team San Jose has developed an expenditure reduction plan which is anticipated to further reduce the projected overage to \$300,000. In an effort to address lower than anticipated activity, improve the Gross Operating Profit performance, and balance the remaining overage, Team San Jose has proposed to reduce the number of City positions managed by Team San Jose. Staff is currently analyzing this proposal and any recommendations resulting from that analysis will be brought forward for City Council consideration as a separate agenda item in the next several weeks.
- ***General Purpose Parking Fund*** – Revenues from parking lots and garages, parking meters, and interest earnings in this fund are tracking below anticipated levels. Receipts are projected to end the year approximately \$1.5 million below the budgeted revenue estimate (\$11.7 million) as a result of the economic downturn which has impacted the revenues generated from both monthly parking permits and visitors. The lower revenue collections are proposed to be offset by reductions in various capital projects, savings in non-

personal/equipment funding, transfers, and ending fund balance. This fund will remain on close watch as the current drop in revenues and the potential requirement to temporarily fund the 4<sup>th</sup> Street Parking Garage debt service due to the financial constraints of the San Jose Redevelopment Agency (SJRA) place a financial strain on this fund.

- **Traffic Capital Funds** – Revenue adjustments as a result of significantly lower than anticipated development activity include a 50% decrease to the Building and Structure Construction Tax revenue estimate from \$8.0 million to \$4.0 million, and a 31% decrease to the Construction Excise Tax revenue estimate from \$8.0 million to \$5.5 million. Major rebalancing actions in the Traffic Capital Program are necessary and recommended to offset this revenue reduction and include funding shifts, project deferrals or eliminations, and the recognition of project savings. These revised revenue estimates compare to revenue collections of \$9.6 million in the Building and Structure Construction Tax and \$13.6 million in the Construction Excise Tax just two years ago, despite valuation table increases in 2009-2010 on which these taxes are based. The steep declines in these revenues over the past few years seriously hamper the City's ability to develop and maintain the transportation infrastructure, which already suffers from a substantial backlog of unmet and deferred infrastructure needs.
- **Other Capital Funds** – Significant downward revenue adjustments due to the decreased level of development activity are also recommended for Sanitary Sewer Connection Fees, Storm Drainage Fees, Residential Construction Taxes, Underground In-Lieu Fees, and various Water Utility fees. The elimination or deferral of projects or the use of ending fund balance in the corresponding funds is recommended to offset these revenue reductions.
- **Position Impacts** – A reduction of 9.0 positions is recommended as part of this Mid-Year Budget Review Report, comprised of 6.0 positions in the Police Department, of which 5.0 are related to Airport services and 1.0 to the implementation of 2009-2010 Adopted Budget actions; 2.0 civil service positions in the Redevelopment Agency of the City of San José (SJRA) as part of the SJRA budget rebalancing actions; and 1.0 position in the Public Works Department related to Airport services. These position reductions are in addition to the 43.5 positions eliminated in the Development Fee and Capital Programs by City Council action on November 17, 2009.

## **BACKGROUND**

The annual adopted budget is a financial plan predicated on the best information available at the time it is prepared. As with any budget, however, changing conditions create the need to modify the original plan. Through its budget policies, the City Council has designated mid-year as the appropriate time to perform a comprehensive review of the current year's budget, and the Mid-Year Budget Review as the appropriate vehicle for consideration of any revisions to the budget. This Mid-Year Budget Review Report complies with that policy. It contains a comprehensive review of the status of the City's 2009-2010 Operating and Capital Budgets. City Council review of this report is agendaized for the February 9, 2010 Council meeting.



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

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

## ANALYSIS

The Analysis section includes the following: an overview of the current economic environment; a discussion of General Fund performance through December; a summary of proposed General Fund budget revisions included in the Mid-Year Budget Review Report; the status of selected special funds; an overview of capital budget programs; and status of Council Referrals referred to the Mid-Year Budget Review.

## **ECONOMIC ENVIRONMENT**

The 2009-2010 Adopted Budget revenue estimates were built on the assumption that the deep global recession would continue to impact national and local economic performance through 2009 and into 2010. Those impacts included high unemployment, depressed home values, reduced household consumption, and lower levels of business and construction activity. Through the first half of the fiscal year, those assumptions have been validated by the economic indicators most relevant to the City's fiscal health.

According to the U.S. Department of Commerce, the national economy resumed growth in the quarter ending September 30, 2009; however, the key economic indicators are mixed, with some signs of improvement in the housing market but no encouragement in the employment sector or in local construction activity. It may be the case that the economy has turned the corner, but from the perspective of households the future still remains uncertain.

That uncertainty is evidenced by the mixed results in December reported by The Conference Board. The Conference Board Consumer Confidence Index and the Expectations Index both

increased in December, but the Present Situation Index declined. Although consumers appear to believe the future will be better than the present, that better future seems to be dangling just out of reach.

As expected, employment in the San José metropolitan area remains well below the prior year level. The employment figure for December 2009 (798,600) was 5.7% below the December 2008 employment level of 846,800. Over the last 18 months, the San Jose community has lost 55,800 jobs, and the trend is still negative.

**Unemployment Rate (Unadjusted)**

	<b>Dec. 2008</b>	<b>Nov. 2009</b>	<b>Dec. 2009</b>
San José Metropolitan Statistical Area*	7.8%	11.9%	11.5%
State of California	9.1%	12.3%	12.1%
United States	7.1%	9.5%	9.7%

\* San Benito and Santa Clara Counties

Sources: California Employment Development Department;

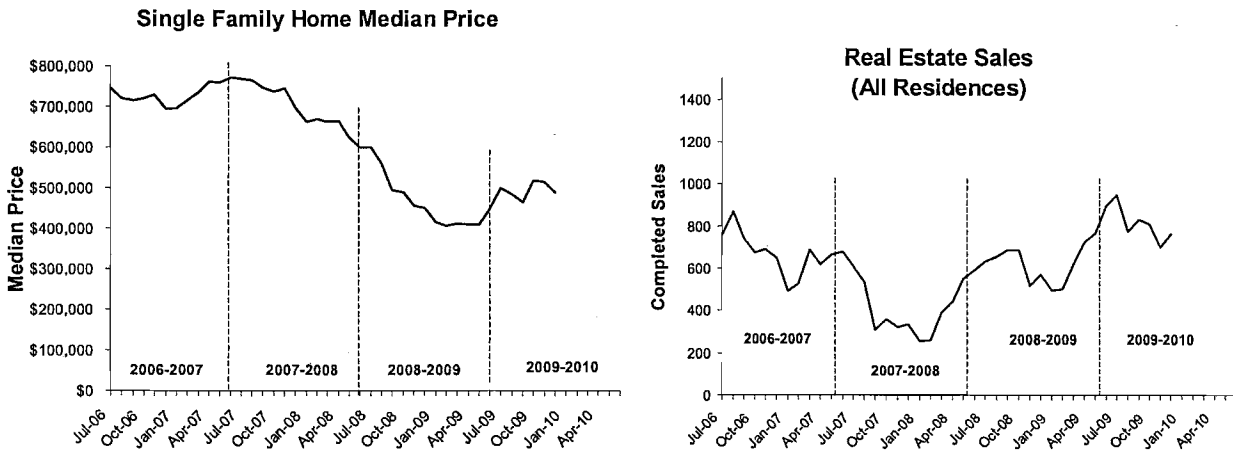
2009 unemployment rate in this region is less than the unadjusted unemployment rate for the State, but continues to track above the nation, which currently has an unadjusted unemployment rate of 9.7%.

The San José metropolitan area continues to experience double-digit unemployment. Although the December unemployment rate of 11.5% dropped from the November rate of 11.9%, that decrease was the result of a shrinkage in the labor force rather than any growth in jobs. This figure is significantly higher than the 7.8% rate experienced a year ago. The December

Through December, permit activity for residential, commercial, and industrial construction was significantly below prior year levels. Only 267 residential permits have been issued so far this fiscal year compared with 1,031 residential permits issued at this time last year, a 74% drop. The total valuation of commercial permits issued so far this year is \$93.1 million, a 35% drop from the prior year valuation of \$143.2 million. The \$59.1 million of industrial permits issued this year shows an even larger drop, 67%, from the prior year valuation of \$180.3 million.

This permit activity drives the revenue collection in several construction tax categories and is an indicator of future activity for several other categories, such as the storm and sanitary sewer system fees. Additionally, over the last ten years, the construction industry has provided approximately 5% of the region's jobs; so the reduction in permit activity is expected to contribute to a slow recovery in the local employment market.

More encouraging, the December 2009 median home price of \$490,000 for single family homes within the City is 8.5% above the December 2008 median of \$451,750. December marks the third consecutive month in which the median home price has increased from the same month in the prior year.



Another positive indicator for the local real estate market is the drop in average days-on-market from the high of over 90 in June 2009 to 65 in December 2009. Moreover, for July through December 2009, the 4,842 property transfers (sales) for all types of residences was the highest for the same period since 2005.

The improvement in the local residential real estate market indicates that the number of residents willing and able to make a significant long-term investment is increasing – a positive sign for the local economy. The lack of employment growth and slowdown in construction activity, however, should dampen any expectation of a rapid increase in the City’s property values, taxable sales, or new residential or commercial development activity.

Re-balancing recommendations included in this document reflect the lower than anticipated levels of business and construction activity discussed above. Economic conditions will continue to be closely monitored and factored into the final 2011-2015 General Fund Forecast, due to be released February 26, and the development of the 2010-2011 Proposed Budget, due to be released May 3.

**GENERAL FUND PERFORMANCE**

General Fund revenues and transfers through December totaled \$303.5 million, or 39% of the budgeted estimate. Based on current collection trends, revenues are tracking to end the year below expected levels. Significantly lower than budgeted collections (\$12.1 million) are expected in a number of categories, including: Franchise Fees; Licenses and Permits; Departmental Charges; Fines, Forfeitures and Penalties; and Use of Money and Property. The lower collections in these categories are expected to be partially offset by slightly higher collections (\$6.1 million) in other categories, such as Utility Tax, Property Tax, and Transfers and Reimbursements.

The revenue adjustments recommended in this document address current projections based on activity through the first six months of the fiscal year. Given the current economic uncertainty, however, additional adjustments may be needed by year-end. A number of the lower revenue estimates experienced to date were factored into the 2010-2011 Preliminary General Fund Forecast that was released in October 2009. The revenue estimates for this year will continue to

be updated as part of the final 2011-2015 General Fund Forecast, due to be released late February, as well as the 2010-2011 Proposed Budget, due to be released early May.

General Fund expenditures through December totaled \$404.8 million. This represents a decrease of \$8.1 million, or 2.0%, from the December 2008 level of \$412.9 million. Encumbrances totaling \$38.6 million were also \$15.5 million (28.7%) below the December 2008 level of \$54.1 million. Expenditures and encumbrances through December of \$443.4 million constituted 49% of the total 2009-2010 modified budgeted use of funds amount (excluding reserves) of \$896.1 million. This was generally consistent with the 48% experienced last year at this time.

Overall, expenditures are tracking within anticipated levels. However, as discussed in the Bi-Monthly Financial Reports, many departments are experiencing higher than budgeted personal services (employee) costs. This is primarily due to: 1) the employment placement process where employees at higher salary levels were placed into vacant positions budgeted at a lower level or into positions previously held by lower step employees, and 2) the historically low number of vacant positions in the organization (as of January 17, 2010, there were 217 positions vacant city-wide; 118 positions in the General Fund, excluding sworn personnel and development fee-supported positions). A certain level of vacancies is assumed in the development of the budget for each department and if there are insufficient vacancies to meet this budgeted vacancy factor, departments may over-expend their Personal Services appropriations. Impacted Departments have prepared Vacancy Savings Plans to outline how these additional costs will be absorbed through savings from normal employee turnover, overtime controls, and/or identifying offsets through non-personal/equipment and other appropriation savings. However, these cost control measures will likely result in service level impacts beyond those contemplated in the Adopted Budget. Recommended budget actions associated with implementation of these plans are included in this report. Despite the best attempts to control expenditures, additional funding may still need to be distributed to some departments by the end of the fiscal year to prevent appropriation over-runs. As part of the 2008-2009 Annual Report budget actions, Council approved an increase to the Vacancy/Filled Position Elimination Impacts Reserve from \$316,000 to \$1.0 million to address this potential cost. Through proactive cost management, the Administration will attempt to retain as much of this \$1.0 million as possible for potential use in the 2010-2011 budget process.

As reported in the Bi-Monthly Financial Reports, the General Fund cash balance has been significantly lower this year than in prior years. The General Fund monthly cash balance finished December 2009 at \$41.5 million, which is an improvement over the levels reported to Council for September and October. However the cash balance is still substantially below the December 2008 cash balance of \$114.5 million. The primary factors that have contributed to the low cash balance include prepaying in a lump-sum the employer portion of retirement contributions (\$102.7 million paid in July 2009), lower levels of earmarked reserves (reserves that had been set aside in previous years for specific purposes were used for those purposes or liquidated), and a higher gap between revenues and expenditures year-to-date.

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

**RECOMMENDED GENERAL FUND BUDGET ADJUSTMENTS**

Actions resulting in a net reduction of \$1.9 million to the General Fund revenues and expenditures are recommended in this Mid-Year Budget Review Report. For General Fund revenues, these reflect the following: net downward adjustments totaling \$6.0 million based on revised projections; and upward adjustments of \$4.1 million to reflect various net-zero grants and reimbursements (\$3.9 million) and other adjustments (\$265,000).

To offset the overall reduction in revenues and to address three urgent fiscal/program needs, expenditure reductions and the use of earmarked reserves totaling \$6.7 million are recommended. The largest adjustment is the proposed reduction of \$4.5 million to the Economic Uncertainty Reserve to offset the lower revenue estimates. This would bring the Reserve from the \$10.0 million level that was re-established in the 2008-2009 Annual Report (October 20, 2009) to \$5.5 million. It has proven extremely beneficial to have a working reserve to draw from to temporarily offset downward revenue activity this year. Thus, due to continued economic uncertainty, especially in the area of Sales Tax collections, a recommendation may be brought forward later in the fiscal year to restore this Reserve using litigation settlement funds or other one-time funds, if available. Urgent Fiscal/Program expenditure needs totaling \$917,000 are recommended as well as net-zero grants, reimbursements, and fee expenditure adjustments totaling \$3.9 million.

The following chart summarizes these recommended adjustments.

**PROPOSED 2009-2010 GENERAL FUND ADJUSTMENTS (\$000s)**

**PROPOSED REVENUE ADJUSTMENTS**

2009-2010 Revenue Adjustments (net)	\$ (6,037)
Grants/Reimbursements/Fees	3,919
New Revenue Adjustments	265
<b>Total Revenue Adjustments</b>	<b><u>(1,853)</u></b>

**PROPOSED EXPENDITURE ADJUSTMENTS**

Required Technical/Rebalancing Actions	(6,689)
Grants/Reimbursements/Fees	3,919
Urgent Fiscal/Program Needs	917
<b>Total Proposed Expenditure Adjustments</b>	<b><u>\$ (1,853)</u></b>

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

**PROPOSED REVENUE ADJUSTMENTS**

**2009-2010 Revenue Adjustments (net) (-\$6.0 million)**

- ***Downward Revenue Adjustments (-\$12.1 million):*** Significantly reduces the General Fund revenue estimates for the following categories: Franchise Fees (-\$3.5 million) to reflect lower Commercial Solid Waste, Gas and Electric Franchise Fees; Licenses and Permits (-\$3.4 million) to reflect lower Cardroom Tax, Business Tax, Disposal Facility Tax, Building Permits, and Fire Permits; Departmental Charges (-\$1.9 million) to reflect lower receipts in all categories except the Library Department; Use of Money and Property (-\$1.8 million) to reflect lower interest earnings; Fines, Forfeitures and Penalties (-\$1.2 million) to reflect lower parking citations; and Revenue from Local Agencies (-\$300,000) to reflect lower Central Fire District payments.
- ***Upward Revenue Adjustments (\$6.1 million):*** Increases the General Fund revenue estimates for the following categories: Utility Tax (\$2.7 million) based on higher Telephone Utility Tax collections, partially offset by lower projected Electric and Gas Utility Tax receipts; Property Tax (\$1.6 million) to reflect a smaller decline in the Secured Property Tax estimate based on updated information provided by the County of Santa Clara; Transfers and Reimbursements (\$1.6 million) to reflect higher capital project overhead reimbursements; Revenue from the State of California (\$249,000) to reimburse the General Fund for prior expenditures connected to the Martin Park Landfill project.

**Grants/Reimbursements/Fees (\$3.9 million)**

- A series of net-zero adjustments are recommended to reflect new or updated revenues and expenditures for grant, reimbursement and/or fee activities for Public Safety, Neighborhood Services, and Miscellaneous Grants and Reimbursements. They include: Orange Alert Police overtime (\$1.0 million), After School Program Contracts (\$802,000), COPS Technology Program (\$676,000), Happy Hollow Park and Zoo Food and Beverage Services (\$564,000), miscellaneous Police grants and reimbursements (\$504,000), Library Literacy Programs (\$87,000), Animal Care and Services Licensing (\$80,000), Savings by Design Energy Rebates (\$62,000), and other miscellaneous activities (\$144,000). A more complete listing of the grants can be found in Section III of this document.

**New Revenue Adjustments (\$265,000)**

- ***Other Revenue (\$778,000):*** Increases the revenue estimate to reflect the False Claims Act Legal Settlement as approved by the City Council on November 3, 2009.
- ***Transfers and Reimbursements (-\$257,000):*** Decreases the revenue estimate by \$257,000 to reflect the following: decrease of \$342,000 to reflect the reduced reimbursement from the Airport Funds for Police services associated with the reduction of 5.0 sworn personnel effective late March 2010; and an increase of \$85,000 to reflect rent payments from Environmental Services Department funds for the continued use of the old Dr. Martin Luther

King, Jr. Library. The 2009-2010 Adopted Budget assumed staff would have been relocated at an earlier date than is now expected.

- **Revenue from Local Agencies (-\$256,000):** Decreases the reimbursement from the Redevelopment Agency (SJRA) as a result of an agreement between the City and SJRA in order to generate savings necessary for 2009-2010 SJRA budget rebalancing efforts due to the SJRA financial constraints. This includes the elimination of reimbursement for two positions in the SJRA (\$156,000), lower City Hall rent associated with vacating the 13<sup>th</sup> floor in City Hall (\$50,000), and lower reimbursement associated with a portion of a rebudget from 2008-2009 for the San Jose BEST program (\$50,000).

<b>PROPOSED EXPENDITURE ADJUSTMENTS</b>
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**Required Technical/Rebalancing Actions (-\$6.7 million)**

- **Economic Uncertainty Reserve (-\$4.5 million):** Decreases \$4.5 million of funding in the Economic Uncertainty Reserve to offset the lower revenue estimates. This would bring the Reserve from the \$10.0 million level that was re-established in the 2008-2009 Annual Report (October 20, 2009) to \$5.5 million. Due to continued economic uncertainty, especially in the area of Sales Tax collections, a recommendation may be brought forward later in the fiscal year to restore this Reserve using litigation settlement funds or other one-time funds if available.
- **Fuel Reserve/Departmental Savings (-\$900,000):** Decreases funding in the Fuel Earmarked Reserve (\$500,000) and Police and Transportation Departments' Non-Personal Equipment appropriations (\$400,000) to reflect lower costs for fuel purchases. The 2009-2010 Adopted Budget assumed a higher average price per gallon for fuel than has been experienced in the first six months of the year and projected for the remainder of the year.
- **Watson Park Project/Settlement (-\$512,000):** Recognizes and reallocates project savings that resulted from lower than anticipated construction bids. The majority of the savings are recommended to be reallocated for potential legal, monitoring, and remediation costs related to the Terrace Drive properties adjacent to Watson Park to a separate Watson Park Settlement appropriation (\$1,746,000). This action also realizes the remaining General Fund share of the net project savings (\$512,000) for budget rebalancing actions.
- **Salary and Benefit Reserve (-\$400,000):** Decreases funding in the Salary and Benefit Reserve due to a lower than anticipated rate increase for health premiums. The 2009-2010 Adopted Budget assumed that the health premiums would increase by 10% in January 2010. The actual increase was approximately 8.4%.
- **Parking Citations Processing (-\$389,000):** Decreases funding for the Processing of Parking Citations (\$139,000) and Parking Citations/Jail Bookings (\$250,000) City-Wide Expenses appropriations due to a decline in actual processed and paid citations.

- ***Police Airport Staffing (-\$263,000):*** Decreases funding in the Police Department to reflect the elimination of one Police Captain, one Police Sergeant, and three Police Officer positions assigned to the Airport, effective late March 2010 to align with the shift change. The reduction of the Police Captain and the Administrative Police Sergeant positions will shift responsibilities to the Police Lieutenant assigned to the Airport and to the Central Division Police Captain in the Bureau of Field Operations, who would oversee both the Airport and Central Division patrol. The elimination of the three Police Officer positions will reduce the day and swing shift patrol teams from seven to six Police Officers and maintain the midnight teams at three Police Officers. This action will maintain required Transportation Security Administration Police staffing levels at the Airport. Collaborative efforts between the Police Department and the Airport Department resulted in this recommendation that will adjust staffing levels without compromising the safety of travelers, Airport staff, and sworn Police staff at the Airport.
- ***SJRA Adopted Budget Implementation (-\$206,000):*** Decreases funding from the San Jose Redevelopment Agency (SJRA) as a result of an agreement between the City and SJRA in order to generate savings necessary for 2009-2010 SJRA budget rebalancing efforts. This includes the elimination of two positions in the SJRA (\$156,000) and lower reimbursement associated with a portion of a rebudget from 2008-2009 for the San Jose BEST program (\$50,000).
- ***City Hall Outstanding Needs (-\$120,000):*** Decreases the City Hall Outstanding Needs capital appropriation and reallocates the funding for a portion of the costs necessary to allow for City staff relocations from the old Dr. Martin Luther King, Jr. Library as recommended in this report.
- ***False Claims Act Litigation Settlement (\$367,000):*** Establishes funding to support the ongoing investigation and prosecution of false claims made against the City as directed in a recent litigation settlement and approved by City Council on November 3, 2009. This funding is fully offset by the proceeds of the litigation settlement.
- ***Workers' Compensation State License (\$234,000):*** Adds funding to the Workers' Compensation State License City-Wide Expenses appropriation. This adjustment is necessary to account for an unanticipated 80% fee increase from last year's payment to the State.

**Grants/Reimbursements/Fees (\$3.9 million)**

- As discussed above, a series of net-zero adjustments are recommended to reflect the revenues and expenditures for grant, reimbursement and/or fee activities for Public Safety, Neighborhood Services, and Miscellaneous Grants and Reimbursements. A more complete listing of the grants can be found in Section III of this document.



### Urgent Fiscal/Program Needs (\$917,000)

- ***IAFF Binding Interest Arbitration (\$400,000):*** Establishes funding for outside legal and other expert witness/consulting services related to arbitration with the International Association of Firefighters (IAFF) that is expected to begin June 2010.
- ***City Staff Relocations from old Dr. Martin Luther King, Jr. Library (\$267,000):*** Establishes funding for the relocation of approximately 200 City staff located at the old Dr. Martin Luther King, Jr. Library to City Hall and the Central Service Yard. Vacating this space now would allow the City to realize ongoing savings of \$517,000 in maintenance and operating costs upon completion of the relocation. This move is also a necessary step in preparing the site for the potential Convention Center expansion project. A portion of this funding (\$205,000) will be offset by additional rent payments for Environmental Services Department staff and a reallocation from the City Hall Outstanding Needs capital appropriation.
- ***Labor/Employee Relations Consultant Funding (\$250,000):*** Provides funding for contractual assistance with labor relations and personnel investigations. During the second half of 2009-2010, the City will be in negotiations with nine out of eleven employee bargaining units, including one that was recently formed. In order to complete the negotiations in a timely manner, additional support is required. In addition, consultant support may be necessary for personnel investigations that may arise during the coming months. The responsibilities described for this item are not discretionary and must occur in a timely, thorough, and professional manner.

### **2009-2010 VACANCY SAVINGS PLANS**

Departments with projected personal services overages due to employee placements have developed plans to offset these overages through a combination of strategies including: holding positions vacant, reducing overtime expenditures, reducing non-personal/equipment expenditures, reducing City-Wide Expenses allocations, reducing reserves, and shifting costs to other appropriate funding sources. Following is a list of departments that have developed plans: Airport; Office of Economic Development; Environmental Services Department; General Services Department; Housing Department; Information Technology Department; and Planning, Building and Code Enforcement Department. Budget actions necessary to implement these plans can be found in Section III of this document. As noted earlier, cost containment strategies will likely mean additional service impacts due to diminished staff capacity.

All other departmental personal services appropriations are on careful watch. The use of the Vacancy/Filled Position Elimination Impacts Reserve (\$1.0 million) still may be necessary by year end to avoid personal services appropriation overruns. However, it is the Administration's intent to retain as much of this \$1.0 million as possible for potential use in the 2010-2011 budget process.

## STATUS OF SELECTED SPECIAL FUNDS

### Airport Operating Funds

As noted previously, passenger activity is key to revenue growth at the Airport. A 7% decline in airline passenger activity is projected for 2009-2010. Therefore, as part of the 2008-2009 Annual Report actions, revenue projections were reduced by \$4.5 million offset by additional 2008-2009 fund balance. Activity at the Airport through December is on par with these reduced projections and the most recent data indicates that the decline in activity is beginning to level off.

The Airport continues to have significant fiscal concerns regarding the future, and is projecting a \$17 million shortfall for 2010-2011. This shortfall is a combination of many factors including reduced passenger traffic, limited growth anticipated in the near term for the travel industry, impacts of the local/global recession on business travel, and the debt financing associated with the Terminal Area Improvement Program. The Airport has developed an internal Cost Management Plan for 2009-2010 and anticipates generating approximately \$5.9 million in savings this year, primarily achieved through lower parking operator and shuttle bus operating costs (fewer bus hours) resulting from reduced passenger levels, utility cost efficiencies from the new terminal, and generally adhering to tight budget control measures. These savings will be applied toward the 2010-2011 shortfall.

As discussed previously, a reduction of funding for Police services at the Airport is recommended (5.0 positions) to better prepare for the 2010-2011 budget. This proposal was the result of a collaborative effort between the Police and Airport Departments to adjust Police staffing at the Airport to the level required by the Transportation Security Administration (TSA) without compromising the safety of travelers, Airport staff, and sworn Police staff at the Airport. The elimination of 1.0 Public Works Living Wage Program position at the Airport due to lower than anticipated activity, the addition of Police overtime funding to levels consistent with TSA-mandated Orange Alert Police staffing requirements, and the refunding of a portion of the Airport's outstanding commercial paper debt to take advantage of lower interest rates offered through the American Recovery and Reinvestment Act (ARRA) are also recommended.

### Community Facilities Revenue Fund (Hayes Mansion)

The current economic environment continues to negatively impact the financial performance of the Hayes Mansion. Gross operating revenues at this facility are tracking approximately \$3.8 million below current year projections. Because the operator has put in place operational cost controls, the majority of this revenue shortfall can be offset by expenditure savings. The revenues included in the Community Facilities Revenue Fund reflect the net impact of the gross revenues less operating expenditures for the Hayes Mansion. Net revenue for this fund is currently tracking to end the year \$1.6 million below the budgeted estimate. The majority of this shortfall (\$1.2 million) is recommended to be offset by a reduction to the Hayes Mansion debt service costs. Lower short-term interest rates have reduced the debt service cost that the City pays for the Hayes Mansion bonds. The remaining shortfall is recommended to be offset by a reduction in funding for repairs and capital improvements (\$0.2 million) and the ending fund balance (\$0.2 million). An ending fund balance of \$349,000 would remain to address any unforeseen increase in debt service payments or capital needs. This fund will continue to be

monitored closely, and any necessary recommendations to further adjust the budget this year will be brought forward by year-end. It should be noted that the 2010-2011 Preliminary General Fund Forecast already included an increase to the General Fund subsidy to this fund (bringing the subsidy to \$5.9 million annually) based on the anticipated current year's performance. In the Administration's proposed asset management workplan for 2010, the Hayes Mansion facility is recommended to be added for review of potential options associated with the use of this property.

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

While revenues are tracking on target, the Non-Personal/Equipment appropriation is currently on pace to exceed the budget by approximately \$950,000. Reductions to the Insurance Expenses and Operating Contingency appropriations are recommended in this document to reduce the projected overage to approximately \$600,000. Team San Jose has developed an expenditure reduction plan which is anticipated to further reduce the projected overage to \$300,000. In an effort to address lower than anticipated activity, improve the Gross Operating Profit performance, and balance the remaining overage, Team San Jose has proposed to reduce the number of City positions managed by Team San Jose. Staff is currently analyzing this proposal and any recommendations resulting from that analysis will be brought forward for City Council consideration as a separate agenda item in the next several weeks.

### **Transient Occupancy Tax Fund**

Transient Occupancy Tax (TOT) collections are tracking 29.2% below the prior year, a larger decline than assumed in the 2009-2010 Adopted Budget (14.3%). This negative variance for the first half of the year is not unexpected, since 2008-2009 TOT collections were relatively strong in the first half of the year and fell significantly in the second half of the year. As 2009-2010 progresses, TOT collections are expected to approach the estimated level. Through December, the average hotel occupancy rate was 52.1%, down from 57.4% for the same period last year, while average daily room rates have declined from \$134.61 to \$117.29. Horwath HTL, the City's hotel and convention industry consultant, is reviewing TOT collections in connection with the potential Convention Center expansion project, and their findings will be considered in the development of the 2011-2015 General Fund Forecast. Should collections fall behind anticipated levels as the year progresses, recommendations to adjust the allocations to the three recipient organizations may be brought forward for City Council consideration.

### **General Purpose Parking Fund**

The revenues in the General Purpose Parking Fund are currently tracking to end the year \$1.5 million below the budgeted estimate as a result of the economic downturn which has primarily impacted the revenues generated from both monthly parking permits and visitors. To offset this shortfall, recommendations to decrease funding in various capital projects are included in this document (Parking Technology Improvements Project by \$300,000, Minor Parking Facility Improvements Project by \$230,000, Security Improvements Project by \$200,000, Parking Guidance System Phase II Project by \$150,000, and HP Pavilion/Diridon Area Multi-Space Meters Project by \$30,000). Also, a decrease to the Department of Transportation's non-personal/equipment funding of (\$286,000) is recommended to reflect savings resulting from

efficiencies in contractual services and lower insurance costs since earthquake insurance is no longer required for garages that were recently seismically retrofitted. In addition, a downward adjustment of \$292,000 to the ending fund balance is included to rebalance the fund. It is also anticipated that the fund will have an additional impact of \$1.7 million in 2009-2010 as a result of the proposed shift of the debt service payment for the 4<sup>th</sup> and San Fernando Streets Parking Garage from the San Jose Redevelopment Agency (SJRA) to this fund. Recommendations to appropriate the anticipated payment and the offsetting actions will be brought forward after the approval of the SJRA's budget.

## **STATUS OF CAPITAL BUDGET PROGRAMS**

### **Capital Budget Revenues**

Section II of this report contains a detailed update on the financial status of each Capital Program, including a discussion of the major revenue sources. As has been reported in Bi-Monthly Financial Reports, the severe economic downturn continues to impact activity and the revenue collections in development-related taxes that support various Capital Programs are tracking to end the year significantly below budgeted estimates. As a result, these revenues are recommended to be adjusted downward, and in some funds, will require offsetting expenditure reductions to rebalance program funds. It is anticipated that the major non-economically sensitive revenues, such as transfers and contributions from other agencies, that support many of the capital programs will perform as projected.

The Building and Structure Construction Taxes and the Construction Excise Taxes that support the Traffic Capital Program are recommended to be revised significantly downward due to lower than anticipated development activity. Through December, Building and Structure Construction Taxes totaled \$2.5 million, which represents a decrease of 51% when compared to the first six months of last fiscal year and only 31% of the current budgeted estimate of \$8.0 million. As a result, the revenue estimate for Building and Structure Construction Taxes are recommended to be revised downward by 50% to \$4.0 million. Construction Excise Tax collections through December totaled \$3.1 million, down 48% from last year and 39% of the budgeted estimate of \$8.0 million. Current projections, as a result of decreased development activity, indicate that revenues will fall far below the budgeted estimate by year-end. Therefore, these revenues are recommended to be revised downward by 31% to \$5.5 million. Major rebalancing actions in the Traffic Capital Program are necessary and recommended to offset this revenue reduction. These actions include funding shifts, project deferrals or eliminations, and the recognition of project savings. The steep declines in these revenues over the past few years seriously hamper the City's ability to develop and maintain the transportation infrastructure, which already suffers from a daunting backlog of unmet and deferred infrastructure needs.

Significant downward revenue adjustments due to the decreased level of development activity are also recommended for Sanitary Sewer Connection Fees, Storm Drainage Fees, Residential Construction Taxes, Underground In-Lieu Fees, and various Water Utility fees. A reduction of capital projects/allocations or sufficient ending fund balances in the corresponding funds are available to offset these revenue reductions. It should be noted, however, that the lower level of

overall revenue collections will also result in reduced and/or deferred projects in the upcoming Capital Improvement Program.

As previously reported in Bi-Monthly Financial Reports, after experiencing almost continuous declines since spring 2005, Construction and Conveyance (C&C) Tax revenues are beginning to stabilize, which indicates this revenue stream may not decline further. Nearly 99.0% of the total C&C Taxes are comprised of conveyance receipts, a tax based on the value of property transfers, which are the main driver in this revenue category. The 2009-2010 Adopted Capital Budget estimate for C&C taxes is \$20.0 million. Through December 2009, C&C Tax receipts totaled \$9.6 million or 48.0% of the adopted estimate. This figure represents a decline of less than 1.0% from the \$10.0 million collected through December 2008. As described in the Economic Environment section of this transmittal memorandum, from July through December 2009 the median home price increased by 8.5% and the number of property transfers for all types of residences increased by approximately 28.7% from the same period in the prior year. Meanwhile, the average days-on-market for the residential real-estate market has dropped from a high of over 90 days in June 2009 to 65 days in December 2009. If collections continue at levels experienced through the first six months of the fiscal year, it is anticipated the year-end C&C Tax estimate of \$20.0 million will be achieved; however, collections will remain on careful watch through the remainder of the year.

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

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

- In the *Airport Capital Program*, the recognition of Recovery Act revenue and a corresponding increase to the North Concourse Building appropriation for TSA Terminal B Checked Baggage Screening Project (\$17.8 million) is recommended.
- In the *Communications Capital Program*, an augmentation for fiber optics installation to the Animal Care Center is recommended.
- In the *Municipal Improvements Capital Program*, funding for tenant improvements at the Central Service Yard to facilitate the move of employees from the old Dr. Martin Luther King, Jr. Library to City Hall and the Central Service Yard is recommended in order to vacate that building and generate ongoing General Fund savings. This move is also a necessary step in preparing the site for the potential Convention Center expansion.
- In the *Traffic Capital Program*, revenue reductions for Construction Excise Taxes (\$2.5 million) and Building and Structure Construction Tax (\$4 million) are recommended. These adjustments are offset by recommended reductions to Traffic Safety Data Collection, Regional and Policy Legislation, Bike/Pedestrian Project Development, CIP Delivery Management, Traffic Safety Education, BART Project Management, Budget Administration, Grant Administration, Local Transportation Policy and Planning, Airport People Mover, General Plan Update, High Speed Rail, Maintenance Assessment District Development,

Traffic Congestion Data Management, and Maintenance Backlog – Traffic Infrastructure. In addition, the elimination of reserves and deferral of projects such as the Route 101/Tully Interchange Upgrade and Airport Gateway Improvements projects are recommended to offset the decreased revenue estimates.

- In the *Parking Capital Program*, reductions or deferrals to the Parking Guidance System Phase II, Minor Parking Facility Improvements, Security Improvements, Arena Parking Meters, and Parking Technology Improvements projects are recommended in order to cover estimated shortfalls in parking revenue in the General Purpose Parking Fund.
- In the *Parks and Community Facilities Development Capital Program* the reallocation of funding from reserves for the Penitencia Creek Park Play Lot Renovation and Soccer Complex is recommended. In addition, realization of savings for Watson Park and the allocation of funds for an additional soccer field are recommended. Lastly, new funding for O'Donnell's Garden Park and TRAIL: Guadalupe River Reach 6 is recommended in this report.
- In the *Public Safety Capital Program*, recommended actions include an augmentation for backup servers for the Fire Department Records Management System.
- In the *Sanitary Sewer Capital Program*, the reallocation of funds from the Edenvale Sanitary Sewer Supplement project to fund urgent repairs identified by the Department of Transportation, developer negotiated improvements, and preliminary engineering/design for projects accelerating in the CIP is recommended.
- In the *Water Utility System Capital Program*, reductions to the Advance System Design, Meter Installations, System Installations, and North First Street Parallel Main projects/allocations are recommended to partially offset lower than anticipated revenues.

#### **FINDINGS FOR PUBLIC IMPROVEMENT PROJECTS**

Section 33445 of the Redevelopment Law requires that the City Council make certain findings with respect to publicly owned improvements funded by the Redevelopment Agency. The required findings are as follows:

- The public improvement benefits a project area.
- There are no other reasonable means for financing the public improvement.
- The public improvement will assist in the elimination of blight within a project area.
- The public improvement is consistent with the adopted implementation plan for the Strong Neighborhoods Initiative Redevelopment project area.

These projects are specifically described in the memorandum from the Redevelopment Agency of the City of San José dated August 18, 2009, included in the Appendix section of this report. As approved in the City's 2009-2010 Adopted Operating Budget, these Redevelopment Agency funds pay for eligible capital projects which would otherwise be funded from City sources, thereby freeing-up City funds to support the San José BEST program and pay the cost of eight Police Officers.

## IMPACT ON POSITIONS

The 2009-2010 Mid-Year Budget Review includes the recommended elimination of 9.0 positions as follows:

- **Police Department (6.0 positions):** The elimination of 5.0 sworn positions (1.0 Police Captain position, 1.0 Police Sergeant position, and 3.0 Police Officer positions) assigned to the Airport, as of late March 2010 is recommended. This action will maintain required Transportation Security Administration Police staffing levels at the Airport. In addition, the elimination of 1.0 Police Lieutenant included as a budget balancing action in the 2009-2010 Adopted Budget is recommended. There are sufficient vacancies in these sworn classifications to address these reductions.
- **Public Works:** The elimination of 1.0 vacant Contract Compliance Specialist position that supports the Airport due to lower than anticipated living wage program activity is recommended.
- **Redevelopment Agency:** The elimination of 1.0 vacant Economic Development Officer position and 1.0 vacant Principal Account Clerk position assigned to the Redevelopment Agency as part of the SJRA budget rebalancing actions is recommended.

## COUNCIL REFERRALS

- **Office of Economic Development: San Jose Sports Authority, Arena Authority, and Convention and Visitors Bureau Referral**

As part of City Council's approval of the Mayor's June Budget Message for Fiscal Year 2009-2010, the Administration was directed to review services that might overlap among the Office of Economic Development, San Jose Sports Authority, the Arena Authority, and the Convention and Visitors Bureau and report on opportunities for efficiencies, if any, that may generate savings by mid-year. The Administration will be conducting an operational and financial review of these agencies with the goal of maximizing the City's resources to deliver priority services. The City Manager's Office and the Office of Economic Development will be meeting with the three organizations to discuss opportunities for consolidating City funded programs and/or services. An information memorandum will be provided in March 2010.

- **Police Department: Management Consolidation Referral**

As part of City Council's approval of the Mayor's June Budget Message for Fiscal Year 2009-2010, the Administration was directed to accelerate the streamlining of management functions within the Police Department to achieve savings of \$125,000 in 2009-2010 and \$250,000 in 2010-2011. In response to that direction, the Police Department has held a Deputy Chief position vacant since August 2009 to achieve \$125,000 in savings for 2009-2010. As of the March 2010 shift change, the Department will combine the Hi-Tech and Financial Crime Units. A recommendation is included in this report to eliminate the vacant Police Lieutenant position which oversaw the Hi-Tech Unit. In order to achieve the full \$250,000 in savings in 2010-2011 (approved in the 2009-2010 Adopted Operating Budget), overtime funding of \$24,000 will also be eliminated from the Police Department.

### PUBLIC OUTREACH/INTEREST

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

This document is posted on the City's website for February 9, 2010 Council agenda.

### CONCLUSION

While the City continues to be deeply impacted by the severe economic downturn, the City's overall budget remains in a fragile, but relatively sound condition through the mid-point of the year with the majority of City funds generally performing within anticipated levels. However, there are a number of funds, including the General Fund, that are not tracking to meet budgeted estimates by year-end. Budget adjustments are recommended in this document to address projected shortfalls in these funds. A net reduction of 9.0 positions is also recommended in this Mid-Year Budget Review Report to reduce costs in various programs and to implement 2009-2010 Adopted Budget direction. This is in addition to the 43.5 positions that were approved for elimination by the City Council on November 17, 2009 to rebalance the Development Fee Programs and adjust Capital Program staffing.

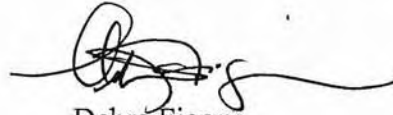
The adjustments brought forward in this report reflect our best estimate of the financial performance for the City's over 100 funds through the end of the fiscal year. Given the significant amount of uncertainty regarding the economy, however, additional adjustments may be necessary by year-end. The Administration will continue to closely monitor performance and provide status reports on the City's finances through the Bi-Monthly Financial Reports. These reports will highlight any significant developments as well as identify any potential budget actions necessary to ensure the City's funds remain in balance by year-end. Diligent monitoring, continued fiscal discipline, and timely actions will be critical to maintain the City's fiscal health.

As difficult as this year has been and continues to be, the budgetary challenges facing the organization are expected to be even more severe in 2010-2011. Planning efforts are well underway to develop strategies to address the preliminary projected General Fund shortfall of approximately \$100 million as well as budget shortfalls in a number of special and capital funds. This projected shortfall figure will be updated in February with the release of the 2011-2015 General Fund Forecast. This forecast will incorporate the latest revenue performance as well as updated cost information, including any adjustments to the City contribution rates for the Federated and Police and Fire retirement plans, if available. The General Fund projected



shortfall will be continually updated through the development of the Proposed Operating Budget that will be released May 3, 2010.

The fiscal challenges facing our organization will, no doubt, result in significant changes to the services that can be delivered. Continued patience and understanding will be needed as the City organization is resized given the economic realities.

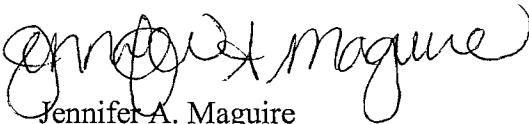



Debra Figone  
City Manager

### 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 2009-2010 monies in excess of those heretofore appropriated therefrom:

Airport Capital Improvement	\$ 13,999,000
Airport Surplus Revenue	5,100,000
Benefit	3,545,000
Civic Center Construction	45,113
Community Development Block Grant	100,000
Construction & Conveyance Tax – Fire	48,000
Construction & Conveyance Tax – Parks City-Wide	100,000
Construction & Conveyance Tax – Service Yards	872,416
Gift Trust	422,554
Home Investment Partnership Program Trust	903,000
Multi-Source Housing	150,000
Redevelopment Agency Capital Projects (City-side)	68,000
Sewer Service & Use Charge Capital	4,230,000
Workforce Investment Act	3,007,355

  
Jennifer A. Maguire  
Budget Director



2009-2010

MID-YEAR  
BUDGET  
REVIEW



SECTION

I

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



**2009-2010  
MID-YEAR BUDGET REVIEW  
Section I**

**I. OPERATING BUDGET STATUS REPORT**

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

- A. **General Fund Source and Use of Funds** – Included is a Mid-Year Status Report Source and Use of Funds showing overall modifications to the 2009-2010 budget, actual revenues and expenditures through December 31, 2009, and proposed changes recommended as part of this document.
  
- B. **Status of General Fund Revenues** – The mid-year status of General Fund revenue collections is discussed at the revenue category level in this section. Included is a discussion of proposed revenue revisions for each revenue category.
  
- C. **Status of General Fund Expenditures** – The status of overall General Fund expenditures is provided. Included is a discussion of expenditures in the Police and Fire Departments as well as the status of the Contingency Reserve through December 2009.
  
- D. **Status of Selected Special Funds** – A review of the mid-year status of revenue collections and expenditures for selected special funds with issues of interest or variances is provided. Included is a discussion of proposed revisions to these funds.

**GENERAL FUND  
2009-2010 MID-YEAR STATUS REPORT  
(December 31, 2009)**

<u>SOURCE OF FUNDS</u>	(A) 2009-2010 ADOPTED BUDGET	(B) CURRENT- YEAR MODIFICATIONS	(C) CARRYOVER ENCUMBRANCES	(A+B+C) CURRENT MODIFIED BUDGET	ACTUALS THROUGH DECEMBER	PRIOR-YEAR ACTUALS THROUGH DECEMBER	2009-2010 PROPOSED CHANGES
<b>FUND BALANCE</b>							
Encumbrance Reserve	0	0	24,728,630	24,728,630	24,728,630	41,648,048	0
Carryover	152,991,748	20,221,185	0	173,212,933	173,212,933	223,651,200	0
<b>SUBTOTAL</b>	<b>152,991,748</b>	<b>20,221,185</b>	<b>24,728,630</b>	<b>197,941,563</b>	<b>197,941,563</b>	<b>265,299,248</b>	<b>0</b>
<b>GENERAL REVENUE</b>							
Property Tax	198,249,000	0	0	198,249,000	58,436,484	59,966,604	1,600,000
Sales Tax	135,795,000	(10,720,000)	0	125,075,000	38,472,607	36,632,705	0
Telephone Tax	21,600,000	0	0	21,600,000	7,567,397	0	0
Transient Occupancy Tax	6,553,000	0	0	6,553,000	2,424,856	3,840,538	0
Franchise Fees	41,422,000	0	0	41,422,000	16,275,891	15,189,783	(3,500,000)
Utility Tax	84,959,000	0	0	84,959,000	34,599,805	35,190,544	2,680,000
Licenses & Permits	70,862,027	(3,017,726)	0	67,844,301	34,301,545	37,900,620	(3,084,465)
Fines, Forfeitures & Penalties	18,346,000	0	0	18,346,000	6,854,802	6,238,189	(1,253,000)
Revenue From Money/Property	8,205,000	(2,935,000)	0	5,270,000	1,613,600	4,956,445	(1,771,918)
Revenue From Local Agencies	50,722,734	344,948	0	51,067,682	22,154,669	24,590,051	(165,443)
Revenue From State Government	9,236,133	792,963	0	10,029,096	4,710,386	6,424,294	720,367
Revenue From Federal Government	4,188,179	2,164,606	0	6,352,785	667,807	717,888	854,945
Rev From Fed Gov-Recovery Act	9,703,990	1,101,636	0	10,805,626	14,662	0	28,540
Departmental Charges	30,438,723	(1,790,658)	0	28,648,065	10,785,440	14,696,467	(1,109,867)
Other Revenue	15,462,438	205,393	0	15,667,831	9,653,567	14,777,265	783,042
<b>SUBTOTAL</b>	<b>705,743,224</b>	<b>(13,853,838)</b>	<b>0</b>	<b>691,889,386</b>	<b>248,533,518</b>	<b>261,121,393</b>	<b>(4,217,799)</b>
<b>TRANSFERS AND REIMBURSEMENTS</b>							
Overhead Reimbursements	38,325,348	(450,220)	0	37,875,128	30,922,157	24,086,723	1,578,865
Transfers	28,119,296	2,650,000	0	30,769,296	19,687,319	28,666,187	765,859
Reimbursements for Services	17,047,687	0	0	17,047,687	4,366,102	5,613,255	20,000
<b>SUBTOTAL</b>	<b>83,492,331</b>	<b>2,199,780</b>	<b>0</b>	<b>85,692,111</b>	<b>54,975,578</b>	<b>58,366,165</b>	<b>2,364,724</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>942,227,303</b>	<b>8,567,127</b>	<b>24,728,630</b>	<b>975,523,060</b>	<b>501,450,659</b>	<b>584,786,806</b>	<b>(1,853,075)</b>

**GENERAL FUND  
2009-2010 MID-YEAR STATUS REPORT  
(December 31, 2009)**

<u>USE OF FUNDS</u>	(A) 2009-2010 ADOPTED BUDGET	(B) CURRENT- YEAR MODIFICATIONS	(C) CARRYOVER ENCUMBRANCES	(A+B+C) CURRENT MODIFIED BUDGET	ACTUALS THROUGH DECEMBER	PRIOR-YEAR ACTUALS THROUGH DECEMBER	2009-2010 PROPOSED CHANGES
<b>DEPARTMENTAL</b>							
City Attorney	12,789,748	(14,913)	655,405	13,430,240	6,337,551	6,165,735	28,532
City Auditor	2,378,789	(5,093)	63,051	2,436,747	1,187,152	1,080,988	5,562
City Clerk	4,092,934	(655,071)	82,070	3,519,933	1,009,223	975,968	6,641
City Manager	11,247,470	(137,018)	269,536	11,379,988	5,245,490	5,176,031	27,133
Economic Development	3,826,423	(54,743)	171,816	3,943,496	1,961,821	2,122,412	7,964
Environmental Services	573,097	227,920	191,238	992,255	301,076	183,663	457
Finance	12,094,437	(238,785)	208,784	12,064,436	5,457,341	5,519,271	36,540
Fire	154,892,416	(498,734)	267,753	154,661,435	73,789,635	73,045,487	343,736
General Services	27,225,066	(271,478)	446,889	27,400,477	12,934,019	12,099,871	137,952
Human Resources	8,371,714	(236,452)	44,207	8,179,469	3,691,333	3,397,126	42,128
Independent Police Auditor	800,785	2,858	1,969	805,612	319,823	410,081	1,645
Information Technology	17,149,763	(740,224)	867,506	17,277,045	7,532,917	7,243,770	145,498
Library	30,294,729	(685,509)	348,105	29,957,325	13,836,900	13,745,247	141,397
Mayor and City Council	10,252,127	(153,742)	157,233	10,255,618	3,612,042	3,625,317	59,668
Parks, Recreation & Neighb. Svcs	57,829,368	(875,641)	663,239	57,616,966	26,785,399	27,403,270	594,692
Planning, Building & Code Enforce.	26,578,229	(2,446,725)	179,818	24,311,322	12,342,033	15,765,349	501,750
Police	296,364,964	(1,480,228)	1,913,906	296,798,642	140,353,750	125,008,176	1,340,182
Public Works	6,309,401	(1,101,849)	71,518	5,279,070	2,775,292	4,778,917	17,201
Redevelopment Agency	2,061,797	0	0	2,061,797	970,843	926,239	(155,820)
Transportation	31,229,078	(337,786)	741,761	31,633,053	13,952,605	14,002,601	(2,673)
<b>SUBTOTAL</b>	<b>716,362,335</b>	<b>(9,703,213)</b>	<b>7,345,804</b>	<b>714,004,926</b>	<b>334,396,245</b>	<b>322,675,519</b>	<b>3,280,185</b>
<b>NON-DEPARTMENTAL</b>							
City-Wide Expenses	108,430,330	2,763,220	7,920,202	119,113,752	40,923,357	48,256,572	13,563,320
Capital Contributions	27,878,060	1,346,000	9,462,624	38,686,684	5,867,451	6,457,011	(11,218,060)
Transfers	23,820,069	492,410	0	24,312,479	23,592,699	35,549,659	0
Earmarked Reserves	35,020,798	13,668,710	0	48,689,508	0	0	(7,478,520)
Contingency Reserve	30,715,711	0	0	30,715,711	0	0	0
<b>SUBTOTAL</b>	<b>225,864,968</b>	<b>18,270,340</b>	<b>17,382,826</b>	<b>261,518,134</b>	<b>70,383,507</b>	<b>90,263,242</b>	<b>(5,133,260)</b>
<b>TOTAL USE OF FUNDS</b>	<b>942,227,303</b>	<b>8,567,127</b>	<b>24,728,630</b>	<b>975,523,060</b>	<b>404,779,752</b>	<b>412,938,761</b>	<b>(1,853,075)</b>

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**STATUS OF GENERAL FUND REVENUES**

**Overview**

General Fund revenues and transfers through December totaled \$303.5 million, or 39% of the budgeted estimate. Based on current collection trends, revenues are tracking to end the year below expected levels.

Significantly lower than budgeted collections (\$12.1 million) are expected in a number of categories, including: Franchise Fees; Licenses and Permits; Departmental Charges; Fines, Forfeitures and Penalties; and Use of Money and Property. The lower collections in these categories are expected to be partially offset by slightly higher collections (\$6.1 million) in three other categories, including Utility Tax, Property Tax, and Transfers and Reimbursements. A description of the performance in each of these categories is included in this section.

*Recommended Adjustments*

A series of adjustments that result in a net reduction of \$1.9 million to the General Fund revenue estimates are recommended in this document to (1) bring revenue estimates in line with revised projections based on economic

trends and updated collection information; and (2) account for additional new revenue from grant programs and reimbursement for services, available to fund additional related expenditures.

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

<u>Category</u>	<u>\$ Impacts</u>
Property Tax	1,600,000
Franchise Fees	(3,500,000)
Utility Tax	2,680,000
Licenses and Permits	(3,084,465)
Fines, Forfeitures & Penalties	(1,253,000)
Use of Money and Property	(1,771,918)
Revenue from Local Agencies	(165,443)
Revenue from the State of California	720,367
Revenue from the Federal Government	883,485
Departmental Charges	(1,109,867)
Other Revenue	783,042
Transfers and Reimbursements	2,364,724
<b>Total</b>	<b><u>(1,853,075)</u></b>

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

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

**Revenue Status**

<b>2009-2010</b>		<b>2008-2009</b>		<b>2009-2010</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$198,249,000	\$58,436,484	29.5%	28.4%	\$1,600,000

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

The 2009-2010 **Secured Property Tax** budget estimate is \$183.6 million. Through December, actual Current Secured Property Tax collections of \$46.3 million were 3.7% below the prior year receipts of \$48.1 million.

Based on information from the County of Santa Clara Controller-Treasurer's Office, the Secured Property Tax roll is expected to reach \$185.2 million, which is \$1.6 million above the 2009-2010 Modified Budget of \$183.6 million. With the revised Secured Property Tax estimate, a decline of 3.7% from the prior year is projected. This decline is slightly lower than the 4.0% drop assumed when the 2009-2010 Adopted Budget was developed.

The 2009-2010 collections are based on the value of property assessed on January 1, 2009, with any tax roll corrections. In developing this most recent estimate, the County has made a

projection on the value of downward adjustments that will be made during the year. Because tax roll adjustments are still occurring and will continue to take place until the end of May 2010, the Budget Office will continue to work with the County to assess what implications any fluctuation in revenues due to this factor might have for the prospects of total collections in the overall Secured Property Tax category.

The 2009-2010 **Unsecured Property Taxes** budget estimate is \$10.0 million, which is 14.4% below the prior year collection level. Receipts through December of \$11.0 million, however, actually tracked 5.6% above last year and have already exceeded the budgeted estimate. Typically, approximately 90% of the annual revenue for this category is received in October. Based on current collection trends, Unsecured Property Tax receipts is likely to exceed the budgeted estimate.

Through December, **SB 813 Property Tax** receipts (retroactive collections back to the point of sale for reassessments of value due to property resales) of \$944,000 were 25.0% below the prior year level of \$1.3 million. The



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**PROPERTY TAX  
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2009-2010 budgeted estimate of \$3.5 million allows for a decline of 37.8% from actual 2008-2009 receipts. A drop was expected in 2009-2010 based on the assumption that the housing market would continue to experience significant declines through 2009-2010. At this point, the drop in receipts is within expected levels and

collections in this category are expected to meet the budgeted estimate by year-end.

An increase of \$1.6 million to the Property Tax revenue estimate is recommended in this report to reflect the higher projected Secured Property Tax revenue.

**SALES TAX**

**Revenue Status**

2009-2010		2008-2009		2009-2010
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$125,075,000	\$ 38,472,607	30.8%	27.8%	0

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

The 2009-2010 budget estimate for **General Sales Tax** is \$121.0 million, which is approximately 5.3% below the 2008-2009 actual collection level.

As discussed in the September-October Bi-Monthly Financial Report, the receipts for the first quarter of **General Sales Tax** for the current year were received in December, and included a correction for a Sales Tax recording error that understated the fourth quarter of General Sales Tax for 2008-2009. These

receipts represented activity for July through September and, factoring out the correction for that error, in total were down 18.2% from the same quarter in the prior year.

When comparing San José's cash receipts to those of other jurisdictions, San José's unadjusted decrease of 12.8% (the recording error affected all jurisdictions) was worse than the performance of Santa Clara County (down 11.9%), but better than Northern California (down 14.0%) and the State as a whole (down 14.8%).

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(CONT'D.)**

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

The City's Sales Tax consultant, MuniServices Company, provided economic performance data, which is considered to be a more accurate measure of the actual sales tax activity in San José for a particular period. This growth analysis measures sales tax receipts, excluding state and county pools, and adjusts for anomalies, payments to prior periods, and late payments.

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

- General Retail: down 10.3%
- Business-to-Business: down 23.9%
- Transportation: down 21.2 %
- Construction: down 26.1%
- Food Products: down 9.6%
- Miscellaneous: down 17.4%

In this most recent quarter, General Retail remained the largest sector in San José representing 29.3% of the sales tax activity, followed by Business-to-Business (24.9%), Transportation (19.2%), Food Products (16.5%), Construction (9.3%), and Miscellaneous (0.8%).

When the 2009-2010 Adopted Budget was developed, it was assumed that collections in 2009-2010 would decline 5% from the estimated 2008-2009 collection level. However,

actual 2008-2009 Sales Tax receipts in the last two quarters of the fiscal year (-29.3%, -22.8%) ended well below the estimates used in the development of the 2009-2010 budget. As a result, the 2009-2010 revenue estimate was adjusted downward by \$10.7 million as part of the 2008-2009 Annual Report budget actions. That adjustment allows for a 5% decline from actual 2008-2009 receipts.

The lower collections in the first quarter of 2009-2010 are within the budgeted estimate. Information on the second quarter collections (October-December sales activity) for this fiscal year will not be received until late March. The City's Sales Tax performance will continue to be closely monitored to determine if any additional adjustments are necessary to the budgeted estimate.

The 2009-2010 **Proposition 172 Half-Cent Sales Tax** adopted budget estimate of \$4.1 million allows a 3.3% drop from the prior year. Year-to-date receipts of \$1.6 million are 14.9% below the prior year and, if the current collection trend continues, Proposition 172 Half-Cent Sales Tax revenues could end the year below the budgeted estimate. Staff will continue to monitor these revenues closely and bring forward adjustments later in the year, if necessary.

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**TRANSIENT OCCUPANCY TAX**

<b>Revenue Status</b>				
	<b>2009-2010</b>		<b>2008-2009</b>	<b>2009-2010</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$6,553,000	\$2,424,856	37.0%	49.3%	0

The 2009-2010 budget estimate for the General Fund **Transient Occupancy Tax** (TOT) allocation (40% of the total tax) is \$6.6 million, which allows for a decline of 15.9% from the 2008-2009 collection level.

Although TOT collections are currently tracking 36.9% below the prior year (29.2% below after adjusting for compliance revenue), this negative variance for the first half of the year is not unexpected, since 2008-2009 TOT collections were relatively strong in the first half of the year and fell significantly in the second half of the year. As 2009-2010 progresses, TOT collections are expected to approach the estimated level.

Through December, the average hotel occupancy rate was 52.1%, down from 57.4% for the same period last year, while average daily room rates have declined from \$134.61 to \$117.29. Horwath HTL, the City's hotel and convention industry consultant, is reviewing TOT collections in connection with the potential Convention Center expansion project, and their findings will be considered in the development of the 2011-2015 General Fund Forecast. Should collections appear to be falling behind anticipated levels as the year progresses, recommendations to adjust the allocations to the three recipients (convention facilities operations and maintenance, Convention and Visitors Bureau, and cultural development) may be brought forward for City Council consideration.

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**TELEPHONE LINE TAX**

<b>Revenue Status</b>				
<b>2009-2010</b>		<b>2008-2009</b>		<b>2009-2010</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$21,600,000	\$7,567,397	35.0%	NA	0

The 2009-2010 budget estimate for the General Fund **Telephone Line Tax** is \$21.6 million. This estimate is based on prior-year collection trends for the Emergency Communication System Support (ECSS) Fee which the Telephone Line Tax replaced in spring 2009. The Telephone Line Tax and the ECSS Fee collections totaled \$24.7 million in 2008-2009; however, the Telephone Line Tax is 10% less

than the ECSS Fee so the current year estimate reflects a discount from the prior year collections. If the current collection trend continues, Telephone Line Tax revenues could end the year below the budgeted estimate. Staff will continue to monitor these revenues closely and bring forward adjustments later in the year, if necessary.

**FRANCHISE FEES**

<b>Revenue Status</b>				
<b>2009-2010</b>		<b>2008-2009</b>		<b>2009-2010</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$41,422,000	\$16,275,891	39.3%	37.0%	(\$3,500,000)

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

The annual reconciliation report from Pacific Gas and Electric (PG&E) concerning **Electricity** and **Gas** gross receipts and the resulting amount of franchise fees owed for calendar year 2009 will not be received until April.

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**FRANCHISE FEES  
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Based on currently available performance data associated with Gas and Electric Utility Tax receipts as well as rate information from PG&E, however, it is estimated that both Gas and Electric Franchise Fees will end the year below the budgeted estimates. The Gas Franchise Fees, which are budgeted at \$5.5 million, are expected to end the year well below the prior year and budgeted estimate due to a substantial drop in gas rates during calendar year 2009. A downward adjustment of \$1.5 million to the Gas Franchise Fee estimate is recommended in this document. The Electric Franchise Fees, which are budgeted at \$15.9 million are also expected to end the year below the budgeted estimate and prior year level due, in part, to a one-time electricity rebate in November 2009. A reduction of \$1.0 million to the Electric Franchise Fee estimate is also recommended in this document.

**Commercial Solid Waste (CSW) Franchise Fees** collections through December totaled \$4.3 million, or 38.2% of the adopted amount (\$11.3 million). This collection level reflected growth of 23.5% over the prior year primarily due to the timing differences in the payments and variances in accruals. Actual monthly receipts are tracking approximately 5% below the prior year. The lingering effects of the severe economic downturn have negatively impacted collections in this category. Increased recycling may also account for some of this decline.

Growth of 5.5% is needed, however, to meet the 2009-2010 budgeted estimate. This growth is needed because actual 2008-2009 receipts fell below the estimate used to develop the 2009-2010 budgeted estimate. This Mid-Year Budget Review includes a recommendation to decrease the revenue estimate by \$1.0 million (to \$10.3 million). This will allow for a 3.7% decline in this category when compared to the prior year and will bring the estimate closer to year-end expectations.

**Cable Television Franchise Fees** of \$1.9 million represent collections for only one quarter through December, due to the typical quarter lag in receipts. Year-to-date receipts are tracking 1.6% above the prior year level, which is very close to the 2.0% growth needed to meet the 2009-2010 budgeted revenue estimate of \$7.3 million. Based on current collection trends, fees from this category are expected to end the year close to the budgeted estimate.

**City-Generated Vehicle Tow Fees** of \$399,000 are tracking within estimated levels and are expected to end the year close to the budget estimate of \$1.2 million.

**Water Franchise Fee** revenue through December of \$100,000 is currently tracking within estimated levels and is expected to meet the 2009-2010 budget estimate of \$220,000 by year-end.

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**STATUS OF GENERAL FUND REVENUES  
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**UTILITY TAX**

**Revenue Status**

2009-2010		2008-2009		2009-2010
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$84,959,000	\$34,599,805	40.7%	41.0%	\$2,680,000

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

**Electric Utility Tax** receipts of \$16.7 million were tracking slightly below the prior year level of \$17.4 million. Growth of 5.2% is needed, however, to meet the Electric Utility budget estimate of \$39.5 million. Based on current collection trends and the loss of revenue associated with a one-time PG&E electricity rebate, collections are currently expected to end the year below the budgeted estimate. A downward adjustment of \$1.92 million to this revenue estimate is recommended in this document to reflect this lower estimated collection level.

**Gas Utility Tax** receipts of \$2.3 million were 35.1% below the prior year of \$3.5 million, primarily reflecting lower gas costs. When the 2009-2010 Adopted Budget was developed, it was assumed that collections in 2009-2010 would remain at the estimated 2008-2009 levels. However, actual receipts in 2008-2009 fell below expectations. As a result, the budgeted estimate of \$10.4 million requires growth of 7.7% from the actual 2008-2009 collection level. The decline experienced to date is consistent with commercial and

residential forecasts provided by PG&E. The forecasts projected that average gas costs would remain well below prior year levels through the first four months of the fiscal year and then stay close to or rise above the prior year levels later in the year. Based on these projections and the limited collection data, improvement is expected through the remainder of the year, but Gas Utility Tax receipts are still expected to fall below the budgeted estimate by year-end. Based on the actual performance last year and current activity, a downward adjustment of \$1.7 million to this category is recommended in this document.

**Water Utility Tax** collections of \$3.7 million through December are tracking below the prior year level of \$4.3 million due to differences in the timing of payments. Factoring out these timing differences, receipts are tracking at the 2008-2009 level. Collections are currently on target to meet the budgeted estimate of \$8.5 million by year-end. It should be noted, however, that this category is always subject to fluctuations related to the amount of precipitation received, particularly in the spring.

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

Consumption levels over the next several months will determine if adjustments to the revenue estimate will be appropriate before the end of the year.

**Telephone Utility Taxes** receipts of \$11.9 million through December are tracking 18.7% above the prior year level of \$10.0 million. Based on the 2008-2009 actual receipts of \$29.2 million and the current collection trends, receipts are on track to exceed the budgeted estimate of \$26.5 million by year-end. Collections in this category reflect the implementation of Measure K that was approved by voters in November 2008 and became effective in April 2009. This measure lowered the tax rate by 10% and modernized the

tax base. Based on recent collection trends, the modernization of the tax base, which included adding international and interstate calls as well as toll free numbers and fax machines, appears to have more than offset the decline in revenues associated with the 10% reduction in the tax rate. Based on current collection trends, an upward adjustment of \$6.3 million to this category is recommended in this document.

On an overall basis, a net increase of \$2.7 million to the Utility Tax revenue estimate is recommended in this document to reflect higher Telephone Utility Tax receipts, partially offset by lower Electric and Gas Utility tax collections.

**LICENSES AND PERMITS**

**Revenue Status**

2009-2010		2008-2009		2009-2010
<u>Budget Estimate</u>	<u>Y.T.D Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$67,844,301	\$34,301,545	50.6%	53.8%	(\$3,084,465)

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

**Business Tax** – collections of \$7.3 million through December were tracking below the prior year level of \$8.0 million. Collections are expected to fall below both the 2008-2009 collection level of \$12.3 million and the 2009-2010 budget estimate of \$12.6 million.

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**LICENSES AND PERMITS  
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The Finance Department projects that Business Tax collections will end the year approximately \$1.6 million below the budgeted estimate. The current economic slowdown has impacted the number of businesses as well as staffing levels, which directly impact Business Tax receipts. In addition, this year the City has seen an increase of over 40% in the number of applications for reduced Business Tax rates due to hardship/exemption. A downward adjustment of \$1.6 million is recommended in this document based on the revised projection.

**Cardroom Business Tax** – collections of \$5.2 million through December were tracking below the prior year level of \$5.8 million. Based on collection trends in recent years and actual performance through December, this revenue category is expected to fall below the 2009-2010 budget estimate of \$13.2 million and a downward adjustment of \$500,000 is recommended in this document.

**Disposal Facility Tax (DFT)** – Receipts through December of \$4.8 million are tracking 7.0% below the prior year level. Lower retail sales and reduction in construction waste generation appear to have decreased the amount of material disposed in landfills. In addition to the continuing effects of the economic downturn, increased recycling may also account for some of this decline.

When the 2009-2010 Adopted Budget was developed, it was assumed that collections in 2009-2010 would decline 2% from the estimated 2008-2009 collection level. However, actual 2008-2009 Disposal Facility Tax receipts

ended significantly below the estimates used in the development of the 2009-2010 budget. As a result, 2009-2010 collections must now increase by 6.4% to achieve the budget estimate. Based on the current collection trend, it is now estimated that Disposal Facility Tax revenue may end the year \$1.0 million below the budgeted estimate. This report includes a recommendation to decrease the revenue estimate by \$1.0 million to \$11.9 million.

**Building Permits** – Building Permit receipts through December totaled \$7.8 million, or 52.8% of the modified estimate of \$14.8 million. This collection level was 24.1% below the prior year level of \$10.3 million through the first six months of the year. The 2009-2010 Building Permits budget has been adjusted twice since its adoption in June in recognition of its continued decline. In the Annual Report, revenues were reduced by \$374,000. In November, Council approved a comprehensive plan whereby revenues were reduced by an additional \$1.8 million and 29 positions were eliminated in both the Planning and Building Development Fee Programs. An additional reduction of \$210,000 is recommended in this report to reflect the loss of overhead from the development fee program to the General Fund from actions taken on November 17, 2009.

Through the first six months of the year, only 267 residential building permits have been issued as compared to 1,031 permits issued at this time last year, a 74% drop. Activity has shown some improvement in December with residential permit activity rising to its highest level in a year (231 units).



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

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

Permits were issued for 10 single family units and 221 multi-family units (2 projects). Commercial and industrial activity remained slow. Overall, revenues in December showed improvement. This trend appears to be continuing in January, and Planning, Building and Code Enforcement (PBCE) is hopeful that it will be sustained. Almost all categories are now within anticipated levels and are expected to meet the 2009-2010 budget estimate.

While customer traffic has decreased by 6%, when comparing the first two quarters of 2009-2010 to 2008-2009, Permit Center staff has been reduced by 35% during this time period. As a result, performance has eroded and some customers have been turned away. Of the walk-in customers who receive service, currently 45% (mostly customers with appointments) wait between 30 minutes to one hour, 35% wait more than one hour, and 20% wait more than two hours. PBCE has reassigned staff to the Permit Center from other operations wherever possible in order to ensure that prospective fee-paying customers continue to purchase permits. This has resulted in other services being impacted such as extending out inspection cycle times.

The Budget Office, in conjunction with PBCE, will continue to analyze revenue and expenditure levels to determine if any further adjustments to the revenue estimate will be necessary. Currently the Building Development Fee Program Earmarked Reserve is \$1.4 million. Since, by City Council policy, these fees are cost recovery, any revenue adjustment must be accompanied by a corresponding

adjustment in either the appropriations or the fee reserve.

**Fire Permits** – Through December, Fire Permits and Licenses collections of \$3.2 million tracked 15.0% below estimated levels and 31.1% below the prior year receipts of \$4.7 million.

Development-related collections of \$1.5 million were 12.6% below estimated levels and 34.8% below the prior year receipts primarily due to lower than anticipated activity for architectural plan check and engineering system permits. As development activities were well below anticipated levels, recommendations were approved in the 2008-2009 Annual Report, including a \$470,000 downward adjustment to revenue, offset by reductions to budgeted costs (\$100,000), and use of the Fire Fee Program Reserve (\$370,000). Additional revisions to the Fire Fee Program were approved on November 17, 2009 as part of a memorandum to rebalance various Fee Program Budgets including the Fire Development Fee Program. Those actions included reducing the Fire Licenses and Permits estimate by \$363,000, offset by a \$218,000 reduction to the Fire Department's personal services budget, a \$66,000 reduction to the Fire Department's portion of an Information Technology position dedicated to Development Services and associated non-personal/equipment budget as a result of eliminating the position, and use of \$80,000 from the Fire Fee Program Reserve.

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

An additional reduction of \$54,000 to Fire Licenses and Permits is recommended in this report to reflect the loss of overhead from the Fire Development Fee Program to the General Fund as a result of the November 17, 2009 rebalancing actions.

Nonetheless, even with these rebalancing actions, it appears as though development-related collections may fall short of budgeted levels by as much as \$180,000 to \$240,000. The use of the Fire Fee Program Reserve (currently budgeted at \$2.2 million) may be needed if development activities do not increase in the upcoming months.

Non-Development related collections of \$1.7 million were tracking 32.6% below estimated levels and 27.5% below the prior year receipts primarily due to lower than estimated revenues for annual renewable permits partially offset by higher than anticipated inspection activities. Although annual renewable permits are expected to end the year slightly below the budgeted estimate, overall, non-development

activity is expected to meet or possibly exceed budgeted levels.

The City Manager's Budget Office and the Fire Department will continue to monitor receipts closely, and bring forward additional adjustments as necessary.

**Animal Care and Services Licensing** – collections of \$443,000 through December are tracking above the prior year level of \$377,000. This is primarily the result of two factors: an increase in licensing fees; and an increase in licensing revenue received due to the implementation of a program that pursues owners of unlicensed animals. Included in this document is a recommendation to recognize additional revenue from this program (\$80,000), as well as appropriate funding (\$80,000) for additional animal licensing outreach and processing resources.

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

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

**FINES, FORFEITURES, AND PENALTIES**

**Revenue Status**

2009-2010		2008-2009		2009-2010
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$18,346,000	\$6,854,802	37.4%	44.9%	(\$1,253,000)

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

Through December, this category has generated \$6.9 million, or 37.4% of the budget estimate. While collections are tracking 9.9% above the prior year, growth of 31.9% is needed to meet the budgeted estimate. This growth was expected to be generated primarily in the Parking Fines area as a result of additional staffing and increases to the parking fines approved for 2009-2010. In addition, performance in 2009-2010 is being compared to collections in 2008-2009 that were lower due to staffing issues and accounting adjustments.

Over half of the revenue in this category is budgeted for Parking Fines (\$11.4 million). Through December, Parking Fines totaled \$4.0 million, or 34.9% of the budgeted estimate of \$11.5 million. Collections are tracking below expected levels and are projected to end the year short of the budgeted level by approximately \$1.3 million due to the economic downturn which has impacted the overall parking activity. Also, a delay in training new staff has impacted the issuance of parking citations. Included in this report is a recommendation to adjust the revenues down by \$1.3 million, which will be slightly offset by recommended reductions to the Parking Citation Processing (\$139,000) and Parking Citations/Jail Courthouse Fees (\$250,000) appropriations as a result of a decline in processing parking citations.

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

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

<b>Revenue Status</b>				
<b>2009-2010</b>		<b>2008-2009</b>		<b>2009-2010</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$5,270,000	\$1,613,600	30.6%	72.0%	(\$1,771,918)

The largest source of revenue in this category is General Fund Interest Earnings. This category also includes interest on senior staff home loans, rental revenue from the use of certain City facilities, and subrogation recovery revenues. Overall, receipts of \$1.6 million through December were down 67.4% from the prior year

level of \$5.0 million. The lower collection level in 2009-2010 is primarily the result of lower cash balances in the General Fund as well as a lower interest yield. A downward adjustment of \$1.8 million is recommended in this report to bring the revenue estimate in line with current projections.

**REVENUE FROM LOCAL AGENCIES**

<b>Revenue Status</b>				
<b>2009-2010</b>		<b>2008-2009</b>		<b>2009-2010</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$51,067,682	\$22,154,669	43.4%	47.0%	(\$165,443)

The largest entities in this category are: the **San Jose Redevelopment Agency** and the **Central Fire District**.

**San Jose Redevelopment Agency (SJRA)** reimbursements through December totaled \$5.7 million, which is 27.9% of the budgeted estimate of \$20.5 million. It is currently anticipated that the General Fund costs incurred

on behalf of the SJRA will be reimbursed by year-end. A small number of budget adjustments described below would reduce the SJRA reimbursement as part of 2009-2010 budget balancing actions for the Redevelopment Agency as described in Section III of this report.

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

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

- Decrease of \$155,820 to reflect lower reimbursement for civil service staff. This action is proposed to be offset by an expenditure reduction associated with the elimination of 2.0 civil service positions.
- Decrease of \$50,000 to reflect lower reimbursement for capital improvements that free up funds to support the San José BEST Program.
- Decrease of \$50,000 to reflect lower reimbursement for City Hall rent as a result of the SJRA staff vacating City Hall office space on the 13<sup>th</sup> floor as of January 1, 2010.

The Redevelopment Agency also reimburses the City for the Convention Center lease payment budgeted at \$14.7 million for 2009-2010. Through December, \$11.1 million has been received. It is anticipated that the full amount of the estimate will be received by year-end.

Through December, payments totaling \$3.0 million have been received from the **Central Fire District** for fire services provided by the City and are tracking within estimated levels. Based on an estimate provided by the Central Fire District staff, collections in this category are expected to fall below the 2009-2010 budgeted estimate of \$6.9 million due to the drop in Property Tax receipts. A downward adjustment to this revenue estimate of \$300,000 is recommended in this document to reflect this lower estimated collection level.

Overall, the other reimbursements from various agencies are typically tracking within estimated levels through December.

As described in Section III of this document, the following adjustments are recommended in this report to the Revenue from Local Agencies category:

- Increase of \$859,820 to recognize funding from the Alum Rock (\$312,385), Berryessa (\$106,257), San Jose Unified (\$342,200), and Santa Clara Unified (\$98,978) School Districts to support the Year 4 After-School Program from January 1 through December 31, 2010.
- Increase of \$89,373 as a technical adjustment to reclassify SJRA reimbursement for planning services from the Other Revenue category to the Revenue from Local Agencies category.
- Increase of \$11,643 to recognize funding from the County of Santa Clara for the Senior Nutrition Program.
- Increase of \$5,400 to recognize a library grant from the Bring Me a Book Foundation under the Read Aloud Collaborative grant program.
- Decrease of \$453,682 as a technical adjustment to reduce funding from the Happy Hollow Park and Zoo Corporation for memberships. This membership revenue will now be directly reflected in the Parks Departmental Charges category and an associated increase is recommended in that category.

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

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

- Decrease of \$64,314 as a technical adjustment to reclassify the Avoid the 13 grant from the Revenue from Local Agencies category to the Revenue from the State category.
- Decrease of \$57,863 to eliminate funding associated with the San Jose After-School Program Year 3 District contract for the Berryessa School District. This funding was rebudgeted from 2008-2009 to 2009-2010. The District chose not to have the City deliver the program through the first six months of the year.

**REVENUE FROM THE STATE OF CALIFORNIA**

<b>Revenue Status</b>				
<b>2009-2010</b>		<b>2008-2009</b>		<b>2009-2010</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$10,029,096	\$4,710,386	47.0%	48.8%	\$720,367

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

**Motor Vehicle In-Lieu Fee (VLF)** revenue through December totaled \$674,000, which represents a 55% decrease from the prior year collection level of \$1.5 million. The 2009-2010 Adopted Budget allows for a drop of 30.5%. If current collection trends continue, a downward adjustment to this \$2.8 million revenue estimate will be necessary by year-end.

**Airplane In-Lieu Fees** of \$3.7 million through December are tracking to meet the budgeted estimate of \$4.1 million, but are 14.7% below

the prior year collection level of \$4.4 million. The decline experienced to date is consistent with the 2009-2010 budgeted estimate, which allows for a drop of 14.8% from the prior year level.

A number of **State Grants** are also budgeted in this category. It is anticipated that the majority of these grant funds will be received as budgeted.

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

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

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

- Increase of \$249,000 to recognize grant revenue to reimburse the City for prior expenditures associated with the Martin Park Landfill Gas Cutoff Wall Re-bid project.
- Increase of \$183,187 to recognize funding from the Governor's Office of Emergency Services for the 2009-2010 Anti-Drug Abuse Grant.
- Increase of \$83,130 to recognize funding from the State Bureau of Narcotics to support the South Bay Metro Task Force.
- Increase of \$81,387 to recognize the following four grants from the California State Library: Inclusive Early Literacy Services for Young Children (\$39,910); Library Staff Education (\$25,791); Adult Literacy and Families for Literacy (\$10,686); and California Digital Storytelling (\$5,000).
- Increase of \$64,314 as a technical adjustment to reclassify the Avoid the 13 grant from the Revenue from Local Agencies category to the Revenue from the State category.
- Increase of \$30,487 to recognize funding from the California 9-1-1 Emergency Communications Office for Emergency Communications Center equipment.
- Increase of \$25,862 to recognize funding for the Local Enforcement Agency program to be used for landfill enforcement activities.
- Increase of \$3,000 to recognize funding from the Office of the District Attorney acting as the fiscal agent for the State to support the Rapid Enforcement Allied Computer Team (REACT).

**REVENUE FROM THE FEDERAL GOVERNMENT**

**Revenue Status**

2009-2010		2008-2009		2009-2010
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$6,352,785	\$667,807	10.5%	6.1%	\$854,945

Almost all of the revenue in this category is received from federal grant programs. It is currently assumed that the budgeted grant

proceeds will be collected by the end of the year according to the grant payment schedules that are in effect.

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

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

The largest grants in this category include the following: 2008 Super Urban Area Security Initiative (SUASI) Grant – Police (\$1.5 million); 2008 Super Urban Area Security Initiative (SUASI) Grant – Fire (\$1.0 million); 2008 Internet Crimes Against Children (ICAC) Grant (\$638,000); State Homeland Security Grant Program (\$409,000); 2008 Metropolitan Medical Response System – Fire (\$321,000); and Juvenile Justice and Delinquency Prevention Grant (\$309,000).

The following adjustments are recommended to the Revenue from the Federal Government category as described in Section III of this report:

- Increase of \$676,000 to recognize revenue from the United States Department of Justice for the COPS Technology Program Grant.
- Increase of \$85,000 to recognize reimbursement from the Federal Bureau of Investigation for overtime worked by Police Department personnel for the Santa Clara County Violent Gang Task Force.
- Increase of \$48,000 to recognize funding from the United States Department of Justice for the Bulletproof Vest Partnership Grant.
- Increase of \$31,000 to recognize reimbursement from SUASI for overtime worked by Police Department personnel for the 2009 Urban Shield Exercises.
- Increase of \$13,000 to recognize reimbursement from the Federal Bureau of Investigation for overtime worked by Police Department personnel for the Computer Forensic Laboratory.
- Increase of \$2,700 to recognize revenue from the Council on Aging Silicon Valley for the Senior Companion Program.



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

**REVENUE FROM THE FEDERAL GOVERNMENT –  
AMERICAN RECOVERY AND REINVESTMENT ACT**

**Revenue Status**

<b>2009-2010</b>		<b>2008-2009</b>		<b>2009-2010</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$10,805,626	\$14,662	0.1%	NA	\$28,540

This category accounts for the revenue associated with the American Recovery and Reinvestment Act of 2009 that is recorded in the General Fund. It is currently assumed that the budgeted grant proceeds will be collected by the end of the year according to the grant payment schedules that are in effect.

The grants in this category include the following: 2009-2013 Recovery Act – Internet Crimes Against Children (ICAC) Grant (\$864,000); Department of Energy Solar America Cities Grant (\$1.1 million); Recovery Act – Energy Efficiency and Conservation Block Grant (\$8.8 million).

The following adjustments are recommended to the Revenue from the Federal Government – American Recovery and Reinvestment Act category:

- Increase of \$28,000 to recognize revenue for Police Department participation in the California Emergency Management Agency (CAL EMA) Anti-Human Trafficking Task Force.
- Increase of \$540 to recognize revenue for the Recovery Act – Energy Efficiency and Conservation Block Grant.

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

**DEPARTMENTAL CHARGES**

<b>Revenue Status</b>				
	<b>2009-2010</b>		<b>2008-2009</b>	<b>2009-2010</b>
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$28,648,065	\$10,785,440	37.6%	53.8%	(\$1,109,867)

Contained in this revenue category are the various **Fees and Charges** levied to recover costs of services by several City departments. The mid-year status of collections in over 150 different fee types in this category was reviewed.

**Police** – Through December, Police revenues of \$920,000 were tracking below (20.7%) expected levels of \$1.16 million, but above the prior year level of \$816,000. Photostat (Police Records/Reports) and Impounded Vehicle Release fees were restructured in the 2009-2010 Adopted Operating Budget to achieve a higher level of revenue collections; however, both fees are tracking below estimated levels, 38% and 28% respectively. Lower than estimated revenues in these areas are due mainly to lower activity levels. At this time, revenue is expected to fall below estimated levels by \$400,000-\$500,000 at year-end. The Police Department and City Manager’s Budget Office will continue to analyze revenue levels to determine if adjustments to the revenue estimate will be needed before the end of 2009-2010.

**Public Works** – Overall, development fee revenues of \$1.6 million through December are tracking within anticipated year-to-date levels,

and the Department anticipates achieving its \$4.6 million adjusted revenue estimate.

While the 2009-2010 Adopted revenue estimate of \$5.6 million was built assuming a significant decline in development-related activity, a downward adjustment was necessary to address even lower than anticipated revenue. In response to a \$1.1 million projected shortfall in the Public Works Development Program, the City Council approved a rebalancing plan on November 17, 2009, that reduced revenue estimates by \$1.0 million (18.0%) bringing the year-end revenue estimate to \$4.6 million. An additional reduction of \$98,665 is recommended in this report to reflect the loss of overhead from the development fee program to the General Fund from actions taken on November 17, 2009.

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

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

**DEPARTMENTAL CHARGES  
(CONT'D.)**

**Transportation** – Departmental fee revenue of \$344,000 is tracking below expected levels through December due to lower than projected signal review fees and geometric design fees. Since these fees are development-related fees, the decline in developer activity has impacted this revenue category. These lower than anticipated revenue collections are slightly offset by the higher than anticipated revenue collection in residential parking permits. Based on current collection trends, Transportation fees are expected to finish the year below the budgeted estimate of \$1.0 million. Staff will continue to monitor these revenues closely and bring forward adjustments later in the year, if necessary.

**Library** – Fine revenues (the primary driver of departmental revenues) are divided between San José State University and the City each quarter. Therefore, through December, departmental revenue of \$468,000 only reflects fines received through October. It is anticipated that Library Department revenues should meet the budgeted estimate of \$1.9 million by year-end.

**Planning, Building and Code Enforcement (PBCE)** – Overall, Planning fee revenues of \$1.2 million were tracking significantly lower than anticipated, reaching only 38.5% of the budgeted year-end estimate of \$3.2 million and tracking well below last year's \$2.4 million level. In line with the other development-related fee areas, the 2009-2010 estimate was built assuming a continuation of last year's activity levels, with no fee increases. However, Planning's revenues have continued to decline to historically low levels and the 2009-2010

budget has been adjusted twice. In the Annual Report, revenues and expenditures were reduced by \$67,000. In November, Council approved a comprehensive plan whereby Planning revenues were reduced by \$722,000 and 29 positions were eliminated in both the Planning and Building Development Fee Programs.

An additional reduction of \$91,021 is recommended in this report to reflect the loss of overhead from the development fee program to the General Fund from actions taken on November 17, 2009.

Almost all of the revenue categories in the Planning Fee Program, including both residential and non-residential, have performed at lower than anticipated levels through the first half of 2009-2010 and will not come close to annual budgeted estimates. Current projections indicate that collections could end the year \$600,000 below the budgeted estimate. That would bring Planning Fee Program revenues down to \$2.5 million – a level not seen since 1994-1995.

The Budget Office, in conjunction with PBCE, will continue to analyze revenue levels to determine if any further adjustments to the revenue estimate will be necessary before the end of the year. The Department will continue to carefully manage all expenditures related to this program as the Planning Development Fee Program Earmarked Reserve has a balance of only \$405,000. Since by City Council policy these are cost recovery fees, any revenue adjustment must be accompanied by a

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(CONT'D.)**

**DEPARTMENTAL CHARGES  
(CONT'D.)**

corresponding adjustments in either the appropriations or in the fee reserve.

**Parks, Recreation and Neighborhood Services (PRNS)** – Overall, departmental fee revenues of \$4.2 million totaled 44.7% of the budgeted estimate of \$9.4 million. Collections are generally tracking within anticipated levels, but it is important to recognize that approximately \$2.0 million of the budgeted revenue estimate is due to expected activity at the Happy Hollow Park and Zoo, which is not scheduled to open until March 20, 2010.

Included in this document are budgetary actions related to in-sourcing food and beverage services at Happy Hollow. The 2009-2010 Adopted Budget assumed that the food and beverage services would be outsourced, but the City has so far been unsuccessful in procuring a qualified outside vendor. Instead, PRNS will assume responsibility for providing food and beverage services during the initial months of the park's opening, during which time a long-term plan will be evaluated. A recommendation to decrease the revenue estimate (\$120,000) assumed in the 2009-2010 Adopted Budget as a profit to the City from the outsourced operations is included in this document. Also recommended are increases to the Fee Activity revenue estimate and corresponding expenditure appropriation (\$564,000), which will provide for the City staffing, as well as supplies and materials, necessary to provide the food and beverage service.

When the 2009-2010 Adopted Budget was developed, it was assumed that the Level 2

After-School program offered at elementary school sites would be operated on a cost recovery basis. Although the costs of providing this program, which is funded in the Healthy Neighborhoods Venture Fund, have been lower than anticipated, the revenue is not expected to meet the budgeted estimate of \$567,000 due to lower than anticipated levels of participation. A recommendation is included in this document to decrease the budgeted revenue estimate for the Level 2 After-School program by \$267,000.

**Miscellaneous Departmental Charges** – This category, which is budgeted at \$6.3 million, includes the Solid Waste Enforcement Fee with a budgeted estimate of \$3.1 million, the Business Tax Administration Fee budgeted at \$1.3 million, various Animal Control Fees budgeted at \$847,000, and other miscellaneous fees budgeted at \$1.1 million.

Solid Waste Enforcement Fee revenues of \$1.2 million were tracking significantly lower than anticipated, reaching only 38.1% of the budgeted year-end estimate of \$3.1 million and falling 24.5% below projected levels. It is anticipated that this fee will end the year \$250,000 below budget based on the latest estimates provided by PBCE. This is primarily due to the significant reduction in construction debris being hauled to landfills for disposal. In addition, revenue estimates were built assuming that an additional facility would have completed all of its permitting with the State and have begun accepting waste earlier in the fiscal year. That facility is now expected to be coming on line late in the fiscal year. A recommendation

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(CONT'D.)**

**DEPARTMENTAL CHARGES  
(CONT'D.)**

to decrease the Solid Waste Enforcement Fee revenue estimate by \$250,000 is included in this document.

The Business Tax Administration Fee, which was added in 2008-2009, was expected to generate \$1.3 million in 2009-2010. Although collections through September reached \$450,000, the City suspended the fee effective October 2009. A recommendation to decrease

the Business Tax Administration Fee revenue estimate by \$881,000 is included in this document.

Animal Care and Services Departmental Charges are budgeted at \$657,000 and include Animal Control Fees for a variety of services. Collections through December of \$375,000 are within anticipated levels and are expected to reach the budgeted level at year-end.

**OTHER REVENUE**

**Revenue Status**

2009-2010		2008-2009		2009-2010
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$15,667,831	\$9,653,567	61.6%	69.2%	\$783,042

The Other Revenue category contains a number of unrelated revenue sources. Other Revenue collections through December of \$9.7 million were \$5.1 million below the prior year level of \$14.8 million. Collections were higher last year due to the receipt of \$6.0 million in option payments associated with the Airport West property in that year.

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

In the current year, the City has received \$4.8 million in **HP Pavilion Rental, Parking, Suite, and Naming** revenue, which is approximately 6.7% above the budgeted estimate of \$4.5 million.

**Investment Cost Reimbursement and Banking Services** revenues through December of \$1.1 million and \$364,000, respectively, are tracking within estimated levels. Any variances in these categories would be offset by a corresponding variance in related expenditures.

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

**SB 90 Reimbursements** totaled \$578,000 through December. The 2009-2010 Adopted Budget had not included an estimate for this revenue category due to the uncertainty regarding the payment level from the State.

Through December, revenue from the **Sale of Surplus Property** totaled \$159,000 which is well below the budgeted estimate of \$1,800,000. The General Services Department currently anticipates that the full amount of the estimate will be received by year-end.

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

- Increase of \$778,022 to recognize revenue from the False Claims Act litigation settlement. A portion of these funds (\$366,782) is recommended to be allocated to the City Attorney's office for false claims act enforcement.
- Increase of \$61,893 to recognize funding energy rebates from Pacific Gas & Electric. These funds are recommended to be allocated to the Energy Efficiency Program.
- Increase of \$27,300 to recognize funding from sponsors outside of the City to reimburse costs for the District 8 Day in the Park event co-sponsored by Council District 8.
- Increase of \$5,200 to recognize funding from sponsors outside of the City to reimburse costs for a Diwali Festival and an Indian Flag Raising event co-sponsored by Council District 2.
- Decrease of \$89,373 as a technical adjustment to reclassify SJRA reimbursement for planning services from the Other Revenue category to the Revenue from Local Agencies category.

**TRANSFERS AND REIMBURSEMENTS**

**Revenue Status**

2009-2010		2008-2009		2009-2010
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$85,692,111	\$54,975,578	64.2%	56.6%	\$2,364,724

The following are sources of revenue in this category: reimbursements to the General Fund for **Overhead** costs, revenue received as

**Transfers** from other City funds, and **Reimbursements** for services rendered.

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**Overhead Reimbursements** – Overhead associated with operating funds and special funds is currently budgeted at \$27.7 million. In addition, overhead associated with capital funds is budgeted at \$10.2 million for a total revenue estimate of \$37.9 million. Through December, overhead collections of \$30.9 million were tracking above estimated levels due to higher than projected capital project overhead. An increase of \$1.6 million to the Transfers and Reimbursements revenue estimate is recommended to reflect this higher collection level.

**Transfers** – This category includes \$30.8 million in various transfers. Through December transfers of \$19.7 million were tracking within estimated levels. The following adjustments to Transfers are recommended in this document:

- Increase the transfer from the Airport Maintenance and Operations Fund for Police Services by \$1.0 million to fund Police overtime staffing at the Airport while airport security is elevated to the Orange Alert level.
- Decrease the transfer from the Airport Maintenance and Operations Fund for Police Services by \$342,000 to reflect the

elimination of 5.0 positions in the Police Department related to Airport services.

- Increase the transfers from the Storm Sewer Operating Fund (\$29,000) and the San José-Santa Clara Treatment Plant Operating Fund (\$56,000), totaling \$85,000, to reflect rent payments from Environmental Services Department funds for the continued use of the old Dr. Martin Luther King, Jr. Library. The 2009-2010 Adopted Budget assumed staff would have been relocated at an earlier date than is now expected.

**Reimbursement for Services** – The budget estimate for this category is \$17.0 million, of which \$16.4 million is expected to be generated from the three **Gas Tax Funds**. Gas Tax collections of \$4.3 million tracked below the prior year level of \$5.5 million due to the timing of payments. Based on current collection trends, receipts in this category are expected to achieve the budgeted estimate. Reimbursements from the Deferred Compensation Fund are also included in this category, and a \$20,000 increase is recommended to provide for consultant costs in the Deferred Compensation Program.

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**CONCLUSION**

A comprehensive review of all General Fund revenue accounts was performed based on activity through the first six months of the year. Based on current collection trends, revenues are tracking to end the year below expected levels. Actions resulting in net downward adjustments to General Fund revenues totaling \$6.0 million and upward adjustments of \$4.1 million to reflect various net-zero grants and reimbursements (\$3.9 million) and other adjustments (\$265,000) are recommended in this document. Given the current economic uncertainty, however, additional adjustments may be needed by year-end.

A number of the lower revenue estimates experienced to date were factored into the 2010-

2011 Preliminary General Fund Forecast that was released in October 2009. The revenue estimates for this year will continue to be updated as part of the final 2011-2015 General Fund Forecast, due to be released late February, as well as the 2010-2011 Proposed Budget, due to be released early May.

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



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**STATUS OF GENERAL FUND EXPENDITURES**

**Overview**

Overall, General Fund expenditures are tracking within anticipated levels and are expected to end the year within budget. Various budget adjustments are recommended in this document to shift funding between appropriations to ensure departments remain within overall budgeted allocations, to recognize savings in programs and projects to add funding to address

three urgent/fiscal program needs, to allocate reserve funds, and to allocate grant, reimbursement, and/or fee related funds.

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

**2009-2010 General Fund Expenditures through December  
(\$ in Thousands)**

Category	Current Budget	Y.T.D. Actual	% of Budget	Prior Year % of Budget
Personal Services	606,570	297,451	49.0%	45.1%
Non-Personal/Equipment	93,344	31,174	33.4%	34.6%
Other Departmental	14,091	5,771	41.0%	39.6%
City-Wide Expenses	119,114	40,923	34.4%	34.2%
Capital Contributions	38,687	5,867	15.2%	13.1%
Transfers	24,312	23,593	97.0%	91.7%
Reserves	79,405	-	0.0%	0.0%
<b>Total</b>	<b>975,523</b>	<b>404,779</b>	<b>41.5%</b>	<b>37.9%</b>

General Fund expenditures through December totaled \$404.8 million, or 41.5% of the total 2009-2010 modified budget. This represents a decrease of \$8.1 million, or 2.0%, from the December 2008 level of \$412.9 million. Encumbrances totaling \$38.6 million were also \$15.5 million (28.7%) below the December 2008 level of \$54.1 million. Expenditures and encumbrances through December of \$443.4 million constituted 49.5% of the total modified budget (excluding reserves) of \$896.1 million.

This was generally consistent with the 48.1% experienced last year at this time.

It should be noted that tight budget control measures for discretionary spending continue to be adhered to for all departments and City Council Appointees. Controls continue in the areas of position hiring, reallocations and add/deletes, as well as for expenditures for travel, meals, consultants, technology, marketing, vehicles, office and space renovations and overtime.

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

**Overview (Cont'd.)**

*Departmental Expenditures*

Personal Services costs represent the largest single expense category for the City. These costs accounted for 73.5% of the expenditures to date. Through December, Personal Services expenditures for all City departments totaled 49.0% of the current modified budget, which is consistent with the expectations at this point of the year. This expenditure level was above the 45.1% expended through December last year primarily due to differences in the number of pay periods reflected through December.

While overall Personal Services expenditures are tracking on target, there are a number of departments that are experiencing higher than budgeted personal services expenditures. This is primarily due to: 1) the employment placement process where employees at higher salary levels were placed into vacant positions budgeted at a lower level or into positions previously held by lower step employees, and 2) the historically low number of vacant positions in the organization (as of January 17, 2010, there were 217 positions vacant city-wide; 118 positions in the General Fund, excluding sworn personnel and development fee-supported positions). A certain level of vacancies is assumed in the development of the budget for each department and if there are insufficient vacancies to meet this budgeted vacancy factor, departments may over-expend their Personal Services appropriations.

Impacted departments have prepared Vacancy Savings Plans to outline how these additional costs will be absorbed through savings from

normal employee turnover, overtime controls, and/or identifying potential offsets through Non-Personal/Equipment and other appropriation savings. Recommended budget actions associated with implementing these plans are described in Section III of this document. Additional funding may still need to be distributed to some departments by the end of the fiscal year to prevent appropriation overruns. As part of the 2008-2009 Annual Report budget actions, City Council approved an increase to the Vacancy/Filled Position Elimination Impacts Reserve from \$316,000 to \$1.0 million to address this potential cost. Through proactive cost management, the Administration will attempt to retain as much of this \$1.0 million as possible for potential use in the 2010-2011 budget process.

Non-Personal/Equipment expenditures of \$31.2 million are also tracking within anticipated levels with 33.4% expended through December. In addition to the funds actually expended, \$17.6 million was encumbered, bringing the total amount of funding committed to \$48.8 million, or 52.3% of the budget. These expenditures are expected to remain within budget for all departments.

The Other Departmental category includes the budget for the Mayor and City Council, Library Grants, and Parks, Recreation and Neighborhood Services Fee Activities. Other Departmental Expenditures totaled \$5.8 million or 41.0% of the budget. With encumbrances, the total amount committed increases slightly to \$6.0 million, or 42.8% of the budget. These

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

**Overview (Cont'd.)**

expenditures are also expected to remain within budget.

Non-Departmental Expenditures

Through December, 34.4% of the City-Wide Expenses budget of \$119.1 million was expended. With encumbrances, the total amount of funding committed was 44.7% of the budget.

Within City-Wide Expenses, the Community and Economic Development and Strategic Support City Service Area categories represent the largest portion of funding. For the first six months of the year, these two categories are 66.8% and 26.8% committed, respectively. The expenditure tracking for these City-Wide allocations can vary significantly depending on payment schedules and the timing of projects. In some instances, the appropriations will not be fully expended by year-end because of the multi-year nature of some larger projects. As needed, recommendations will likely be brought forward at the end of the year to rebudget any savings to 2010-2011 to complete projects in progress.

General Liability Claims, a component of City-Wide Expenses - Strategic Support category, is tracking below budgeted levels during the first six months of the year. Year-to-date, only 5.0% of the appropriation has been expended or encumbered; however, expenditures in this category are traditionally difficult to predict, given the nature of litigation. The City Manager's Budget Office and the City

Attorney's Office will continue to monitor this appropriation as the year progresses.

Through December, the Sick Leave Payments Upon Retirement allocation of \$10.7 million was only 27.3% expended. Expenditures, however, are expected to increase significantly in the second half of the year based on increases in the number of sworn personnel retirements. The status of this appropriation will need to be monitored carefully for the remainder of the year to ensure expenditures stay within approved levels.

The remaining City-Wide Expenses categories, Environmental and Utility Services, Public Safety, Neighborhood Services, and Transportation and Aviation Services, tracked at 46.2%, 45.4%, 56.8%, and 41.9% committed, respectively, through December. It is anticipated that these expenditure categories will end the year within budgeted levels.

The Workers' Compensation Claims appropriations, which are spread across several of the City-Wide Expenses categories, total \$16.0 million. For the first half of the year, expenditures and encumbrances of \$7.6 million tracked at the anticipated level, with 47.8% of the appropriation expended or encumbered. It is currently anticipated that expenditures will end the year very close to the budgeted level. This allocation will be carefully monitored through the remainder of the year to determine if any adjustments are necessary.

Downward budget adjustments are recommended in the following City-Wide

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

**Overview (Cont'd.)**

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

Expenses appropriations to recognize anticipated savings for General Fund budget re-balancing actions and to provide funding for new urgent fiscal/program needs: Parking Citations/Jail Courthouse Fees (-\$250,000); Parking Citations Processing (-\$139,000); San Jose BEST (-\$50,000); and Enterprise Content Management (-\$103,000 – part of the Information Technology Department's Vacancy Savings Plan).

Upward budget adjustments are recommended in the following City-Wide Expenses appropriations to technically correct existing appropriations to address new urgent fiscal/program needs: Watson Park Settlement (\$1.7 million – reallocated from a capital project); IAFF Binding Interest Arbitration (\$400,000); False Claims Act Litigation Settlement (\$367,000 – offset by revenue); City Staff Relocations from Old Dr. Martin Luther King, Jr. Library (\$267,000); Labor/Employee Relations Consultant funding (\$250,000); and Workers' Compensation State License (\$234,000). There are also a number of adjustments to recognize new grant, reimbursement, and/or fee activity funding. All of the City-Wide Expenses adjustments are described in Section III of this document.

Through December, General Fund Capital expenditures totaled \$5.9 million and encumbrances totaled \$8.4 million, bringing the amount committed to \$14.3 million, or 37.0% of the budget. It is anticipated that the majority of the budgeted amount will be expended or

rebudgeted to 2010-2011 to complete various capital projects. However, there are two recommendations in this document that would reduce these allocations. A \$2.3 million reduction to Watson Site Clean-Up and Restoration project is recommended to realize a portion of the General Fund savings (\$512,000) that resulted from lower than anticipated construction bids and to reallocate project funding (\$1,746,000) to a City-Wide Expenses Watson Park Settlement allocation for potential legal, monitoring, and remediation costs related to Terrace Drive properties adjacent to Watson Park and for monitoring at Watson Park. A reduction of \$120,000 to the City Hall Outstanding Needs project is also recommended to reallocate funding for a portion of the costs necessary to allow City staff to relocate from the old Dr. Martin Luther King, Jr. Library as recommended in this report. These transactions are described in Section III of this document.

The Transfers category of \$24.3 million is 97.0% expended through December as anticipated. Almost all of the transfers are processed at the beginning of the year.

There are no expenditures in the Reserves category because expenditures can not be charged directly to a reserve. As part of the General Fund budget balancing actions and to provide funding to address new urgent fiscal/program needs, the following adjustments to Earmarked Reserves are recommended: a \$4.5 million reduction to the Economic Uncertainty Reserve (from \$10.0 million to \$5.5 million); a \$500,000 reduction to the Fuel Reserve (from \$750,000 to \$250,000); and a

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

**Overview (Cont'd.)**

Non-Departmental Expenditures (Cont'd.)

\$400,000 reduction to the Salary and Benefit Reserve. No budget action is recommended to

reduce the Contingency Reserve (\$30.7 million).

**Discussion of Selected General Fund Departments**

**Expenditure Status (\$ in thousands)**

<u>Department</u>	2009-2010 <u>Budget</u>	Y.T.D. <u>Actual</u>	Prior YTD <u>Actual</u>
<b>Fire</b>	\$154,661	\$73,790	72,807

Overall, expenditures for the Fire Department were tracking within budgeted estimates through December, with 47.7% expended. Personal Services expenditures through December tracked slightly below budgeted levels with \$70.4 million (47.9% compared to the par of 49.0%).

Personal Services expenditures, for full-time salary, overtime and benefits, tracked slightly below anticipated levels due to the timing of budgeted activities. Two Firefighter Recruit academies are budgeted for 2009-2010. The current October 2009 Academy (with 28 Firefighter EMT Recruits) is expected to complete training in February 2010. Although a second Firefighter Recruit academy is budgeted to occur in the spring, the Fire Department would like to replace that academy with two additional Fire Engineer academies to expedite filling Fire Engineer vacancies and to reduce and/or eliminate overstaffing in the Firefighter rank. The cost for these two academies total less

than a Firefighter Recruit academy. Overtime expenditures through December were \$5.3 million (41.0% compared to the par of 49.0%) and tracked below estimated levels due to changes implemented by the Fire Department Administration to reduce overtime usage. Factoring in these anticipated expenditures and overtime activities that will occur after this reporting period, the Fire Department currently anticipates ending the year within the budgeted personal services allocation.

The Fire Department's Non-Personal/Equipment budget of \$7.5 million was 59.8% expended or encumbered through December. The Department anticipates ending the year within the budgeted allocation for both the Personal Services and Non-Personal/Equipment.

Through December, the Fire Department was staffed with a sufficient number of paramedic positions. There are 218 filled paramedic

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

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

Fire Department (Cont'd.)

positions (169 front-line Firefighters Paramedics, 5 Supervisors, and 44 Support Paramedics) compared to the 157 front-line Firefighter Paramedics that are necessary to fully staff all apparatus. Of the 30 Firefighters from the April 2009 Academy (who graduated

in August 2009), 15 have completed the Paramedic accreditation process. The remaining 15 Firefighters are expected to complete the process before June 2010. The Department expects to maintain the target staffing level of 157 front-line Firefighter Paramedics for at least the remainder of the year.

**Expenditure Status (\$ in thousands)**

<u>Department</u>	<u>2009-2010 Budget</u>	<u>Y.T.D. Actual</u>	<u>Prior YTD Actual</u>
<b>Police</b>	\$296,799	\$140,354	\$125,008

On an overall basis, Police Department expenditures are currently tracking within estimated levels. Personal Services expenditures of \$133.6 million tracked very close to anticipated levels (48.9% compared to the par of 49.0%). The Department has 1,374 authorized sworn staff and graduated 22 Police recruits from the July 2009 Academy, with the officers anticipated to be street-ready in April 2010. Primarily due to a severe, almost \$100 million, budget shortfall projected for 2010-2011, and because current year expenditures are tracking close to estimated levels, the Administration decided to postpone the January 2010 Police Academy (Information memorandum dated January 14, 2010). The Academy, planned for 34 recruits, will be delayed to April or July 2010 in order to minimize any potential lay-offs of sworn personnel resulting from the 2010-2011 budget process.

Overtime expenditures of \$6.6 million through December tracked above anticipated levels with 58.7% expended. The higher overtime expenditure level was due, in part, to automated payouts for staff with compensatory time over Fair Labor Standards Act (FLSA) levels (240 hours for non-sworn and 480 hours for sworn personnel) that were implemented at the beginning of 2008-2009. These payments totaled \$1.2 million through December. Discussion of the sworn compensatory time balance is below. In addition, requirements for staffing the "high" security threat level, or "Orange Alert" advisory, issued by the federal Department of Homeland Security at the Airport also contributed to higher overtime expenditure levels. Overtime expenditures through December related to the increased security threat level totaled \$519,000, with additional overtime of approximately \$504,000 projected through year-end. Accordingly, an increase of \$1,023,000 to the Department's Personal

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

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

*Police Department (Cont'd.)*

Services appropriation is recommended in this report, funded by a corresponding increase to the reimbursement to the General Fund from the Airport Maintenance and Operating Fund to offset this additional expenditure. It should be noted that in order to contain costs at the Airport, the Airport and Police Departments are in discussions with the Transportation Security Administration (TSA) to clarify the minimum number of personnel/hours required for Orange Alert staffing in order to reduce the amount of overtime needed for the remainder of the year and subsequently the transfer from the Airport Maintenance and Operating Fund. If overtime reductions can be implemented, additional budget actions to return unspent funding to the Airport will be brought forward by year-end.

The compensatory time balance at the end of December 2009 was 250,874 hours for sworn personnel. This represents a decrease of 26,115 hours (9.4%) from the November 2009 balance of 276,989, but a 7,901 hour increase (3.3%) compared to the December 2008 balance of 242,923. The decrease in sworn compensatory time balances during December 2009 compared to November 2009 is attributed to additional overtime controls put in place during 2009-2010. All overtime requires preapproval by a supervisor and is now tracked through the use of overtime codes to determine the type of usage in order to manage overtime levels. Continued active management of the overtime budget (for pay or compensatory time) is necessary to ensure overall Personal Services expenditures remain within budgeted levels.

In addition, due to severe financial constraints, the Airport was forced to reevaluate all service levels including Police services at the Airport. In order to reduce costs to the Airport Department, it is recommended that five sworn positions (one Police Captain, one Police Sergeant, and three Police Officers) be eliminated by the end of March 2010 to align with the Police sworn shift change. The incumbents will be redeployed to vacant positions elsewhere in the Department. The reduction of the Police Captain and the Administrative Police Sergeant positions will shift responsibilities to the Police Lieutenant assigned to the Airport and cause the Central Division Police Captain in the Bureau of Field Operations to oversee both the Airport and Central Division patrol. Administrative staffing demands which cannot be met by the Police Lieutenant will be assigned to the supervising Police Sergeants as needed. The elimination of the three Police Officer positions will reduce the day and swing shift patrol teams from seven to six Police Officers and maintain the midnight teams at three Police Officers. This will result in less flexibility to backfill for absences in sworn Airport personnel. This action will maintain required Transportation Security Administration Police staffing levels at the Airport. Collaborative efforts between the Police Department and the Airport Department resulted in this recommendation to reduce Police personnel at the Airport without compromising the safety of travelers, Airport staff, and sworn Police staff at the Airport. It should be noted that savings experienced in the General Fund as a result of this action will be

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

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

*Police Department (Cont'd.)*

entirely offset by the loss of reimbursement revenue from the Airport. A net loss of \$78,865 in General Fund overhead reimbursement from the Airport Department will occur in 2009-2010 and is recommended to be offset by other General Fund rebalancing actions included in this report.

As part of the City Council's approval of the Mayor's June Budget Message for Fiscal Year 2009-2010, the Administration was directed to accelerate the process of streamlining management functions within the Police Department to achieve savings of \$125,000 in 2009-2010 and \$250,000 in 2010-2011. In response to that direction, the Police Department has held a Deputy Chief position vacant since August 2009 to achieve \$125,000 in savings for 2009-2010. As of the March 2010 shift change, the Department will combine the Hi-Tech and Financial Crime Units. A recommendation is included in this report to eliminate the vacant Police Lieutenant position which oversaw the Hi-Tech Unit. In order to achieve the full \$250,000 in savings in 2010-2011 (approved in the 2009-2010 Adopted Budget), overtime funding of \$24,000 will also be eliminated from the Department as of July 1, 2010.

A total of \$10.4 million (44.1%) of the Department's Non-Personal/Equipment budget was expended or encumbered through December. Excluding the remaining balances for electricity, gas, and vehicle operation and replacement expenditures, the Department has

approximately \$4.9 million, or 49.4% of the Non-Personal/Equipment appropriation, available for the remainder of the fiscal year. The 2009-2010 Adopted Budget assumed a higher average price per gallon for fuel than has been experienced in the first six months of the year. Based on the projected fuel costs for the remainder of the year, funding in the Police Department's Non-Personal/Equipment (\$325,000) appropriation is recommended to be reduced. The City Manager's Budget Office and the Department will monitor expenditures closely to ensure expenditures are within appropriated levels by year-end.

**Contingency Reserve**

The General Fund Contingency Reserve remains at \$30.7 million through December, with no revisions through the first six months of the fiscal year.



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**STATUS OF SELECTED SPECIAL FUNDS**

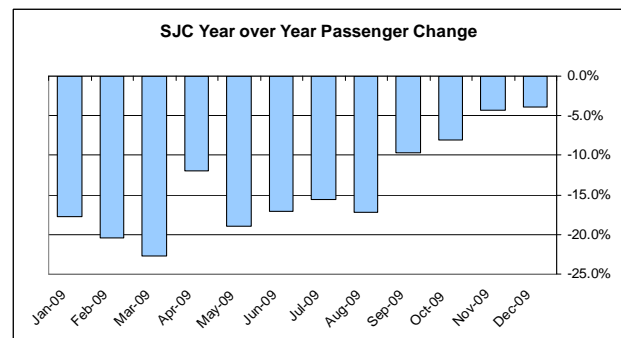
**Airport Operating Funds Overview**

**Airport Activity**

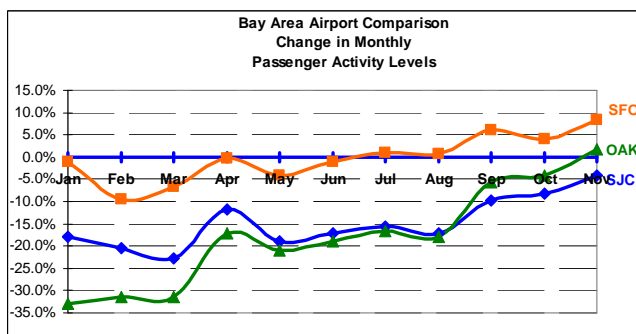
As part of the 2008-2009 Annual Report, the projected 2009-2010 passenger activity levels were decreased by 7.0%. The reduction was based both on 2008-2009 year-end activity and projected flight schedules through the fall. The corresponding decrease to revenue projections totaled \$4.5 million. Activity at Mineta San José International Airport (SJC) through the first half of the year is in line with these lower projections, with very recent signs that the two-year decline in passenger activity may be leveling out.

Activity at the Airport seems to be following the same pattern as the airline industry as a whole. Generally the airline industry is cautious about the future and anticipates that demand trends at best are improving and at worst are stable. The industry maintains that profitability will improve as the worst of the economic slump recedes. These trends have begun to show in the competitive bay area airport system, though both Oakland and San Francisco have seen greater year-to-date growth than San José.

Through November 2009, San Francisco's passenger traffic was up by 3.8% year-to-date, Oakland passenger traffic showed a decline of 9.5%, and for comparison purposes San José experienced an 11.6% decline year-to-date. The graphic below shows the monthly year over year change to passenger levels at Mineta San José International Airport for calendar year 2009.



At San José, fiscal year-to-date passenger traffic, landings, and takeoffs are all less than the prior year. Cargo weights and rental car activity also trail prior year levels. Year-to-date (through December), passenger activity has decreased by a total of 499,702 passengers, or 10.5%.



Operations at the Airport (landings and take offs) decreased by 16.8% from activity in 2008-2009, with passenger carrier operations declining 14.1% and commuter activity declining 10.8%. General Aviation itinerant, local operations, and military operations decreased by 24.4% from last year, primarily due to the temporary closure of the General Aviation runway. Cargo activity has declined

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

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

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

14.3%, although December registered the first increase since April 2008. Rental car contracts, representing activity through November, trail last year by 22.1%. Parking hourly exits are down by 17.0% for the year and daily exits decreased by 16.6%. Actual parking lot revenue is 17.3% less than the previous year.

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

**Airport Forecast**

The Airport continues to have significant fiscal concerns regarding the future, and without significant increases in passengers, the Airport continues to face shortfalls for the near future. The Airport is projecting a \$17 million shortfall for 2010-2011, which is a combination of the effects of the economy on the travel industry and the debt financing of the Airport's Terminal Area Improvement Program. The Airport has developed an internal 2009-2010 Cost Management Plan and anticipates generating approximately \$5.9 million in savings in the current year that can be applied to future budget challenges. Savings are available due in part to reduced passenger levels that result in lower parking operator costs, reduced shuttle bus hours and operational costs, efficiencies of new buildings with respect to utility costs and

adhering to tight budget control measures. By addressing these issues now, the Airport will be better prepared to meet the upcoming challenges associated with an uncertain economic environment and its impact on Airport operations.

As part of the 2009-2010 Mid-Year Budget Review, recommended adjustments are limited to increases related to negotiated health benefit costs and Airport Police overtime costs associated with Orange Alert level security at checkpoints. The amount of overtime required by the Transportation Security Administration (TSA) is currently under review, and if it is determined that the current levels of security are no longer required, a budget action to return the unspent portion will be brought forward at year-end. Also recommended is the reduction of funding for Police services. The Airport and Police Departments made a collaborative decision to support this reduction that brings Police staffing in line with TSA requirements without compromising passenger, Police or Airport staff, or public safety. Pending City Council approval of this recommended reduction, a total Police staffing complement of 43 positions will remain to support Police security services at the Airport. Also recommended is the elimination of a vacant Contract Compliance Specialist position from the Airport Living Wage Program. In November 2008, three positions were added to support this program, and it has been determined that one of them may be eliminated and the program still run successfully.

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

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

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

A complete financial summary of the Airport Maintenance and Operation Fund and the Airport Revenue Fund are included later in this document.

**Airport Revenues**

As of December 31, 2009, year-to-date operating revenues in the Airport Revenue Fund total \$50.3 million. Overall revenue performance finished the first six-month period with a very small positive variance relative to the modified budget estimate. The modified budget includes a \$4.5 million reduction approved in the 2008-2009 Annual Report associated with the 7.0% decrease in passenger activity described in the section above. While revenues are in line with the lower targets, they are less than the same period in 2008-2009 and 2007-2008, reflecting a two-year decline.

Revenue in Landing Fees, Terminal Rentals, Airfield and General and Non-Aviation categories are tracking above the budgeted estimate, while categories heavily dependent on passenger traffic such as Food, Beverage and Retail concessions and Long-term Parking are trailing estimated levels. Consistent with prior years, certain revenues were not recorded in December due to the closure of City offices for the holiday furlough.

**Airport Expenditures**

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

Airport Maintenance and Operation Fund departmental expenditures through December 2009 are tracking at budgeted levels in both the Personal Services and Non-Personal/Equipment categories. Additional information on this fund is available in the following pages.

Both Personal Services and Non-Personal/Equipment costs in the Airport Customer Facilities and Transportation Fee Fund are also tracking below estimated levels.

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

**Airport Maintenance and Operation Fund**

	2009-2010 Adopted Budget	Change	2009-2010 Current Modified	2009-2010 YTD Actual	2009-2010 % of Budget	2008-2009 % of Budget
<i>Beginning Fund Balance</i>	14,333,378	745,812	15,079,190	N/A	N/A	N/A
<i>Carry-over Encumbrance</i>	3,760,124	(2,114,349)	1,645,775	N/A	N/A	N/A
<i>Transfers</i>	101,630,676	0	101,630,676	50,815,338	50.0%	51.3%
<b>TOTAL SOURCES</b>	119,724,178	(1,368,537)	118,355,641	50,815,338		
<i>Expenditures</i>	85,578,394	(2,685,631)	82,892,763	31,281,649	37.7%	36.0%
<i>Transfers</i>	14,917,440	14,645	14,932,085	7,458,718	50.0%	50.2%
<i>Reserves</i>	6,369,922	492,077	6,861,999	N/A	N/A	N/A
<i>Ending Fund Balance – Reserved Per Master Trust Agreement</i>	12,858,422	810,372	13,668,794	N/A	N/A	N/A
<b>TOTAL USES</b>	119,724,178	(1,368,537)	118,355,641	38,740,367		

**Fund Status**

Revenues – Revenue for this fund consists of transfers from the Airport Revenue Fund. The 2009-2010 transfers into the Airport Maintenance and Operation Fund continue to occur as budgeted. An adjustment to the transfer amount is recommended at this time to reflect the elimination of a vacant Public Works position. The impact of the change is a \$109,000 reduction to the transfer from the Airport Revenue Fund.

Expenditures – Expenditures in this fund represent operating costs for the Airport, direct charges from various City departments that provide support services to the Airport, and transfers to the General Fund for Police and Fire

services. Through December, Airport Non-Personal/Equipment expenditures are tracking below budgeted levels and Personal Services are tracking at budgeted levels.

The Airport Department has eliminated 95.0 positions, a 23.8% reduction, since Mid-Year 2008-2009. Forty-three positions were eliminated in 2009-2010, eight of which were eliminated at the end of December 2009. In contrast to previous years, the Airport now operates with minimal vacancies. For the first six months of 2009-2010, there were an average of five vacancies while for the same period last year, there were an average of 52 vacant positions. The consequence of the lower vacancies is that Personal Services expenditures

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

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

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

Expenditures (Cont'd.)

are tracking at estimated levels, with minimal or no savings expected.

The Airport has expended \$177,965 or 38.7% of the budgeted overtime through December. Historically, overtime is primarily used for providing coverage for vacant positions and the need to maintain constant staffing levels. With minimal vacancies, overtime is currently being used to provide coverage for employees on leave and holiday coverage. Overtime expenditures will be closely monitored for the balance of the fiscal year.

Savings in Non-Personal/Equipment expenditures for Airport operations and services are widespread across most categories. The Airport has developed an internal Cost Management Plan and anticipates generating approximately \$5.9 million in Non-Personal/Equipment and salary reserve savings in the current year. Savings are available due to reduced passenger levels that result in lower parking operator costs, reduced shuttle bus hours and operational costs, efficiencies of new buildings with respect to utility costs and adhering to tight budget control measures. By addressing these issues now, the Airport will be better prepared to meet the upcoming challenges associated with an uncertain economic environment and its impact on Airport operations.

Interdepartmental expenditures (charges for staff and services located in other City departments including Police and Fire) total \$8.4 million through December and are tracking at anticipated levels.

It is recommended in this report to increase the transfer to the General Fund for Police Services by \$1,023,000 to fund police overtime expenses related to higher levels of checkpoint staffing required due to the Level Orange Alert originally instituted in August 2006. Current levels required by the Transportation Security Administration are being reviewed, and if it is determined that these higher staffing levels at security checkpoints are no longer required, a budget action to return the unspent portion will be brought forward at year-end. Also recommended is the reduction of funding for Police staffing at the Airport, by one Police Captain, one Police Sergeant and three Police Officer positions, effective late March 2010. This action will maintain required Transportation Security Administration Police staffing levels at the Airport without compromising passenger and Police and Airport staff safety. The elimination of a vacant Contract Compliance Specialist position from the Airport Living Wage Program is recommended; this position can be deleted without impacting the program.

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

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MID-YEAR BUDGET REVIEW  
Section I**

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

**Airport Revenue Fund**

	<b>2009-2010 Adopted Budget</b>	<b>Change</b>	<b>2009-2010 Current Modified</b>	<b>2009-2010 YTD Actual</b>	<b>2009-2010 % of Budget</b>	<b>2008-2009 % of Budget</b>
<i>Beginning Fund Balance</i>	20,098,694	9,441,062	29,539,756	N/A	N/A	N/A
<i>Revenues</i>	114,341,851	(4,500,000)	109,841,851	51,095,463	46.5%	50.9%
<i>Transfers</i>	17,255,777	0	17,255,777	(1)	0.0%	3.9%
<b>TOTAL SOURCES</b>	151,696,322	4,941,062	156,637,384	51,095,462		
<i>Transfers</i>	137,065,984	0	137,065,984	64,312,254	46.9%	48.7%
<i>Reserves</i>	173,864	11,853,969	12,027,833	N/A	N/A	N/A
<i>Ending Fund Balance- Reserved per Master Trust Agreement</i>	14,456,474	(6,912,907)	7,543,567	N/A	N/A	N/A
<b>TOTAL USES</b>	151,696,322	4,941,062	156,637,384	64,312,254		

**Fund Status**

*Revenues* – As indicated in the overview, despite decreased activity at the Airport, overall revenue collections in the Airport Revenue Fund are tracking in-line with the estimated budget.

Through December, performance of airline rates and charges is 4.0% above the budgeted estimate. Higher terminal rentals can be partially attributed to usage of more exclusive square footage and a greater number of ticket counter and common gate turns than was anticipated in development of the budgeted revenue estimate. General and non-aviation revenues tracked higher than budget primarily due to other land rental derived from the Airport West/FMC property. The Airport did not

include any land rental revenues in its projections in anticipation of the sale of the property which did not materialize. Higher interest income also contributed to the increase in this category.

Declines in passenger traffic continue to impact projected collections in food and beverage and parking which pulled down the performance of terminal concessions, miscellaneous rents and parking and roadway revenues. Lower revenues in the terminal concessions and miscellaneous rents category can also be attributed to the termination of operations of Verified Identity Pass Inc., which previously administered the Airport's registered traveler program.

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MID-YEAR BUDGET REVIEW  
Section I**

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

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

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

Expenditures – Expenditures in this fund consist entirely of transfers to other funds. Transfers are made on a monthly basis in accordance with the Master Trust Agreement.

An adjustment to reduce the transfer to the Airport Maintenance and Operation Fund is recommended in this document. This adjustment reflects the elimination of a Public Works Airport-funded Living Wage Program Contract Compliance Specialist position, and the elimination of five police positions (one Police Captain, one Police Sergeant and three

Police Officers) from the Airport Police staffing model. This reduction to staffing continues to maintain Transportation Security Administration service requirements. Pending City Council approval of this recommended reduction, a total Police staffing complement of 43 positions will remain to support Police security services at the Airport.

Fund Balance – An adjustment to the Ending Fund Balance is recommended, which reflects savings that result from the reduction of the Public Works position and the savings from the reduction in police staffing levels at the Airport.

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MID-YEAR BUDGET REVIEW  
Section I**

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

**Community Facilities Revenue Fund**

	2009-2010 Adopted Budget	Change	2009-2010 Current Modified	2009-2010 YTD Actual	2009-2010 % of Budget	2008-2009 % of Budget
<i>Beginning Fund Balance</i>	853,934	(354,544)	499,390	N/A	N/A	N/A
<i>Carry-Over Encumbrances</i>	2,655	(1,762)	893	N/A	N/A	N/A
<i>Revenues</i>	2,903,155	172,552	3,075,707	1,368,491	44.5%	24.7%
<i>Transfers</i>	2,700,000	0	2,700,000	2,700,000	100.0%	99.4%
<b>TOTAL SOURCES</b>	6,459,744	(183,754)	6,275,990	4,068,491		
<i>Expenditures</i>	3,485,601	2,080,462	5,566,063	1,827,385	32.8%	37.9%
<i>Transfers</i>	2,220,724	(2,082,224)	138,500	138,500	100.0%	51.6%
<i>Unrestricted Ending Fund Balance</i>	753,419	(181,992)	571,427	N/A	N/A	N/A
<b>TOTAL USES</b>	6,459,744	(183,754)	6,275,990	1,965,885		

**Fund Status**

Revenues – Revenues in the Community Facilities Revenue Fund are from two primary sources: 1) net revenues from the operation of the Hayes Mansion paid to the City by the operator of the facility (Dolce), and 2) transfers from the General Fund to cover operating shortfalls. Currently, the recession continues to negatively affect tourism and the hotel industry. The current bookings for hotel room nights are reflective of the economic reality, and preliminary projections find revenue falling below levels seen in 2008-2009. Through the first half of 2009-2010, Hayes Mansion gross operating revenues are tracking below budgeted levels and are projected to end the year \$3.8 million short. The projected decline in Hayes Mansion operating revenues for 2009-2010

represents an 18.9% decrease from 2008-2009. In addition to this drop, in 2008-2009, the Hayes Mansion realized a 15.8% decline in operating revenues from the previous year. Because the operator has put in place operational cost controls, the majority of the \$3.8 million revenue shortfall projected for 2009-2010 can be offset by expenditure savings, and the net impact to the Community Facilities Revenue Fund will be \$1.6 million. Given this downward trend in Hayes Mansion operating revenues, the net revenues available for debt service and capital improvement reserves from the Hayes Mansion continue to decline in 2009-2010. Therefore, it is recommended in this report that the debt-related expenses revenue and capital improvement revenues be reduced by \$1.2 million and \$378,000, respectively.



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MID-YEAR BUDGET REVIEW  
Section I**

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

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

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

Expenditures – The continued downturn in Hayes Mansion operating revenues (as discussed above) has resulted in a larger than expected operating deficit. To minimize the impact of the deficit to the City, the expenditures in the Community Facilities Revenue Fund need to be reduced. In addition to operational cost controls, a reduction in the level of expenditures can be accomplished due to significantly lower than budgeted interest rates applicable to debt service costs for the Hayes Mansion bonds, and the suspension of budgeted capital improvements for the remainder of 2009-2010. A decrease in debt-

related expenditures (\$1.2 million) and a decrease to the Hayes Repair and Improvements appropriation (\$155,000) are recommended to address the current operating deficit while minimally affecting the Ending Fund Balance, which may be needed to address higher than projected debt service payments or unanticipated capital needs that may arise during the year.

Fund Balance – The actions recommended in this report are intended to rebalance the fund. It is therefore recommended as part of this report to decrease the Ending Fund Balance by \$223,000 to offset a portion of the reduction in anticipated revenues.

**2009-2010  
MID-YEAR BUDGET REVIEW  
Section I**

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

**Convention and Cultural Affairs Fund**

	2009-2010 Adopted Budget	Change	2009-2010 Current Modified	2009-2010 YTD Actual	2009-2010 % of Budget	2008-2009 % of Budget
<i>Beginning Fund Balance</i>	8,754,518	1,136,312	9,890,830	N/A	N/A	N/A
<i>Carry-Over Encumbrances</i>	689,485	(343,844)	345,641	N/A	N/A	N/A
<i>Revenues</i>	17,025,831	0	17,025,831	5,988,110	35.2%	30.7%
<i>Transfers</i>	4,762,900	(172,978)	4,589,922	2,333,472	50.8%	21.9%
<b>TOTAL SOURCES</b>	31,232,734	619,490	31,852,224	8,321,582		
<i>Expenditures</i>	23,866,817	898,734	24,765,551	12,949,242	52.3%	53.8%
<i>Transfers</i>	287,023	0	287,023	287,023	100%	100%
<i>Reserves</i>	1,245,818	107,422	1,353,240	N/A	N/A	N/A
<i>Unrestricted Ending Fund Balance</i>	5,833,076	(386,666)	5,446,410	N/A	N/A	N/A
<b>TOTAL USES</b>	31,232,734	619,490	31,852,224	13,236,265		

**Fund Status**

Revenues – Revenues booked in the Convention and Cultural Affairs Fund through December only represent activity through October. However, according to reports not yet reviewed by the City from the operator of the City’s Convention Facilities, Team San Jose (TSJ), revenue is tracking within anticipated levels and is expected to finish at or above the budgeted estimate of \$17.0 million. TSJ continues to actively identify potential business opportunities to boost revenue. The better than anticipated revenue performance is primarily due to food and beverage, contract labor, utility services, and rental (net of rebates) revenues. Food and beverage revenue has exceeded estimates in the

first year that this service has been provided directly by TSJ. Previously food and beverage had been provided by a vendor. Additional revenue has been realized in the contract labor category due to a higher than anticipated need for variable labor, mainly due to the Broadway series (new to TSJ for 2009-2010), while utility revenue is on track to exceed budgeted revenue estimates as a result of delays to the Convention Center expansion/renovation project. When the budget was developed, it was assumed that the old Dr. Martin Luther King, Jr. Library would be vacated in mid- 2009-2010 for an expansion project. As a result of the delay, the City is still paying utility costs for the facility, which are booked as utility services revenue in this fund. While the labor and food and beverage revenue

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MID-YEAR BUDGET REVIEW  
Section I**

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

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

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

Revenues (Cont'd.)

also have associated expenses, the amount of revenue generated exceeds the expenditure level, therefore these categories are positive contributors to TSJ's Gross Operating Profit.

Finally, rental revenue (net of rebates) is performing at better than anticipated levels. While the number of events has decreased, the amount of revenue generated per event has increased by approximately \$10,000 in 2009-2010. The better than anticipated performance in the above mentioned categories are partially offset by lower than anticipated revenue collection in several other categories including ticket income and networking services. TSJ still anticipates; however, that revenue will meet the budgeted revenue estimate.

Approximately \$1.9 million of the fund's revenues came from a transfer from the Transient Occupancy Tax (TOT) Fund. A more detailed discussion of TOT performance can be found elsewhere in this section.

Expenditures – With the exception of the Non-Personal/Equipment appropriation, all appropriations are tracking within anticipated levels. An overage in the Non-Personal/Equipment appropriation is primarily a result of higher than anticipated food and beverage and contract labor costs, as well as expenditures at the San José Civic Auditorium.

As described above, the food and beverage and contract labor overages are fully supported by additional revenue. The overages at the San José Civic Auditorium are largely due to the launching of a concert series and renovations at the facility. While the concert series has increased visitors in the Downtown, the cost of producing the concerts was greater than expected. Specifically, ticket sales are lower than anticipated due to the economy and the fact that the renovations of the facility are not yet complete, which has made selling the venue more difficult.

Through December, the Non-Personal/Equipment appropriation is on pace to exceed budget by approximately \$950,000. As a result, TSJ has taken steps to reduce expenditures including eliminating incentives for TSJ staff in the second half of the fiscal year; instituting a one week furlough for TSJ staff (to be implemented on a rolling basis to limit the impact on customers); the elimination of one TSJ position; and a decrease to the management fee paid to Nederlander Concerts for management of the San José Civic Auditorium, since the venue will likely be closed for the remainder of the fiscal year. These actions would save approximately \$300,000 bringing the projected over-expenditure to \$650,000. Included in this document is a recommendation to reduce the Contingency Reserve (\$280,000) and Insurance Expenses appropriation (\$75,000), to augment the Non-Personal/Equipment appropriation by \$355,000.

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Section I**

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

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

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

Expenditures (Cont'd.)

The remaining projected overage of \$295,000, as proposed by TSJ, may be solved through the elimination of City positions managed by TSJ. City staff is currently analyzing TSJ's proposal to reduce the complement of City positions due to lower than anticipated workload and to reduce the Gross Operating Profit shortfall. If appropriate, the City will bring forward a

recommendation in the weeks following the release of the Mid-Year Budget Review Report for City Council approval.

Fund Balance – No adjustments to the Ending Fund Balance in the Convention and Cultural Affairs Fund are recommended at this time. It is anticipated that the projected overage in the Non-Personal/Equipment appropriation will be corrected through reductions to existing appropriations or recognition of additional revenue.

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MID-YEAR BUDGET REVIEW  
Section I**

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

**General Purpose Parking Fund**

	2009-2010 Adopted Budget	Change	2009-2010 Current Modified	2009-2010 YTD Actual	2009-2010 % of Budget	2008-2009 % of Budget
<i>Beginning Fund Balance</i>	8,216,543	103,955	8,320,498	N/A	N/A	N/A
<i>Carry-Over Encumbrances</i>	1,266,552	240,702	1,507,254	N/A	N/A	N/A
<i>Revenues</i>	11,718,000	0	11,718,000	4,830,726	41.2%	43.6%
<b>TOTAL SOURCES</b>	21,201,095	344,657	21,545,752	4,830,726		
<i>Expenditures</i>	13,398,629	(62,116)	13,336,513	4,341,863	32.6%	31.9%
<i>Transfers</i>	2,274,761	0	2,274,761	1,996,015	87.7%	59.6%
<i>Reserves</i>	3,060,674	0	3,060,674	N/A	N/A	N/A
<i>Unrestricted Ending Fund Balance</i>	2,467,031	406,773	2,873,804	N/A	N/A	N/A
<b>TOTAL USES</b>	21,201,095	344,657	21,545,752	6,337,878		

**Fund Status**

Revenues – Revenues in the General Purpose Parking Fund are derived from two primary sources: 1) revenues generated from off-street parking facilities (lots and garages) and 2) revenues generated from on-street parking meters. Through the first half of 2009-2010, operating revenues are tracking below estimated levels in every revenue category (parking lots and garages, parking meters, and interest earnings) and are expected to end the year short of the budgeted level by approximately \$1.5 million. This shortfall is due to the economic downturn which has primarily impacted the revenues generated from both monthly parking permits and visitors. A recommendation to reduce the revenue estimate by \$1.5 million is therefore included in this report.

Expenditures – Expenditures through December in the General Purpose Parking Fund are tracking within budgeted levels. However, to offset the lower than anticipated revenue collections, there are a number of expenditure adjustments recommended in this report to rebalance this fund. Several capital projects are recommended to be adjusted downward. In order to capture project savings, funding recommendations to decrease the following projects are included in this report: a decrease of \$150,000 to the Parking Guidance System Phase II project as a result of savings from the infrastructure set up being wired instead of wireless and a decrease of \$30,000 to the HP Pavilion/Diridon Area Multi-Space Meters project as a result of savings from the materials used. As an offset to the downward adjustment to revenues, scope of work for two projects are

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

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

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

Expenditures (Cont'd.)

also recommended to be reduced. A decrease to the Minor Parking Facility Improvements project by \$230,000 (from \$491,000 to \$261,000) is recommended. This ongoing allocation provides funding for minor repair work that is not part of the annual cleaning and maintenance of downtown facilities. This project will no longer fund water proofing and lobby area improvements to parking garages. A decrease to the Security Improvements project by \$200,000 (from \$469,000 to \$269,000) is also recommended. This project funds various security upgrades, however with this proposed reduction, additional lighting and cameras in all parking garages will not be funded. These improvements in both projects will be deferred until additional funding is available.

In addition, a recommendation to eliminate the Parking Technology Improvements project (\$300,000) is included. This project provides funding to install Light Emitting Diode (LED) signs that can change based on the direction of the reversible lanes, the installation of a dynamic floor count system, and the replacement of incandescent light bulbs with LED bulbs in the parking identification sign. As a result of higher priority projects in the program and a lesser need to upgrade the garages based on lower occupancy activity, this

project will be deferred until full project funding can be secured.

Also recommended, as part of rebalancing actions to the General Purpose Parking Fund, is a reduction in the Department of Transportation's Non-Personal/Equipment appropriation by \$286,000. With the recent seismic retrofit of parking garages, earthquake insurance expenditure savings can be realized. There are also savings resulting from efficiencies in contractual services such as in the parking operator's contract.

As part of the San Jose Redevelopment Agency's (SJRA) Proposed Budget, the debt service payment for the 4<sup>th</sup> and San Fernando Streets Parking Garage is proposed to be shifted to the City for two and a half years (a total of \$8.5 million). The anticipated impact for 2009-2010 to the General Purpose Parking Fund is \$1.7 million. Recommendations to appropriate the anticipated payment to the SJRA and offsetting actions for 2009-2010 will be brought forward after the approval of the SJRA's budget.

Fund Balance – The actions recommended in this report are intended to align the revenues with expenditures. In addition, to partially offset the decline in revenue collections, a decrease of \$292,000 to the Ending Fund Balance is recommended.

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MID-YEAR BUDGET REVIEW  
Section I**

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

**Transient Occupancy Tax Fund**

	2009-2010 Adopted Budget	Change	2009-2010 Current Modified	2009-2010 YTD Actual	2009-2010 % of Budget	2008-2009 % of Budget
<i>Beginning Fund Balance</i>	1,299,992	117,262	1,417,254	N/A	N/A	N/A
<i>Carry-Over Encumbrances</i>	401,378	(87,828)	313,550	N/A	N/A	N/A
<i>Revenues</i>	9,844,000	0	9,844,000	3,700,959	37.6%	35.1%
<b>TOTAL SOURCES</b>	11,545,370	29,434	11,574,804	3,700,959		
<i>Expenditures</i>	6,074,175	120,155	6,194,330	3,674,714	59.3%	52.4%
<i>Transfers</i>	4,062,900	(172,978)	3,889,922	1,858,472	47.8%	23.4%
<i>Reserves</i>	0	0	0	N/A	N/A	N/A
<i>Unrestricted Ending Fund Balance</i>	1,408,295	82,257	1,490,552	N/A	N/A	N/A
<b>TOTAL USES</b>	11,545,370	29,434	11,574,804	5,533,186		

**Fund Status**

*Revenues* – Currently revenues in the Transient Occupancy Tax (TOT) Fund are tracking below budgeted levels, however, are anticipated to end the year at the budgeted level. The 2009-2010 Adopted Budget assumed a 14% decline from 2008-2009 receipts, with a larger decline anticipated during the first half of the year. Through December 2009, actual collections are down 29% from 2008-2009 levels. TOT collections in 2008-2009 did not follow a traditional trend line due to the dramatic slowdown in the economy that occurred after December 2008. In a typical year, approximately 37% of the annual TOT receipts are collected July-December. In 2008-2009; however, 45% of the TOT receipts were collected through the first six months of the

fiscal year, as the severe economic downturn led to a significant drop-off in collections.

Through the first half of 2008-2009, TOT collections were down approximately 5% as compared to the prior year; however, by the end of the year collections were down 20%. As was the case in 2008-2009, an independent consultant, Horwath HTL, is reviewing TOT collections. The findings from Horwath HTL are scheduled to be shared with the City after the release of this document, and will be considered in the development of the 2011-2015 General Fund Forecast.

Following the anticipated trend, the rate of decline in occupancy rates at the 14 major hotels has steadily decreased as the year has progressed. At the beginning of the year, the

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Section I**

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

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

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

Revenues (Cont'd.)

year-over-year decline in the occupancy rate was approximately 20%. In the October-December months, the year-over-year decline has been less than 3%, with the December rate declining slightly from 42.7% to 41.8%. The average occupancy rate for 2008-2009 in total was 53.8%. Through December 2009, the average occupancy rate is only slightly lower at 52.1%.

The December 2009 average daily room rate at the 14 major hotels was \$115.95, down from \$129.27 in December 2008. While the decline in average daily room rates on a month to month comparison has ranged between 8% and 18%, the year to date average through December 2009 is down 9.4% (from \$129.50 to \$117.29).


Therefore, based on recent tracking of occupancy rates and average daily room rates, it appears that TOT revenues may be stabilizing.

Regardless, revenues will continue to be closely monitored. Should collections appear to be falling behind anticipated levels as the year progresses, recommendations to adjust the allocations to the three recipient organizations (Convention and Visitor's Bureau, Cultural Development, and Convention Facilities O&M) may be brought forward for City Council consideration.

Expenditures – through December are generally tracking within budgeted levels. The allocations to the three recipient organizations receive a fixed percentage of TOT receipts. When collections fall short of anticipated levels, as was the case in 2008-2009, the allocations to the recipients are adjusted. At this time, no adjustments are proposed.

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





2009-2010

MID-YEAR  
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REVIEW



SECTION

II

**CAPITAL BUDGET**  
**PROGRAMS**  
**STATUS REPORT**



**2009-2010  
MID-YEAR BUDGET REVIEW  
Section II**

**CAPITAL BUDGET PROGRAMS STATUS REPORT**

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

The 2009-2010 Adopted Capital Budget totaled \$1.0 billion. Through the first six months of the year, the City Council approved budget adjustments that, in total, increased the capital budget by \$98.7 million to over \$1.1 billion. The majority of the increase (\$91.9 million) reflects the impact of technical adjustments that were processed as part of the 2008-2009 Annual Report. These adjustments primarily consisted of an increase of \$31.6 million for rebudgets of unexpended project funds, an increase of \$31.3 million to account for changes to fund balance, and technical adjustments primarily related to Airport Capital funds (\$29.0 million). The remainder of approved adjustments to the budget through the first six months of the fiscal year included the addition of a small number of new projects, projects with changes in cost and/or scope, as well as technical adjustments to funding sources.

During the first half of the year, construction-related revenues were impacted significantly by the severe economic downturn and its impact on development activity. While the City's Construction and Conveyance Tax collections generated primarily from property resales seem to have stabilized, rebalancing actions and project reductions for a number of capital programs supported through development-sensitive fees and taxes are recommended and described later in this document. Sufficient ending fund balance is available in some cases to offset these revenue revisions, however, major rebalancing actions are necessary in the Building and Structure Construction Tax Fund and Construction Excise Tax Fund in the Traffic Capital Program. Additionally, in some cases where ending fund balance would have dropped to low levels to offset lower revenue projections, reductions are proposed to projects in the Water Utility Capital Fund in the Water Utility System Capital Program, the Sanitary Sewer Connection Fee Fund in the Sanitary Sewer Capital Program, and the Underground Utility Fund in the Developer Assisted Projects Capital Program. In addition, it should be noted that lower levels of overall revenues will result in reduced and/or deferred projects in the upcoming Proposed Capital Improvement Program scheduled for release in late April 2010.

In summary, downward revenue adjustments are recommended for the following construction-related revenue estimates:

- Construction Excise Tax (down \$2.5 million from \$8.0 million to \$5.5 million)
- Building and Structure Construction Tax (down \$4.0 million from \$8.0 million to \$4.0 million)
- Sanitary Sewer Connection Fee (down \$250,000 from \$500,000 to \$250,000)
- Storm Drainage Fees (down \$50,000 from \$125,000 to \$75,000)
- Residential Construction Tax (down \$60,000 from \$100,000 to \$40,000)
- Underground Utility In-Lieu Fees (down \$400,000 from \$950,000 to \$550,000)
- Various Water Utility Fund Fees (down \$620,000 from \$830,000 to \$210,000)

**2009-2010  
MID-YEAR BUDGET REVIEW  
Section II**

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

On a more positive note, project expenditures are generally tracking within budget in all programs and the economic slowdown has created a more favorable bidding environment for construction projects. The following discussion provides a summary of revenue and expenditure performance for each capital program area.

**AIRPORT**

Financial Status

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

The Airport Capital Improvement Fund is funded by grant revenues. Principally, these are federal grants administered by the Federal Aviation Administration (FAA) under its Airport Improvement Program (AIP). This fund also accounts for grants issued under the American Recovery and Reinvestment Act of 2009 (ARRA). Most AIP grants provide an 80% reimbursement of project costs matched by a 20% local share from the Airport. The local share is primarily funded by PFCs or Airport operating revenues. Overall, grant income in the Airport Capital Improvement Fund is tracking below budgeted levels since grant revenues are typically received on a reimbursement basis; however, a significant portion of budgeted revenue is still expected to be received by year-end. Commitments through December in the Airport Capital Improvement Fund totaled \$25.0 million, or 50.2% of the budget for capital projects.

Mid-year adjustments recommended for this fund include the certification of new revenue and corresponding expenditure augmentation (\$17.8 million) in the North Concourse Building appropriation which result from the September 2009 award of an American Recovery and Reinvestment Act of 2009 (ARRA) grant from the Transportation Security Administration (TSA) for the Airport's Terminal B checked baggage screening project. This grant reimburses the City 90% of allowable project costs. The remaining 10% local share match would be funded from existing resources within the North Concourse Building appropriation in the Airport Capital Improvement Fund. Offsetting this increase slightly is a reduction of \$3.8 million in grant revenue due to bid savings from the South Apron Replacement project. A corresponding reduction in the Airport Revenue Bond Improvement Fund is recommended to adjust the grant and local share match for this project accordingly.

Finally, technical adjustments in this fund are proposed to increase the Centerline Lights Project (\$56,000) and decrease the Runway Guard Light Replacement appropriation (\$56,000) to allow for the correct allocation of expenditures between these two related grant projects and to achieve the correct split between the reimbursable costs and the local share match for each project. The recommendations in this fund have no impact to the Ending Fund Balance.

**2009-2010  
MID-YEAR BUDGET REVIEW**

**Section II**

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

**AIRPORT (CONT'D.)**

Financial Status (Cont'd.)

The Airport Revenue Bond Improvement Fund provides funding for major capital projects financed by bond issuances and other debt instruments. The Airport is currently using bond proceeds, including the 2007 Airport Revenue Bonds issued in September 2007, along with commercial paper, to provide funding for projects in this fund. Commercial paper capacity is initially reflected in fund balance and then recorded as revenue as it is used, to meet project cash flow requirements. Through December, commercial paper activity is tracking as expected. Commitments through December in this fund totaled \$355.3 million, or 75.6% of the budget for capital projects.

Mid-year adjustments recommended in the Airport Revenue Bond Improvement Fund include the establishment of a transfer for \$5.1 million to the Airport Surplus Revenue Fund to accommodate the refunding of higher interest bearing commercial paper notes, which became available as the result of certain debt-related provisions of the ARRA program. Pursuant to these provisions, the Airport established a new series of commercial paper notes that can be used to fund specific capital projects. These commercial paper notes are anticipated to incur lower interest costs; however, the bulk of savings will be realized when these short-term notes are converted to long-term bonds. Another recommended mid-year adjustment is an increase in this fund for Public Art (\$120,000), offset by a corresponding project decrease in the Airport Renewal and

Replacement Fund, which would allow the Airport Department to benefit from the special ARRA financing provision and fund three additional artworks at the Airport in 2009-2010. In addition, a decrease to the North Concourse Building (\$2.2 million) and the South Apron Replacement (\$363,000) appropriations are recommended in this fund as a result of the receipt of federal grant funding for the Terminal B baggage screening system and the reduction in construction costs for Phase I of the South Apron Replacement project. The net impact of these actions is a decrease to the Ending Fund Balance of approximately \$2.7 million.

The Airport Renewal and Replacement Fund's primary source of revenue is a transfer from Airport operating funds. Supplementing this revenue are construction laydown rents associated with the lease of the Airport West/FMC property, interest income, and tenant improvement payments. Commitments through December in the Airport Renewal and Replacement Fund totaled \$7.9 million, or 54.8% of the budget for capital projects, and are tracking within estimated budget levels.

Mid-year adjustments recommended in this report for the Airport Renewal and Replacement Fund include an increase to the Airfield Improvements project (\$200,000) for the implementation of an airfield Pavement Maintenance Management System mandated by FAA grant program assurances and an increase for Land Improvements (\$15,000) to purchase new strip doors for hangers located on Airport Boulevard. As previously discussed, a decrease in this fund for Public Art (\$120,000), which is fully offset by an increase in the Airport

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MID-YEAR BUDGET REVIEW  
Section II**

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

AIRPORT (CONT'D.)

Financial Status (Cont'd.)

Revenue Bond Improvement Fund, would enable the Airport to take advantage of the ARRA provisions mentioned previously and fund additional artworks at the Airport. These actions result in a net decrease of \$95,000 to the Ending Fund Balance.

The Airport Passenger Facility Charge (PFC) Fund includes projects that have been approved by the FAA for funding from PFCs, which is a \$4.50 fee charged to departing passengers. Projects within this fund are determined in consultation with the airlines that utilize the Airport facilities. PFC revenue collections are tracking within estimated levels. Commitments through December in the Airport PFC Fund totaled approximately \$1.7 million or 15.4% of the budget for capital projects.

There are no mid-year adjustments recommended in this fund.

COMMUNICATIONS

Financial Status

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

As discussed in detail in the Parks and Community Facilities Development Capital Program section of this document, C&C Tax revenues are stabilizing and may not decline further. The 2009-2010 Adopted Capital Budget estimate for C&C taxes is \$20.0 million, of which 3.40% is allocated to the Communications Capital Program. The adopted C&C estimate allowed for a 2.3% drop from the 2008-2009 collection level. Through the first five months of the fiscal year, collections had experienced sharper declines than originally anticipated. However, collections in December and January may indicate this revenue stream has stabilized. Therefore, it is currently anticipated the year-end Construction and Conveyance Tax estimate of \$20.0 million will be achieved. However, due to the volatile nature of this tax revenue, staff will continue to monitor receipts closely and may make further recommendations at a later date.

Expenditures within this fund are tracking below budgeted levels through December. The Fire Radio Infrastructure project was completed in August 2009 allowing for the purchase of additional receivers and mobile repeaters to be installed at existing Fire Station sites. Due to recent efforts by the Bay Area Urban Area Security Initiative (UASI) to develop a Request for Proposal for the Bay Area Regional Interoperability Communications System (BayRICS), many of the projects identified in the 2009-2010 Adopted Capital Budget, such as the City-Wide Supervisory Control and Data Acquisition (SCADA) Feasibility Study, the Fire Station 22 Radio Site, and the City-Wide Trunking Radio System, have been placed on hold until funding needs, as well as system

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**COMMUNICATIONS (CONT'D.)**

Financial Status (Cont'd.)

compatibility requirements, are identified by UASI.

An augmentation for fiber optics installation to the Animal Care Center (\$21,000) is recommended in this document. The installation of these cables will eliminate the costs for the 3 T1 carrier lines (\$6,000 annually), and will enhance the Animal Care Center's connectivity to the City's main network. Sufficient Ending Fund Balance is available to offset this action.

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**DEVELOPER ASSISTED PROJECTS**

Financial Status

The Developer Assisted Projects Capital Program includes the Underground Utility Fund and the Residential Construction Tax Contribution Fund, which are used primarily to receive money from and/or provide payments to developers and utility companies for the construction of street improvements throughout the City and to encourage the undergrounding of existing overhead utilities. The Underground Utility Fund is supported by In-Lieu fees paid by developers and other revenue sources. Revenue collections through December 2009 of \$201,000 are significantly behind pace for achieving the adopted estimate of \$1.2 million. It is now anticipated that year-end collections will be approximately \$785,000 and the revenue

estimate is recommended to be adjusted downward in this document. The reduction to the revenue estimate is recommended to be offset by a decrease to the Underground Utility Program appropriation. As a result of this adjustment, the Delmas Park Utility Undergrounding project will need to be deferred to future years. Also included in this document is a recommendation to increase the fund's Public Works Capital Management Costs appropriation by \$8,000 due to higher than expected activity levels for which the Public Works Cost Allocation Plan rate is charged upon. Overall expenditures are tracking below budgeted levels through December.

The Residential Construction Tax Contribution Fund generates its revenue from the Residential Construction Tax. Revenue tax collections in this category are also projected to fall well short of the adopted estimate (\$100,000). It is anticipated that year-end collections will total approximately \$40,000, and the revenue estimate is recommended to be adjusted downward in this document, with an offsetting adjustment to the Ending Fund Balance. Expenditures are tracking below budgeted levels through December.

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**LIBRARY**

Financial Status

The Library Capital Program provides funding to construct new library facilities, renovate existing facilities, acquire materials, install automation equipment to provide information access and electronic processing, and support

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

LIBRARY (CONT'D.)

Financial Status (Cont'd.)

other miscellaneous facility improvements. The Library Capital Program is funded primarily from Construction and Conveyance (C&C) Taxes, proceeds from the Library Bond Measure, and proceeds from the Library Parcel Tax.

As discussed in detail in the Parks and Community Facilities Development Capital Program section of this document, C&C Tax revenues are stabilizing and may not decline further. The 2009-2010 Adopted Capital Budget estimate for C&C taxes is \$20.0 million, of which 14.22% is allocated to the Library Capital Program. The adopted C&C estimate allowed for a 2.3% drop from the 2008-2009 collection level. Through the first five months of the fiscal year, collections had experienced sharper declines than originally anticipated. However, collections in December and January may indicate this revenue stream has stabilized. Therefore, it is currently anticipated the year-end Construction and Conveyance Tax estimate of \$20.0 million will be achieved. However, due to the volatile nature of this tax revenue, staff will continue to monitor receipts closely and may make further recommendations at a later date.

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

On November 7, 2000, City voters approved Measure O, a \$211.8 million general obligation bond for library improvements. In June 2008, a total of \$5.3 million in bond proceeds were issued to provide sufficient funding for 2008-2009 and 2009-2010 expenditures. A total of \$205.9 million of bonds has been issued in prior fiscal years, and the 2009-2010 Adopted Capital Budget included an additional bond issuance of \$5.9 million to ensure sufficient funding for the remaining Library Bond projects.

Expenditures in the Branch Libraries Bond Projects Fund are generally tracking within estimated levels through December. No expenditure adjustments to the fund are recommended at this time.

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

MUNICIPAL IMPROVEMENTS

Financial Status

The Municipal Improvements Capital Program provides capital improvements and maintenance for City facilities that are not funded in other capital programs. The majority of the capital expenditures in this capital program are discussed as part of the Status of General Fund Expenditures section of this document. The discussion below summarizes the status of the

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**MUNICIPAL IMPROVEMENTS  
(CONT'D.)**

Financial Status (Cont'd.)

remaining funds included in the Civic Center Construction, Civic Center Parking, and Civic Center Improvements Funds. Activities include city-wide infrastructure projects, such as technology improvements, that were funded from interest earnings in the construction bonds.

On the revenue side, commercial paper issuance in the Civic Center Improvement Fund totaled \$243,000 through December compared to a budget of \$3.6 million (remaining projects include storage area network, cabling/fiber optics and Police Administration Building network improvements). The remaining commercial paper issuance scheduled in this fund will be made as actual expenditures occur later in the fiscal year.

On the expenditure side, appropriations are tracking within expected levels. The projects funded in the remaining allocations include project closeout costs, cable/fiber connections to public safety facilities, additional improvements at City Hall, voice and data network enhancements at the Police Administration Building, and secondary cooling at the City Hall Network Operations Center. In the Civic Center Construction Fund, an augmentation to relocate staff from the old Martin Luther King Library to City Hall and fund tenant improvements at the Central Service Yard is recommended in this document. Any unspent project funds are anticipated to be rebudgeted at year-end to fund the completion of these projects.

**PARKING**

Financial Status

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

Revenues in the General Purpose Parking Fund are primarily generated from fees charged at downtown garages, lots, and parking meters. A portion of those revenues is transferred to the Parking Capital Program to fund capital improvements. Revenues are currently tracking lower than estimated and are expected to end the year short of the budgeted level by approximately \$1.5 million, as a result of the economic downturn which has primarily impacted the revenues generated from both monthly parking permits and visitors. Included in this report are recommendations to adjust the revenue estimate down by \$1.5 million, offset by expenditure adjustments.

Through December, capital project expenditures in the General Purpose Parking Fund are tracking within generally expected ranges. However, there are a number of adjustments recommended in this report as a result of the decline in revenue collections.

In order to capture project savings, funding recommendations to decrease the following projects are included in this report: a decrease of \$150,000 to the Parking Guidance System



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(CONT'D.)**

**PARKING (CONT'D.)**

Financial Status (Cont'd.)

Phase II project as a result of savings from the infrastructure set up being wired instead of wireless; and a decrease of \$30,000 to the HP Pavilion/Diridon Area Multi-Space Meters project as a result of savings from the materials used.

As an offset to the downward revenue adjustment, the scope of work for two projects will be reduced. A decrease to the Minor Parking Facility Improvements project by \$230,000 is recommended. This ongoing allocation provides funding to do minor repair work that is not part of the annual cleaning and maintenance of downtown facilities. This project will no longer fund water proofing and lobby area improvements to parking garages. A decrease to the Security Improvements project by \$200,000 is also recommended. This project funds various security upgrades, however with this proposed reduction, additional lighting and cameras in all parking garages will not be funded. These project scope reductions will be deferred until such time that full funding can be secured.

In addition, a decrease of \$300,000 to the Parking Technology Improvements project is recommended, which eliminates the entire project allocation in 2009-2010. The project provides funding to install Light Emitting Diode (LED) signs that can change based on the direction of the reversible lanes, the installation of a dynamic floor count system, and the replacement of incandescent light bulbs with

LED bulbs in the parking identification sign. As a result of higher priority projects in the program and a lesser need to upgrade the garages based on lower occupancy activity, it is recommended that this project's total funding be eliminated.

As part of the San Jose Redevelopment Agency's Proposed Budget, the debt service payment for the 4<sup>th</sup> and San Fernando Streets Parking Garage is proposed to be shifted to the City for two and a half years (a total of \$8.5 million). The anticipated impact for 2009-2010 to the General Purpose Parking Fund is \$1.7 million. Recommendations to appropriate the anticipated payment to the San Jose Redevelopment Agency (SJRA) and offsetting actions for 2009-2010 are anticipated to be brought forward in conjunction with the approval of SJRA's budget.

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**PARKS AND COMMUNITY  
FACILITIES DEVELOPMENT**

Financial Status

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

The Parks Capital Program is funded primarily through Construction and Conveyance (C&C) Tax revenues, Parkland Dedication Ordinance Fees, and proceeds from the Parks Bond Measure. In addition to these revenues, the Parks Capital Program is also supported by

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

Financial Status (Cont'd.)

grants from the federal and State governments, developer's contributions, and interest earnings.

Construction and Conveyance Tax Funds

As previously reported in Bi-Monthly Financial Reports, after experiencing almost continuous declines since spring 2005, C&C Tax revenues are beginning to stabilize, which may indicate this revenue stream is stabilizing and may not decline further. Nearly 99.0% of the total C&C Taxes are comprised of conveyance receipts, a tax based on the value of property transfers, which are the main driver in this revenue category. The number of property transfers for all types of residences from July through December 2009 increased by approximately 28.7% from the same period in the prior year. The median home price has increased by 8.5% from the December 2008 median home price of \$451,750 to the December 2009 median home price of \$490,000. Meanwhile, the average days-on-market for the residential real estate market has dropped from a high of over 100 days in June 2009 to 67 days in December 2009.

The 2009-2010 Adopted Capital Budget estimate for C&C taxes is \$20.0 million, of which 65.2% is allocated to the Parks Capital Program. Through December 2009, C&C Tax receipts totaled \$9.6 million or 48.0% of the adopted estimate. This figure represents a

decline of less than 1.0% from the \$10.0 million collected through December 2008. In addition to these revenues, the City has since received January 2010 Conveyance Tax receipts totaling \$2.1 million. This amount is 31.2% higher than the January 2009 amount of \$1.6 million.

The adopted C&C Tax estimate allowed for a 2.3% drop from the 2008-2009 actual performance of \$20.5 million. Through the first five months of the fiscal year, collections had experienced sharper declines than originally anticipated. However, the stabilization of these revenues in December and January may indicate this revenue stream has stabilized. If collections continue at levels experienced through the first six months of the fiscal year, it is anticipated the year-end C&C Tax estimate of \$20.0 million will be achieved. However, due to the volatile nature of this tax revenue, staff will continue to monitor receipts closely and may make further recommendations at a later date.

A revenue estimate increase of \$100,000 is recommended in the Parks City-Wide C&C Tax Fund section of this document to recognize the award of grant funds from the State of California's 2002 Resources Bond Act (Proposition 40 - Roberti-Z'berg grant) for the design and installation of trail signs, milestone markers, and call boxes. While the grant award totals \$451,000, the funding is received on a reimbursement basis and it is anticipated only \$100,000 will be expended and reimbursed for the study, design and deployment of milestone markers in 2009-2010. Remaining grant funds are anticipated to be expended and reimbursed in 2010-2011 and will therefore be included in the 2010-2011 Capital Budget. A related action

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

Construction and Conveyance Tax Funds  
(Cont'd.)

in this document is recommended to increase the TRAIL: Milestone Markers project.

In addition, this document includes a recommendation to increase the Environmental Mitigation Maintenance and Monitoring allocation (\$10,000) in the Parks City-Wide C&C Tax Fund to ensure adequate funding is available to complete an active service agreement for mitigation monitoring of the Quail Hollow Bridge, which is located at Alum Rock Park. This monitoring effort, mandated by the State of California, requires the use of qualified biologists to prepare and submit reports regarding the condition of the bridge and its effect on wildlife in Penitencia Creek. This recommendation is being offset by a decrease to the Parks City-Wide C&C Tax Fund Ending Fund Balance.

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

The Council District 3 C&C Tax Fund includes recommendations to decrease the Watson Site Clean-up and Restoration project (\$404,000), establish the Watson Park (Phase II) Soccer Field Development project (\$404,000), establish the O'Donnell's Garden Park project

(\$117,000), and eliminate the Reserve: O'Donnell's Garden Park (\$117,000). The Watson Site Clean-up and Restoration project is recommended to be decreased to realize this fund's proportionate savings that resulted in lower than anticipated construction bids. These savings are recommended to be reallocated to the Watson Park (Phase II) Soccer Field Development project for the development of a lighted artificial turf soccer field, which will be adjacent to the lighted natural turf soccer field that is being constructed in Phase I of the Watson Park project. Elsewhere in this document is a recommendation to allocate an additional \$1.1 million in the Subdivision Park Trust Fund for this project. The Council District 3 C&C Tax Fund also includes a recommendation to activate the O'Donnell's Garden Park reserve. This funding, in conjunction with \$150,000 anticipated to be provided from a community group, will be used for the installation of a gazebo at O'Donnell's Garden Park.

The Council District 6 C&C Tax Fund includes a recommendation to establish the TRAIL: Los Gatos Creek Reach IV Mitigation and Monitoring (\$35,000) project. This funding, which will be offset by a reduction to the Council District 6 C&C Tax Fund Ending Fund Balance, is needed for monitoring, repair, and maintenance services associated with reach IV of the Los Gatos Creek Trail. This monitoring effort, mandated by the State of California, requires the use of qualified biologists to prepare and submit reports regarding the condition of the trail.

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

Parks and Recreation Bond Projects Fund

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

Expenditures in the Parks and Recreation Bond Projects Fund are generally tracking within estimated levels. However, several expenditure adjustments are recommended in this report, including reallocating \$250,000 from the Reserve: Soccer Complex to the Soccer Complex project for site survey and design work due to it recently being determined that the soccer complex will be constructed at the FMC site near the Airport. This report also recommends reallocating \$540,000 from the Contingency Reserve: Parks and Recreation Bond Projects to the TRAIL: Guadalupe River Reach VI (Woz Way to Willow Street) project. This increase will ensure sufficient funding is available for the construction of a 0.40 mile paved trail, levee improvements, irrigation, landscaping, signage, and a gateway structure along a portion of the Guadalupe River. The Parks, Recreation and Neighborhood Services Department is currently negotiating agreements with the State for grants under the Proposition

50 and Proposition 13 grant programs. If the City is awarded these grants, the Contingency Reserve: Parks and Recreation Bond Projects would be replenished accordingly.

Other Funds

In the other funds that support the Parks and Community Facilities Development Capital Program (Emma Prusch Fund, Lake Cunningham Fund, and Subdivision Park Trust Fund), revenues and expenditures are generally tracking within estimated levels through December. Several expenditure adjustments are recommended in the Subdivision Park Trust Fund, including establishing the Watson Park (Phase II) Soccer Field Development project (\$1.1 million), appropriating the Penitencia Creek Park Play Lot Renovation project from reserve (\$600,000), increasing the Cypress Senior Center Parking Lot Expansion and Outdoor Patio project (\$48,000), increasing the Madden Ave/Jackson Ave Turnkey Park Design Review and Inspection allocation (\$15,000), increasing the Luna Turnkey Park Design Review and Inspection allocation (\$10,000), decreasing the Reserve: North Council District 3 Park Acquisition and Development allocation (\$195,000), and decreasing the Reserve: Future PDO/PIFO Projects (\$978,000).

This document includes a recommendation to establish the Watson Park (Phase II) Soccer Field Development project for the development of an artificial turf lighted soccer field, which will be adjacent to the natural turf lighted soccer fields that is being constructed in Phase I of the

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

Other Funds (Cont'd.)

Watson Park project. As previously mentioned, a recommendation to allocate an additional \$404,000 in the Council District 3 C&C Tax Fund would also augment funding for this project. The Penitencia Creek Park Play Lot Renovation project is needed to renovate two antiquated play lots at Penitencia Creek Park. The recommended increase to the Cypress Senior Center Parking Lot Expansion and Outdoor Patio project is needed for amenities not included in the original project scope, such as re-paving the original parking lot and purchasing a new trash enclosure. Additional funding is needed for the Madden Ave/Jackson Ave Turnkey Park Design Review and Inspection and the Luna Turnkey Park Design Review and Inspection allocations due to the construction of these parks (which are being done by the developers as part of their parkland dedication obligation) taking longer than originally anticipated, which results in higher Department of Public Works design review and inspection costs.

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

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**PUBLIC SAFETY**

Financial Status

The Adopted 2009-2010 Public Safety Capital Program is funded from four sources: proceeds from the Neighborhood Security Act Bond Measure (\$30.8 million); Fire Construction and Conveyance (C & C) Tax Fund (\$3.8 million); the General Fund (\$6.4 million); and the San Jose Redevelopment Agency (SJRA) (\$300,000).

On March 5, 2002, the voters in San José approved Measure O, the "9-1-1, Fire, Police, Paramedic and Neighborhood Security Act", a \$159 million general obligation bond for Police and Fire capital improvements. A total of \$155.7 million of bonds have been issued in prior fiscal years, and the 2009-2010 Adopted Capital Budget includes an additional bond issuance of \$3.3 million which is expected to be issued by year-end.

As discussed in detail in the Parks and Community Facilities Development Capital Program section of this document, C&C Tax revenues are stabilizing and may not decline further. The 2009-2010 Adopted Capital Budget estimate for C&C taxes is \$20.0 million, of which 8.40% is allocated to the Fire Department in the Public Safety Capital Program. The adopted C&C estimate allowed for a 2.3% drop from the 2008-2009 collection level. Through the first five months of the fiscal year, collections had experienced sharper declines than originally anticipated. However,

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

Financial Status (Cont'd.)

collections in December and January may indicate this revenue stream has stabilized. Therefore, it is currently anticipated the year-end Construction and Conveyance Tax estimate of \$20.0 million will be achieved. However, due to the volatile nature of this tax revenue, staff will continue to monitor receipts closely and may make further recommendations at a later date.

In the Fire C&C Tax Fund, a technical correction to the Beginning Fund Balance (\$48,000) is recommended to recognize funding that was not accounted for in the 2008-2009 Annual Report. Also, a recommendation to increase the Computer Replacement Program (\$60,000) with corresponding decrease to the Ending Fund Balance is included in this document. The funding would be used to purchase a redundant server for the new Fire Records Management System (RMS) in order to maintain a back-up system and prevent data loss in the event that the main RMS server fails.

In the Adopted 2009-2010 Public Safety Capital Program, \$900,000 in revenue was estimated for the sale of two former fire stations (12 and 17). As of the printing of this document, the Real Estate Division in the General Services Department anticipates that the two former fire stations will be sold in April or May 2010 and the associated revenue will be paid to the City before the end of 2009-2010.

In the Neighborhood Security Act (Bond) Fund, technical corrections to reduce the Beginning Fund Balance and the South San José Police Substation project (\$485,000) are recommended. These adjustments will correct double counting of funds in the Bond Fund and decrease the total South San José Police Substation project budget to \$91.8 million as stated in the memorandum approved by the City Council on August 18, 2009. In addition, it is recommended that bond funding (\$800,000) currently programmed in 2010-2011 for the Fire Station 37 (Willow Glen) project be accelerated to 2009-2010 for the Fire Station 37 project in order to spend bond funding first and extend the ability to use the General Fund (\$800,000) for this project into 2010-2011. Finally, the proportionate share of the San Jose Redevelopment Agency (SJRA) funding for the Fire Station 2 – Rebuild project (\$258,000) is recommended to be returned to the SJRA. In order to keep the total project budget at current funding levels, an augmentation to this project from the Bond Contingency Reserve (\$258,000) is recommended to be reallocated to the Fire Station 2 – Rebuild project.

Expenditures in this Program, including General Fund funded apparatus replacements, are tracking within anticipated levels. Major project expenditures include Fire Stations 2 and 19 and the South San José Police Substation, which are currently underway, and Fire Station 36 which was awarded for construction on January 26, 2010.

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**SANITARY SEWER**

Financial Status

The Sanitary Sewer System of the City of San José consists of approximately 2,000 miles of sewer mains ranging in diameter from six to 90 inches. The system serves the City as well as three other jurisdictions and conveys sewage to the San José/Santa Clara Water Pollution Control Plant. The Sanitary Sewer Capital Program has two major funding sources: the Sewer Service and Use Charge Capital Improvement Fund and the Sanitary Sewer Connection Fee Fund. These funds are supported through transfers from the Sewer Service and Use Charge Fund, joint participation revenues, connection fee revenues, interest, and other miscellaneous revenue.

Sewer Service and Use Charge Capital Improvement Fund

The Sewer Service and Use Charge Capital Improvement Fund is funded through transfers from the Sewer Service and Use Charge Fund and interest earnings. Transfers through December have totaled \$5.7 million, or 33.3% of the budgeted amount (\$17.2 million), and subsequent transfers are expected to occur as planned. Interest earnings through the first six months are tracking slightly below anticipated levels, with \$510,000 or 34.0% of the budgeted amount (\$1.5 million) received to date. Miscellaneous Revenue of \$4.2 million was collected as a reimbursement from Caltrans for portions of the Highway 87 and San José Sanitary Sewer Phase II projects. These

projects were only partially completed due to unforeseen construction challenges, and it was uncertain whether Caltrans would reimburse the City for the City's portion of the work. The lump-sum payment received this year was the result of an amended Utility Agreement with Caltrans approved by the City Council in December 2009. An increase to the Earned Revenue estimate and ending fund balance is recommended in this document to recognize this payment.

Project expenditures in the Sewer Service and Use Charge Capital Improvement Fund are occurring as anticipated and most of the remaining savings at year-end are expected to be rebudgeted to complete ongoing projects.

Sanitary Sewer Connection Fee Fund

Joint participation revenues, connection fees, and interest earnings support the Sanitary Sewer Connection Fee Fund. Joint participation revenues, usually invoiced and accrued at the end of the fiscal year, reflect cost sharing of actual expenditures incurred during the fiscal year. Therefore, if there is a shortfall in these revenues, corresponding project expenditure savings will be available. Through December, joint participation revenue collected was \$96,000 or 11.9% of the budgeted amount (\$804,000). Due to the timing of bills, a larger portion of the revenue will be collected in the second half of the year. Collections of Sanitary Sewer Connection Fees totaled \$186,000, or 37.2% of the budgeted amount (\$500,000), due to lower than anticipated development activity levels. As a result, a decrease of \$250,000 (50%) in the Connection Fee revenue

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

Sanitary Sewer Connection Fee Fund (Cont'd.)

estimate is recommended as part of this Mid-Year Budget Review. A corresponding decrease of \$250,000 in the Edenvale Sanitary Sewer Supplement, Phases VA and VB project is also recommended to offset the decline in revenue. Interest income totaled \$178,000, or 25.6% of the budgeted amount (\$695,000). Interest Income is expected to end the year below budget. Sufficient ending fund balance is available to offset any shortfall in interest income.

With the exception of the Edenvale Sanitary Sewer Supplement, Phases VA and VB project, described below, expenditures in most projects are occurring as anticipated and any remaining savings at year-end are expected to be rebudgeted to complete remaining projects.

Due to development activity not occurring in the Coyote Valley, construction of the Edenvale Sanitary Sewer Supplement, Phases VA and VB has been put on hold. A reallocation of funding (\$3.9 million) from the Edenvale project to a number of projects, described below, is recommended as part of this document. In order to accelerate urgent improvements and repairs identified by the Department of Transportation (DOT), this report includes recommendations to reallocate \$1.0 million of the savings to Miscellaneous Rehabilitation Projects and \$2.2 million to Miscellaneous Projects. Projects funded by these appropriations are Chant Court and Kollmar Drive Sanitary Sewer Rehabilitation, Balsa-

Husted Avenue Sanitary Sewer Rehabilitation, Dorel Drive Sanitary Sewer Rehabilitation, Westgate Avenue Sanitary Sewer Rehabilitation, Hillcrest and Cahalan Dr. Sanitary Sewer Improvements, East San José Miscellaneous DOT Rehabilitation, Palmia Sanitary Sewer Repair, and Gold Street Sanitary Sewer Extension. Funds reallocated to these appropriations will also be used to reimburse developers that performed repairs or improvements on the Newhall, Baypointe, Story Road, and River Oaks Sanitary Sewers. It is also recommended that \$650,000 of savings from the Edenvale Sanitary Sewer Supplement, Phases VA and VB project be reallocated to the Program Management appropriation for pre-engineering and scope refinement of the Jacob Avenue, Campbell Avenue, Parkmoor-Meridian, Husted Avenue, and Emory Street Sanitary Sewer Improvements, as well as for conceptual sewer configurations and other preliminary analyses for the North San José and Midtown areas.

**SERVICE YARDS**

Financial Status

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



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MID-YEAR BUDGET REVIEW  
Section II**

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

SERVICE YARDS (CONT'D.)

Financial Status (Cont'd.)

As discussed in detail in the Parks and Community Facilities Development Capital Program section of this document, C&C Tax revenues are stabilizing and may not decline further. The 2009-2010 Adopted Capital Budget estimate for C&C taxes is \$20.0 million, of which 8.78% is allocated to the Service Yards Capital Program. The adopted C&C estimate allowed for a 2.3% drop from the 2008-2009 collection level. Through the first five months of the fiscal year, collections had experienced sharper declines than originally anticipated. However, collections in December and January may indicate this revenue stream has stabilized. Therefore, it is currently anticipated the year-end Construction and Conveyance Tax estimate of \$20.0 million will be achieved. However, due to the volatile nature of this tax revenue, staff will continue to monitor receipts closely and may make further recommendations at a later date.

Several augmentations are recommended in this document. An increase to the estimate for Earned Revenue is recommended to recognize project savings (\$872,000) for the old Main Yard in Japantown. Funds were originally transferred from the Service Yards C&C Tax Fund to the San Jose Redevelopment Agency for environmental clearances, demolition and archeological study of the old Main Yard and funding is no longer needed for this project and will be returned to the Service Yards C&C Tax Fund. These revenues will partially fund tenant improvements (\$179,000) at the Central Service

Yard to allow for General Services to be located on the 1<sup>st</sup> floor and Fire Administration to be located on the 3<sup>rd</sup> floor. These improvements are necessary in order to vacate the old Dr. Martin Luther King Jr. Library and move employees into City Hall and the Central Service Yard. Ongoing General Fund savings in maintenance and operating costs (utilities, custodial, and facility contractual services) could be realized annually in the amount of \$517,000 upon completion of this relocation. This move is also a necessary step in preparing the site for the potential Convention Center expansion project. In addition, funding is required for roof repairs at the Central Service Yard (\$572,000) to repair the roof prior to installation of solar panels later this fiscal year. Finally, a reduction to the Debt Service Payments on Phase II Bonds (\$461,000) appropriation is recommended to reflect the latest projection of this payment. A corresponding increase (\$582,000) to Ending Fund Balance will result from these actions.

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

STORM SEWER

Financial Status

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

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MID-YEAR BUDGET REVIEW  
Section II**

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

STORM SEWER (CONT'D.)

Financial Status (Cont'd.)

Fees, transfers from the Storm Sewer Operating Fund, and interest earnings.

Storm Sewer Capital Fund

In the Storm Sewer Capital Fund, transfers from the Storm Sewer Operating Fund through December have totaled \$1.9 million, or 33.3% of the budgeted amount (\$5.8 million). The full amount is expected to be transferred by year-end. Through December, interest earnings are tracking at 19.1% of the budgeted amount (\$120,000). If the interest revenue collected does fall below the budgeted estimate by year-end, there is sufficient ending fund balance to cover the shortfall in this fund.

Expenditures in the Storm Sewer Capital Fund are tracking slightly below expectations and are expected to end the year at or below budget.

Storm Drainage Fee Fund

In the Storm Drainage Fee Fund, Storm Drainage Fees generate the majority of revenues. Through December, these collections totaled \$53,000, which is 42.4% of the budgeted estimate (\$125,000). Because developer activity continues to be slow, this Mid-Year Budget Review includes a recommendation to decrease the estimate for Storm Drainage Fees by \$50,000 (to \$75,000), to reflect revised projections. To partially offset these lower revenue projections, this document also contains a recommendation to decrease the Storm

Drainage Improvements -- Special Corridors appropriation by \$25,000. It has been determined that there is currently not enough revenue in this fund to construct a project of an efficient scope in the Special Corridors this year. Sufficient ending fund balance is available to offset the remainder (\$25,000) of this shortfall in revenues. Interest revenue through December totals \$8,000 (or 37.9% of budget).

Expenditures in the Storm Drainage Fee Fund are tracking slightly below anticipated levels and are expected to end the year at or below budget.

TRAFFIC

Financial Status

The Traffic Capital Program's mission is to implement a safe, efficient, and environmentally sensitive surface transportation system. The Traffic Capital Program is funded primarily by Building and Structure Construction Taxes and Construction Excise Taxes. Revenues in both categories are tracking significantly below estimated levels and recommendations to reduce the revenue estimates and rebalance these funds, primarily through expenditure reductions, are included in this report.

Building and Structure Construction Tax Fund

Building and Structure Construction Tax receipts through December totaled \$2.5 million (31.3% of the current 2009-2010 estimate of \$8.0 million). This represents a decrease

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Section II**

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

**TRAFFIC (CONT'D.)**

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

(51.4%) from last year's year-to-date receipts of \$5.2 million. Current projections indicate that revenues will drastically miss the budgeted estimate by year-end; therefore, a 50% decrease to the Building and Structure Construction Tax, bringing the revenue estimate to \$4.0 million is recommended in this report. This revised revenue estimate compares to revenue collections of \$9.6 million just two years ago, despite valuation table increases in 2009-2010 on which this tax is based.

Revenue from grants and reimbursements are tracking below estimated levels primarily due to delays in federal and State grant reimbursements. Postponements in Intelligent Transportation Systems (ITS) projects are the primary contributing factor to the anticipated delays in federal reimbursements. Since these projects are funded on a reimbursement basis, this delayed collection in revenues is coupled by lower expenditures. It is anticipated that the revenue estimates and appropriations will be rebudgeted into the next fiscal year as part of the 2011-2015 Proposed Capital Improvement Program (CIP) Budget. A grant reimbursement from the State for the Traffic Signal Communications and Synchronization (\$9.1 million) project was temporarily placed on hold pending resolution to the State's cash flow issue. The Department recently received notice in January 2010 from the State to proceed with the project and to submit all applicable reimbursements. As a result of the delay in the

project, revenue collections will be lower than the budgeted estimate by year-end. In anticipation of this delay, staff will include rebudgeted revenue estimates and appropriations in the 2011-2015 Proposed CIP.

Recommendations to recognize additional funding received (\$23,000) and to increase the Miscellaneous Street Improvements project are included in this report. Funding was received from Westrust Company for repairs to a damaged conduit located at the intersection of Monterey Highway and Tully Road.

In order to rebalance this fund, as a result of the recommended downward revenue revision, there are a number of expenditure adjustments recommended, as detailed in Section III of this report. A decrease of \$3.0 million to the Reserve – Route 101/Tully Interchange Upgrade project is recommended as a result of deferring a payment to the Santa Clara Valley Transportation Authority (VTA). The project is managed by the VTA and this funding represents the City's contribution to the project which will be deferred to 2011-2012. A decrease of \$500,000 to the Airport Parkway Gateway Improvements project is also recommended which will defer the project until 2014-2015. A decrease of \$66,000 to the ITS: Operations and Management project is recommended as a result of vacancy savings and the realignment of expenditures between projects with no service impacts expected.

An increase of \$225,000 to the Traffic Safety Improvements project is recommended as a result of shifting the funding source for this project from the Construction Excise Tax Fund

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

TRAFFIC (CONT'D.)

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

to the Building and Structure Construction Tax Fund. The project implements traffic safety measures at high accident locations, including guardrail installation, median island safety modifications, sidewalk improvements, roadway and shoulder widening, safety fencing, barricade installation, and safety signage.

There is an additional small increase of \$8,000 to the Riparian Mitigation Project – Bailey/Route 101 project that is recommended to provide funding for the replacement of a water meter in the project area. The water supply improvements will irrigate the vegetation required as mitigation to the completed construction of the Bailey Avenue/Route 101 Interchange. To offset all the adjustments to the Building and Structure Construction Tax Fund recommended in this report, a decrease of \$667,000 to Ending Fund Balance is recommended. Furthermore, a reprioritization or deferral of projects in the CIP will result due to the severe revenue decline. Recommendations will be brought forward for City Council consideration as part of the upcoming budget process.

Construction Excise Tax Fund

Tax receipts through December for the Construction Excise Tax Fund totaled \$3.1

million, which represents a 48.0% decrease over last year's \$5.9 million received over the same period. Collections for the first six months of the year total 38.5% of the 2009-2010 estimate of \$8.0 million. The budgeted estimate for this category allows for a 1.5% drop in 2009-2010 compared to actual 2008-2009 performance. Current projections, as a result of decreased development activity, indicate that revenues will severely miss the budgeted estimate by year-end; therefore, a 31% decrease to the Construction Excise Tax, bringing the revenue estimate to \$5.5 million, is recommended in this report. This revised revenue estimate compares to revenue collections of \$13.6 million just two years ago, despite valuation table increases in 2009-2010 on which this tax is based.

There are a number of actions recommended in this report to decrease expenditures in order to rebalance the budget as a result of the proposed revenue reduction in the Construction Excise Tax Fund, as detailed in Section III of this report. Decreases to the following projects are recommended as a result of vacancy savings and the realignment of expenditures between projects with no service impacts expected: Bike/Pedestrian Project Development (\$100,000), CIP Delivery Management (\$100,000), Local Transportation Policy and Planning (\$100,000), Regional Policy and Legislation (\$100,000), Grant Management (\$90,000), BART Project Management (\$50,000), Budget Administration (\$50,000), and Airport People Mover (\$30,000).

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MID-YEAR BUDGET REVIEW  
Section II**

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

TRAFFIC (CONT'D.)

Construction Excise Tax Fund (Cont'd.)

Also, decreases to the following projects are recommended as a result of a reduction in the scope of work: Traffic Congestion Data Management project (\$100,000) results in decreasing and delaying the amount of traffic studies completed; High Speed Rail project (\$70,000) results in a reduction of consultant expenditures; and Traffic Safety Data Collection project (\$70,000) results in the discontinuation of hiring engineering interns that assisted in the collection of traffic data.

Decreases to the following projects are a result of shifting funding sources for these projects from the Construction Excise Tax Fund to other funding sources: Traffic Safety Improvements – transfers project funding to the Building and Structure Construction Tax Fund (\$225,000) and General Plan Update – transfers project funding to an allocation currently budgeted in the Planning, Building and Code Enforcement Department (\$100,000). Also included in this report are decreases to the Maintenance Backlog – Traffic Infrastructure project (\$329,000) and the Maintenance Assessment District Development project (\$100,000). The recommended adjustments will defer the projects to 2010-2011 and will be included in the 2011-2015 Proposed CIP.

In addition, decreases to the following projects are necessary to rebalance the fund: Reserve – Regional System Expansion (\$750,000) which will eliminate the reserve; Reserve – Seven Trees Bouleyard Sidewalk Project (\$126,000) to

capture project savings as a result of receiving lower than anticipated construction bids for the project; and Traffic Safety Education project (\$35,000) as a result of expenditure savings due to the shift of school safety educational program expenditures to an alternative appropriation in the fund. To offset all the adjustments to the Construction Excise Tax Fund recommended in this report, a net increase of \$25,000 to Ending Fund Balance is recommended.

There are two upward revenue adjustments being recommended in this report. An increase of \$700,000 is recommended to increase the Fiber Optics Engineering project. The additional revenue is comprised of additional permit fees collected from fiber cable companies. The funding will provide for the installation of conduits, vaults, and cables in the public right-of-way. Also, an increase of \$195,000 is recommended to establish the Reserve – Route 101/Oakland/Mabury Traffic Impact Fees. This funding reflects the collection of traffic impact fees assessed to a developer and are restricted to provide traffic improvements within the Route 101/Oakland/Mabury Area.

Other Funds

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

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MID-YEAR BUDGET REVIEW  
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**CAPITAL BUDGET PROGRAMS STATUS REPORT  
(CONT'D.)**

TRAFFIC (CONT'D.)

Other Funds (Cont'd.)

\$26,000 or 20.8% of the 2009-2010 budgeted estimate of \$125,000. Current projections, as a result of decreased development activity, indicate that revenues will not meet the budgeted estimate by year-end; therefore, a recommendation to adjust the revenue estimate by \$75,000 bringing the revenue estimate to \$50,000 is included in this report. A decrease to the Miscellaneous Street Improvements project (\$75,000) is recommended to offset the downward revenue adjustment. This project provides funding for the construction of minor transportation infrastructure improvements, including sidewalk improvements, in conjunction with other City or other agency projects.

The North San José Traffic Impact Fee Fund allocates developer contributions for traffic impacts from the new industrial and residential development within the North San José (NSJ) area. As expected, through December, no revenues have been received. A decrease to the North San José Developer Reimbursement appropriation (\$1.0 million) is recommended as a result of a reimbursement to a developer. BEA Systems (developer) had plans to develop in the NSJ area, but because the developer had planned developments prior to the establishment of the NSJ Traffic Impact Fee Policy, they were not subject to and assessed the impact fees. However, the developer had plans for improvements to a building adjacent to their development which were subject to the impact fees. As an agreement between the developer

and the City, the developer would pay for the traffic mitigation and in turn, they would not be assessed the impact fees. Because the costs of the mitigation were higher than the impact fees, the City agreed to reimburse the developer the difference. In anticipation of this reimbursement, this funding was established. As a result of the economic downturn, the developer had rescinded its plans to develop in NSJ which resulted in this funding no longer being necessary. To offset this adjustment, an increase to the Ending Fund Balance (\$1.0 million) is also recommended.

Overall, expenditures in all four funds included in the Traffic Capital Program are tracking within expected levels. However, the expenditures in these funds are recommended for adjustment due to the actual and revised revenue collection levels.

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WATER POLLUTION CONTROL

Financial Status

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

**2009-2010  
MID-YEAR BUDGET REVIEW  
Section II**

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

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

Financial Status (Cont'd.)

funding from the State Water Resources Control Board.

Revenues from Tributary Agencies are tracking within estimated levels. Collections through the first six months of the year totaled \$8.3 million, or 54.4% of the budgeted amount (\$15.2 million). It is expected that year-end collections will meet or exceed the budgeted revenue estimate. A total of \$233,000, or 60%, of the budgeted (\$389,000) Calpine Metcalf Repayment has been collected through December. It is expected that the remainder of the repayment will be collected by the end of the year. Due to the timing of federal disbursements, revenue from the United States Department of Interior Bureau of Reclamation grant has not been collected yet, however it is expected that this grant revenue will be received by the end of the year.

Through December, interest revenues totaled \$832,000, or 63.5% of the estimate, and are anticipated to end the year above the budgeted estimate (\$1.3 million). Transfers from the Sewer Service and Use Charge Fund and the Sewage Treatment Plant Connection Fee Fund are expected to reach the budgeted amount for 2009-2010 (\$31.8 million). Lastly, \$4.2 million is budgeted to be returned to this fund from the Sewer Revenue Bond Payment Fund. This funding has not been received yet, but is expected to be transferred this year, as planned.

Expenditures in this program are tracking as estimated and are expected to end the year within the budgeted allocations with the exception of two projects as described below. This Mid-Year Budget Review recommends an augmentation of \$145,000 to the M5, Ringbuss, and Cable Replacement project and an augmentation of \$50,000 to the Dissolved Air Flotation Pressure Retention Tank and Valves project. Both of these augmentations are needed for staff to complete the projects. Initially, these staff were expected to work on operating and maintenance projects and their time was budgeted in the San José/Santa Clara Treatment Plant Operating Fund. Ultimately, however, the two capital projects required additional staff support. A corresponding action is recommended in this document to decrease the Environmental Services Personal Services appropriation in the San José/Santa Clara Treatment Plant Operating Fund by \$195,000. Sufficient fund balance is available in the San José/Santa Clara Treatment Plant Capital Fund to offset the augmentations.

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**WATER UTILITY SYSTEM**

Financial Status

The San José Municipal Water System provides water utility service, in accordance with State of California Department of Health Services requirements, to areas approved for development by the City Council and within the City's water service area. The Water Utility System Capital Program is funded primarily through fees paid by developers for direct

**2009-2010  
MID-YEAR BUDGET REVIEW  
Section II**

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

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

Financial Status (Cont'd.)

services, interest, and transfers from the Water Utility Fund.

Through December, fee collections in the Water Utility System Capital Fund totaled only \$62,000, or 7.4% of the budgeted amount for 2009-2010 (\$800,000). This fee revenue is tracking far below expected levels due to significantly lower than anticipated development-related activity. This Mid-Year Budget Review includes a recommendation to decrease the revenue estimate for Advance System Design Fees by \$220,000, the revenue estimate for Meter Installation Fees by \$170,000, and the revenue estimate for Service Connection Fees by \$230,000. To partially offset these revenue decreases, this document also includes recommendations to decrease the Advance System Design project by \$140,000, the Meter Installations project by \$70,000, the Service Installations project by \$100,000, and the North First Street Parallel Main project by \$90,000. In addition to this, \$140,000 of savings will be realized in the Meter Installations appropriation once a scheduled encumbrance liquidation is processed.


Sufficient ending fund balance is available to offset the remainder of the revenue shortfall (\$80,000).

Through December, interest earnings in the Water Utility Capital Fund totaled \$46,000, or 74.3% of the budget estimate of \$62,000. Interest earnings are expected to meet or exceed the budgeted amount due to higher than anticipated cash levels. Transfers from the Water Utility Fund are occurring as scheduled.

The Major Facilities Fee Fund receives revenue from a connection fee charged to developers. Fee collections totaled \$38,000, or 38.1% of the budgeted amount for 2009-2010 (\$100,000). This document recommends decreasing the revenue estimate for Major Facilities Fees to \$38,000 due to declining development activity and the unpredictability of this revenue stream. Sufficient ending fund balance is available to offset this action. Interest earnings in the Major Facilities Fund totaled \$27,000 or 87.2% of the budgeted amount (\$31,000). Interest earnings are expected to exceed the budgeted amount due to higher than anticipated cash levels.

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





2009-2010

MID-YEAR  
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REVIEW



SECTION  
III

RECOMMENDED  
BUDGET ADJUSTMENTS AND  
CLEAN-UP ACTIONS



**2009-2010  
MID-YEAR BUDGET REVIEW  
Section III**

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

**Recommended Budget Adjustments**

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

**General Fund**

**Required Technical/Rebalancing Actions** – This section recommends adjustments to revenues and expenditures that are necessary for General Fund rebalancing actions, to implement Departmental Vacancy Savings Plans, and to fund three urgent fiscal/program needs. The most significant changes include: downward adjustments to General Fund revenue to bring revenue estimates in line with current lower than budgeted projections due to the economic environment (\$6.0 million); use of the Economic Uncertainty Reserve (\$4.5 million), fuel savings (\$900,000), Watson site clean-up and restoration savings (\$512,000), False Claims Act litigation settlement revenue (\$411,000), Salary and Benefit Reserve savings (\$400,000), and parking citations savings (\$389,000). Net-zero adjustments to departmental and non-departmental budgets to realign expenditure line-items to implement Departmental Vacancy Savings Plans are also included.

**Grants/Reimbursements/Fees** – These actions recognize new grant, reimbursement, or fee activity revenue and appropriate the funds for these purposes (\$3.9 million).

**Urgent Fiscal/Program Needs** – These three recommended adjustments include actions to fund newly emerging, urgent budget issues: City staff relocation from the old Dr. Martin Luther King, Jr. Library to City Hall and the Central Service Yard (\$267,000); legal and expert witness assistance for International Association of Firefighters (IAFF) binding interest arbitration (\$400,000); and labor/employee relations contractual assistance for negotiations and personnel investigations (\$250,000).

**Special/Capital Funds**

**Special Fund Adjustments** – These actions rebalance funds to adjust for lower revenue estimates, recognize new grants and reimbursements, reflect changes in project and program allocations based on revised cost estimates, and establish a limited number of new projects and programs.

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

**2009-2010  
MID-YEAR BUDGET REVIEW  
Section III**

**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 based on ongoing review and monitoring of the budget through six months of the current fiscal year. Revisions are required to technically correct existing appropriations or to implement benefit changes that have been approved by the City Council in 2009-2010. The following types of adjustments are included:

**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 and funds, redistributing funding allocations.
- **Technical Corrections** – These actions revise Beginning Fund Balance and/or project appropriations in the 2009-2010 budget to correct inadvertent rebudget, interest earning, or allocation errors, offset by Ending Fund Balance or corresponding project appropriation actions.

**Benefits Program** – The 2009-2010 Benefits Program includes net-zero appropriation adjustments to various departments and funds to reflect new health plan contribution rates, effective January 1, 2010. The General Fund increase was anticipated and is funded from the Salary and Benefit Earmarked Reserve. In the special and capital funds, sufficient funding is available in the Ending Fund Balance and/or Contingency Reserve to offset the Benefits Program.

# General Fund Recommended Budget Adjustments Summary

## 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>City Hall Outstanding Needs</i></b>	CAPITAL PROJECTS		(\$120,000)	
Decreases the City Hall Outstanding Needs capital appropriation and reallocates the funding for a portion of the costs necessary to allow for City staff relocations from the old Dr. Martin Luther King, Jr. Library as recommended in this report.				
<b><i>Economic Uncertainty Reserve</i></b>	EARMARKED RESERVES		(\$4,500,000)	
Reduces the Economic Uncertainty Reserve by \$4.5 million, to offset the lower revenue estimates. This would bring the balance from the \$10.0 million level that was re-established in the 2008-2009 Annual Report to \$5.5 million. Due to continued economic uncertainty, especially in the area of Sales Tax collections, a recommendation may be brought forward later in the fiscal year to restore the Reserve using litigation settlement funds or other one-time funds if available.				
<b><i>False Claims Act Litigation Settlement</i></b>	CITY-WIDE EXPENSES		\$366,782	\$778,022
Establishes an appropriation to the City Attorney's Office for False Claims Act Enforcement in the amount of \$366,782. On November 3, 2009, the City Council approved a global settlement in the matter of State of California ex rel. Armenta v. James Jones Co. et al., and authorized the City Attorney to execute a Settlement Agreement and Mutual Release relating to the City of San José's claim for alleged out-of-specification water distribution parts in exchange for a net payment to the City of \$778,022. The total settlement was \$1.1 million. The City's gross share was \$778,022. State law requires that 33% (\$366,782) of the total settlement amount be set aside for ongoing investigation and prosecution of false claims made against the City pursuant to Government Code §12652(g)(2). The additional net revenue is recommended for General Fund rebalancing actions and to provide funding to address three urgent fiscal/program needs.				
<b><i>Fuel Reserve</i></b>	EARMARKED RESERVES		(\$500,000)	
Reduces the Fuel Earmarked Reserve. The 2009-2010 Adopted Budget assumed a higher average price per gallon for fuel than has been experienced in the first six months of the year. In addition, due to the volatility in fuel prices a Fuel Reserve of \$750,000 was established as part of the 2009-2010 Adopted Budget. Based on the projected fuel costs for the remainder of the year, a portion of the Fuel Reserve (\$500,000) is recommended to be reduced. The reduction in this Earmarked Reserve is recommended for General Fund rebalancing actions and to provide funding to address three urgent fiscal/program needs.				

# General Fund Recommended Budget Adjustments Summary

## 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<i>Fuel Savings</i>	POLICE		(\$325,000)	
<p>The 2009-2010 Adopted Budget assumed a higher average price per gallon for fuel than has been experienced in the first six months of the year. Based on the projected fuel costs for the remainder of the year, funding is recommended to be reduced by \$325,000 in the Police Department's Non-Personal/Equipment appropriation. A corresponding reduction to the Vehicle Maintenance and Operations Fund (552) is recommended elsewhere in this document. The savings are recommended for General Fund rebalancing actions and to provide funding to address three urgent fiscal/program needs.</p>				
<i>Fuel Savings</i>	TRANSPORTATION		(\$75,000)	
<p>The 2009-2010 Adopted Budget assumed a higher average price per gallon for fuel than has been experienced in the first six months of the year. Based on the projected fuel costs for the remainder of the year, funding is recommended to be reduced by \$75,000 in the Department of Transportation's Non-Personal/Equipment appropriation. A corresponding reduction to the Vehicle Maintenance and Operations Fund (552) is recommended elsewhere in this document. The savings are recommended for General Fund rebalancing actions and to provide funding to address three urgent fiscal/program needs.</p>				
<i>Parking Citations Processing</i>	CITY-WIDE EXPENSES		(\$138,960)	
<p>Decreases funding for the Parking Citations Processing appropriation as a result of a decline in processed and paid parking citations, as referenced elsewhere in this document. The savings are recommended for General Fund rebalancing actions and to provide funding to address three urgent fiscal/program needs.</p>				
<i>Parking Citations/Jail Courthouse Fees</i>	CITY-WIDE EXPENSES		(\$250,000)	
<p>Decreases funding for the Parking Citations/Jail Courthouse Fees appropriation as a result of a decline in processed and paid parking citations, as referenced elsewhere in this document. The savings are recommended for General Fund rebalancing actions and to provide funding to address three urgent fiscal/program needs.</p>				

# General Fund Recommended Budget Adjustments Summary

## 2009-2010 Mid-Year Budget Review

<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>Police Airport Staffing</i>	POLICE	( 5.00)	(\$263,307)	(\$342,172)
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This action eliminates one Police Captain, one Police Sergeant, and three Police Officer positions assigned to the Airport, effective March 2010 to align with the Police sworn shift change. The reduction of the Police Captain and the Administrative Police Sergeant positions will shift responsibilities to the Police Lieutenant assigned to the Airport and cause the Central Division Police Captain in the Bureau of Field Operations to oversee both the Airport and Central Division patrol. The elimination of the three Police Officer positions will reduce the day and swing shift patrol teams from seven to six Police Officers and maintain the midnight teams at three Police Officers. This will result in less flexibility to backfill for absences in sworn Airport personnel. This action will maintain required Transportation Security Administration (TSA) Police staffing levels at the Airport. Collaborative efforts between the Police Department and the Airport Department resulted in this recommendation to reduce Police personnel at the Airport without compromising the safety of travelers, Airport staff, and sworn Police staff at the Airport. It should be noted that savings experienced in the General Fund as a result of this action will be entirely offset by the loss of reimbursement revenue from the Airport. A net loss of \$78,865 in General Fund overhead reimbursement from the Airport Department will occur in 2009-2010 and is recommended to be offset by other General Fund rebalancing actions included in this report.

#### *Police Management Consolidation*

POLICE	( 1.00)
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In response to the City Council's approval of the the Mayor's June Budget Message for Fiscal Year 2009-2010, the Administration was directed to accelerate the process of streamlining management functions within the Police Department to achieve savings of \$125,000 in 2009-2010 and \$250,000 in 2010-2011. In response to that direction, the Police Department has held a Deputy Chief position vacant since August 2009 to achieve \$125,000 in savings for 2009-2010. As of the March 2010 shift change, the Department will combine the Hi-Tech and Financial Crime Units. A recommendation is included in this report to eliminate the vacant Police Lieutenant position which oversaw the Hi-Tech Unit. In order to achieve the full \$250,000 in savings in 2010-2011 (approved in the 2009-2010 Adopted Operating Budget), overtime funding of \$24,000 will also be eliminated from the Police Department.

#### *Revenue Adjustment - Departmental Charges*

REVENUE ADJUSTMENTS	(\$1,919,868)
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A decrease of \$1,919,868 to the Departmental Charges revenue estimate is recommended to reflect the following: a reduced estimate for Solid Waste Enforcement Fee revenue (\$250,000), suspension of the Business Tax Administration Fee (\$881,373), a reduced estimate for Vehicle Impound Release Fee revenue (\$211,839), a reduction in Happy Hollow Park and Zoo revenue (\$119,970) to reflect the insourcing of food and beverage operations, a reduction in After School Recreation Program revenue (\$267,000), and lower Public Works (\$98,665) and Planning (\$91,021) revenue associated with lost development fee program overhead.

## General Fund Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>Revenue Adjustment - Fines, Forfeitures, and Penalties</i></b>	REVENUE ADJUSTMENTS			(\$1,253,000)
A decrease of \$1,253,000 to the Fines, Forfeitures, and Penalties revenue estimate is recommended to reflect lower than anticipated Parking Fines revenue collections.				
<b><i>Revenue Adjustment - Franchise Fees</i></b>	REVENUE ADJUSTMENTS			(\$3,500,000)
A decrease of \$3,500,000 to the Franchise Fees revenue estimate is recommended to reflect current collection trends in the Electric Franchise (\$1,000,000), Gas Franchise (\$1,500,000), and Commercial Solid Waste (\$1,000,000) categories.				
<b><i>Revenue Adjustment - Licenses and Permits</i></b>	REVENUE ADJUSTMENTS			(\$3,371,896)
A decrease of \$3,371,896 to the Licenses and Permits revenue estimate is recommended to reflect lower Cardroom Tax (\$500,000), Business Tax (\$1,608,000), Disposal Facility Tax (\$1,000,000), and lower Building (\$210,380) and Fire (\$53,516) revenue associated with lost development fee program overhead.				
<b><i>Revenue Adjustment - Property Tax</i></b>	REVENUE ADJUSTMENTS			\$1,600,000
An increase of \$1,600,000 to the Property Tax revenue estimate is recommended to reflect slightly lower decreases than anticipated in Secured Property Tax revenue. Based on information from the County of Santa Clara Controller-Treasurer's Office, Secured Property Tax collections are expected to reach \$185.2 million, which is slightly above the adopted estimate of \$183.6 million.				
<b><i>Revenue Adjustment - Revenue from Local Agencies</i></b>	REVENUE ADJUSTMENTS			(\$300,000)
A decrease of \$300,000 to the Revenue from Local Agencies revenue estimate is recommended to reflect lower than projected Central Fire District payments.				
<b><i>Revenue Adjustment - Revenue from the State of California</i></b>	REVENUE ADJUSTMENTS			\$249,000
An increase of \$249,000 to the Revenue from the State of California revenue estimate is recommended to reflect grant revenue to reimburse prior expenditures for the Martin Park Landfill Gas Cutoff Wall Re-bid Project.				
<b><i>Revenue Adjustment - Transfers and Reimbursements</i></b>	REVENUE ADJUSTMENTS			\$1,578,865
An increase of \$1,578,865 to the Transfers and Reimbursements revenue estimate is recommended to reflect increases in capital project overhead reimbursements.				

# General Fund Recommended Budget Adjustments Summary

## 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b>Revenue Adjustment - Use of Money and Property</b>	REVENUE ADJUSTMENTS			(\$1,800,000)
A decrease of \$1,800,000 to the Use of Money and Property revenue estimate is recommended to reflect lower interest earnings for the General Fund (\$1,740,000) and for the Real Property Conveyance Tax (\$60,000).				
<b>Revenue Adjustment - Utility Tax</b>	REVENUE ADJUSTMENTS			\$2,680,000
An increase of \$2,680,000 to the Utility Tax revenue estimate is recommended to reflect higher than projected Telephone Utility Tax revenue (\$6,300,000) partially offset by lower than anticipated Electricity Utility Tax revenue (\$1,920,000) and Gas Utility Tax revenue (\$1,700,000).				
<b>SJRA 2009-2010 Budget Rebalancing - City Hall Rent</b>	REVENUE ADJUSTMENTS			(\$50,000)
Decreases the estimate for Revenue from Local Agencies as a reimbursement from the San Jose Redevelopment Agency (SJRA) reflecting lower City Hall rent as a result of SJRA staff vacating City Hall office space on the 13th floor as of January 1, 2010. This action is recommended as a result of an agreement between the City and SJRA in order to generate savings necessary for SJRA 2009-2010 budget rebalancing efforts.				
<b>SJRA 2009-2010 Budget Rebalancing - SJRA Civil Service Positions</b>	REDEVELOPMENT AGENCY	( 2.00)	(\$155,820)	(\$155,820)
Decreases the San Jose Redevelopment Agency (SJRA) Personal Services appropriation by \$155,820 due to the elimination of 2.0 vacant civil service positions (1.0 Economic Development Officer and 1.0 Principal Account Clerk) beginning January 1, 2010. A corresponding decrease in the estimate for Revenue from Local Agencies as a reimbursement from the SJRA is recommended to offset this action. This action is recommended as a result of an agreement between the City and SJRA in order to generate savings necessary for SJRA 2009-2010 budget rebalancing efforts.				
<b>SJRA 2009-2010 Budget Rebalancing - San José BEST Rebudget</b>	CITY-WIDE EXPENSES		(\$50,000)	(\$50,000)
Decreases the San José BEST appropriation by \$50,000 and corresponding estimate for Revenue from Local Agencies as a reimbursement from the San Jose Redevelopment Agency (SJRA) for capital improvements. This represents a reduction in carryover funding from 2008-2009 that can be realized with minimal program impact. This action is recommended as a result of an agreement between the City and SJRA in order to generate savings necessary for SJRA 2009-2010 budget rebalancing efforts.				



# General Fund Recommended Budget Adjustments Summary

## 2009-2010 Mid-Year Budget Review

<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

***Salary and Benefit Reserve***

EARMARKED  
RESERVES

(\$400,000)

Reduces funding in the Salaries and Benefits Earmarked Reserve due to a lower than anticipated rate increase for health premiums. The 2009-2010 Adopted Budget assumed that the health premiums would increase by 10% in January 2010. The actual increase was approximately 8.4%. The reduction in this Earmarked Reserve is recommended for General Fund rebalancing actions and to provide funding to address three urgent fiscal/program needs.

***Vacancy Savings Plan***

ECONOMIC  
DEVELOPMENT

Currently, the Office of Economic Development is projected to exceed its Personal Services appropriation by \$73,000 as a result of the impacts of employee placements resulting from the 2009-2010 budget process and lower than anticipated vacant positions. A reallocation of Non-Personal/Equipment funding (\$33,000) to Personal Services is recommended to offset a portion of the projected overage which may result in the deferral of General Fund support of one arts and cultural planning event, 2010 ZeroOne Biennial festival, or deferring costs associated with hosting of the National Arts Marketing Project (NAMP) to 2010-2011. The Office will address the remaining overage by reallocating administrative costs to a Community Development Block Grant (CDBG) Clean Tech Careers Fund grant, generating \$40,000 in Personal Services savings. No service level impacts are anticipated as a result of the reallocation of funding to the CDBG Clean Tech Careers Fund grant.

***Vacancy Savings Plan***

GENERAL  
SERVICES

Currently, the General Services Department is projected to exceed its Personal Services appropriation by \$175,000 as a result of the impacts of employee placements resulting from the 2009-2010 budget process and lower than anticipated vacant positions. A reallocation of Non-Personal/Equipment funding (\$125,000) to the Personal Services appropriation is recommended to offset a portion of the projected overage. A reduction in Non-Personal/Equipment funding is possible with minimal to no service level impacts due to savings realized, including: Heating, Ventilation, and Air Conditioning (HVAC) contractual services savings (\$40,000) generated from efficiencies that have been realized through the addition of an in-house HVAC Network Engineer; contractual services savings (\$25,000) in the Asset Management Division due to lower than anticipated usage of brokers in the first half of the fiscal year; Emergency Communications System contractual services savings (\$60,000), as the equipment maintenance responsibilities still remain with the contractor. In addition to these actions, the Department will reallocate overtime (\$50,000) to its salaries and benefits allocations by generating overtime savings in the Animal Care Services Division. This may reduce staff availability and compensatory time will need to be carefully managed.

# General Fund Recommended Budget Adjustments Summary

## 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>Vacancy Savings Plan</i></b>	INFORMATION TECHNOLOGY		\$103,000	
Currently, the Information Technology (IT) Department is projected to exceed its Personal Services appropriation by approximately \$134,500 as a result of the impacts of employee placements resulting from the 2009-2010 budget process and lower than anticipated vacant positions. A reallocation of the City-Wide Enterprise Content Management (ECM) System appropriation (\$103,000) and Non-Personal/Equipment appropriation (\$31,500) to the Department's Personal Services appropriation are recommended to offset this projected overage. Elimination of ECM funding will result in the elimination of planned ECM pilot projects, as described elsewhere in this section. Reductions in the Non-Personal/Equipment appropriation will be achieved by discontinuing professional memberships (\$25,000) and realizing unanticipated savings from the VAX migration data storage project (\$6,500). A corresponding reduction to the ECM City-Wide Expenses appropriation is recommended in this report.				
<b><i>Vacancy Savings Plan</i></b>	PLAN, BLDG AND CODE ENF		\$400,000	
Currently, the Planning, Building and Code Enforcement Department is projected to exceed its Personal Services appropriation by as much as \$600,000 as a result of the impacts of employee placements resulting from the 2009-2010 budget process and lower than anticipated vacant positions. This action recommends an increase to the Department's Personal Services appropriation to address a portion of this overage, offset by a corresponding reduction to the Building Development Fee Program Earmarked Reserve described elsewhere in this document. No additional actions are recommend at this time. Potential solutions to any further overage have been identified and will be included in the 2009-2010 Year-End Clean-Ups memorandum, if necessary.				
<b><i>Vacancy Savings Plan - Building Earmarked Reserve</i></b>	EARMARKED RESERVES		(\$400,000)	
Decreases the Building Development Fee Program Earmarked Reserve to address a portion of the Planning, Building and Code Enforcement Department's projected Personal Services expenditure overage. A corresponding increase to the Department's Personal Services appropriation is described elsewhere in this document.				
<b><i>Vacancy Savings Plan - Enterprise Content Management</i></b>	CITY-WIDE EXPENSES		(\$103,000)	
Eliminates funding for the Enterprise Content Management (ECM) System appropriation. This reduction is recommended to offset the projected overage in the Information Technology Department's Personal Services appropriation. This action will halt the implementation of additional ECM pilot programs, however, a remaining carryover contract encumbrance of \$125,000 will be used to complete current projects. Implementation of the ECM System will continue to be deferred pending identification of sufficient staff support and funding.				

# General Fund Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<i>Watson Park Settlement</i>	CITY-WIDE EXPENSES		\$1,746,000	
Establishes a new allocation totaling \$1,746,000 for the Watson Park Settlement project. This allocation provides funding for potential legal, monitoring, and remediation costs related to the Terrace Drive properties adjacent to Watson Park and for the monitoring of Watson Park. A related action in this document decreases the Watson Site Clean-up and Restoration project.				
<i>Watson Site Clean-up and Restoration</i>	CAPITAL PROJECTS		(\$2,258,000)	
Decreases the Watson Site Clean-up and Restoration project and reallocates project savings that resulted from lower than anticipated construction bids. The majority of the savings are recommended to be reallocated for potential legal, monitoring, and remediation costs related to the Terrace Drive properties adjacent to Watson Park to a separate Watson Park Settlement appropriation (\$1,746,000). This action also realizes the remaining General Fund share of the net project savings (\$512,000) for budget rebalancing actions.				
<i>Workers' Compensation State License</i>	CITY-WIDE EXPENSES		\$234,467	
Increases funding for the Workers' Compensation State License appropriation. In December, the City received its Workers' Compensation State License invoice from the State. The invoice amount (\$620,000) is 80% higher than last year's payment to the State, requiring a \$234,467 increase to the current budget (\$386,000).				
<b>TOTAL REQUIRED TECHNICAL/REBALANCING ACTIONS</b>		( 8.00)	(\$6,688,838)	(\$5,856,869)
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<i>2009 COPS Technology Program Grant</i>	CITY-WIDE EXPENSES		\$675,733	\$675,733
Appropriates funding from the Department of Justice to the Police Department to purchase and install 108 out of 450 ruggedized laptops into patrol fleet vehicles (\$658,233). The laptops will replace the Mobile Data Computers (MDCs) currently in the patrol vehicles. The remaining 342 laptops will be purchased through a series of grant funds over the next two years which will correspond with the phased implementation of a new Police Automated Field Reporting/Records Management System (AFR/RMS) as proposed to the City Council on November 17, 2009. Currently, only a portion of the funding for the proposed AFR/RMS has been secured. Additionally, funding (\$17,500) will support a portion of a grants Analyst position that administers and monitors this grant. A corresponding increase to Revenue from the Federal Government is also recommended.				

# General Fund Recommended Budget Adjustments Summary

## 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEEES</b>				
<b><i>2009 Urban Shield Exercises</i></b>	CITY-WIDE EXPENSES		\$31,380	\$31,380
<p>Appropriates funding to the Police Department for the 2009 Urban Shield Exercises, a local emergency/disaster preparedness activity that was held October 23-29, 2009. This funding will reimburse the Department for overtime costs associated with participation in the exercises. Funding will be reimbursed by the Alameda County Sheriff's Office acting as the fiscal agent for the Bay Area Urban Area Security Initiative (UASI). A corresponding increase to Revenue from the Federal Government is also recommended.</p>				
<b><i>2009-2010 Anti Drug Abuse Grant</i></b>	CITY-WIDE EXPENSES		\$183,187	\$183,187
<p>Appropriates funding to the Police Department for officers in the Metro and Narcotics Covert Investigations (NCI) units to attend trainings related to improving the asset forfeiture component of narcotics investigations, as well as the purchase of narcotics investigations surveillance equipment. Funding will be reimbursed by the County of Santa Clara acting as the fiscal agent for the Governor's Office of Emergency Services. A corresponding increase to Revenue from the State of California is also recommended.</p>				
<b><i>Animal Care Services Licensing Staff</i></b>	GENERAL SERVICES		\$80,000	\$80,000
<p>Recognizes and appropriates funding to the Animal Care Center to address increased animal licensing activity. In 2008-2009, the City began a program that requires veterinarians to provide rabies vaccination information on a monthly basis. As a result of this program, Animal Care Services has been able to use this information to pursue owners of unlicensed animals, thus increasing the amount of animal licensing revenue to the City. In order for the Animal Care Center to address this increase in workload, it is recommended that additional resources of \$65,000 be added for temporary staffing (2.5 part-time Office Specialists), as well as additional non-personal/equipment (\$15,000) funding to cover the costs of postage, supplies, and computers.</p>				
<b><i>Arena Authority</i></b>	CITY-WIDE EXPENSES		\$28,082	\$28,082
<p>Increases the Arena Authority appropriation to support arena oversight and management activities. This action is offset by an increase to the estimate for Revenue from the Use of Money/Property. These funds were generated from the sale of HP Pavilion at San Jose club seat tickets through the San Jose Arena Authority's Arena Ticket Distribution Program. The sale of these tickets to support Arena Authority activities was approved by the City Council as part of the 2009-2010 Adopted Operating Budget (Manager's Budget Addendum #41).</p>				

## General Fund Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<b><i>Bulletproof Vest Partnership Grant</i></b>	CITY-WIDE EXPENSES		\$47,938	\$47,938
Appropriates funding to the Police Department for the purchase of bulletproof vests. The United States Department of Justice will reimburse the Police Department for 50% of vests purchased through September 30, 2011, however the grant funding is anticipated to be expended by June 2010. A corresponding increase to Revenue from the Federal Government is also recommended.				
<b><i>Council District #2 Special Event Sponsorship</i></b>	MAYOR & COUNCIL		\$5,200	\$5,200
This action recognizes and appropriates funding from sponsors outside of the City to reimburse costs for a Diwali Festival and an Indian Flag Raising event co-sponsored by Council District #2.				
<b><i>Council District #8 Special Event Sponsorship</i></b>	MAYOR & COUNCIL		\$27,300	\$27,300
This action recognizes and appropriates funding from sponsors outside of the City to reimburse costs for the District 8 Day in the Park event co-sponsored by Council District #8.				
<b><i>Deferred Compensation Consulting Services</i></b>	HUMAN RESOURCES		\$20,000	\$20,000
Increases the Human Resources Department's Non-Personal/Equipment appropriation by \$20,000 to provide for increased consultant costs in the Deferred Compensation Program. On November 19, 2009, the Deferred Compensation Advisory Committee approved this increase as a result of a new contract to provide consulting services to assist in the administration of the Deferred Compensation Plan. This increase is offset by a reimbursement from the Deferred Compensation Fund.				
<b><i>Emergency Communications Center Equipment</i></b>	POLICE		\$30,487	\$30,487
Increases the Police Department's Non-Personal/Equipment appropriation to purchase monitors, headsets, and interface and alerter modules for the Emergency Communications Center. Project funding is provided by the California 9-1-1 Emergency Communications Office. A corresponding increase to Revenue from the State of California is also recommended.				
<b><i>Energy Efficiency Program</i></b>	CITY-WIDE EXPENSES		\$61,893	\$61,893
Recognizes and appropriates rebate funds received from Pacific Gas and Electric year-to-date for its program, Energy by Design. By City Council direction, these funds are allocated to the Energy Efficiency Program. A corresponding increase to Other Revenue is also recommended.				
<b><i>FBI Computer Forensic Laboratory</i></b>	POLICE		\$12,677	\$12,677
This action recognizes and appropriates one-time reimbursement funding from the FBI for Police Department overtime incurred and scheduled to be incurred for staffing the Computer Forensic Laboratory from October 2009 to June 2010. A corresponding increase to Revenue from the Federal Government is also recommended.				

## General Fund Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEEES</b>				
<b><i>FBI Violent Gang Task Force</i></b>	POLICE		\$84,517	\$84,517
<p>This action recognizes and appropriates one-time FBI reimbursement funding (\$84,517) to the Police Department's Personal Services appropriation for Gang Intervention Unit (GIU) overtime. 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>				
<b><i>Happy Hollow Park and Zoo Food and Beverage</i></b>	PARKS, REC AND NEIGH SVCS		\$563,750	\$563,750
<p>Increases the Parks, Recreation and Neighborhood Services (PRNS) Fee Activity appropriation for Happy Hollow Park and Zoo. The 2009-2010 Adopted Budget assumed that the food and beverage services would be outsourced after a consultant review of the business plan for the expanded facility. PRNS released two Requests for Proposals for food and beverage service. In both instances, the sole proposer did not meet the minimum qualifications. With the facility opening on March 20, 2010, PRNS will assume the responsibility of providing food and beverage services during the initial months of the park's opening, during which time the long-term plan will be evaluated. This recommendation would increase the Fee Activity revenue estimate and corresponding expenditure appropriation (\$563,750), which will provide for the City staffing, as well as supplies and materials, necessary to provide the food and beverage service. It would also require a decrease to the revenue estimate (\$119,970) assumed as a profit to the City from the outsourced operations, as described elsewhere in this document.</p>				
<b><i>Library Grants - Revenue from Local Agencies</i></b>	LIBRARY		\$5,400	\$5,400
<p>Increases the Library Grants appropriation to recognize the receipt of a \$5,400 grant from the Bring Me a Book Foundation under the Read Aloud Collaborative grant program. The Read Aloud Collaborative supports programs in early literacy, home-school connection, family support/parenting, and early education that will serve families of all major languages, cultures, and ethnicities in the City. A corresponding increase to Revenue from Local Agencies is also recommended.</p>				
<b><i>Library Grants - Revenue from the State of California</i></b>	LIBRARY		\$81,387	\$81,387
<p>Increases the Library Grants appropriation to recognize the receipt of four grants totaling \$81,387 from the California State Library. This funding will be used to support the following Library programs: Adult Literacy and Families for Literacy (\$10,686); California Digital Storytelling (\$5,000); Library Staff Education (\$25,791); and Inclusive Early Literacy Services for Young Children (\$39,910). A corresponding increase to Revenue from the State of California is also recommended.</p>				

## General Fund Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEEES</b>				
<b><i>Local Enforcement Agency Grant</i></b>	PLAN, BLDG AND CODE ENF		\$25,862	\$25,862
Provides grant funding from the State of California for the Local Enforcement Agency (LEA) program to be used for landfill enforcement activities. The State LEA grant is an annual grant for the development of the LEA solid waste facility inspection and permitting program. An increase to the Planning, Building and Code Enforcement Department's Non-Personal/Equipment appropriation will fund testing, supplies, and training. A corresponding increase to Revenue from the State of California is also recommended.				
<b><i>Orange Security Alert</i></b>	POLICE		\$1,023,000	\$1,023,000
Increases the Police Department's Personal Services appropriation to fund overtime staffing at the Airport while airport security is elevated to the Orange Alert level. This increase will be reimbursed by a transfer from the Airport Maintenance and Operations Fund. A corresponding increase to the Transfers and Reimbursements revenue category is also recommended. It should be noted that in order to contain costs at the Airport, the Airport and Police Departments are in discussions with the Transportation Security Administration (TSA) to clarify the minimum number of personnel/hours required for Orange Alert staffing in order to reduce the amount of overtime and subsequently the transfer from the Airport Maintenance and Operating Fund. If overtime reductions can be implemented, additional budget actions to return unspent funding to the Airport will be brought forward by year-end.				
<b><i>REACT Task Force Staffing</i></b>	POLICE		\$3,000	\$3,000
Increases the Police Department's Personal Services appropriation to support overtime staffing for the Rapid Enforcement Allied Computer Team (REACT) Task Force to address high technology crimes. These activities are reimbursed by the Office of the District Attorney acting as the fiscal agent for the State of California. A corresponding increase to Revenue from the State of California is also recommended.				
<b><i>Recovery Act - 2009 Anti-Human Trafficking Task Force</i></b>	CITY-WIDE EXPENSES		\$28,000	\$28,000
Appropriates funding to the Police Department for participation in the California Emergency Management Agency (CAL EMA) Anti-Human Trafficking Task Force. The total funding award is \$375,000 for the grant period October 1, 2009 through September 30, 2012; however, \$28,000 is recommended for appropriation in 2009-2010. In 2009-2010, funding will be used to purchase an undercover vehicle to conduct covert operations (\$22,000) and to support a grants analyst that administers and monitors this grant (\$6,000). The remaining grant funding will be brought to the City Council for appropriation in 2010-2011, and will be used to fund a Task Force program manager position, office equipment, and the grants analyst position. Additionally, 25-32% of the grant must be used to fund a non-governmental organization that serves victims of human trafficking. A corresponding increase to Revenue from the Federal Government - Recovery Act is also recommended.				

## General Fund Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEEES</b>				
<b><i>Recovery Act - Energy Efficiency and Conservation Block Grant</i></b>	CITY-WIDE EXPENSES		\$540	\$540
Increases the Recovery Act - Energy Efficiency and Conservation Block Grant City-Wide appropriation, which was approved by Council in June 2010, to recognize an additional \$540 based on the actual award of the grant. An increase to the estimate for Revenue from the Federal Government - Recovery Act is recommended to offset this action.				
<b><i>San José After School - Yr 3 District Contracts (21st Century Program Grant)</i></b>	CITY-WIDE EXPENSES		(\$57,863)	(\$57,863)
Eliminates funding for San José After School - Year 3 programming. In the 2009-2010 Adopted Budget, funding from the 2008-2009 Berryessa School District agreement was rebudgeted to 2009-2010. The District chose not to have the City deliver the program, which would have been funded from the 21st Century Program Grant, during the first six months of the year, since the program was not funded for a full year. A corresponding decrease to Revenue from Local Agencies is also recommended.				
<b><i>San José After School - Yr 4 District Contracts (After School Education and Safety Programs Grant)</i></b>	CITY-WIDE EXPENSES		\$859,820	\$859,820
Increases funding to the Parks, Recreation, and Neighborhood Services Department from the Alum Rock (\$312,385), Berryessa (\$106,257), San José Unified (\$342,200), and Santa Clara Unified (\$98,978) School Districts. This funding, provided by the After School Education and Safety Program Grant, will be used to provide temporary staffing and non-personal/equipment funding for the After-School Program within these school districts. The After-School Program provides education, literacy, arts, nutrition, recreation, and enrichment services to San José students. A corresponding increase to Revenue from Local Agencies is also recommended.				
<b><i>Senior Companion Program</i></b>	PARKS, REC AND NEIGH SVCS		\$2,700	\$2,700
Increases funding to the Parks, Recreation and Neighborhood Services Department from the Council on Aging Silicon Valley. Funds will be used to provide a program for frail homebound seniors. The Senior Companion Program recruits and trains people 60 years and older to be companions to other elders who are in poor health and run the risk of being institutionalized without a companion's help. A corresponding increase to Revenue from the federal government is also recommended.				



## General Fund Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEEES</b>				
<i>Senior Nutrition Program</i>	PARKS, REC AND NEIGH SVCS		\$11,643	\$11,643
Increases the Senior Nutrition Program based on increases provided in accordance with the 2009-2010 Nutrition Agreement between the City and Santa Clara County. This increase provides various cost-of-living adjustments for existing services, impacting nine nutrition sites. A corresponding increase to Revenue from Local Agencies is also recommended.				
<i>South Bay Metro Task Force</i>	POLICE		\$83,130	\$83,130
Increases the Police Department's Personal Services and Non-Personal/Equipment appropriations for operations associated with the South Bay Metro Task Force, which focuses on narcotics related investigations. Funding includes overtime for officers assigned to the Task Force and other officers participating in Narcotics Covert Investigations (\$71,130), and the lease of one undercover vehicle in 2009-2010 (\$12,000). A corresponding increase to Revenue from the State of California is also recommended.				
<b>TOTAL GRANTS/REIMBURSEMENTS/FEEES</b>			<b>\$3,918,763</b>	<b>\$3,918,763</b>

### URGENT FISCAL/PROGRAM NEEDS

<i>City Staff Relocations from Old MLK Library</i>	CITY-WIDE EXPENSES		\$267,000	\$85,031
Provides funding for the relocation of staff located at the old Dr. Martin Luther King, Jr. (MLK) library to City Hall and the Central Service Yard. Currently, there are approximately 200 positions from Fire (Administration), Environmental Services (Watershed Protection), Planning, Building and Code Enforcement (Code Enforcement), and Economic Development (Office of Cultural Affairs) located at the old MLK. Due to reductions that have occurred in departments currently located at City Hall and the Central Service Yard, additional space has been identified that can house the staff currently located at old MLK. Ongoing savings of \$517,000 in maintenance and operating costs (utilities, custodial, and facility contractual services) could be realized upon completion of this relocation. This move is also a necessary step in preparing the site for the potential Convention Center expansion project. One-time funding is proposed to fund staff relocation costs (\$267,000). Other funds will also provide funding for this project, as appropriate (\$942,641). This action is partially offset by an increase to the estimate for Transfers and Reimbursements to recognize additional rent payments from the Storm Sewer Operating Fund and the San José/Santa Clara Treatment Plant Operating Fund (\$85,031) for the Watershed Protection Division that is now anticipated to remain in old MLK through June 2010. A portion of this funding (\$120,000) will be reallocated from the City Hall Outstanding Needs capital appropriation.				

**General Fund Recommended Budget Adjustments Summary  
2009-2010 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>URGENT FISCAL/PROGRAM NEEDS</b>				
<i>IAFF Binding Interest Arbitration</i>	CITY-WIDE EXPENSES		\$400,000	
Provides funding for outside legal and other expert witness services related to arbitration with the International Association of Firefighters (IAFF) that is expected to begin June 2010.				
<i>Labor/Employee Relations Consultant Funding</i>	CITY-WIDE EXPENSES		\$250,000	
Provides funding for contractual assistance with labor relations and personnel investigations. During 2009-2010, the City will be in negotiations with nine out of eleven bargaining units. In order to complete the negotiations in a timely manner, additional support is required. In addition, consultant support may be necessary for personnel investigations that may arise during the coming months to ensure these investigations occur in a timely, thorough, and professional manner.				
<b>TOTAL URGENT FISCAL/PROGRAM NEEDS</b>			<b>\$917,000</b>	<b>\$85,031</b>

**General Fund Recommended Budget Adjustments Totals**

<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
( 8.00)	(\$1,853,075)	(\$1,853,075)

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT CAPITAL IMPVT FUND (520)</b>				
<b><i>Centerline Lights Project</i></b>	Airport Capital Program		\$56,000	
<p>Reestablishes the Centerline Lights Project in the amount of \$56,000 as a direct offset to the decrease to the Runway Guard Light Replacement project. This adjustment allows for the correct allocation of expenditures between these two related grant projects and ensures the correct split between reimbursable costs and local share match for each project. This document includes a corresponding reduction in the Runway Guard Light Replacement project.</p>				
<b><i>Earned Revenue/South Apron Replacement</i></b>	Airport Capital Program		(\$3,755,000)	(\$3,755,000)
<p>Decreases the estimate for Earned Revenue and the South Apron Replacement appropriation by \$3,755,000. Bids for the construction of Phase I of this project came in lower than anticipated allowing the Airport to reduce budgeted grant revenues and expenditures. A corresponding reduction in the Airport Revenue Bond Improvement Fund (Fund 526) for the local share match of the grant funding for this project is also recommended.</p>				
<b><i>Recovery Act/North Concourse Building</i></b>	Airport Capital Program		\$17,754,000	\$17,754,000
<p>Increases the estimate for Recovery Act-Federal Revenue and the North Concourse Building appropriation by \$17,754,000. American Recovery and Reinvestment Act of 2009 grant funding was awarded in September 2009 for the Terminal B Baggage System project. This funding was awarded through the Transportation Security Administration and covers reimbursement of 90% of allowable project costs. This document includes a corresponding adjustment to reduce a portion of project costs in the Airport Revenue Bond Improvement Fund (Fund 526) as a result of the receipt of this grant award.</p>				
<b><i>Runway Guard Light Replacement</i></b>	Airport Capital Program		(\$56,000)	
<p>Decreases the Runway Guard Light Replacement project by \$56,000 as a direct offset to the increase to the Centerline Lights Project. This adjustment allows for the correct allocation of expenditures between these two related grant projects and ensures the correct split between reimbursable costs and the local share match for each project. A corresponding action to establish the Centerline Lights Project is also recommended in this document.</p>				
<b>TOTAL AIRPORT CAPITAL IMPVT FUND (520)</b>			<b>\$13,999,000</b>	<b>\$13,999,000</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>				
<b><i>Airport Orange Security Alert</i></b>	Airport		(\$1,023,000)	
<p>Decreases the Orange Security Alert reserve appropriation to fund Police Department overtime costs associated with Airport Orange Alert level security at checkpoints. This reduction provides for the transfer to the General Fund for Police Services to pay for the current level of checkpoint overtime needed in 2009-2010. The Airport Department, in concert with the Police Department, is currently reviewing Orange Alert overtime staffing requirements with the Transportation Security Administration, and if it is determined that current levels can be reduced, additional budget actions to return unspent funding to the Airport will be brought forward by year-end. Corresponding actions referenced elsewhere in this document are also recommended.</p>				
<b><i>Airport Transfer to the General Fund for Police Services</i></b>	Airport		\$680,829	
<p>Increases the Transfer to the General Fund for Police Services appropriation by a net amount of \$681,000. This adjustment includes an increase of \$1,023,000 to reimburse the General Fund for police overtime related to Airport Orange Alert level security at checkpoints. This increase is partially offset by a reduction in the transfer (\$342,000) for police services at the Airport (elimination of 1 Police Captain, 1 Police Sergeant and 5 Police Officer positions). This reduction brings staffing levels in line with the Transportation Security Administration requirements. Corresponding actions referenced elsewhere in this document are also recommended.</p>				
<b><i>Transfer from the Airport Revenue Fund</i></b>	Airport			(\$451,454)
<p>Reduces the estimate for the Transfer from the Airport Revenue Fund (Fund 521) to the Airport Maintenance and Operation Fund (Fund 523) to reflect the combination of two transactions: the return of funds no longer needed to support a Contract Compliance Specialist position in the Public Works Department for the Airport Living Wage program; and the return of funds from the reduction of funding for five Police positions. Corresponding actions referenced elsewhere in this document are also recommended.</p>				
<b><i>Airport Living Wage Program Staffing</i></b>	Public Works	( 1.00)	(\$109,283)	
<p>Reduces the Public Works Department's personal services allocation for Airport Living Wage activities. On November 18, 2008, the City Council authorized three positions for the implementation of an Airport Living Wage program administered by the Office of Equality Assurance. Since that time, Public Works has determined that only two of the three positions are needed to efficiently and successfully administer the program. As a result, one vacant Contract Compliance Specialist position can be deleted without impacting the program. Corresponding actions referenced elsewhere in this document area also recommended.</p>				
<b>TOTAL AIRPORT MAINT &amp; OPER FUND (523)</b>		( 1.00)	(\$451,454)	(\$451,454)

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT RENEW &amp; REPL FUND (527)</b>				
<b><i>Airfield Improvements</i></b>	Airport Capital Program		\$200,000	
Increases the Airfield Improvements appropriation by \$200,000. These resources would enable the Airport to implement an airfield Pavement Management System; which is mandated by the Federal Aviation Administration as a requirement for grant eligibility for airfield pavement projects.				
<b><i>Ending Fund Balance Adjustment</i></b>	Airport Capital Program		(\$95,000)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Land Improvements</i></b>	Airport Capital Program		\$15,000	
Increases the Land Improvements appropriation by \$15,000 to supply new strip doors for hangars located on the Airport. These hangars are leased to tenants and are currently experiencing issues with birds in the hangars. These new doors will keep the birds out of the hangars while still allowing the tenants to conduct their day-to-day business.				
<b><i>Public Art</i></b>	Airport Capital Program		(\$120,000)	
Decreases the Public Art appropriation by \$120,000 with no project impact. This action exercises a provision in the American Recovery and Reinvestment Act of 2009, which seeks to reduce short and long-term financing costs on eligible Airport projects. This action would continue to provide for the design and installation of three artworks throughout the Airport. This net zero adjustment offsets a corresponding increase to this appropriation in the Airport Revenue Bond Improvement Fund (Fund 526).				
<b>TOTAL AIRPORT RENEW &amp; REPL FUND (527)</b>			\$0	\$0
<b>AIRPORT REV BOND IMP FUND (526)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Airport Capital Program		(\$2,693,000)	
Decreases the Ending Fund Balance to offset actions recommended in this report.				
<b><i>North Concourse Building</i></b>	Airport Capital Program		(\$2,164,000)	
Decreases the North Concourse Building appropriation by \$2,164,000. These project costs can now be funded in the Airport Capital Improvement Fund (Fund 520). American Recovery and Reinvestment Act of 2009 grant funding was awarded in September 2009 for the Terminal B Baggage System project budgeted in the North Concourse Building appropriation.				
<b><i>Public Art</i></b>	Airport Capital Program		\$120,000	
Increases the Public Art appropriation by \$120,000. This action exercises a provision in the American Recovery and Reinvestment Act of 2009, which seeks to reduce short and long-term financing costs on eligible Airport projects. This action would continue to provide funding for the design and installation of three artworks throughout the Airport. This net zero adjustment offsets a corresponding decrease to this appropriation in the Airport Renewal and Replacement Fund (Fund 527).				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT REV BOND IMP FUND (526)</b>				
<b><i>South Apron Replacement</i></b>	Airport Capital Program		(\$363,000)	
Decreases the South Apron Replacement appropriation by \$363,000. Bids for the construction of Phase I of this project came in lower than anticipated allowing the Airport to reduce this appropriation. Corresponding decreases in the Airport Capital Improvement Fund (Fund 520) that reduce the project budget and associated grant revenues are also recommended elsewhere in this document.				
<b><i>Transfer to the Airport Surplus Revenue Fund</i></b>	Airport Capital Program		\$5,100,000	
Establishes a transfer to the Airport Surplus Revenue Fund (Fund 524) in the amount of \$5.1 million. These funds are available to be returned for the refunding of existing Commercial Paper debt. This action is made available as a result of provisions in the American Recovery and Reinvestment Act of 2009, which allowed the issue of a new series of lower cost Commercial Paper debt.				
<b>TOTAL AIRPORT REV BOND IMP FUND (526)</b>			\$0	\$0
<b>AIRPORT REVENUE FUND (521)</b>				
<b><i>Airport Reserve for Future Deficits</i></b>	Airport		\$451,454	
Increases the Ending Fund Balance - Reserve for Future Deficits to offset the reduction to the Transfer to the Airport Maintenance and Operation Fund (Fund 523) for the savings from the elimination of the Public Works Department Contract Compliance Specialist position and the reduction of five Police positions which are reimbursed by the Airport. Corresponding actions referenced elsewhere in this document are also recommended.				
<b><i>Airport Technical Adjustment - Reserve for Future Deficits</i></b>	Airport		\$11,824,181	
This technical adjustment establishes and reallocates funds to the Ending Fund Balance - Reserve for Future Deficits from the Ending Fund Balance - Reserve per Master Trust Agreement. This reserve is prudent given the current fiscal environment at the Airport. A corresponding reduction to the Ending Fund Balance - Reserve per Master Trust Agreement is also recommended in this document.				
<b><i>Airport Technical Adjustment - Reserve per Master Trust Agrmnt</i></b>	Airport		(\$11,824,181)	
This technical adjustment reallocates funds from the Ending Fund Balance - Reserve per Master Trust Agreement to the Ending Fund Balance - Reserve for Future Deficits. This reserve is prudent given the fiscal environment at the Airport. There is a corresponding offset to establish the Ending Fund Balance - Reserve for Future Deficits in this document.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT REVENUE FUND (521)</b>				
<p><b><i>Airport Transfer to the Airport Maintenance and Operation Fund</i></b></p> <p>Decreases the transfer to the Airport Maintenance and Operation Fund (Fund 523) appropriation to reflect the reduction in funding necessary to support the elimination of a Public Works Department Contract Compliance Specialist position. This position, in addition to a Contract Compliance Coordinator position and a Contract Compliance Assistant position, was added in 2008-2009 to support the Airport's Living Wage program. This transfer is also being reduced to reflect the reduction of funding for five Police positions adjusted to match the staffing levels required by the Transportation Security Administration. Corresponding actions referenced elsewhere in this document are also recommended.</p>	Airport		(\$451,454)	
<b>TOTAL AIRPORT REVENUE FUND (521)</b>			\$0	\$0
<b>AIRPORT SURPLUS REV FD (524)</b>				
<p><b><i>Airport Commercial Paper Payment</i></b></p> <p>Establishes a Commercial Paper Payment appropriation to reflect funds transferred from the Airport Revenue Bond Improvement Fund (Fund 526) to be used for refunding the existing Commercial Paper debt. This action is recommended due to provisions in the American Recovery and Reinvestment Act of 2009, which allowed the issue of a new series of lower cost Commercial Paper debt. An action to establish a transfer in the Airport Revenue Bond Improvement Fund (Fund 526) and a corresponding increase in the Transfer from the Airport Revenue Bond Improvement Fund revenue estimate are also recommended in this document.</p>	Airport		\$5,100,000	
<p><b><i>Transfer from Airport Revenue Bond Improvement Fund</i></b></p> <p>Establishes an estimate for a transfer from the Airport Revenue Bond Improvement Fund (Fund 526) to be used for refunding the existing Commercial Paper debt. This action is recommended due to provisions in the American Recovery and Reinvestment Act of 2009, which allowed the issue of a new series of lower cost Commercial Paper debt. A corresponding decrease in the Airport Revenue Bond Improvement Fund (526) and increase in the Commercial Paper Payment appropriation are also recommended in this document.</p>	Airport			\$5,100,000
<b>TOTAL AIRPORT SURPLUS REV FD (524)</b>			\$5,100,000	\$5,100,000
<b>ANTI-TOBACCO SETTLEMNT FD (426)</b>				
<p><b><i>Education/Health: Community Based Organizations</i></b></p> <p>Increases the Education/Health: Community Based Organizations appropriation so that an additional Healthy Neighborhoods Venture Fund (HNVF) contract for youth services can be executed. Funding is available in the Ending Fund Balance, as described below.</p>	Parks, Rec And Neigh Svcs		\$15,000	
<p><b><i>Ending Fund Balance Adjustment</i></b></p> <p>Decreases the Ending Fund Balance to offset the actions recommended in this report.</p>	Parks, Rec And Neigh Svcs		(\$15,000)	
<b>TOTAL ANTI-TOBACCO SETTLEMNT FD (426)</b>			\$0	\$0

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>BENEFIT FUND (160)</b>				
<b><i>Employee Assistance Program</i></b>	Human Resources		\$40,000	\$40,000
Increases the Employee Assistance Program appropriation due to higher than anticipated expenditures. This action will align the budget for this allocation with the employee concessions and subsequent buyback actions approved by the City Council in the Mayor's June Budget Message for 2009-2010. Due to the timing of the final budget approval, all reconciling budget actions were not completed. After a thorough analysis of the impacted allocations, an adjustment to the Employee Assistance Program was determined to be necessary, as the current budget reflects a higher level of position reductions than was actually realized. A corresponding increase in transfers is recommended to offset this action.				
<b><i>Health Premiums</i></b>	Human Resources		\$3,500,000	\$3,500,000
Increases the Health Premiums appropriation to account for an 8.4% health rate increase effective January 2010 (\$2,400,000) and higher than anticipated expenditures (\$1,100,000). An adjustment of \$1,100,000 to Health Premiums is necessary to align the budget with the employee concessions and subsequent buyback actions approved by the City Council in the Mayor's June Budget Message for 2009-2010. Corresponding increases in the transfers from City funds reflecting the higher activity levels (\$1,100,000) and the increased City contribution rate (\$2,400,000) are recommended to offset this adjustment.				
<b><i>MEF Legal</i></b>	Human Resources		\$5,000	\$5,000
Increases the MEF Legal appropriation to reflect higher than anticipated expenditures due to higher than anticipated enrollment. As discussed above, this action aligns the Municipal Employees' Federation (MEF) Legal allocation with the employee concessions and subsequent buyback actions approved by the City Council in the Mayor's June Budget Message for 2009-2010. A corresponding increase in transfers is recommended to offset this action.				
<b>TOTAL BENEFIT FUND (160)</b>			\$3,545,000	\$3,545,000
<b>BLDG &amp; STRUCT CONST TAX FD (429)</b>				
<b><i>Airport Parkway Gateway Improvements</i></b>	Traffic Capital Program		(\$500,000)	
Decreases the Airport Parkway Gateway Improvements project as a result of deferring the project as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Building and Structure Construction Tax Fund. The project will be deferred to 2014-2015.				
<b><i>Earned Revenue: Building and Structure Construction Tax</i></b>	Traffic Capital Program			(\$4,000,000)
Decreases the revenue estimate for Building and Structure Construction Taxes as a result of the continued decline in developer activity. The current revenue estimate of \$8.0 million is recommended to be revised downward by 50% to \$4.0 million. Impacts to the projects funded by these taxes are described elsewhere in this section.				



## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>BLDG &amp; STRUCT CONST TAX FD (429)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Traffic Capital Program		(\$667,000)	
Decreases the Ending Fund Balance to offset the actions recommended in this report as well as to offset reduced revenue estimates as described in this section.				
<b><i>ITS: Operations and Management</i></b>	Traffic Capital Program		(\$66,000)	
Decreases the ITS: Operations and Management project to capture project savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Building and Structure Construction Tax Fund. The savings result from the realignment of expenditures between projects with no service impacts expected. This project provides funding for operations and management activities that support the retiming of traffic signals.				
<b><i>Miscellaneous Street Improvements</i></b>	Traffic Capital Program		\$23,000	\$23,000
Increases the estimate for Earned Revenue reflecting revenue received from a developer and increases the appropriation for the Miscellaneous Street Improvements project. The revenues received are for repairs to a damaged conduit located at the intersection of Monterey Highway and Tully Road.				
<b><i>Riparian Mitigation Project - Bailey/Route 101</i></b>	Traffic Capital Program		\$8,000	
Increases the Riparian Mitigation Project - Bailey/Route 101 appropriation to provide funding for the replacement of a water meter in the project area. The water supply improvements will irrigate the vegetation required as a mitigation to the completed construction of the Bailey Avenue/Route 101 Interchange.				
<b><i>Route 101/Tully Interchange Upgrade</i></b>	Traffic Capital Program		(\$3,000,000)	
Decreases the funding for the Route 101/Tully Interchange Upgrade project as a result of deferring the payment to the Santa Clara Valley Transportation Authority (VTA) as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Building and Structure Construction Tax Fund. The project is managed by the VTA and this funding represents the City's contribution to the project which will be deferred to 2011-2012.				
<b><i>Traffic Safety Improvements</i></b>	Traffic Capital Program		\$225,000	
Shifts the funding source for the Traffic Safety Improvements project from the Construction Excise Tax Fund to the Building and Structure Construction Tax Fund as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding to implement traffic safety measures at high accident locations, including guardrail installation, median island safety modifications, sidewalk improvements, roadway and shoulder widening, safety fencing, barricade installation, and safety signage. The majority of this effort supports projects along major collectors and arterials and this action will have no service level impacts.				
<b>TOTAL BLDG &amp; STRUCT CONST TAX FD (429)</b>			(\$3,977,000)	(\$3,977,000)

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CIVIC CENTER CONST FUND (425)</b>				
<b><i>Central Service Yard Tenant Improvements</i></b>	Muni Improvements Capital Program		\$521,841	
Provides funding for the relocation of staff located at the old Dr. Martin Luther King, Jr. (MLK) Library. Currently, there are approximately 200 positions from Fire (Administration), Environmental Services (Watershed Management), Planning, Building and Code Enforcement (Code Enforcement), and Economic Development (Office of Cultural Affairs) still located at the old MLK. Due to reductions that have occurred in departments currently located at City Hall and the Central Service Yard, additional space has been identified in those facilities to house these staff. Ongoing General Fund savings in maintenance and operating costs (utilities, custodial, and facility contractual services) could be realized annually in the amount of \$517,000 upon completion of this relocation. This move is also a necessary step in preparing the site for the potential Convention Center expansion project. Funding in the Civic Center Construction Fund (\$521,841) and Service Yards C&C Tax Fund (\$179,000) will fund the construction of tenant improvements at the Central Service Yard to allow for General Services to be located on the 1st floor and Fire Administration to be located on the 3rd floor.				
<b><i>City Hall Capital Enhancements</i></b>	Muni Improvements Capital Program		\$11,000	
Increases the City Hall Capital Enhancements appropriation to recover under-collected Public Works Capital Management Costs over the life of the Civic Center Bond program based on consultant calculations conducted for and reviewed by the Finance Department. This action is necessary to facilitate the pending close out of the Civic Center Bond Program.				
<b><i>City Hall Secondary Network Operations Center</i></b>	Muni Improvements Capital Program		\$44,000	
Increases the City Hall Secondary Network Operations Center appropriation to recover under-collected Public Works Capital Management Costs over the life of the Civic Center Bond program based on consultant calculations conducted for and reviewed by the Finance Department. This action is necessary to facilitate the pending close out of the Civic Center Bond Program.				
<b><i>Earned Revenue: Interest Income</i></b>	Muni Improvements Capital Program			\$44,023
Establishes an estimate for Earned Revenue to recognize interest earned to date from remaining bond funds. This action will partially offset corresponding adjustments recommended in this report.				
<b><i>Police Administration Voice and Data Network Enhancements</i></b>	Muni Improvements Capital Program		\$44,000	
Increases the Police Administration Voice and Data Network Enhancements appropriation to recover under-collected Public Works Capital Management Costs over the life of the Civic Center Bond program based on consultant calculations conducted for and reviewed by the Finance Department. This action is necessary to facilitate the pending close out of the Civic Center Bond Program.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CIVIC CENTER CONST FUND (425)</b>				
<b><i>Transfer to the Civic Center Fiscal Agent Transaction Fund</i></b>	Muni Improvements Capital Program		(\$575,728)	
Decreases the Transfer to the Civic Center Fiscal Agent Transaction Fund appropriation to offset the actions recommended in this report. These funds were originally allocated as part of the 2008-2009 Annual Report to pay down existing debt. These funds, however, are recommended to fund tenant improvements necessary to vacate the old MLK Library and realize annual General Fund savings. In addition, the relocation of staff from the old MLK Library is also a necessary step in preparing the site for the potential Convention Center expansion project.				
<b><i>Transfers from Civic Center Parking Fund</i></b>	Muni Improvements Capital Program			\$1,090
Establishes an estimate for Transfers to recognize funds from the Civic Center Parking Fund.				
<b>TOTAL CIVIC CENTER CONST FUND (425)</b>			\$45,113	\$45,113
<b>CIVIC CENTER PRKNG FUND (433)</b>				
<b><i>Transfer to the Civic Center Construction Fund</i></b>	Muni Improvements Capital Program		\$1,090	
Establishes a Transfer to the Civic Center Construction Fund appropriation to transfer remaining funds and close out the Civic Center Parking Fund.				
<b><i>Transfer to the Civic Center Fiscal Agent Transaction Fund</i></b>	Muni Improvements Capital Program		(\$1,090)	
Eliminates the Transfer to the Civic Center Fiscal Agent Transaction Fund and transfer remaining funds to the Civic Center Construction Fund in order to close-out the Civic Center Parking Fund.				
<b>TOTAL CIVIC CENTER PRKNG FUND (433)</b>			\$0	\$0
<b>COMM DEV BLOCK GRANT FD (441)</b>				
<b><i>Code Enforcement Workers' Compensation</i></b>	Housing		\$35,000	
Establishes funding for the Code Enforcement Workers' Compensation appropriation to provide funding as necessary for workers' compensation benefits to Planning, Building and Code Enforcement employees under the City's self-insured, self-administered program. This funding will ensure injured employees receive prompt and appropriate medical treatment through effective claims management and adherence to the California Labor Code and the City's Memoranda of Agreements with its bargaining units.				
<b><i>Emergency Minor Repair Program</i></b>	Housing		\$200,000	
Increases funding for the Emergency Minor Repair Program appropriation to provide sufficient funding for planned program activities and program administration costs. The program provides assistance to homeowners to correct immediate health and/or safety home repairs. The Housing Department currently has five existing construction contracts that will perform the necessary repairs for qualified homeowners.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>COMM DEV BLOCK GRANT FD (441)</b>				
<b>Ending Fund Balance Adjustment</b>	Housing		(\$235,000)	
Decreases the Ending Fund Balance to offset actions recommended in this report.				
<b>Housing Rehabilitation Loans and Grants</b>	Housing		\$100,000	\$100,000
Increases the revenue estimate for Housing Rehabilitation Loan Repayments and increases funding for the Housing Rehabilitation Loans and Grants appropriation to reflect the receipt of additional loan repayments. This project provides funding to assist potential homebuyers with the purchase of rehabilitated homes in the City.				
<b>TOTAL COMM DEV BLOCK GRANT FD (441)</b>			<b>\$100,000</b>	<b>\$100,000</b>
<b>COMMTY FACIL REVENUE FUND (422)</b>				
<b>Ending Fund Balance Adjustment</b>	Finance		(\$222,846)	
Decreases the Ending Fund Balance as a necessary action to offset reduced revenue estimates as described in this section.				
<b>Hayes Mansion Capital Repair and Improvements</b>	Finance		(\$154,981)	(\$377,827)
Decreases the estimate for capital improvement revenues, partially offset by a reduction to the Hayes Repair and Capital Improvements appropriation. As a result of the Hayes Mansion's declining revenues due to the current economic environment, capital improvement payments for the period of October 2009 through June 2010 have been discontinued, and budgeted capital improvements have also been suspended.				
<b>Hayes Mansion City Expenses</b>	Finance		\$4,104	\$4,104
Increases the Consultant Costs appropriation and corresponding revenue to recognize reimbursement for City expenses that have been incurred but were not fully budgeted in the 2009-2010 Adopted Budget.				
<b>Hayes Mansion Debt Service Phase III</b>	Finance		(\$1,185,054)	(\$1,185,054)
Reduces the Hayes Mansion revenue estimate by \$1,185,054, as Hayes Mansion operating revenues are tracking below anticipated levels. A corresponding decrease in debt-related expenditures of \$1,185,054 is recommended, as lower short-term interest rates have reduced the debt service cost for the City's Hayes Mansion bonds payments.				
<b>TOTAL COMMTY FACIL REVENUE FUND (422)</b>			<b>(\$1,558,777)</b>	<b>(\$1,558,777)</b>
<b>CONST/CONV TAX COMM FUND (397)</b>				
<b>Ending Fund Balance Adjustment</b>	Communications Capital Program		(\$21,000)	
Reduces the Ending Fund Balance to fund the action recommended in this report.				
<b>Fiber Optic Cable Installation at ACS</b>	Communications Capital Program		\$21,000	
Establishes an appropriation for fiber optic cabling at the Animal Care Center. The installation of these cables will eliminate the costs for the 3 T1 carrier lines (\$6,000 annually), and will enhance the Animal Care Center's connectivity to the City's main network.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX COMM FUND (397)</b>				
<b>TOTAL CONST/CONV TAX COMM FUND (397)</b>			\$0	\$0
<b>CONST/CONV TAX FIRE FUND (392)</b>				
<b><i>Computer Replacement Program</i></b>	Public Safety Capital Program		\$60,000	
This action increases the Computer Replacement Program appropriation to fund the purchase of a redundant server for the Fire Department Records Management System (RMS). The redundant server will act as a back-up system to the RMS and prevent data and production loss in the event that the main RMS server fails.				
<b><i>Ending Fund Balance Adjustment</i></b>	Public Safety Capital Program		(\$60,000)	
Reduces the Ending Fund Balance to fund the Computer Replacement Program action recommended in this report.				
<b>TOTAL CONST/CONV TAX FIRE FUND (392)</b>			\$0	\$0
<b>CONST/CONV TAX PK CD 3 FUND (380)</b>				
<b><i>O'Donnell's Garden Park</i></b>	Parks & Comm Fac Dev Capital Program		\$117,000	
Establishes the O'Donnell's Garden Park project to provide funding for the installation of a new gazebo at O'Donnell's Garden Park. It is anticipated that a community group (United Neighborhoods Coalition) will provide additional funding of \$150,000 to augment City funds for the installation of the gazebo. City staff will work with the community group to develop a project scope that is aligned with the funds available. A related action in this document eliminates the Reserve: O'Donnell's Garden Park appropriation.				
<b><i>Reserve: O'Donnell's Garden Park</i></b>	Parks & Comm Fac Dev Capital Program		(\$117,000)	
Eliminates the Reserve: O'Donnell's Garden Park appropriation. A related action in this document establishes the O'Donnell's Garden Park project, which provides funding for the installation of a gazebo at O'Donnell's Garden Park.				
<b><i>Watson Park (Phase II) Soccer Field Development</i></b>	Parks & Comm Fac Dev Capital Program		\$404,000	
Establishes a new allocation totaling \$404,000 for the Watson Park (Phase II) Soccer Field Development project. This allocation provides funding for the development of a lighted artificial turf soccer field adjacent to the lighted natural turf soccer fields that is being constructed in Phase I of the Watson Park project. The artificial turf field will be developed on a portion of the park that is not being developed as part of the Phase I project. A related action in this document decreases the Watson Site Clean-up and Restoration project to realize this fund's proportionate savings that resulted from lower than anticipated construction bids. Elsewhere in this document is a recommendation to allocate additional funding of \$1.1 million from the Subdivision Park Trust Fund for this project.				
<b><i>Watson Site Clean-up and Restoration</i></b>	Parks & Comm Fac Dev Capital Program		(\$404,000)	
Decreases the Watson Site Clean-up and Restoration project by \$404,000 to realize this fund's proportionate savings that resulted from lower than anticipated construction bids. A related action in this document establishes the Watson Park (Phase II) Soccer Field Development project.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PK CD 3 FUND (380)</b>				
<b>TOTAL CONST/CONV TAX PK CD 3 FUND (380)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 6 FUND (384)</b>				
<b>Ending Fund Balance Adjustment</b>	Parks & Comm Fac Dev Capital Program		(\$35,000)	
Decreases the Ending Fund Balance in the Council District 6 Construction and Conveyance Tax Fund to offset an adjustment recommended in this document.				
<b>TRAIL: Los Gatos Creek Reach IV Mitigation and Monitoring</b>	Parks & Comm Fac Dev Capital Program		\$35,000	
Establishes the TRAIL: Los Gatos Creek Reach IV Mitigation and Monitoring project for \$35,000. Funds are needed for monitoring, repair, and maintenance services associated with the Los Gatos Creek Trail Reach IV. This monitoring effort, mandated by the State of California, requires the use of qualified biologists to prepare and submit reports regarding the condition of the trail.				
<b>TOTAL CONST/CONV TAX PK CD 6 FUND (384)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PKS CW FUND (391)</b>				
<b>Earned Revenue: Proposition 40 - TRAIL: Milestone Markers</b>	Parks & Comm Fac Dev Capital Program			\$100,000
Increases the Earned Revenue estimate by \$100,000 to recognize the award of grant funds from the State of California's 2002 Resources Bond Act (Proposition 40 - Roberti-Z'berg grant) for the design and installation of trail signs, milestone markers, and call boxes. While the grant award totals \$451,000, the funding is received on a reimbursement basis and it is anticipated only \$100,000 will be expended and reimbursed for the study, design and deployment of milestone markers in 2009-2010. Remaining grant funds are anticipated to be expended and reimbursed in 2010-2011 and will therefore be included in the 2010-2011 Capital Budget. A related action in this document increases the TRAIL: Milestone Markers project.				
<b>Ending Fund Balance Adjustment</b>	Parks & Comm Fac Dev Capital Program		(\$10,000)	
Decreases the Ending Fund Balance in the Parks City-Wide Construction and Conveyance Tax Fund to offset adjustments recommended in this document.				
<b>Environmental Mitigation Maintenance and Monitoring</b>	Parks & Comm Fac Dev Capital Program		\$10,000	
Increases the Environmental Mitigation Maintenance and Monitoring project by \$10,000. This additional allocation will ensure adequate funding is available to complete an active service agreement for mitigation monitoring of the Quail Hollow Bridge, which is located at Alum Rock Park. This monitoring effort, mandated by the State of California, requires the use of qualified biologists to prepare and submit reports regarding the condition of the bridge and its effect on wildlife in Penitencia Creek.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PKS CW FUND (391)</b>				
<b><i>TRAIL: Milestone Markers</i></b>	Parks & Comm Fac Dev Capital Program		\$100,000	
Increases the TRAIL: Milestone Markers project by \$100,000. Funding will be used for the study, design, and deployment of milestone markers along San José trails to support rapid incident reporting and response by emergency services. The markers are spaced at 1/4 mile increments and are individually numbered and tracked by 9-1-1 staff so that callers can be precisely located, responders can be routed along accessible trails and routes, and incident reporting can be tied directly to the trail system. This project is being reimbursed by a grant from the State of California's 2002 Resources Bond Act (Proposition 40 - Roberti-Z'berg grant).				
<b>TOTAL CONST/CONV TAX PKS CW FUND (391)</b>			\$100,000	\$100,000
<b>CONST/CONV TAX SRVC YDS FD (395)</b>				
<b><i>Central Service Yard Tenant Improvements</i></b>	Service Yards Capital Program		\$179,000	
Provides funding for the relocation of staff located at the old Dr. Martin Luther King Jr. (MLK) Library. Currently, there are approximately 200 positions from Fire (Administration), Environmental Services (Watershed Management), Planning, Building and Code Enforcement (Code Enforcement), and Economic Development (Office of Cultural Affairs) still located at the old MLK. Due to reductions that have occurred in departments currently located at City Hall and the Central Service Yard, additional space has been identified in those facilities to house these staff. Ongoing General Fund savings in maintenance and operating costs (utilities, custodial, and facility contractual services) could be realized annually in the amount of \$517,000 upon completion of this relocation. This move is also a necessary step in preparing the site for the potential Convention Center expansion project. Funding in the Civic Center Construction Fund (\$521,841) and Service Yards C&C Tax Fund (\$179,000) will fund the construction of tenant improvements at the Central Service Yard to allow for General Services to be located on the 1st floor and Fire Administration to be located on the 3rd floor. Project savings from the Old Main Yard project is recommended to offset this action.				
<b><i>Debt Service on Phase II Bonds</i></b>	Service Yards Capital Program		(\$461,000)	
Decreases the Debt Service on Phase II Bonds appropriation to reflect lower interest costs and the resulting debt service payment now projected to be required for 2009-2010.				
<b><i>Earned Revenue: Old Main Yard Project Savings</i></b>	Service Yards Capital Program			\$872,416
Increases the estimate for Earned Revenue to recognize project savings for the old Main Yard in Japantown. Funds were originally transferred from the Service Yards C&C Tax Fund to the San Jose Redevelopment Agency for environmental clearances, demolition and archeological study of the old Main Yard and funding is no longer needed for this project and will be returned to the Service Yards C&C Tax Fund.				
<b><i>Ending Fund Balance Adjustment</i></b>	Service Yards Capital Program		\$582,416	
Increases the Ending Fund Balance to offset the actions recommended in this report.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX SRVC YDS FD (395)</b>				
<b><i>Roof Replacement, Painting and Supplemental Needs</i></b>	Service Yards Capital Program		\$572,000	
Increases the Roof Replacement, Painting and Supplemental Needs appropriation to fund roof repairs necessary at the Central Service Yard prior to installing solar panels expected later this fiscal year.				
<b>TOTAL CONST/CONV TAX SRVC YDS FD (395)</b>			<b>\$872,416</b>	<b>\$872,416</b>
<b>CONSTRUCTION EXCISE TAX FD (465)</b>				
<b><i>Airport People Mover</i></b>	Traffic Capital Program		(\$30,000)	
Decreases the Airport People Mover project to capture project savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This allocation provides funding for project management activities associated with the development of the Airport People Mover. The reduced allocation is the result of vacancy savings and the realignment of expenditures between projects with no service impacts expected.				
<b><i>BART Project Management</i></b>	Traffic Capital Program		(\$50,000)	
Decreases funding for the BART Project Management appropriation to capture project savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This allocation provides funding for project management activities associated with the Bay Area Rapid Transit (BART) to San José project. The reduced allocation is the result of vacancy savings and the realignment of expenditures between projects with no service impacts expected.				
<b><i>Bike/Pedestrian Project Development</i></b>	Traffic Capital Program		(\$100,000)	
Decreases funding to the Bike/Pedestrian Project Development appropriation to capture project savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This allocation provides funding to collect data, prepare studies, develop a bicycle and pedestrian needs inventory, pursue grant funding, facilitate the City's Bicycle and Pedestrian Advisory Committee, and assess and respond to bicycle and pedestrian related issues. The reduced allocation is the result of vacancy savings and the realignment of expenditures between projects with no service impacts expected.				
<b><i>Budget Administration</i></b>	Traffic Capital Program		(\$50,000)	
Decreases funding for the Budget Administration appropriation to capture savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This allocation provides funding for Capital Budget administration to prepare and manage the Traffic Capital Budget, and for ongoing activities to manage the budget during the fiscal year.				



## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONSTRUCTION EXCISE TAX FD (465)</b>				
<b><i>CIP Delivery Management</i></b>	Traffic Capital Program		(\$100,000)	
Decreases funding to the CIP Delivery Management appropriation to capture project savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This allocation provides funding for monitoring, tracking, scheduling, and estimating capital projects. The reduced allocation is the result of vacancy savings and the realignment of expenditures between projects with no service impacts expected.				
<b><i>Earned Revenue: Construction Excise Tax Fund</i></b>	Traffic Capital Program			(\$2,500,000)
Decreases the revenue estimate for Construction Excise Taxes as a result of the continued decline in developer activity. The current revenue estimate of \$8.0 million is recommended to be revised downward by 31% to \$5.5 million. Impacts to the projects funded by these taxes are described elsewhere in this section.				
<b><i>Ending Fund Balance Adjustment</i></b>	Traffic Capital Program		\$25,000	
Increases the Ending Fund Balance as a result of the actions recommended in this report.				
<b><i>Fiber Optics Permit Engineering</i></b>	Traffic Capital Program		\$700,000	\$700,000
Increases the estimate for Earned Revenue reflecting additional revenue for Fiber Optics Permit Fees and increases the appropriation for the Fiber Optics Permit Engineering project. The additional permit fees collected from fiber cable companies are for the installation of conduits, vaults, and cables in the public right-of-way.				
<b><i>General Plan Update</i></b>	Traffic Capital Program		(\$100,000)	
Decreases the General Plan Update project to capture project savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. The General Plan Update project provides funding for the transportation review of the General Plan Update. The savings result from the realignment of staff resources to the General Plan Update allocation currently budgeted in Planning, Building and Code Enforcement.				
<b><i>Grant Management</i></b>	Traffic Capital Program		(\$90,000)	
Decreases funding for the Grant Management appropriation to capture savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This allocation provides funding for the administrative management of transportation grant funding from federal, State, and local sources. The reduced allocation is the result of vacancy savings and the realignment of expenditures between projects with no service impacts expected.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONSTRUCTION EXCISE TAX FD (465)</b>				
<b><i>High Speed Rail</i></b>	Traffic Capital Program		(\$70,000)	
Decreases the High Speed Rail project to capture project savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This allocation provides funding for the project management for the California High Speed Rail project which will construct a 800-mile high speed train system connecting the major cities in California. The savings result from reducing the expenditures related to the consultant for this project.				
<b><i>Local Transportation Policy and Planning</i></b>	Traffic Capital Program		(\$100,000)	
Decreases funding for the Local Transportation Policy and Planning project to capture savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This allocation provides funding for the implementation of the City's Transportation Impact Policy. The reduced allocation is the result of vacancy savings and the realignment of expenditures between projects with no service impacts expected.				
<b><i>Maintenance Assessment District Development</i></b>	Traffic Capital Program		(\$100,000)	
Decreases the Maintenance Assessment District Development project as a result of deferring the project as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. The project provides funding for staff to conduct public outreach in areas where median island and back-up parcels exist, determine areas where the property owners will have an interest in paying a property assessment to fund landscape restoration and maintenance, and perform initial engineering work required in the process to establish assessment districts. This project is a two-year project; however, the total project funding was allocated in the first year (in 2009-2010). The recommended adjustment (\$100,000) will be deferred to 2010-2011 and will be included in the 2011-2015 Proposed Capital Improvement Program.				
<b><i>Maintenance Backlog - Traffic Infrastructure</i></b>	Traffic Capital Program		(\$329,000)	
Decreases funding for the Maintenance Backlog - Traffic Infrastructure project as a result of deferring the project as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. The total allocation (\$750,000) provides funding for street sealing; roadway striping, repainting, and markings; streetlight outage repairs; traffic sign replacement; removal and replacement of damaged and missing pavement markers; and funding to integrate and upgrade systems for tree permit issuance, inventory, and contractual services. Part of the total allocation (\$421,000) will address the backlog of these activities in 2009-2010, and the recommended adjustment (\$329,000) will defer some activities to 2010-2011 and will be included in the 2011-2015 Proposed Capital Improvement Program.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONSTRUCTION EXCISE TAX FD (465)</b>				
<b><i>Regional Policy and Legislation</i></b>	Traffic Capital Program		(\$100,000)	
Decreases funding to the Regional Policy and Legislation appropriation to capture savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This allocation provides funding for regional policy analysis and advocacy for regional, State, and federal policies that support the City's transportation interests. The reduced allocation is the result of vacancy savings and the realignment of expenditures between projects with no service impacts expected.				
<b><i>Reserve - Regional System Expansion</i></b>	Traffic Capital Program		(\$750,000)	
Eliminates the Reserve - Regional System Expansion as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This reserve sets aside funding to support the implementation of future San José projects, some of which were identified in the Valley Transportation Plan 2035.				
<b><i>Reserve - Route 101/Oakland/Mabury Traffic Impact Fees</i></b>	Traffic Capital Program		\$195,000	\$195,000
Establishes the Reserve - Route 101/Oakland/Mabury Traffic Impact Fees and increases the estimate for Earned Revenue as a result of the traffic impact fees assessed to a developer. The funds are restricted to traffic improvements within the Route 101/Oakland/Mabury Area.				
<b><i>Reserve - Seven Trees Boulevard Sidewalk Project</i></b>	Traffic Capital Program		(\$126,000)	
Decreases the Reserve - Seven Trees Boulevard Sidewalk Project appropriation to capture project savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. The savings were a result of receiving lower than anticipated construction bids for the Seven Trees Boulevard Sidewalk Project.				
<b><i>Traffic Congestion Data Management</i></b>	Traffic Capital Program		(\$100,000)	
Decreases the Traffic Congestion Data Management project (from \$300,000 to \$200,000) as a result of reducing the scope of work for this project as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This allocation provides funding for data collection, traffic engineering analysis, traffic congestion, traffic volume, and travel time studies. The reduction in scope will result in decreasing and delaying the amount of traffic studies completed.				
<b><i>Traffic Safety Data Collection</i></b>	Traffic Capital Program		(\$70,000)	
Decreases the Traffic Safety Data Collection project to capture project savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding to collect traffic data and prepare engineering studies related to traffic collisions, speed surveys, and traffic volumes. The savings result from no longer hiring engineering interns that assisted in the collection of traffic data which will delay the timeliness of data collection.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONSTRUCTION EXCISE TAX FD (465)</b>				
<i>Traffic Safety Education</i>	Traffic Capital Program		(\$35,000)	
Decreases the Traffic Safety Education project to capture project savings as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This allocation provides funding to promote transportation safety through education to schools, neighborhoods, and seniors by conducting activities, presentations, and other programs. The savings result from the shift of school safety educational program expenditures to the Bike/Pedestrian Project Development appropriation and will have no service impacts.				
<i>Traffic Safety Improvements</i>	Traffic Capital Program		(\$225,000)	
Shifts the funding source for the Traffic Safety Improvements project from the Construction Excise Tax Fund to the Building and Structure Construction Tax Fund as part of Traffic Capital Program rebalancing actions necessary due to significantly reduced revenues in the Construction Excise Tax Fund. This project provides funding to implement traffic safety measures at high accident locations, including guardrail installation, median island safety modifications, sidewalk improvements, roadway and shoulder widening, safety fencing, barricade installation, and safety signage. The majority of this effort supports projects along major collectors and arterials and this action will have no service impacts.				
<b>TOTAL CONSTRUCTION EXCISE TAX FD (465)</b>			<b>(\$1,605,000)</b>	<b>(\$1,605,000)</b>
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>				
<i>Convention Facilities Non-Personal/Equipment</i>	Convention Facilities Dept		\$355,000	
Increases the Non-Personal/Equipment appropriation by \$355,000. This allocation, which funds the majority of the operating costs at the City's convention and cultural facilities, is projected to exceed the budget by approximately \$950,000 due primarily to higher than anticipated expenditures at the Civic Auditorium and for contractual services, including food and beverage. In response, Team San José has developed an expenditure reduction plan, which is anticipated to generate approximately \$300,000 in savings by the end of the year, reducing the projected overage to \$650,000. This adjustment is offset by reductions to the Insurance Expenses appropriation (\$75,000) and Operating Contingency appropriation (\$280,000). The remaining overage will be addressed later in the year through additional revenue or further expenditure reductions.				
<i>Insurance Expenses</i>	Convention Facilities Dept		(\$75,000)	
Decreases the Insurance Expenses appropriation by \$75,000 to partially offset the recommended increase to the Non-Personal/Equipment appropriation.				
<i>Operating Contingency</i>	Convention Facilities Dept		(\$280,000)	
Decreases the Operating Contingency appropriation by \$280,000 to partially offset the recommended increase to the Non-Personal/Equipment appropriation.				
<b>TOTAL CONV/CULTURAL AFFAIRS FUND (536)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>DENTAL INSURANCE FUND (155)</b>				
<b>Dental HMO Plan</b>	Human Resources		\$20,000	
Increases funding in the Dental HMO Plan due to higher than anticipated enrollment in the Plan. A corresponding decrease to Ending Fund Balance is recommended below.				
<b>Ending Fund Balance Adjustment</b>	Human Resources		(\$20,000)	
Decreases the Ending Fund Balance to offset actions recommended in this report.				
<b>TOTAL DENTAL INSURANCE FUND (155)</b>			<b>\$0</b>	<b>\$0</b>
<b>EDW BYRNE MEMORIAL JAG FD (474)</b>				
<b>Ending Fund Balance Adjustment</b>	Police		(\$2,196)	
Reduces the Ending Fund Balance to fund actions recommended in this report.				
<b>JAG 2007-2009</b>	Police		\$2,196	
This action appropriates unexpended interest revenue in order to use the funding before the grant spending deadline of September 30, 2010.				
<b>Tech Adjust: JAG 2009-2012</b>	Police		(\$215,520)	(\$215,520)
This action is a technical correction to reduce the JAG 2009-2012 appropriation and decrease the Revenue from the Federal Government. The City is acting as the fiscal agent for the JAG 2009-2012 grant cycle, and out of the total grant amount (\$582,729), a certain portion of the funding (\$215,520) is to be distributed by the fiscal agent to other local law enforcement agencies. This action will adjust the appropriation and revenue to correctly account for the JAG 2009-2012 funding intended to be used by the Police Department (\$367,209).				
<b>TOTAL EDW BYRNE MEMORIAL JAG FD (474)</b>			<b>(\$215,520)</b>	<b>(\$215,520)</b>
<b>GENERAL PURPOSE PARKING FD (533)</b>				
<b>HP Pavilion/Diridon Area Multi-Space Meters</b>	Parking Capital Program		(\$30,000)	
Decreases the HP Pavilion/Diridon Area Multi-Space Meters project to capture project savings as part of Parking Capital Program rebalancing actions necessary due to significantly reduced revenues in the General Purpose Parking Fund. The savings resulted from lower than anticipated material costs.				
<b>Minor Parking Facility Improvements</b>	Parking Capital Program		(\$230,000)	
Decreases the Minor Parking Facility Improvements project because the scope of work was reduced as part of Parking Capital Program rebalancing actions necessary due to significantly reduced revenues in the General Purpose Parking Fund. The reduction in scope will result in the deferral of water proofing and lobby area improvements to garages until additional funding is available.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>GENERAL PURPOSE PARKING FD (533)</b>				
<b><i>Parking Guidance System Phase II</i></b>	Parking Capital Program		(\$150,000)	
Decreases the Parking Guidance System Phase II project to capture project savings as part of Parking Capital Program rebalancing actions necessary due to significantly reduced revenues in the General Purpose Parking Fund. The savings resulted from the communication infrastructure set up in the project being wired instead of wireless.				
<b><i>Parking Technology Improvements</i></b>	Parking Capital Program		(\$300,000)	
Decreases the Parking Technology Improvements project as a result of deferring the project as part of Parking Capital Program rebalancing actions necessary due to significantly reduced revenues in the General Purpose Parking Fund. The project provides funding to install Light Emitting Diode (LED) signs that can change based on the direction of the reversible lanes, the installation of a dynamic floor count system, and the replacement of incandescent light bulbs with LED bulbs in the parking identification sign. As a result of higher priority projects in the Parking Capital Program and a lower need to upgrade the garages based on lower occupancy activity, this project will be deferred until full project funding can be secured.				
<b><i>Security Improvements</i></b>	Parking Capital Program		(\$200,000)	
Decreases the Security Improvements project as a result of a reduction in the scope of work. This action is part of Parking Capital Program rebalancing actions necessary due to significantly reduced revenues in the General Purpose Parking Fund. The reduction in scope will result in delaying the installation of additional lighting and cameras in all parking garages until additional funding is available.				
<b><i>Department of Transportation Non-Personal/Equipment Funding</i></b>	Transportation		(\$286,000)	
Decreases the Department of Transportation's Non-Personal/Equipment appropriation to capture savings as part of necessary rebalancing actions due to significantly reduced revenues in the General Purpose Parking Fund. These savings result primarily from efficiencies in contractual services, such as in the parking operator's contract, and insurance expenditure savings since earthquake insurance is no longer required for garages that were recently seismically retrofitted.				
<b><i>Earned Revenue: General Purpose Parking Fund</i></b>	Transportation			(\$1,488,000)
Decreases the revenue estimate in the General Purpose Parking Fund for parking lots and garages, parking meters, and interest earnings. The revenues in this fund are tracking below anticipated levels as a result of the economic downturn, which has impacted the revenues generated from both monthly parking permits and visitors. The revenues are projected to end the year approximately \$1.5 million below the budgeted revenue estimate (\$11.7 million). To offset the lower revenue collections, recommendations to reduce various capital projects, non-personal/equipment funding, and ending fund balance are included elsewhere in this document.				
<b><i>Ending Fund Balance Adjustment</i></b>	Transportation		(\$292,000)	
Decreases the Ending Fund Balance as a necessary action to offset reduced revenue estimates as described in this section.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>GENERAL PURPOSE PARKING FD (533)</b>				
<i>Transfer to San Jose Redevelopment Agency</i>	Transportation		(\$54,000)	(\$54,000)
Decreases the revenue estimate for interest earnings to the San Jose Redevelopment Agency (SJRA) and the corresponding Transfer to the SJRA. The interest earnings from the bond covenants for the 4th and San Fernando Streets Parking Garage is collected in this fund and is transferred to the SJRA per the bond covenants agreement. The interest earnings from the bond covenants will be lower than budgeted levels and will be offset by a lower transfer amount.				
<b>TOTAL GENERAL PURPOSE PARKING FD (533)</b>			<b>(\$1,542,000)</b>	<b>(\$1,542,000)</b>
<b>GIFT TRUST FUND (139)</b>				
<i>Library - General Gifts</i>	Library		\$339,979	\$339,979
Increases the Library - General Gifts appropriation to recognize and appropriate gifts made in support of the following: Knight Foundation Technology Program for 250 computers for 8 branch libraries (\$243,420); East San José Carnegie Branch for materials, furniture, fixtures, and equipment (\$40,000); Alviso Homework Center (\$23,054); commissions from vending machines and cafés vendors which are used for library programming and branch supplies (\$10,981); Cambrian Branch Holiday Book Giveaway and materials (\$10,487); Dr. Martin Luther King, Jr. Library for materials, programming, and events (\$4,701); Evergreen Branch for materials, programming, and supplies (\$3,500); West Valley Branch Holiday Book Giveaway Program and the purchase of periodicals (\$674); Pearl Branch Santa program for programming and supplies (\$515); Biblioteca Branch Holiday Book Giveaway Program (\$500); Joyce Ellington Branch to celebrate its one-year anniversary (\$500); Seven Trees Branch Santa Program (\$500); Vineland Branch Holiday Book Giveaway Program (\$500); Rose Garden Branch for programming and supplies (\$250); Almaden Branch (\$237); Edenvale Branch for programming and supplies (\$100); Tully Branch Holiday Book Giveaway Program (\$50); California Room for photo reproductions (\$10).				
<i>Library - Library Literacy Project</i>	Library		\$2,450	\$2,450
Increases the Library – Library Literacy Project appropriation to recognize and appropriate gifts made in support of Families for Literacy (\$1,500) and Partners in Reading (PAR) Literacy Project (\$950).				
<i>Happy Hollow Park and Zoo</i>	Parks, Rec And Neigh Svcs		\$50,000	\$50,000
Recognizes and establishes funding from the Mercury News' Wishbook Fund to support the Puppet Theatre renovation and materials for show development.				
<i>Office of Therapeutics - Junior Sports Camp</i>	Parks, Rec And Neigh Svcs		\$2,500	\$2,500
Recognizes a grant awarded to San José's Junior Sports Camp in recognition of its selection as the 2009 Governor's Council on Physical Fitness and Sports Silver medalist for Park and Recreation Program of the Year. This funding will be used to make a positive impact on the physical activity, fitness levels, and well-being of California's children and youth.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>GIFT TRUST FUND (139)</b>				
<i>Downtown Area Shuttle Program</i> Recognizes revenue and establishes an appropriation from San José State University to support the operational costs for the Downtown Area Shuttle (DASH) Program.	Transportation		\$25,000	\$25,000
<i>Transportation and Parking Guidance Signs</i> Recognizes revenue and establishes an appropriation from San José State University to support the installation of additional transportation and parking guidance signs within the Downtown and University areas.	Transportation		\$2,625	\$2,625
<b>TOTAL GIFT TRUST FUND (139)</b>			<b>\$422,554</b>	<b>\$422,554</b>
<b>HOME INVEST PART PROG FUND (445)</b>				
<i>Earned Revenue: Grant Revenue</i> Increases the revenue estimate for Grant Revenue to align anticipated reimbursements from the U.S. Department of Housing and Urban Development (HUD) with budgeted expenditures. This funding will be used for housing rehabilitation and new construction activities in 2009-2010.	Housing			\$414,000
<i>Ending Fund Balance Adjustment</i> Increases the Ending Fund Balance to offset the actions recommended in this report.	Housing		\$414,000	
<i>Welcome Home Program</i> Increases the revenue estimate for Loan Repayments and increases the Welcome Home Program appropriation to reflect unanticipated loan repayments received. This program provides down payment assistance to low income first-time homebuyers.	Housing		\$489,000	\$489,000
<b>TOTAL HOME INVEST PART PROG FUND (445)</b>			<b>\$903,000</b>	<b>\$903,000</b>
<b>ICE CENTRE REVENUE FUND (432)</b>				
<i>Ending Fund Balance</i> Decreases the Ending Fund Balance to offset the actions recommended in this report.	Finance		(\$25,000)	



## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>ICE CENTRE REVENUE FUND (432)</b>				
<i>Ice Centre Oversight Expenses</i>	Finance		\$25,000	
<p>Increases the Ice Centre Oversight Expenses appropriation providing one-time funding to the San José Arena Authority while the City explores consolidation efforts among the Office of Economic Development, Arena Authority, Sports Authority, and the Convention and Visitors Bureau as directed in the 2009-2010 June Mayor's Message referral. The revenues generated from the sale of HP Pavilion at San Jose club seat tickets through the San Jose Arena Authority's Arena Ticket Distribution Program were lower than anticipated. The sale of these tickets to support Arena Authority activities was approved by the City Council as part of the 2009-2010 Adopted Operating Budget (Manager's Budget Addendum #41). This increase in funding for oversight is permitted under the management clause in the San Jose Arena Management contract (Article VI Section 7.03). A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.</p>				
<b>TOTAL ICE CENTRE REVENUE FUND (432)</b>			\$0	\$0
<b>INTEGRATED WASTE MGT FUND (423)</b>				
<i>IDC Disposal Contract</i>	Environmental Services		(\$150,000)	
<p>This action decreases the IDC Disposal Contract appropriation to offset the required increase in the Environmental Services Personal Services appropriation in this fund. International Disposal Corporation (IDC) contract savings were achieved as the actual cost for the annual consumer price index (CPI) increase was lower than budgeted. No service level impacts are anticipated as a result of this reallocation.</p>				
<i>Vacancy Savings Plan</i>	Environmental Services		\$150,000	
<p>Currently, the Environmental Services Department is projected to exceed its Personal Services appropriation in the Integrated Waste Management Fund by \$150,000 as a result of the impacts of employee placements resulting from the 2009-2010 budget process and lower than anticipated vacant positions. To offset this projected overage, this action recommends an increase in the Personal Services appropriation. This action is offset by a reduction in IDC Disposal Contract funding (\$150,000), as discussed above. In addition, the Department will reallocate \$45,000 in savings from overtime to the full-time salaries allocation to align the budget with anticipated expenditures.</p>				
<b>TOTAL INTEGRATED WASTE MGT FUND (423)</b>			\$0	\$0
<b>LOW/MOD INCOME HOUSING FD (443)</b>				
<i>Ending Fund Balance Adjustment</i>	Housing		(\$450,000)	
<p>Decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>LOW/MOD INCOME HOUSING FD (443)</b>				
<b><i>Homeowner Education Program</i></b>	Housing		\$175,000	
Establishes the Homeowner Education Program appropriation to provide funding to the Neighborhood Housing Services of Silicon Valley for a homebuyer education program. As part of the Neighborhood Stabilization Program 2 (NSP2), which provides federal grant funding to all states, and selected local governments, national nonprofits, and national consortiums for the purchase and redevelopment of foreclosed and abandoned homes and residential properties, the City committed to providing funding for a homebuyer education program in order to leverage the \$25 million grant funding. The Housing Trust of Santa Clara County was awarded the \$25 million grant with the City administering \$18 million of the grant funding. This recommendation provides funding to fulfill the commitment made as part of the grant award.				
<b><i>Housing Department Non-Personal/Equipment</i></b>	Housing		(\$300,000)	
Decreases funding for the Housing Department's Non-Personal/Equipment appropriation to offset the augmentation to the Personal Services appropriation as recommended elsewhere in this report. The savings will result from efficiencies in contractual services and eliminating the planned purchase of office furniture.				
<b><i>Housing Paint Program</i></b>	Housing		(\$1,000,000)	
Decreases funding for the Housing Paint Program appropriation as a result of funding needs for other higher priority projects in the fund. The Housing Paint Program was designed to assist low income homeowners in San José with painting their properties to help revitalize the neighborhood. This recommendation will reallocate resources to the Homeowner Education Program (\$175,000), Housing Rehabilitation Loan (\$500,000), and Second-Mortgage Loan Commitment (\$325,000) appropriations.				
<b><i>Housing Rehabilitation Loan</i></b>	Housing		\$500,000	
Increases the Housing Rehabilitation Loan appropriation to provide sufficient funding for 34 approved mobile home grants and loans. This program helps property owners, including owners of rental property, make San José neighborhoods safer and more attractive by helping them repair and repaint their properties.				
<b><i>Interest on Line of Credit</i></b>	Housing		\$450,000	
Increases the Interest on Line of Credit appropriation to provide funding for higher than anticipated interest owed on the line of credit that the Department currently holds. Because the full line of credit was used this year, the interest rate on the line is higher than originally planned.				
<b><i>Loans, Grants, and Site Acquisition</i></b>	Housing		(\$3,000,000)	(\$3,000,000)
Decreases the revenue estimate for Loan Repayments and the corresponding Loans, Grants, and Site Acquisition appropriation to reflect lower than anticipated revenue collections. This funding provides for affordable housing rehabilitation and new housing programs, such as loans to qualified San José residents, for the purpose of rehabilitation or replacement of existing residences.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>LOW/MOD INCOME HOUSING FD (443)</b>				
<b><i>Second-Mortgage Loan Commitment</i></b>	Housing		\$325,000	
<p>Increases the Second-Mortgage Loan Commitment appropriation to provide downpayment assistance for four buyers who are currently under contract to purchase units in new housing developments. The buyers were originally going to use State Building Equity and Growth In Neighborhoods (BEGIN) funds; however, the Department received information from the State that these funds are not available. The buyers do not qualify for the U.S. Department of Housing and Urban Development (HUD) downpayment assistance program because their income exceeds the maximum amount allowed under the federal program; however, they do qualify for assistance under the second-mortgage loan program. This funding will ensure that these buyers are able to stay in contract to purchase a new home.</p>				
<b><i>Vacancy Savings Plan - Housing Department</i></b>	Housing		\$300,000	
<p>Currently, the Housing Department is projected to exceed its Personal Services appropriation by \$300,000 as a result of the impacts of employee placements resulting from the 2009-2010 budget process and lower than anticipated vacant positions. A reallocation of Non-Personal/Equipment funding (\$300,000) is recommended to offset this projected overage, and no service level impacts are anticipated.</p>				
<b>TOTAL LOW/MOD INCOME HOUSING FD (443)</b>			(\$3,000,000)	(\$3,000,000)
<b>M.D. #5 ORCH PKY-PLUMRIA FD (357)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Transportation		(\$35,000)	
<p>Decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<b><i>Maintenance Assessment District Renovations</i></b>	Transportation		\$35,000	
<p>Increases the Department of Transportation's Non-Personal/Equipment appropriation to provide funding for landscape renovation and maintenance in Maintenance Assessment District #5 (Orchard Parkway - Plumeria Drive).</p>				
<b>TOTAL M.D. #5 ORCH PKY-PLUMRIA FD (357)</b>			\$0	\$0
<b>MAJOR COLLECT &amp; ARTRLS FD (421)</b>				
<b><i>Earned Revenue: Major Collectors and Arterials Fees</i></b>	Traffic Capital Program			(\$75,000)
<p>Decreases the revenue estimate for Major Collectors and Arterials Fees as a result of the continued decline in developer activity. The current revenue estimate of \$125,000 is recommended to be revised downward by \$75,000 to \$50,000. A corresponding decrease to the Miscellaneous Street Improvements project is also recommended in this document to offset this adjustment.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>MAJOR COLLECT &amp; ARTRLS FD (421)</b>				
<i>Miscellaneous Street Improvements</i>	Traffic Capital Program		(\$75,000)	
Decreases the Miscellaneous Street Improvements project as part of Traffic Capital Program rebalancing actions necessary due to the reduced revenues in the Major Collectors and Arterials Fund. This project provides funding for the construction of minor transportation infrastructure improvements, such as sidewalk improvements, in conjunction with other City projects or other agency projects.				
<b>TOTAL MAJOR COLLECT &amp; ARTRLS FD (421)</b>			<b>(\$75,000)</b>	<b>(\$75,000)</b>
<b>MULTI-SOURCE HOUSING FD (448)</b>				
<i>Hazard Mitigation Grant Program</i>	Housing		\$150,000	\$150,000
Recognizes grant revenue and establishes the Hazard Mitigation Grant Program appropriation to reflect anticipated grant funding from the Federal Emergency Management Agency (FEMA) for staff costs associated with completing a mobile home inventory in the City. The Housing Department applied for a \$3 million Hazard Mitigation Program funded through FEMA and administered through the California Emergency Management Agency (Cal EMA). The Housing Department was notified by Cal EMA that in order to complete the application approval process, FEMA required a complete inventory of all 2,750 mobile homes within the 10 mobile home parks identified for seismic retrofitting in the City. This grant will fund staffing to complete the mobile homes inventory.				
<b>TOTAL MULTI-SOURCE HOUSING FD (448)</b>			<b>\$150,000</b>	<b>\$150,000</b>
<b>MUNI WATER MAJ FAC FEE FUND (502)</b>				
<i>Earned Revenue: Municipal Water Major Facilities Fees</i>	Water Utility Sys Capital Program			(\$62,000)
Decreases the revenue estimate for the Municipal Water Major Facilities Fees as a result of the continued decline in developer activity. The current revenue estimate of \$100,000 is recommended to be revised downward by \$62,000 to \$38,000. Impacts to the fund are described elsewhere in this section.				
<i>Ending Fund Balance Adjustment</i>	Water Utility Sys Capital Program		(\$62,000)	
Decreases the Ending Fund Balance as a necessary action to offset reduced revenue estimates as described in this section.				
<b>TOTAL MUNI WATER MAJ FAC FEE FUND (502)</b>			<b>(\$62,000)</b>	<b>(\$62,000)</b>
<b>NEIGHBHD SECURITY BOND FD (475)</b>				
<i>Ending Fund Balance Adjustment</i>	Public Safety Capital Program		(\$800,000)	
Decreases the Ending Fund Balance to offset the Fire Station 37 (Willow Glen) action recommended in this report.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>NEIGHBHD SECURITY BOND FD (475)</b>				
<b><i>Fire Station 37 (Willow Glen)</i></b>	Public Safety Capital Program		\$800,000	
Increases the Fire Station 37 (Willow Glen) appropriation by accelerating bond funding currently programmed in 2010-2011 for the Fire Station 37 (Willow Glen) project to 2009-2010. This will allow bond funding to be spent first and extend the ability to use the General Fund (\$800,000) for this project into 2010-2011. A corresponding decrease to the Ending Fund Balance is also recommended.				
<b>TOTAL NEIGHBHD SECURITY BOND FD (475)</b>			\$0	\$0
<b>NSJ TRAFFIC IMPACT FEE FUND (349)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Traffic Capital Program		\$1,024,000	
Increases the Ending Fund Balance to offset the action recommended in this report.				
<b><i>North San José Developer Reimbursement</i></b>	Traffic Capital Program		(\$1,024,000)	
Eliminates the North San José Developer Reimbursement appropriation as a result of a reimbursement to a developer that is no longer necessary. BEA Systems had plans to develop in the North San José (NSJ) area; however, because they had planned developments prior to the establishment of the NSJ Traffic Impact Fee Policy, they were not subject to and assessed the impact fees. BEA Systems had plans for improvements to a building adjacent to their development, which were subject to the impact fees. In an agreement between BEA Systems and the City, BEA Systems would pay for the traffic mitigation and they would not be assessed the impact fees. Because the costs of the mitigation were higher than the impact fees, the City agreed to reimburse BEA Systems the difference. In anticipation of this reimbursement, this appropriation was established. As a result of the economic downturn, BEA Systems rescinded its plans to develop in NSJ. Therefore, this funding is no longer necessary.				
<b>TOTAL NSJ TRAFFIC IMPACT FEE FUND (349)</b>			\$0	\$0
<b>PARKS &amp; REC BOND PROJ FD (471)</b>				
<b><i>Contingency Reserve: Parks and Recreation Bond Projects</i></b>	Parks & Comm Fac Dev Capital Program		(\$540,000)	
Decreases the Contingency Reserve: Parks and Recreation Bond Projects by \$540,000. A related action in this document increases the TRAIL: Guadalupe River Reach VI (Woz Way to Willow Street) project.				
<b><i>Reserve: Soccer Complex</i></b>	Parks & Comm Fac Dev Capital Program		(\$250,000)	
Decreases the Reserve: Soccer Complex appropriation by \$250,000. A related action in this document increases the Soccer Complex project.				
<b><i>Soccer Complex</i></b>	Parks & Comm Fac Dev Capital Program		\$250,000	
Increases the Soccer Complex project by \$250,000. This funding is needed for site survey and design work because it was recently determined that the soccer complex will be constructed at the FMC site near the Airport. A related action in this document decreases the Reserve: Soccer Complex appropriation.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>PARKS &amp; REC BOND PROJ FD (471)</b>				
<b>TRAIL: Guadalupe River Reach VI (Woz Way to Willow Street)</b>	Parks & Comm Fac Dev Capital Program		\$540,000	
Increases the TRAIL: Guadalupe River Reach VI (Woz Way to Willow Street) project by \$540,000 to ensure sufficient funding is available for the construction of a 0.40 mile paved trail, levee improvements, irrigation, landscaping, signage, and a gateway structure along a portion of the Guadalupe River. A related action in this document decreases the Contingency Reserve: Parks and Recreation Bond Projects. However, the Parks, Recreation and Neighborhood Services Department is currently negotiating agreements with the State for grants under the Proposition 50 and Proposition 13 grant programs. If the City is awarded these grants, the Contingency Reserve: Parks and Recreation Bond Projects would be replenished accordingly.				
<b>TOTAL PARKS &amp; REC BOND PROJ FD (471)</b>			\$0	\$0
<b>REDEV CAPITAL PROJECT FD (450)</b>				
<b>SJRA 2009-2010 Budget Rebalancing - Delmas Park Project</b>	Muni Improvements Capital Program		(\$122,000)	
Decreases the Delmas Park Project appropriation (Project Services Memorandum 535) to refund uncommitted project funds to the San Jose Redevelopment Agency (SJRA). This action returns (\$122,000) unspent funds originally allocated for the Housing Department grant program for household exteriors in the Delmas Park Area. This action is recommended as a result of an agreement between the City and SJRA in order to generate savings necessary for SJRA 2009-2010 budget rebalancing efforts. A corresponding transfer appropriation is recommended in this document to offset this action.				
<b>SJRA 2009-2010 Budget Rebalancing - Main Library Demolition</b>	Muni Improvements Capital Program		(\$341,697)	
Decreases the Main Library Demolition Project appropriation (Project Services Memorandum 587) to cancel the project and transfer the remaining balance to the San Jose Redevelopment Agency (SJRA). The original project scope intended to provide for the reallocation of staff and furniture from the old Dr. Martin Luther King Jr. Library to other facilities to prepare for the San José McEnergy Convention Center Expansion Project. This project will now be supported through various City funds, partially funded by project savings returned by the SJRA to the Service Yards Construction and Conveyance Tax Fund that are no longer needed for the old Main Yard in Japantown. This action is recommended as a result of an agreement between the City and SJRA in order to generate savings necessary for SJRA 2009-2010 budget rebalancing efforts. A corresponding transfer appropriation is recommended in this document to offset this action.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>REDEV CAPITAL PROJECT FD (450)</b>				
<p><b><i>SJRA 2009-2010 Budget Rebalancing - Transfer to SJRA</i></b></p> <p>Establishes a Transfer to the Redevelopment Agency - 2009-2010 Budget Rebalancing appropriation to provide additional funding as a result of an agreement between the City and SJRA in order to generate savings necessary for SJRA 2009-2010 budget rebalancing efforts. This action is offset by corresponding reductions to individual projects due to project savings, the cancelation of the project, or a reduction in project funding.</p>	Muni Improvements Capital Program		\$1,190,000	
<p><b><i>SJRA 2009-2010 Budget Rebalancing - Watson Prk Rmdtn &amp; Phs I Imp.</i></b></p> <p>Decreases the Watson Park Remediation and Phase I Improvements project appropriation (Project Services Memorandum 567) to refund project savings to the San Jose Redevelopment Agency (SJRA). This action is recommended as a result of an agreement between the City and SJRA in order to generate savings necessary for SJRA 2009-2010 budget rebalancing efforts. A corresponding transfer appropriation is recommended in this document to offset this action.</p>	Muni Improvements Capital Program		(\$268,000)	
<p><b><i>Watson Park Remediation &amp; Phase I Improvement</i></b></p> <p>Reestablishes funding for the Watson Park Remediation and Phase I Improvements project in order to refund project savings to the San Jose Redevelopment Agency. An increase to the Beginning Fund Balance due to the liquidation of a prior year encumbrance is recommended to offset this action.</p>	Muni Improvements Capital Program		\$68,000	\$68,000
<p><b><i>SJRA 2009-2010 Budget Rebalancing - Fire Station 2 - Rebuild</i></b></p> <p>Decreases the Fire Station 2 - Rebuild project appropriation (Project Services Memorandum 541) to refund project savings to the San Jose Redevelopment Agency (SJRA). This action is recommended as a result of an agreement between the City and SJRA in order to generate savings necessary for SJRA 2009-2010 budget rebalancing efforts. A corresponding transfer appropriation is recommended in this document to offset this action.</p>	Public Safety Capital Program		(\$258,303)	
<p><b><i>Alma Neighborhood Storm Drain Improvements</i></b></p> <p>Decreases the Alma Neighborhood Storm Drain Improvements appropriation as a result of City project management cost savings. This action closes-out the Alma Neighborhood Storm Drain Improvements project. A corresponding increase to Ending Fund Balance is recommended to offset this action.</p>	Storm Sewer Capital Program		(\$2,058)	
<p><b><i>Ending Fund Balance Adjustment</i></b></p> <p>Increases the Ending Fund Balance to offset adjustments recommended in this report.</p>	Storm Sewer Capital Program		\$3,454	
<p><b><i>North San José Rincon Storm System Improvements - Phase II</i></b></p> <p>Decreases the North San José Rincon Storm System Improvements-Phase II appropriation as a result of City project management cost savings. This action closes-out the North San José Rincon Storm System Improvements-Phase II project. A corresponding increase to Ending Fund Balance is recommended to offset this action.</p>	Storm Sewer Capital Program		(\$165)	

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<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>Rincon Pump Station</i></b>	Storm Sewer Capital Program		(\$1,231)	
Decreases the Rincon Pump Station appropriation as a result of City project management cost savings. This action closes-out the Rincon Pump Station project. A corresponding increase to Ending Fund Balance is recommended to offset this action.				
<b><i>SJRA 2009-2010 Budget Rebalancing - Agency Traffic Signal Painting</i></b>	Traffic Capital Program		(\$200,000)	
Decreases the Agency Traffic Signal Painting Project appropriation (Project Services Memorandum 7042) and cancels the project. The original project scope intended to provide for the painting of traffic signals in the Greater Downtown area. Project funding will be transferred to the San Jose Redevelopment Agency (SJRA) as part of the 2009-2010 SJRA Budget rebalancing strategies. This action is recommended as a result of an agreement between the City and SJRA in order to generate savings necessary for SJRA 2009-2010 budget rebalancing efforts. A corresponding transfer appropriation is recommended in this document to offset this action.				
<b>TOTAL REDEV CAPITAL PROJECT FD (450)</b>			<b>\$68,000</b>	<b>\$68,000</b>
<b>RES CONST TAX FUND (420)</b>				
<b><i>Earned Revenue: Residential Construction Tax Contributions</i></b>	Developer Assisted Capital Program			(\$60,000)
Decreases the revenue estimate for Residential Construction Tax Contributions as a result of the continued decline in developer activity. The current revenue estimate of \$100,000 is recommended to be revised downward by 60% to \$40,000. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
<b><i>Ending Fund Balance Adjustment</i></b>	Developer Assisted Capital Program		(\$60,000)	
Decreases the Ending Fund Balance as a necessary action to offset reduced revenue estimates as described in this section.				
<b>TOTAL RES CONST TAX FUND (420)</b>			<b>(\$60,000)</b>	<b>(\$60,000)</b>
<b>SANITARY SEWER CONN FEE FD (540)</b>				
<b><i>Earned Revenue: Sanitary Sewer Connection Fees</i></b>	Sanitary Sewer Capital Program			(\$250,000)
Decreases the revenue estimate for Sanitary Sewer Connection Fees as a result of the continued decline in developer activity. The current revenue estimate of \$500,000 is recommended to be decreased by 50% to \$250,000. Impacts to the projects funded by these fees are described elsewhere in this section.				
<b><i>Edenvale Sanitary Sewer Supplement, Phases VA and VB</i></b>	Sanitary Sewer Capital Program		(\$4,120,000)	
Decreases the Edenvale Sanitary Sewer Supplement, Phases VA and VB project in order to offset actions recommended in this report. Due to development not occurring in the Coyote Valley, this project has been put on hold.				
<b><i>Ending Fund Balance Adjustment</i></b>	Sanitary Sewer Capital Program		\$19,000	
This action increases the Ending Fund Balance as a result of the decrease in the Public Art appropriation.				



## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SANITARY SEWER CONN FEE FD (540)</b>				
<b><i>Miscellaneous Projects</i></b>				
<p>Increases the Miscellaneous Projects appropriation in the Sanitary Sewer Connection Fee Fund to accelerate urgent improvements and repairs identified by the Department of Transportation. Projects that will be funded out of the Miscellaneous Projects appropriation include Chant Court and Kollmar Drive Sanitary Sewer Rehabilitation, Balsa-Husted Avenue Sanitary Sewer Rehabilitation, Dorel Drive Sanitary Sewer Rehabilitation, Westgate Avenue Sanitary Sewer Rehabilitation, Department of Transportation projects in the East Area and South Area, Palmia Sanitary Sewer Repair, and Gold Street Sanitary Sewer Extension. Funds reallocated to this appropriation may also be used to reimburse developers that performed repairs or improvements on behalf of the City on the Newhall, Baypointe, Story Road, and River Oaks Sanitary Sewers. A decrease in the Edenvale Sanitary Sewer Supplement, Phase VA and VB project, is recommended as part of this document to provide funding for this project.</p>	Sanitary Sewer Capital Program		\$2,220,000	
<b><i>Miscellaneous Rehabilitation Projects</i></b>				
<p>Increases the Miscellaneous Rehabilitation Projects appropriation in the Sanitary Sewer Connection Fee Fund to accelerate urgent improvements and repairs identified by the Department of Transportation. Projects that will be funded out of the Miscellaneous Rehabilitation Projects appropriation include Chant Court and Kollmar Drive Sanitary Sewer Rehabilitation, Balsa-Husted Avenue Sanitary Sewer Rehabilitation, Dorel Drive Sanitary Sewer Rehabilitation, Westgate Avenue Sanitary Sewer Rehabilitation, Department of Transportation projects in the East Area and South Area, Palmia Sanitary Sewer Repair, and Gold Street Sanitary Sewer Extension. Funds reallocated to this appropriation may also be used to reimburse developers that performed repairs or improvements on behalf of the City on the Newhall, Baypointe, Story Road, and River Oaks Sanitary Sewers. A decrease in the Edenvale Sanitary Sewer Supplement, Phase VA and VB project, is recommended as part of this document to provide funding for this project.</p>	Sanitary Sewer Capital Program		\$1,000,000	
<b><i>Program Management</i></b>				
<p>Increases the Program Management appropriation by \$650,000. This funding will be used for pre-engineering and scope refinement of the Jacob Avenue, Campbell Avenue, Parkmoor-Meridian, Husted Avenue, and Emory Street Sanitary Sewer Improvements, as well as for conceptual sewer configurations and other preliminary analyses for the North San José and Midtown areas. Savings from the Edenvale Sanitary Sewer Supplement, Phases VA and VB are available to offset this recommended increase as described in this document.</p>	Sanitary Sewer Capital Program		\$650,000	
<b><i>Public Art</i></b>				
<p>This action eliminates the appropriation to the Office of Economic Development for Public Art in the Sanitary Sewer Connection Fee Fund. Restrictions on the revenues in this fund make it ineligible to pay for public art.</p>	Sanitary Sewer Capital Program		(\$19,000)	
<b>TOTAL SANITARY SEWER CONN FEE FD (540)</b>			(\$250,000)	(\$250,000)

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SEWER SVC &amp; USE CHG CAP FD (545)</b>				
<b><i>Earned Revenue: Miscellaneous Revenue</i></b>	Sanitary Sewer Capital Program			\$4,230,000
Increases the Earned Revenue estimate for Miscellaneous Revenue that was received this year. This revenue was collected as a reimbursement from Caltrans for portions of the Highway 87 and San José Sanitary Sewer Phase II projects. These projects were only partially completed due to unforeseen construction challenges, and it was uncertain whether Caltrans would reimburse the City for the City's portion of the work. The lump-sum payment received this year was the result of an amended Utility Agreement with Caltrans approved by the City Council in December 2009.				
<b><i>Ending Fund Balance Adjustment</i></b>	Sanitary Sewer Capital Program		\$4,230,000	
This action increases the Ending Fund Balance to offset the action described in this report.				
<b>TOTAL SEWER SVC &amp; USE CHG CAP FD (545)</b>			\$4,230,000	\$4,230,000
<b>SJ-SC TRMNT PLANT CAP FUND (512)</b>				
<b><i>Dissolved Air Flotation Pressure Retention Tank &amp; Valves</i></b>	Water Pollution Control Capital Program		\$50,000	
This action reestablishes the Dissolved Air Flotation Pressure Retention Tank & Valves appropriation to provide additional funding for staff costs needed to complete the project. Initially, these staff were expected to work on operating and maintenance projects and their time was budgeted in the San José Santa Clara Treatment Plant Operating Fund. Ultimately, however, the capital project required additional staff support. A corresponding action is recommended in this document to decrease the Environmental Services Personal Services appropriation in the San José/Santa Clara Treatment Plant Operating Fund, where the staff costs were initially budgeted.				
<b><i>Ending Fund Balance Adjustment</i></b>	Water Pollution Control Capital Program		(\$195,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>M5, Ringbuss, &amp; Cable Replacement</i></b>	Water Pollution Control Capital Program		\$145,000	
This action reestablishes the M5, Ringbuss, & Cable Replacement appropriation to provide additional funding for staff costs needed to complete the project. Initially, these staff were expected to work on operating and maintenance projects and their time was budgeted in the San José Santa Clara Treatment Plant Operating Fund. Ultimately, however, the capital project required additional staff support. A corresponding action is recommended in this document to decrease the Environmental Services Personal Services appropriation in the San José/Santa Clara Treatment Plant Operating Fund, where the staff costs were initially budgeted.				
<b>TOTAL SJ-SC TRMNT PLANT CAP FUND (512)</b>			\$0	\$0
<b>SJ-SC TRMNT PLANT OPER FUND (513)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Environmental Services		\$226,680	
Increases the Ending Fund Balance to offset the actions recommended in this report.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SJ-SC TRMNT PLANT OPER FUND (513)</b>				
<b><i>Staffing Reallocation</i></b>	Environmental Services		(\$195,000)	
Decreases the Environmental Services Personal Services appropriation. While it was initially expected that certain engineering staff would be working on operating and maintenance projects, their time is actually required for the completion of two capital projects: the M5, Ringbuss, and Cable Replacement project, and the Dissolved Air Flootation Pressure Retention Tank and Valves project. There are corresponding actions in the San José/Santa Clara Treatment Plant Capital Fund to augment these projects.				
<b><i>Watershed Protection Division Office Space</i></b>	Environmental Services		(\$247,500)	
Decreases the Environmental Services Non-Personal/Equipment appropriation to eliminate funding for the Watershed Protection Division to lease office space. It was anticipated that the Division would be displaced from the old Dr. Martin Luther King, Jr. Library (old MLK) this year due to the potential Convention Center expansion and lease third-party office space. Currently, the Watershed Protection Division is anticipated to remain in old MLK through June 2010, and it is proposed that the Division then be relocated to City Hall. The ongoing value of the elimination in this Fund (513) is \$297,000. A related action in the Storm Sewer Operating Fund eliminates an additional \$127,000 for the anticipated third-party lease costs this year, which will total \$153,000 on an ongoing basis. Other related actions described elsewhere in this report provide additional funding for Watershed Protection Division old MLK rent through June 2010.				
<b><i>Watershed Protection Division Old MLK Rent</i></b>	Environmental Services		\$56,232	
Increases the Transfer to the General Fund - Old MLK Rent to provide additional funding for the Watershed Protection Division's rental costs at the old Dr. Martin Luther King, Jr. Library (old MLK). It was anticipated that the Watershed Protection Division would move out of the old MLK building September 2009 to allow for the potential Convention Center expansion. The Watershed Protection Division is now anticipated to remain in the old MLK building through June 2010, and it is proposed that the Division then be relocated to City Hall.				
<b><i>City Staff Relocations from Old MLK Library</i></b>	General Services		\$159,588	
Establishes an appropriation for the moving costs associated with relocating staff located at the old Dr. Martin Luther King, Jr. Library (old MLK) to City Hall. Currently, there are approximately 80 positions from Environmental Services (Watershed Protection) located at the old MLK. Due to reductions that have occurred in departments currently located at City Hall, additional space has been identified that can house this staff. An associated action in the Storm Sewer Operating Fund provides additional funding (\$82,212) for this move.				
<b>TOTAL SJ-SC TRMNT PLANT OPER FUND (513)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>STORM DRAINAGE FEE FUND (413)</b>				
<b><i>Earned Revenue: Storm Drainage Fees</i></b>	Storm Sewer Capital Program			(\$50,000)
Decreases the revenue estimate for Storm Drainage Fees as a result of the continued decline in developer activity. The current revenue estimate of \$125,000 is recommended to be revised downward by \$50,000 to \$75,000. Impacts on the projects funded by these fees are described elsewhere in this section.				
<b><i>Ending Fund Balance Adjustment</i></b>	Storm Sewer Capital Program		(\$25,000)	
Decreases the Ending Fund Balance as a necessary action to offset reduced revenue estimates as described in this section.				
<b><i>Storm Drainage Improvements - Special Corridors</i></b>	Storm Sewer Capital Program		(\$25,000)	
This action decreases the Storm Drainage Improvements - Special Corridors appropriation in order to partially offset the decrease in revenues. Savings are available in this appropriation because it has been determined that there is currently not enough revenue in this fund to construct a project of an efficient scope in the Special Corridors.				
<b>TOTAL STORM DRAINAGE FEE FUND (413)</b>			<b>(\$50,000)</b>	<b>(\$50,000)</b>
<b>STORM SEWER OPERATING FD (446)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Environmental Services		\$1,451,738	
This action increases the Ending Fund Balance to offset the actions in this report.				
<b><i>Loan Repayment - Sewage Treatment Plant Connection Fee Fund</i></b>	Environmental Services		(\$1,435,249)	
Decreases the Loan Repayment to the Sewage Treatment Plant Connection Fee Fund to approximately \$365,000, which is the actual outstanding loan amount. When this year's payment was calculated for the 2009-2010 budget, one large interest payment that had already taken place was not accounted for. In addition, the actual interest rate was lower than had been assumed. It is anticipated that this long term loan, made in 1990 to finance the establishment of a storm sewer program, will be paid off with this action.				
<b><i>Reserve for Stormwater Permit</i></b>	Environmental Services		(\$350,000)	
Decreases the Reserve for Permit appropriation to offset two corresponding actions described below, which would further implementation efforts related to provisions of the Stormwater Municipal Regional Permit, which are effective July 1, 2010.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>STORM SEWER OPERATING FD (446)</b>				
<b><i>Stormwater Permit - Environmental Services Department</i></b>				
<p>Increases the Environmental Services Department's Non-Personal/Equipment appropriation to fund immediate needs arising out of the regional National Pollutant Discharge Elimination System (NPDES) permit adopted by the Regional Water Quality Control Board in October 2009. Of this amount, \$150,000 is recommended for consultant support for the City's compliance with the New and Redevelopment provision of the permit, which requires that the City implement certain low impact development measures in new construction. The remaining \$50,000 is recommended for pump station monitoring equipment and for the development of the Collection System Screening Program, which will monitor the quality of water at pump stations that discharge to creeks.</p>	Environmental Services		\$200,000	
<b><i>Watershed Protection Division Office Space</i></b>				
<p>Decreases the Environmental Services Non-Personal/Equipment appropriation to eliminate Watershed Protection Division office space funding. It was anticipated that the Division would be displaced from the old Dr. Martin Luther King, Jr. Library (old MLK) this year due to the potential Convention Center expansion and lease third-party office space. It is now anticipated that the Watershed Protection Division will remain in the old MLK building through June 2010, and it is proposed that the Division then be relocated to City Hall. The ongoing value of this elimination in this Fund (446) is \$153,000. A related action in the San José/Santa Clara Treatment Plant Operating Fund eliminates an additional \$247,500 for the anticipated third-party lease costs this year, which will total \$297,000 on an ongoing basis. Related actions described elsewhere in this report provide additional funding for Watershed Protection Division old MLK rent through the end of June.</p>	Environmental Services		(\$127,500)	
<b><i>Watershed Protection Division Old MLK Rent</i></b>				
<p>Increases the Transfer to the General Fund - Old MLK Rent to provide additional funding for the Watershed Protection Division's rental costs at the old Dr. Martin Luther King, Jr. Library (old MLK). It was anticipated that the Watershed Protection Division would move out of the old MLK building September 2009 to allow for the potential Convention Center expansion. It is now anticipated that the Watershed Protection Division will remain in the old MLK building through June 2010, and it is proposed that the Division then be relocated to City Hall.</p>	Environmental Services		\$28,799	
<b><i>City Staff Relocations from Old MLK Library</i></b>				
<p>Establishes an appropriation for the moving costs associated with relocating staff located at the old Dr. Martin Luther King, Jr. Library (old MLK) to City Hall. Currently, there are approximately 80 positions from Environmental Services (Watershed Protection) located at the old MLK. Due to reductions that have occurred in departments currently located at City Hall, additional space has been identified that can house this staff. An associated action in the San José/Santa Clara Treatment Plant Operating Fund provides additional funding (\$159,588) for this move.</p>	General Services		\$82,212	

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>STORM SEWER OPERATING FD (446)</b>				
<i>Permit Requirements - Public Works Department</i>				
<p>Increases the Public Works Department Personal Services (\$50,000) and Non-Personal/Equipment (\$100,000) appropriations in this Fund to support immediate needs arising out of the regional National Pollutant Discharge Elimination System (NPDES) permit adopted by the Regional Water Quality Control Board in October 2009 and the new General Construction Permit, which is effective July 1, 2010. Of the total amount, \$100,000 will be appropriated for consultant support for training and equipment required to comply with new General Construction Permit requirements. Effective July 1, 2010, the permit requires that construction managers have staff and equipment that can monitor the quality of construction site water runoff. The remaining \$50,000 will support the development of a green street pilot conceptual design. The design must be completed by April 2010, when the Proposition 84 grant cycle opens. The conceptual design will be used to apply for grant funding for the Green Street Pilot Projects, which may include: permeable pavement, curb cuts that facilitate draining to a planted median, street trees, and planted medians.</p>	Public Works		\$150,000	
			\$0	\$0
<b>TOTAL STORM SEWER OPERATING FD (446)</b>				
<b>SUBDIVISION PARK TRUST FUND (375)</b>				
<i>Cypress Senior Center Parking Lot Expansion and Outdoor Patio</i>				
<p>Increases the Cypress Senior Center Parking Lot Expansion and Outdoor Patio project by \$48,000. Additional funding is needed for amenities not included in the original project scope, such as repaving the original parking lot and purchasing a new trash enclosure.</p>	Parks & Comm Fac Dev Capital Program		\$48,000	
<i>Luna Turnkey Park Design Review and Inspection</i>				
<p>Increases the Luna Turnkey Park Design Review and Inspection project by \$10,000. In order to fulfill its parkland dedication ordinance obligation, the developer (Taylor-Morrison of California, LLC) is constructing a new turnkey park near Berryessa Road and Oakland Road, with the Department of Public Works providing design review and inspection services. However, since construction of the park is taking longer than originally anticipated, the design review and inspection costs have increased as well. This action ensures that sufficient funding is available in the project budget for the Department of Public Works to complete all necessary design review and inspection.</p>	Parks & Comm Fac Dev Capital Program		\$10,000	

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SUBDIVISION PARK TRUST FUND (375)</b>				
<p><b><i>Madden Ave/Jackson Ave Turnkey Park Design Review and Inspection</i></b></p> <p>Increases the Madden Avenue/Jackson Avenue Turnkey Park Design Review and Inspection project by \$15,000. In order to fulfill its parkland dedication ordinance obligation, the developer (Falk Development, Inc.) is constructing a new turnkey park near Madden Avenue and Jackson Avenue, with the Department of Public Works providing design review and inspection services. However, since construction of the park is taking longer than originally anticipated, the design review and inspection costs have increased as well. This action ensures that sufficient funding is available in the project budget for the Department of Public Works to complete all necessary design review and inspection.</p>	Parks & Comm Fac Dev Capital Program		\$15,000	
<p><b><i>Penitencia Creek Park Play Lot Renovation</i></b></p> <p>Establishes the Penitencia Creek Park Play Lot Renovation project. Funding is needed to renovate two antiquated play lots at Penitencia Creek Park. Project elements include removal of existing equipment at the play areas, installation of rubber surfacing in the tot lot and swing areas, installation of half rubber and half fibar in the youth area, and installation of new play equipment including swings. A related action in this document decreases the Reserve: Penitencia Creek Park Play Lot Renovation appropriation.</p>	Parks & Comm Fac Dev Capital Program		\$600,000	
<p><b><i>Reserve: Future PDO/PIFO Projects</i></b></p> <p>Decreases the Reserve: Future PDO/PIFO Projects to offset actions recommended in this report.</p>	Parks & Comm Fac Dev Capital Program		(\$978,000)	
<p><b><i>Reserve: North Council District 3 Park Acquisition and Development</i></b></p> <p>Eliminates the Reserve: North Council District 3 Park Acquisition and Development allocation. A related action in this document establishes the Watson Park (Phase II) Soccer Field Development project for \$1,100,000, which is funded by the Reserve: North Council District 3 Park Acquisition and Development allocation (\$195,000) and the Reserve: Future PDO/PIFO Projects (\$905,000).</p>	Parks & Comm Fac Dev Capital Program		(\$195,000)	
<p><b><i>Reserve: Penitencia Creek Park Play Lot Renovation</i></b></p> <p>Eliminates the Reserve: Penitencia Creek Park Play Lot Renovation appropriation. A related action in this document establishes the Penitencia Creek Park Play Lot Renovation project.</p>	Parks & Comm Fac Dev Capital Program		(\$600,000)	

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SUBDIVISION PARK TRUST FUND (375)</b>				
<b><i>Watson Park (Phase II) Soccer Field Development</i></b>	Parks & Comm Fac Dev Capital Program		\$1,100,000	
<p>Establishes a new allocation totaling \$1,100,000 for the Watson Park (Phase II) Soccer Field Development project. This allocation provides funding for the development of a lighted artificial turf soccer field adjacent to the lighted natural turf soccer fields that is being constructed in Phase I of the Watson Park project. The artificial turf field will be developed on a portion of the park that is not being developed as part of the Phase I project. A portion of the funding needed for this project will be reallocated from Reserve: North District 3 Park Acquisition and Development appropriation (\$195,000) with the remaining funds coming from the Reserve: Future PDO/PIFO Projects (\$905,000). Elsewhere in this document is a recommendation to allocate additional funding of \$404,000 from the Council District 3 Construction and Conveyance Tax Fund for this project.</p>				
<b>TOTAL SUBDIVISION PARK TRUST FUND (375)</b>			\$0	\$0
<b>SUPPL LAW ENF SVCES FUND (414)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Police		(\$9,625)	
<p>Reduces the Ending Fund Balance to fund an action recommended in this report.</p>				
<b><i>SLES Grant 2008-2010</i></b>	Police		\$9,625	
<p>This action appropriates unexpended and unencumbered interest revenue in order to use the funding before the grant spending deadline of June 30, 2010.</p>				
<b>TOTAL SUPPL LAW ENF SVCES FUND (414)</b>			\$0	\$0
<b>SWG TRMNT PLNT CON FEE FD (539)</b>				
<b><i>Interest Income</i></b>	Environmental Services			(\$150,000)
<p>This action decreases the revenue estimate for interest income as a result of lower than expected actual cash balances and interest rates.</p>				
<b><i>Loan Repayment from the Storm Sewer Operating Fund</i></b>	Environmental Services			(\$1,435,249)
<p>Decreases the Loan Repayment from the Storm Sewer Operating Fund to approximately \$365,000, which is the actual outstanding amount of the loan. When this year's payment had been calculated for the 2009-2010 budget, one large interest payment that had already taken place was not accounted for. In addition to this, the actual interest rate was lower than had been assumed in the budgetary calculation. It is anticipated that this long term loan, made in 1990 to finance the establishment of a storm sewer program, will be paid off with this action.</p>				
<b><i>Reserve for Treatment Plant Expansion</i></b>	Environmental Services		(\$2,685,249)	
<p>This action reduces the Reserve for Treatment Plant Expansion to offset actions taken in this document. Upon approval of these actions, \$12.3 million will be remaining in this reserve.</p>				



## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SWG TRMNT PLNT CON FEE FD (539)</b>				
<i>Treatment Plant Connection Fees</i>	Environmental Services			(\$1,100,000)
<p>This action decreases the revenue estimates for the Treatment Plant Connection Fees by 50% to \$1.1 million. Due to the continuing impact of the recent recession on development activity, actual receipts of developer fee revenues have been very low and are expected to remain so through the end of the year.</p>				
<b>TOTAL SWG TRMNT PLNT CON FEE FD (539)</b>			<b>(\$2,685,249)</b>	<b>(\$2,685,249)</b>
<b>UNDERGROUND UTILITY FUND (416)</b>				
<i>Ending Fund Balance Adjustment</i>	Developer Assisted Capital Program		(\$8,000)	
<p>Decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Public Works Capital Management Costs</i>	Developer Assisted Capital Program		\$8,000	
<p>Increases the Public Works Capital Management (PWCAP) appropriation to reflect actual expenditures. The PWCAP rate was developed based on estimated annual personnel and consultant charges; however, due to higher than expected activity levels for which the PWCAP rate is charged upon, anticipated expenditures in these categories, an increase of \$8,000 is needed to account for this increased activity. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
<i>Underground In-Lieu Utility Fee Collections</i>	Developer Assisted Capital Program		(\$400,000)	(\$400,000)
<p>Reduces the estimate for Underground In-Lieu Utility Fee Collections from \$950,000 to \$550,000 with a corresponding decrease to the Underground Utility appropriation to more accurately reflect actual revenue collections and lower than anticipated utility undergrounding project activity in this fund.</p>				
<b>TOTAL UNDERGROUND UTILITY FUND (416)</b>			<b>(\$400,000)</b>	<b>(\$400,000)</b>
<b>VEHICLE MAINT &amp; OPER FUND (552)</b>				
<i>Fuel Savings</i>	General Services		(\$400,000)	(\$400,000)
<p>The 2009-2010 Adopted Budget assumed a higher average price per gallon for fuel than has been experienced in the first six months of the year. Based on the projected fuel costs for the remainder of the year, inventory (fuel and parts) is expected to end the year with savings of approximately \$400,000. Therefore, a decrease is recommended to the Inventory appropriation and corresponding Departmental Charges Transfer. Corresponding decreases to the Police Department and the Department of Transportation's Non-Personal/Equipment appropriations are also recommended elsewhere in this document.</p>				
<b>TOTAL VEHICLE MAINT &amp; OPER FUND (552)</b>			<b>(\$400,000)</b>	<b>(\$400,000)</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>WATER UTILITY CAPITAL FUND (500)</b>				
<b><i>Advance System Design</i></b>	Water Utility Sys Capital Program		(\$140,000)	
This action decreases the Advance System Design appropriation. Due to lower than anticipated developer activity, costs for system design have been low and are expected to remain so for the remainder of the year.				
<b><i>Earned Revenue: Water Utility System Fees</i></b>	Water Utility Sys Capital Program			(\$620,000)
Decreases the revenue estimates for the Municipal Water Advance System Design Fee, the Municipal Water Meter Installation Fee, and the Municipal Water Service Connection Fee as a result of the continued decline in developer activity. The current revenue estimate of \$250,000 for the Municipal Water Advance System Design Fee is recommended to be revised downward by \$220,000 to \$30,000. The current revenue estimate of \$200,000 for the Municipal Water Meter Installation Fee is recommended to be revised downward by \$170,000 to \$30,000. The current revenue estimate of \$380,000 for the Municipal Water Service Connection Fee is recommended to be revised downward by \$230,000 to \$150,000. Impacts to the projects funded by these fees are described elsewhere in this section.				
<b><i>Ending Fund Balance Adjustment</i></b>	Water Utility Sys Capital Program		(\$220,000)	
Decreases the Ending Fund Balance as a necessary action to offset reduced revenue estimates as described in this section.				
<b><i>Meter Installations</i></b>	Water Utility Sys Capital Program		(\$70,000)	
This action decreases the appropriation for Meter Installations. Due to the economic slowdown, demand for meter installations has been low and is not expected to pick up for the remainder of the year.				
<b><i>North First Street Parallel Main</i></b>	Water Utility Sys Capital Program		(\$90,000)	
This action decreases the North First Street Parallel Main project to offset the decrease in revenues in this fund. Savings are available in the North First Street Parallel Main project due to lower than expected construction contract costs.				
<b><i>Service Installations</i></b>	Water Utility Sys Capital Program		(\$100,000)	
This action decreases the appropriation for Service Installations. Due to the continued economic slowdown and decreased developer activity, costs for service installations have been low and are expected to remain so for the remainder of the year.				
<b>TOTAL WATER UTILITY CAPITAL FUND (500)</b>			(\$620,000)	(\$620,000)
<b>WORKFORCE INVSTMNT ACT FD (290)</b>				
<b><i>Administration</i></b>	Economic Development		\$135,223	\$135,223
Recognizes reimbursement and appropriates unspent funding from the 2008-2009 State allocation for the Administration appropriation.				
<b><i>Adult Workers</i></b>	Economic Development		(\$623,622)	(\$623,622)
Reduces the Adult Workers appropriation and corresponding estimate for Earned Revenue to align the 2009-2010 budget with the remaining funds available in the 2009-2010 State allocation. This downward adjustment reflects less carryover savings than were anticipated in the 2008-2009 Annual Report.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>WORKFORCE INVSTMNT ACT FD (290)</b>				
<b><i>Adult Workers Reallocation (from Dislocated Workers)</i></b>	Economic Development		\$1,725,272	
Increases the Adult Workers appropriation to budget all remaining unspent funds from the 2008-2009 State allocation for Dislocated Workers. As a pilot program, the State Employment Development Department combined the Dislocated Worker and Adult Worker Programs into one for the 2008-2009 grant allocation. This action combines the remaining funds as part of this pilot effort. A corresponding decrease to the Dislocated Workers appropriation is recommended below to offset this action.				
<b><i>Capacity Building Learning Lab Program</i></b>	Economic Development		\$15,500	\$15,500
Establishes the Capacity Building Learning Lab Program appropriation. The State Employment Development Department awarded \$15,500 for a Capacity Building Learning Lab to be used for capacity building activities and staff development and partners training at the three One-Stop centers to advance integration efforts of workforce investment areas. The term of this grant is from October 1, 2008 to December 31, 2010. A corresponding increase in Earned Revenue is recommended to offset this action.				
<b><i>Dislocated Workers</i></b>	Economic Development		\$1,211,352	\$1,211,352
Recognizes reimbursement revenue and appropriates unspent funding from the 2008-2009 State allocation for Dislocated Workers.				
<b><i>Dislocated Workers Reallocation (to Adult Workers)</i></b>	Economic Development		(\$1,725,272)	
Decreases the Dislocated Workers appropriation to reallocate all remaining unspent funds from the 2008-2009 State allocation for Dislocated Workers. As a pilot program, the State Employment Development Department combined the Dislocated Worker and Adult Worker Programs into one for the 2008-2009 grant allocation. This action reflects the remaining funds as part of this pilot effort. A corresponding increase to the Adult Workers appropriation (\$1,725,272), and an offsetting increase to the Dislocated Workers Appropriation (\$1,211,352), are recommended above.				
<b><i>New Start Program: Prison-to-Employment</i></b>	Economic Development		\$138,741	\$138,741
Establishes the New Start Program: Prison-to-Employment appropriation for the discretionary funding awarded to work2future from the State Workforce Investment Act. The program is intended to increase the likelihood of inmates securing employment upon their release from prison, which will help reduce recidivism. work2future will utilize these funds to improve the vocational aptitude of offenders while in custody and provide client-related services to parolees, including job search seminars, individual employment plans, employment referrals, job development workshops, supportive services, and job retention follow-up services. The terms of these grants are from June 30, 2009 to June 30, 2010 (\$50,269) and September 30, 2010 (\$88,472), respectively. A corresponding increase in Earned Revenue is recommended to offset this action.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2009-2010 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>WORKFORCE INVSTMNT ACT FD (290)</b>				
<b>Rapid Response</b>	Economic Development		(\$25,998)	(\$25,998)
Decreases the Rapid Response appropriation and corresponding estimate for Earned Revenue to align budgeted amounts, including carryover encumbrances, with the remaining available funds per the 2009-2010 State allocation.				
<b>Recovery Act - Green Jobs</b>	Economic Development		\$40,000	\$40,000
Establishes the Recovery Act - Green Jobs appropriation and recognizes the corresponding revenue from the State of California's Employment Development Department Workforce Investment Act to provide outreach services to recruit participants for technical training with the Greater South Bay Green Jobs Corps program. A corresponding increase to the estimate for Recovery Act - Federal Revenue is recommended.				
<b>Recovery Act - Rapid Response 25 Percent Funds</b>	Economic Development		\$902,329	\$902,329
Establishes the Recovery Act - Rapid Response 25 Percent Funds appropriation to allocate funding from the State of California's Employment Development Department to augment support of dislocated worker training to address a 500% increase in demand for services which exceeds the capacity of existing resources. This grant funding is provided with the specific purpose of substantially increasing the number of dislocated workers trained and cannot be transferred to another funding category (for example Adult Workers). A corresponding increase to the estimate for Recovery Act - Federal Revenue is recommended to offset this action.				
<b>Silicon Valley Small Business Assistance Portal Project</b>	Economic Development		\$245,643	\$245,643
Establish the Silicon Valley Small Business Assistance (SBA) Portal Project appropriation. In October 2009, the work2future program was notified by the United States Small Business Administration that it was a recipient of a grant award for the Silicon Valley SBA Portal project to enhance the current BusinessOwnerSpace.com (BOS) website. This project provides funding to establish a broader array of services on the BOS website such as information on access to loans, securing permits, greening one's business, hiring qualified employees and better use of technology and e-commerce. work2future will use the grant award to enhance the current BOS website to make it much easier for small businesses to secure information and identify the resources they need to start and grow their business. The term of this grant is from September 30, 2009 to December 31, 2010. A corresponding increase in Earned Revenue is recommended to offset this action.				
<b>Youth Workers</b>	Economic Development		\$968,187	\$968,187
Recognizes reimbursement revenue and appropriates unspent funding from the 2008-2009 State allocation for Youth Workers.				
<b>TOTAL WORKFORCE INVSTMNT ACT FD (290)</b>			<b>\$3,007,355</b>	<b>\$3,007,355</b>

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Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
<b>CAPITAL PROJECTS</b>						
City Hall Outstanding Needs			(\$120,000)	(\$120,000)		(\$120,000)
Watson Site Clean-up and Restoration			(\$2,258,000)	(\$2,258,000)		(\$2,258,000)
<b>CAPITAL PROJECTS Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,378,000)</b>	<b>(\$2,378,000)</b>	<b>\$0</b>	<b>(\$2,378,000)</b>
<b>CITY-WIDE EXPENSES</b>						
2009 COPS Technology Program Grant			\$675,733	\$675,733	\$675,733	\$0
2009 Urban Shield Exercises			\$31,380	\$31,380	\$31,380	\$0
2009-2010 Anti Drug Abuse Grant			\$183,187	\$183,187	\$183,187	\$0
Arena Authority			\$28,082	\$28,082	\$28,082	\$0
Bulletproof Vest Partnership Grant			\$47,938	\$47,938	\$47,938	\$0
City Staff Relocations from Old MLK Library			\$267,000	\$267,000	\$85,031	\$181,969
Energy Efficiency Program			\$61,893	\$61,893	\$61,893	\$0
False Claims Act Litigation Settlement			\$366,782	\$366,782	\$778,022	(\$411,240)
IAFF Binding Interest Arbitration			\$400,000	\$400,000		\$400,000
Labor/Employee Relations Consultant Funding			\$250,000	\$250,000		\$250,000
Parking Citations Processing			(\$138,960)	(\$138,960)		(\$138,960)
Parking Citations/Jail Courthouse Fees			(\$250,000)	(\$250,000)		(\$250,000)

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Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
<b>CITY-WIDE EXPENSES</b>						
Recovery Act - 2009 Anti-Human Trafficking Task Force			\$28,000	\$28,000	\$28,000	\$0
Recovery Act - Energy Efficiency and Conservation Block Grant			\$540	\$540	\$540	\$0
SJRA 2009-2010 Budget Rebalancing - San José BEST Rebudget			(\$50,000)	(\$50,000)	(\$50,000)	\$0
San José After School - Yr 3 District Contracts (21st Century Program Grant)			(\$57,863)	(\$57,863)	(\$57,863)	\$0
San José After School - Yr 4 District Contracts (After School Education and Safety Programs Grant)			\$859,820	\$859,820	\$859,820	\$0
Vacancy Savings Plan - Enterprise Content Management			(\$103,000)	(\$103,000)		(\$103,000)
Watson Park Settlement			\$1,746,000	\$1,746,000		\$1,746,000
Workers' Compensation State License			\$234,467	\$234,467		\$234,467
<b>CITY-WIDE EXPENSES Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,580,999</b>	<b>\$4,580,999</b>	<b>\$2,671,763</b>	<b>\$1,909,236</b>
<b>EARMARKED RESERVES</b>						
Economic Uncertainty Reserve			(\$4,500,000)	(\$4,500,000)		(\$4,500,000)
Fuel Reserve			(\$500,000)	(\$500,000)		(\$500,000)
Salary and Benefit Reserve			(\$400,000)	(\$400,000)		(\$400,000)
Vacancy Savings Plan - Building Earmarked Reserve			(\$400,000)	(\$400,000)		(\$400,000)
<b>EARMARKED RESERVES Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,800,000)</b>	<b>(\$5,800,000)</b>	<b>\$0</b>	<b>(\$5,800,000)</b>

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Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
<b>ECONOMIC DEVELOPMENT</b>						
Vacancy Savings Plan	\$33,000	(\$33,000)		\$0		\$0
<b>ECONOMIC DEVELOPMENT Total</b>	<b>\$33,000</b>	<b>(\$33,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>GENERAL SERVICES</b>						
Animal Care Services Licensing Staff	\$65,000	\$15,000		\$80,000	\$80,000	\$0
Vacancy Savings Plan	\$125,000	(\$125,000)		\$0		\$0
<b>GENERAL SERVICES Total</b>	<b>\$190,000</b>	<b>(\$110,000)</b>	<b>\$0</b>	<b>\$80,000</b>	<b>\$80,000</b>	<b>\$0</b>
<b>HUMAN RESOURCES</b>						
Deferred Compensation Consulting Services		\$20,000		\$20,000	\$20,000	\$0
<b>HUMAN RESOURCES Total</b>	<b>\$0</b>	<b>\$20,000</b>	<b>\$0</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$0</b>
<b>INFORMATION TECHNOLOGY</b>						
Vacancy Savings Plan	\$134,500	(\$31,500)		\$103,000		\$103,000
<b>INFORMATION TECHNOLOGY Total</b>	<b>\$134,500</b>	<b>(\$31,500)</b>	<b>\$0</b>	<b>\$103,000</b>	<b>\$0</b>	<b>\$103,000</b>
<b>LIBRARY</b>						
Library Grants - Revenue from Local Agencies			\$5,400	\$5,400	\$5,400	\$0
Library Grants - Revenue from the State of California			\$81,387	\$81,387	\$81,387	\$0
<b>LIBRARY Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$86,787</b>	<b>\$86,787</b>	<b>\$86,787</b>	<b>\$0</b>

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Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
<b>MAYOR &amp; COUNCIL</b>						
Council District #2 Special Event Sponsorship			\$5,200	\$5,200	\$5,200	\$0
Council District #8 Special Event Sponsorship			\$27,300	\$27,300	\$27,300	\$0
<b>MAYOR &amp; COUNCIL Total</b>						
	\$0	\$0	\$32,500	\$32,500	\$32,500	\$0
<b>PARKS, REC AND NEIGH SVCS</b>						
Happy Hollow Park and Zoo Food and Beverage			\$563,750	\$563,750	\$563,750	\$0
Senior Companion Program		\$2,700		\$2,700	\$2,700	\$0
Senior Nutrition Program	\$9,408	\$2,235		\$11,643	\$11,643	\$0
<b>PARKS, REC AND NEIGH SVCS Total</b>						
	\$9,408	\$4,935	\$563,750	\$578,093	\$578,093	\$0
<b>PLAN, BLDG AND CODE ENF</b>						
Local Enforcement Agency Grant		\$25,862		\$25,862	\$25,862	\$0
Vacancy Savings Plan	\$400,000			\$400,000		\$400,000
<b>PLAN, BLDG AND CODE ENF Total</b>						
	\$400,000	\$25,862	\$0	\$425,862	\$25,862	\$400,000
<b>POLICE</b>						
Emergency Communications Center Equipment		\$30,487		\$30,487	\$30,487	\$0
FBI Computer Forensic Laboratory	\$12,677			\$12,677	\$12,677	\$0
FBI Violent Gang Task Force	\$84,517			\$84,517	\$84,517	\$0



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Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
<b>POLICE</b>						
Fuel Savings		(\$325,000)		(\$325,000)		(\$325,000)
Orange Security Alert	\$1,023,000			\$1,023,000	\$1,023,000	\$0
Police Airport Staffing	(\$263,307)			(\$263,307)	(\$342,172)	\$78,865
Police Management Consolidation				\$0		\$0
REACT Task Force Staffing	\$3,000			\$3,000	\$3,000	\$0
South Bay Metro Task Force	\$71,130	\$12,000		\$83,130	\$83,130	\$0
<b>POLICE Total</b>	<b>\$931,017</b>	<b>(\$282,513)</b>	<b>\$0</b>	<b>\$648,504</b>	<b>\$894,639</b>	<b>(\$246,135)</b>
<b>REDEVELOPMENT AGENCY</b>						
SJRA 2009-2010 Budget Rebalancing - SJRA Civil Service Positions	(\$155,820)			(\$155,820)	(\$155,820)	\$0
<b>REDEVELOPMENT AGENCY Total</b>	<b>(\$155,820)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$155,820)</b>	<b>(\$155,820)</b>	<b>\$0</b>
<b>REVENUE ADJUSTMENTS</b>						
Revenue Adjustment - Departmental Charges				\$0	(\$1,919,868)	\$1,919,868
Revenue Adjustment - Fines, Forfeitures, and Penalties				\$0	(\$1,253,000)	\$1,253,000
Revenue Adjustment - Franchise Fees				\$0	(\$3,500,000)	\$3,500,000
Revenue Adjustment - Licenses and Permits				\$0	(\$3,371,896)	\$3,371,896
Revenue Adjustment - Property Tax				\$0	\$1,600,000	(\$1,600,000)

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Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
<b>REVENUE ADJUSTMENTS</b>						
Revenue Adjustment - Revenue from Local Agencies				\$0	(\$300,000)	\$300,000
Revenue Adjustment - Revenue from the State of California				\$0	\$249,000	(\$249,000)
Revenue Adjustment - Transfers and Reimbursements				\$0	\$1,578,865	(\$1,578,865)
Revenue Adjustment - Use of Money and Property				\$0	(\$1,800,000)	\$1,800,000
Revenue Adjustment - Utility Tax				\$0	\$2,680,000	(\$2,680,000)
SJRA 2009-2010 Budget Rebalancing - City Hall Rent				\$0	(\$50,000)	\$50,000
<b>REVENUE ADJUSTMENTS Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$6,086,899)</b>	<b>\$6,086,899</b>
<b>TRANSPORTATION</b>						
Fuel Savings		(\$75,000)		(\$75,000)		(\$75,000)
<b>TRANSPORTATION Total</b>	<b>\$0</b>	<b>(\$75,000)</b>	<b>\$0</b>	<b>(\$75,000)</b>	<b>\$0</b>	<b>(\$75,000)</b>
<b>Total General Fund Recommended Budget Adjustments</b>	<b>\$1,542,105</b>	<b>(\$481,216)</b>	<b>(\$2,913,964)</b>	<b>(\$1,853,075)</b>	<b>(\$1,853,075)</b>	<b>\$0</b>

Special/Capital Funds  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>AIRPORT CAPITAL IMPVT FUND (520)</b>								
<b>Airport Capital Program</b>								
Centerline Lights Project			\$56,000		\$56,000			\$56,000
Earned Revenue/South Apron Replacement			(\$3,755,000)		(\$3,755,000)	(\$3,755,000)		\$0
Recovery Act/North Concourse Building			\$17,754,000		\$17,754,000	\$17,754,000		\$0
Runway Guard Light Replacement			(\$56,000)		(\$56,000)			(\$56,000)
<b>Total AIRPORT CAPITAL IMPVT FUND (520)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,999,000</b>	<b>\$0</b>	<b>\$13,999,000</b>	<b>\$13,999,000</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>								
<b>PUBLIC WORKS</b>								
Airport Living Wage Program Staffing	(\$109,283)				(\$109,283)			(\$109,283)
<b>AIRPORT</b>								
Airport Orange Security Alert			(\$1,023,000)		(\$1,023,000)			(\$1,023,000)
Airport Transfer to the General Fund for Police Services			\$680,829		\$680,829			\$680,829
Transfer from the Airport Revenue Fund					\$0	(\$451,454)		\$451,454
<b>Total AIRPORT MAINT &amp; OPER FUND (523)</b>	<b>(\$109,283)</b>	<b>\$0</b>	<b>(\$342,171)</b>	<b>\$0</b>	<b>(\$451,454)</b>	<b>(\$451,454)</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT RENEW &amp; REPL FUND (527)</b>								
<b>Airport Capital Program</b>								
Airfield Improvements			\$200,000		\$200,000			\$200,000
Ending Fund Balance Adjustment				(\$95,000)	(\$95,000)			(\$95,000)
Land Improvements			\$15,000		\$15,000			\$15,000
Public Art			(\$120,000)		(\$120,000)			(\$120,000)
<b>Total AIRPORT RENEW &amp; REPL FUND (527)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$95,000</b>	<b>(\$95,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
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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>								
Ending Fund Balance Adjustment				(\$2,693,000)	(\$2,693,000)			(\$2,693,000)
North Concourse Building			(\$2,164,000)		(\$2,164,000)			(\$2,164,000)
Public Art			\$120,000		\$120,000			\$120,000
South Apron Replacement			(\$363,000)		(\$363,000)			(\$363,000)
Transfer to the Airport Surplus Revenue Fund			\$5,100,000		\$5,100,000			\$5,100,000
<b>Total AIRPORT REV BOND IMP FUND (526)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,693,000</b>	<b>(\$2,693,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT REVENUE FUND (521)</b>								
<b>AIRPORT</b>								
Airport Reserve for Future Deficits				\$451,454	\$451,454			\$451,454
Airport Technical Adjustment - Reserve for Future Deficits				\$11,824,181	\$11,824,181			\$11,824,181
Airport Technical Adjustment - Reserve per Master Trust Agrmnt				(\$11,824,181)	(\$11,824,181)			(\$11,824,181)
Airport Transfer to the Airport Maintenance and Operation Fund			(\$451,454)		(\$451,454)			(\$451,454)
<b>Total AIRPORT REVENUE FUND (521)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$451,454)</b>	<b>\$451,454</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT SURPLUS REV FD (524)</b>								
<b>AIRPORT</b>								
Airport Commercial Paper Payment			\$5,100,000		\$5,100,000			\$5,100,000
Transfer from Airport Revenue Bond Improvement Fund					\$0	\$5,100,000		(\$5,100,000)
<b>Total AIRPORT SURPLUS REV FD (524)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,100,000</b>	<b>\$0</b>	<b>\$5,100,000</b>	<b>\$5,100,000</b>	<b>\$0</b>	<b>\$0</b>

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>ANTI-TOBACCO SETTLEMNT FD (426)</b>								
<b>PARKS, REC AND NEIGH SVCS</b>								
Education/Health: Community Based Organizations			\$15,000		\$15,000			\$15,000
Ending Fund Balance Adjustment				(\$15,000)	(\$15,000)			(\$15,000)
<b>Total ANTI-TOBACCO SETTLEMNT FD (426)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,000</b>	<b>(\$15,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>BENEFIT FUND (160)</b>								
<b>HUMAN RESOURCES</b>								
Employee Assistance Program			\$40,000		\$40,000	\$40,000		\$0
Health Premiums			\$3,500,000		\$3,500,000	\$3,500,000		\$0
MEF Legal			\$5,000		\$5,000	\$5,000		\$0
<b>Total BENEFIT FUND (160)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,545,000</b>	<b>\$0</b>	<b>\$3,545,000</b>	<b>\$3,545,000</b>	<b>\$0</b>	<b>\$0</b>
<b>BLDG &amp; STRUCT CONST TAX FD (429)</b>								
<b>Traffic Capital Program</b>								
Airport Parkway Gateway Improvements			(\$500,000)		(\$500,000)			(\$500,000)
Earned Revenue: Building and Structure Construction Tax					\$0	(\$4,000,000)		\$4,000,000
Ending Fund Balance Adjustment				(\$667,000)	(\$667,000)			(\$667,000)
ITS: Operations and Management			(\$66,000)		(\$66,000)			(\$66,000)
Miscellaneous Street Improvements			\$23,000		\$23,000	\$23,000		\$0
Riparian Mitigation Project - Bailey/Route 101			\$8,000		\$8,000			\$8,000
Route 101/Tully Interchange Upgrade			(\$3,000,000)		(\$3,000,000)			(\$3,000,000)
Traffic Safety Improvements			\$225,000		\$225,000			\$225,000
<b>Total BLDG &amp; STRUCT CONST TAX FD (429)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,310,000)</b>	<b>(\$667,000)</b>	<b>(\$3,977,000)</b>	<b>(\$3,977,000)</b>	<b>\$0</b>	<b>\$0</b>

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CIVIC CENTER CONST FUND (425)</b>								
<b>Muni Improvements Capital Program</b>								
Central Service Yard Tenant Improvements			\$521,841		\$521,841			\$521,841
City Hall Capital Enhancements			\$11,000		\$11,000			\$11,000
City Hall Secondary Network Operations Center			\$44,000		\$44,000			\$44,000
Earned Revenue: Interest Income					\$0	\$44,023		(\$44,023)
Police Administration Voice and Data Network Enhancements			\$44,000		\$44,000			\$44,000
Transfer to the Civic Center Fiscal Agent Transaction Fund			(\$575,728)		(\$575,728)			(\$575,728)
Transfers from Civic Center Parking Fund					\$0	\$1,090		(\$1,090)
<b>Total CIVIC CENTER CONST FUND (425)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$45,113</b>	<b>\$0</b>	<b>\$45,113</b>	<b>\$45,113</b>	<b>\$0</b>	<b>\$0</b>
<b>CIVIC CENTER PRKNG FUND (433)</b>								
<b>Muni Improvements Capital Program</b>								
Transfer to the Civic Center Construction Fund			\$1,090		\$1,090			\$1,090
Transfer to the Civic Center Fiscal Agent Transaction Fund			(\$1,090)		(\$1,090)			(\$1,090)
<b>Total CIVIC CENTER PRKNG FUND (433)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>COMM DEV BLOCK GRANT FD (441)</b>								
<b>HOUSING</b>								
Code Enforcement Workers' Compensation			\$35,000		\$35,000			\$35,000
Emergency Minor Repair Program			\$200,000		\$200,000			\$200,000
Ending Fund Balance Adjustment				(\$235,000)	(\$235,000)			(\$235,000)
Housing Rehabilitation Loans and Grants			\$100,000		\$100,000	\$100,000		\$0
<b>Total COMM DEV BLOCK GRANT FD (441)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$335,000</b>	<b>(\$235,000)</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$0</b>



Special/Capital Funds  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONST/CONV TAX PK CD 6 FUND (384)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Ending Fund Balance Adjustment				(\$35,000)	(\$35,000)			(\$35,000)
TRAIL: Los Gatos Creek Reach IV Mitigation and Monitoring			\$35,000		\$35,000			\$35,000
<b>Total CONST/CONV TAX PK CD 6 FUND (384)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$35,000</b>	<b>(\$35,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PKS CW FUND (391)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Earned Revenue: Proposition 40 - TRAIL: Milestone Markers					\$0	\$100,000		(\$100,000)
Ending Fund Balance Adjustment				(\$10,000)	(\$10,000)			(\$10,000)
Environmental Mitigation Maintenance and Monitoring			\$10,000		\$10,000			\$10,000
TRAIL: Milestone Markers			\$100,000		\$100,000			\$100,000
<b>Total CONST/CONV TAX PKS CW FUND (391)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$110,000</b>	<b>(\$10,000)</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX SRVC YDS FD (395)</b>								
<b>Service Yards Capital Program</b>								
Central Service Yard Tenant Improvements			\$179,000		\$179,000			\$179,000
Debt Service on Phase II Bonds			(\$461,000)		(\$461,000)			(\$461,000)
Earned Revenue: Old Main Yard Project Savings					\$0	\$872,416		(\$872,416)
Ending Fund Balance Adjustment				\$582,416	\$582,416			\$582,416
Roof Replacement, Painting and Supplemental Needs			\$572,000		\$572,000			\$572,000
<b>Total CONST/CONV TAX SRVC YDS FD (395)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$290,000</b>	<b>\$582,416</b>	<b>\$872,416</b>	<b>\$872,416</b>	<b>\$0</b>	<b>\$0</b>



Special/Capital Funds  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONSTRUCTION EXCISE TAX FD (465)</b>								
<b>Traffic Capital Program</b>								
Airport People Mover			(\$30,000)		(\$30,000)			(\$30,000)
BART Project Management			(\$50,000)		(\$50,000)			(\$50,000)
Bike/Pedestrian Project Development			(\$100,000)		(\$100,000)			(\$100,000)
Budget Administration			(\$50,000)		(\$50,000)			(\$50,000)
CIP Delivery Management			(\$100,000)		(\$100,000)			(\$100,000)
Earned Revenue: Construction Excise Tax Fund					\$0	(\$2,500,000)		\$2,500,000
Ending Fund Balance Adjustment				\$25,000	\$25,000			\$25,000
Fiber Optics Permit Engineering			\$700,000		\$700,000	\$700,000		\$0
General Plan Update			(\$100,000)		(\$100,000)			(\$100,000)
Grant Management			(\$90,000)		(\$90,000)			(\$90,000)
High Speed Rail			(\$70,000)		(\$70,000)			(\$70,000)
Local Transportation Policy and Planning			(\$100,000)		(\$100,000)			(\$100,000)
Maintenance Assessment District Development			(\$100,000)		(\$100,000)			(\$100,000)
Maintenance Backlog - Traffic Infrastructure			(\$329,000)		(\$329,000)			(\$329,000)
Regional Policy and Legislation			(\$100,000)		(\$100,000)			(\$100,000)
Reserve - Regional System Expansion			(\$750,000)		(\$750,000)			(\$750,000)
Reserve - Route 101/Oakland/Mabury Traffic Impact Fees			\$195,000		\$195,000	\$195,000		\$0
Reserve - Seven Trees Boulevard Sidewalk Project			(\$126,000)		(\$126,000)			(\$126,000)
Traffic Congestion Data Management			(\$100,000)		(\$100,000)			(\$100,000)
Traffic Safety Data Collection			(\$70,000)		(\$70,000)			(\$70,000)
Traffic Safety Education			(\$35,000)		(\$35,000)			(\$35,000)
Traffic Safety Improvements			(\$225,000)		(\$225,000)			(\$225,000)
<b>Total CONSTRUCTION EXCISE TAX FD (465)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,630,000)</b>	<b>\$25,000</b>	<b>(\$1,605,000)</b>	<b>(\$1,605,000)</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>								
<b>CONVENTION FACILITIES DEPT</b>								
Convention Facilities Non-Personal/Equipment		\$355,000			\$355,000			\$355,000
Insurance Expenses			(\$75,000)		(\$75,000)			(\$75,000)
Operating Contingency			(\$280,000)		(\$280,000)			(\$280,000)
<b>Total CONV/CULTURAL AFFAIRS FUND (536)</b>	\$0	\$355,000	(\$355,000)	\$0	\$0	\$0	\$0	\$0
<b>DENTAL INSURANCE FUND (155)</b>								
<b>HUMAN RESOURCES</b>								
Dental HMO Plan			\$20,000		\$20,000			\$20,000
Ending Fund Balance Adjustment				(\$20,000)	(\$20,000)			(\$20,000)
<b>Total DENTAL INSURANCE FUND (155)</b>	\$0	\$0	\$20,000	(\$20,000)	\$0	\$0	\$0	\$0
<b>EDW BYRNE MEMORIAL JAG FD (474)</b>								
<b>POLICE</b>								
Ending Fund Balance Adjustment				(\$2,196)	(\$2,196)			(\$2,196)
JAG 2007-2009			\$2,196		\$2,196			\$2,196
Tech Adjust: JAG 2009-2012			(\$215,520)		(\$215,520)	(\$215,520)		\$0
<b>Total EDW BYRNE MEMORIAL JAG FD (474)</b>	\$0	\$0	(\$213,324)	(\$2,196)	(\$215,520)	(\$215,520)	\$0	\$0

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>GENERAL PURPOSE PARKING FD (533)</b>								
<b>TRANSPORTATION</b>								
Department of Transportation Non-Personal/Equipment Funding		(\$286,000)			(\$286,000)			(\$286,000)
Earned Revenue: General Purpose Parking Fund					\$0	(\$1,488,000)		\$1,488,000
Ending Fund Balance Adjustment				(\$292,000)	(\$292,000)			(\$292,000)
Transfer to San Jose Redevelopment Agency			(\$54,000)		(\$54,000)	(\$54,000)		\$0
<b>Parking Capital Program</b>								
HP Pavilion/Diridon Area Multi-Space Meters			(\$30,000)		(\$30,000)			(\$30,000)
Minor Parking Facility Improvements			(\$230,000)		(\$230,000)			(\$230,000)
Parking Guidance System Phase II			(\$150,000)		(\$150,000)			(\$150,000)
Parking Technology Improvements			(\$300,000)		(\$300,000)			(\$300,000)
Security Improvements			(\$200,000)		(\$200,000)			(\$200,000)
<b>Total GENERAL PURPOSE PARKING FD (533)</b>	<b>\$0</b>	<b>(\$286,000)</b>	<b>(\$964,000)</b>	<b>(\$292,000)</b>	<b>(\$1,542,000)</b>	<b>(\$1,542,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>GIFT TRUST FUND (139)</b>								
<b>TRANSPORTATION</b>								
Downtown Area Shuttle Program			\$25,000		\$25,000	\$25,000		\$0
Transportation and Parking Guidance Signs			\$2,625		\$2,625	\$2,625		\$0
<b>PARKS, REC AND NEIGH SVCS</b>								
Happy Hollow Park and Zoo			\$50,000		\$50,000	\$50,000		\$0
Office of Therapeutics - Junior Sports Camp			\$2,500		\$2,500	\$2,500		\$0
<b>LIBRARY</b>								
Library - General Gifts			\$339,979		\$339,979	\$339,979		\$0
Library - Library Literacy Project			\$2,450		\$2,450	\$2,450		\$0
<b>Total GIFT TRUST FUND (139)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$422,554</b>	<b>\$0</b>	<b>\$422,554</b>	<b>\$422,554</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>HOME INVEST PART PROG FUND (445)</b>								
<b>HOUSING</b>								
Earned Revenue: Grant Revenue					\$0	\$414,000		(\$414,000)
Ending Fund Balance Adjustment				\$414,000	\$414,000			\$414,000
Welcome Home Program			\$489,000		\$489,000	\$489,000		\$0
<b>Total HOME INVEST PART PROG FUND (445)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$489,000</b>	<b>\$414,000</b>	<b>\$903,000</b>	<b>\$903,000</b>	<b>\$0</b>	<b>\$0</b>
<b>ICE CENTRE REVENUE FUND (432)</b>								
<b>FINANCE</b>								
Ending Fund Balance				(\$25,000)	(\$25,000)			(\$25,000)
Ice Centre Oversight Expenses			\$25,000		\$25,000			\$25,000
<b>Total ICE CENTRE REVENUE FUND (432)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,000</b>	<b>(\$25,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>INTEGRATED WASTE MGT FUND (423)</b>								
<b>ENVIRONMENTAL SERVICES</b>								
IDC Disposal Contract			(\$150,000)		(\$150,000)			(\$150,000)
Vacancy Savings Plan	\$150,000				\$150,000			\$150,000
<b>Total INTEGRATED WASTE MGT FUND (423)</b>	<b>\$150,000</b>	<b>\$0</b>	<b>(\$150,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>LOW/MOD INCOME HOUSING FD (443)</b>								
<b>HOUSING</b>								
Ending Fund Balance Adjustment				(\$450,000)	(\$450,000)			(\$450,000)
Homeowner Education Program			\$175,000		\$175,000			\$175,000
Housing Department Non-Personal/Equipment		(\$300,000)			(\$300,000)			(\$300,000)
Housing Paint Program			(\$1,000,000)		(\$1,000,000)			(\$1,000,000)
Housing Rehabilitation Loan			\$500,000		\$500,000			\$500,000
Interest on Line of Credit			\$450,000		\$450,000			\$450,000
Loans, Grants, and Site Acquisition			(\$3,000,000)		(\$3,000,000)	(\$3,000,000)		\$0
Second-Mortgage Loan Commitment			\$325,000		\$325,000			\$325,000
Vacancy Savings Plan - Housing Department	\$300,000				\$300,000			\$300,000
<b>Total LOW/MOD INCOME HOUSING FD (443)</b>	<b>\$300,000</b>	<b>(\$300,000)</b>	<b>(\$2,550,000)</b>	<b>(\$450,000)</b>	<b>(\$3,000,000)</b>	<b>(\$3,000,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #5 ORCH PKY-PLUMRIA FD (357)</b>								
<b>TRANSPORTATION</b>								
Ending Fund Balance Adjustment				(\$35,000)	(\$35,000)			(\$35,000)
Maintenance Assessment District Renovations		\$35,000			\$35,000			\$35,000
<b>Total M.D. #5 ORCH PKY-PLUMRIA FD (357)</b>	<b>\$0</b>	<b>\$35,000</b>	<b>\$0</b>	<b>(\$35,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>MAJOR COLLECT &amp; ARTRLS FD (421)</b>								
<b>Traffic Capital Program</b>								
Earned Revenue: Major Collectors and Arterials Fees					\$0	(\$75,000)		\$75,000
Miscellaneous Street Improvements			(\$75,000)		(\$75,000)			(\$75,000)
<b>Total MAJOR COLLECT &amp; ARTRLS FD (421)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$75,000)</b>	<b>\$0</b>	<b>(\$75,000)</b>	<b>(\$75,000)</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>MULTI-SOURCE HOUSING FD (448)</b>								
<b>HOUSING</b>								
Hazard Mitigation Grant Program			\$150,000		\$150,000	\$150,000		\$0
<b>Total MULTI-SOURCE HOUSING FD (448)</b>	\$0	\$0	\$150,000	\$0	\$150,000	\$150,000	\$0	\$0
<b>MUNI WATER MAJ FAC FEE FUND (502)</b>								
<b>Water Utility Sys Capital Program</b>								
Earned Revenue: Municipal Water Major Facilities Fees					\$0	(\$62,000)		\$62,000
Ending Fund Balance Adjustment				(\$62,000)	(\$62,000)			(\$62,000)
<b>Total MUNI WATER MAJ FAC FEE FUND (502)</b>	\$0	\$0	\$0	(\$62,000)	(\$62,000)	(\$62,000)	\$0	\$0
<b>NEIGHBHD SECURITY BOND FD (475)</b>								
<b>Public Safety Capital Program</b>								
Ending Fund Balance Adjustment				(\$800,000)	(\$800,000)			(\$800,000)
Fire Station 37 (Willow Glen)			\$800,000		\$800,000			\$800,000
<b>Total NEIGHBHD SECURITY BOND FD (475)</b>	\$0	\$0	\$800,000	(\$800,000)	\$0	\$0	\$0	\$0
<b>NSJ TRAFFIC IMPACT FEE FUND (349)</b>								
<b>Traffic Capital Program</b>								
Ending Fund Balance Adjustment				\$1,024,000	\$1,024,000			\$1,024,000
North San José Developer Reimbursement			(\$1,024,000)		(\$1,024,000)			(\$1,024,000)
<b>Total NSJ TRAFFIC IMPACT FEE FUND (349)</b>	\$0	\$0	(\$1,024,000)	\$1,024,000	\$0	\$0	\$0	\$0

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>PARKS &amp; REC BOND PROJ FD (471)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Contingency Reserve: Parks and Recreation Bond Projects			(\$540,000)		(\$540,000)			(\$540,000)
Reserve: Soccer Complex			(\$250,000)		(\$250,000)			(\$250,000)
Soccer Complex			\$250,000		\$250,000			\$250,000
TRAIL: Guadalupe River Reach VI (Woz Way to Willow Street)			\$540,000		\$540,000			\$540,000
<b>Total PARKS &amp; REC BOND PROJ FD (471)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>REDEV CAPITAL PROJECT FD (450)</b>								
<b>Muni Improvements Capital Program</b>								
SJRA 2009-2010 Budget Rebalancing - Delmas Park Project			(\$122,000)		(\$122,000)			(\$122,000)
SJRA 2009-2010 Budget Rebalancing - Main Library Demolition			(\$341,697)		(\$341,697)			(\$341,697)
SJRA 2009-2010 Budget Rebalancing - Transfer to SJRA			\$1,190,000		\$1,190,000			\$1,190,000
SJRA 2009-2010 Budget Rebalancing - Watson Prk Rmdtn & Phs I Imp.			(\$268,000)		(\$268,000)			(\$268,000)
Watson Park Remediation & Phase I Improvement			\$68,000		\$68,000		\$68,000	\$0
<b>Storm Sewer Capital Program</b>								
Alma Neighborhood Storm Drain Improvements			(\$2,058)		(\$2,058)			(\$2,058)
Ending Fund Balance Adjustment				\$3,454	\$3,454			\$3,454
North San José Rincon Storm System Improvements - Phase II			(\$165)		(\$165)			(\$165)
Rincon Pump Station			(\$1,231)		(\$1,231)			(\$1,231)
<b>Traffic Capital Program</b>								
SJRA 2009-2010 Budget Rebalancing - Agency Traffic Signal Painting			(\$200,000)		(\$200,000)			(\$200,000)
<b>Public Safety Capital Program</b>								
SJRA 2009-2010 Budget Rebalancing - Fire Station 2 - Rebuild			(\$258,303)		(\$258,303)			(\$258,303)
<b>Total REDEV CAPITAL PROJECT FD (450)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$64,546</b>	<b>\$3,454</b>	<b>\$68,000</b>	<b>\$0</b>	<b>\$68,000</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>RES CONST TAX FUND (420)</b>								
<b>Developer Assisted Capital Program</b>								
Earned Revenue: Residential Construction Tax Contributions					\$0	(\$60,000)		\$60,000
Ending Fund Balance Adjustment				(\$60,000)	(\$60,000)			(\$60,000)
<b>Total RES CONST TAX FUND (420)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$60,000)</b>	<b>(\$60,000)</b>	<b>(\$60,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>SANITARY SEWER CONN FEE FD (540)</b>								
<b>Sanitary Sewer Capital Program</b>								
Earned Revenue: Sanitary Sewer Connection Fees					\$0	(\$250,000)		\$250,000
Edenvale Sanitary Sewer Supplement, Phases VA and VB			(\$4,120,000)		(\$4,120,000)			(\$4,120,000)
Ending Fund Balance Adjustment				\$19,000	\$19,000			\$19,000
Miscellaneous Projects			\$2,220,000		\$2,220,000			\$2,220,000
Miscellaneous Rehabilitation Projects			\$1,000,000		\$1,000,000			\$1,000,000
Program Management			\$650,000		\$650,000			\$650,000
Public Art			(\$19,000)		(\$19,000)			(\$19,000)
<b>Total SANITARY SEWER CONN FEE FD (540)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$269,000)</b>	<b>\$19,000</b>	<b>(\$250,000)</b>	<b>(\$250,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHG CAP FD (545)</b>								
<b>Sanitary Sewer Capital Program</b>								
Earned Revenue: Miscellaneous Revenue					\$0	\$4,230,000		(\$4,230,000)
Ending Fund Balance Adjustment				\$4,230,000	\$4,230,000			\$4,230,000
<b>Total SEWER SVC &amp; USE CHG CAP FD (545)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,230,000</b>	<b>\$4,230,000</b>	<b>\$4,230,000</b>	<b>\$0</b>	<b>\$0</b>



Special/Capital Funds  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>SJ-SC TRMNT PLANT CAP FUND (512)</b>								
<b>Water Pollution Control Capital Program</b>								
Dissolved Air Flotation Pressure Retention Tank & Valves			\$50,000		\$50,000			\$50,000
Ending Fund Balance Adjustment				(\$195,000)	(\$195,000)			(\$195,000)
M5, Ringbuss, & Cable Replacement			\$145,000		\$145,000			\$145,000
<b>Total SJ-SC TRMNT PLANT CAP FUND (512)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$195,000</b>	<b>(\$195,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SJ-SC TRMNT PLANT OPER FUND (513)</b>								
<b>GENERAL SERVICES</b>								
City Staff Relocations from Old MLK Library			\$159,588		\$159,588			\$159,588
<b>ENVIRONMENTAL SERVICES</b>								
Ending Fund Balance Adjustment				\$226,680	\$226,680			\$226,680
Staffing Reallocation	(\$195,000)				(\$195,000)			(\$195,000)
Watershed Protection Division Office Space		(\$247,500)			(\$247,500)			(\$247,500)
Watershed Protection Division Old MLK Rent			\$56,232		\$56,232			\$56,232
<b>Total SJ-SC TRMNT PLANT OPER FUND (513)</b>	<b>(\$195,000)</b>	<b>(\$247,500)</b>	<b>\$215,820</b>	<b>\$226,680</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>STORM DRAINAGE FEE FUND (413)</b>								
<b>Storm Sewer Capital Program</b>								
Earned Revenue: Storm Drainage Fees					\$0	(\$50,000)		\$50,000
Ending Fund Balance Adjustment				(\$25,000)	(\$25,000)			(\$25,000)
Storm Drainage Improvements - Special Corridors			(\$25,000)		(\$25,000)			(\$25,000)
<b>Total STORM DRAINAGE FEE FUND (413)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$25,000)</b>	<b>(\$25,000)</b>	<b>(\$50,000)</b>	<b>(\$50,000)</b>	<b>\$0</b>	<b>\$0</b>



Special/Capital Funds  
 Recommended Budget Adjustments  
 2009-2010 Mid-Year Budget Review

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>SUPPL LAW ENF SVCES FUND (414)</b>								
<b>POLICE</b>								
Ending Fund Balance Adjustment				(\$9,625)	(\$9,625)			(\$9,625)
SLES Grant 2008-2010			\$9,625		\$9,625			\$9,625
<b>Total SUPPL LAW ENF SVCES FUND (414)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,625</b>	<b>(\$9,625)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SWG TRMNT PLNT CON FEE FD (539)</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Interest Income					\$0	(\$150,000)		\$150,000
Loan Repayment from the Storm Sewer Operating Fund					\$0	(\$1,435,249)		\$1,435,249
Reserve for Treatment Plant Expansion			(\$2,685,249)		(\$2,685,249)			(\$2,685,249)
Treatment Plant Connection Fees					\$0	(\$1,100,000)		\$1,100,000
<b>Total SWG TRMNT PLNT CON FEE FD (539)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,685,249)</b>	<b>\$0</b>	<b>(\$2,685,249)</b>	<b>(\$2,685,249)</b>	<b>\$0</b>	<b>\$0</b>
<b>UNDERGROUND UTILITY FUND (416)</b>								
<b>Developer Assisted Capital Program</b>								
Ending Fund Balance Adjustment				(\$8,000)	(\$8,000)			(\$8,000)
Public Works Capital Management Costs			\$8,000		\$8,000			\$8,000
Underground In-Lieu Utility Fee Collections			(\$400,000)		(\$400,000)	(\$400,000)		\$0
<b>Total UNDERGROUND UTILITY FUND (416)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$392,000)</b>	<b>(\$8,000)</b>	<b>(\$400,000)</b>	<b>(\$400,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>VEHICLE MAINT &amp; OPER FUND (552)</b>								
<b>GENERAL SERVICES</b>								
Fuel Savings			(\$400,000)		(\$400,000)	(\$400,000)		\$0
<b>Total VEHICLE MAINT &amp; OPER FUND (552)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$400,000)</b>	<b>\$0</b>	<b>(\$400,000)</b>	<b>(\$400,000)</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments  
 2009-2010 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>WATER UTILITY CAPITAL FUND (500)</b>								
<b>Water Utility Sys Capital Program</b>								
Advance System Design			(\$140,000)		(\$140,000)			(\$140,000)
Earned Revenue: Water Utility System Fees					\$0	(\$620,000)		\$620,000
Ending Fund Balance Adjustment				(\$220,000)	(\$220,000)			(\$220,000)
Meter Installations			(\$70,000)		(\$70,000)			(\$70,000)
North First Street Parallel Main			(\$90,000)		(\$90,000)			(\$90,000)
Service Installations			(\$100,000)		(\$100,000)			(\$100,000)
<b>Total WATER UTILITY CAPITAL FUND (500)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$400,000)</b>	<b>(\$220,000)</b>	<b>(\$620,000)</b>	<b>(\$620,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>WORKFORCE INVSTMNT ACT FD (290)</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Administration			\$135,223		\$135,223	\$135,223		\$0
Adult Workers			(\$623,622)		(\$623,622)	(\$623,622)		\$0
Adult Workers Reallocation (from Dislocated Workers)			\$1,725,272		\$1,725,272			\$1,725,272
Capacity Building Learning Lab Program			\$15,500		\$15,500	\$15,500		\$0
Dislocated Workers			\$1,211,352		\$1,211,352	\$1,211,352		\$0
Dislocated Workers Reallocation (to Adult Workers)			(\$1,725,272)		(\$1,725,272)			(\$1,725,272)
New Start Program: Prison-to-Employment			\$138,741		\$138,741	\$138,741		\$0
Rapid Response			(\$25,998)		(\$25,998)	(\$25,998)		\$0
Recovery Act - Green Jobs			\$40,000		\$40,000	\$40,000		\$0
Recovery Act - Rapid Response 25 Percent Funds			\$902,329		\$902,329	\$902,329		\$0
Silicon Valley Small Business Assistance Portal Project			\$245,643		\$245,643	\$245,643		\$0
Youth Workers			\$968,187		\$968,187	\$968,187		\$0
<b>Total WORKFORCE INVSTMNT ACT FD (290)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,007,355</b>	<b>\$0</b>	<b>\$3,007,355</b>	<b>\$3,007,355</b>	<b>\$0</b>	<b>\$0</b>

General Fund  
 Clean-Up Actions  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
<b>CAPITAL PROJECTS</b>							
Tech Adjust: Recov Act-Enrgy Eff & Cnsv Blk Grnt (to City-Wide)			(\$8,840,060)	(\$8,840,060)			(\$8,840,060)
<b>CAPITAL PROJECTS Total</b>	\$0	\$0	(\$8,840,060)	(\$8,840,060)	\$0	\$0	(\$8,840,060)
<b>CITY ATTORNEY</b>							
Benefits Program	\$28,532			\$28,532			\$28,532
<b>CITY ATTORNEY Total</b>	\$28,532	\$0	\$0	\$28,532	\$0	\$0	\$28,532
<b>CITY AUDITOR</b>							
Benefits Program	\$5,562			\$5,562			\$5,562
<b>CITY AUDITOR Total</b>	\$5,562	\$0	\$0	\$5,562	\$0	\$0	\$5,562
<b>CITY CLERK</b>							
Benefits Program	\$6,641			\$6,641			\$6,641
<b>CITY CLERK Total</b>	\$6,641	\$0	\$0	\$6,641	\$0	\$0	\$6,641
<b>CITY MANAGER</b>							
Benefits Program	\$27,133			\$27,133			\$27,133
<b>CITY MANAGER Total</b>	\$27,133	\$0	\$0	\$27,133	\$0	\$0	\$27,133

General Fund  
 Clean-Up Actions  
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
<b>CITY-WIDE EXPENSES</b>							
STAND Program (from PRNS Personal and Non-Personal)			\$125,000	\$125,000			\$125,000
Tech Adjust: Energy Efficiency Prog. (fr Library Non-Pers.)			\$13,301	\$13,301			\$13,301
Tech Adjust: Energy Efficiency Prog. (fr PRNS Non-Pers.)			\$3,960	\$3,960			\$3,960
Tech Adjust: Recov Act-Energy Eff & Cnsv Blk Grnt (from Capital)			\$8,840,060	\$8,840,060			\$8,840,060
<b>CITY-WIDE EXPENSES Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,982,321</b>	<b>\$8,982,321</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,982,321</b>
<b>EARMARKED RESERVES</b>							
Benefits Program (Salaries and Benefits Reserve)			(\$1,678,520)	(\$1,678,520)			(\$1,678,520)
<b>EARMARKED RESERVES Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,678,520)</b>	<b>(\$1,678,520)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,678,520)</b>
<b>ECONOMIC DEVELOPMENT</b>							
Benefits Program	\$7,964			\$7,964			\$7,964
<b>ECONOMIC DEVELOPMENT Total</b>	<b>\$7,964</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,964</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,964</b>
<b>ENVIRONMENTAL SERVICES</b>							
Benefits Program	\$457			\$457			\$457
<b>ENVIRONMENTAL SERVICES Total</b>	<b>\$457</b>	<b>\$0</b>	<b>\$0</b>	<b>\$457</b>	<b>\$0</b>	<b>\$0</b>	<b>\$457</b>
<b>FINANCE</b>							
Benefits Program	\$36,540			\$36,540			\$36,540
<b>FINANCE Total</b>	<b>\$36,540</b>	<b>\$0</b>	<b>\$0</b>	<b>\$36,540</b>	<b>\$0</b>	<b>\$0</b>	<b>\$36,540</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>							
Benefits Program	\$343,736			\$343,736			\$343,736
<b>FIRE Total</b>	<b>\$343,736</b>	<b>\$0</b>	<b>\$0</b>	<b>\$343,736</b>	<b>\$0</b>	<b>\$0</b>	<b>\$343,736</b>
<b>GENERAL SERVICES</b>							
Benefits Program	\$57,952			\$57,952			\$57,952
<b>GENERAL SERVICES Total</b>	<b>\$57,952</b>	<b>\$0</b>	<b>\$0</b>	<b>\$57,952</b>	<b>\$0</b>	<b>\$0</b>	<b>\$57,952</b>
<b>HUMAN RESOURCES</b>							
Benefits Program	\$22,128			\$22,128			\$22,128
<b>HUMAN RESOURCES Total</b>	<b>\$22,128</b>	<b>\$0</b>	<b>\$0</b>	<b>\$22,128</b>	<b>\$0</b>	<b>\$0</b>	<b>\$22,128</b>
<b>INDEPENDENT POLICE AUDITOR</b>							
Benefits Program	\$1,645			\$1,645			\$1,645
<b>INDEPENDENT POLICE AUDITOR Total</b>	<b>\$1,645</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,645</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,645</b>
<b>INFORMATION TECHNOLOGY</b>							
Benefits Program	\$42,498			\$42,498			\$42,498
<b>INFORMATION TECHNOLOGY Total</b>	<b>\$42,498</b>	<b>\$0</b>	<b>\$0</b>	<b>\$42,498</b>	<b>\$0</b>	<b>\$0</b>	<b>\$42,498</b>
<b>LIBRARY</b>							
Benefits Program	\$67,911			\$67,911			\$67,911
Tech Adjust: Non-Personal/Equipment (to Energy Efficiency Prog.)		(\$13,301)		(\$13,301)			(\$13,301)
<b>LIBRARY Total</b>	<b>\$67,911</b>	<b>(\$13,301)</b>	<b>\$0</b>	<b>\$54,610</b>	<b>\$0</b>	<b>\$0</b>	<b>\$54,610</b>

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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
<b>MAYOR &amp; COUNCIL</b>							
Benefits Program - Council General			\$27,168	\$27,168			\$27,168
<b>MAYOR &amp; COUNCIL Total</b>	\$0	\$0	\$27,168	\$27,168	\$0	\$0	\$27,168
<b>PARKS, REC AND NEIGH SVCS</b>							
Benefits Program	\$145,559			\$145,559			\$145,559
Tech Adjust: Non-Personal/Equipment (to Energy Efficiency Prog.)		(\$3,960)		(\$3,960)			(\$3,960)
Tech Adjust: PRNS Personal & Non-Personal (to STAND Prog.)	(\$118,214)	(\$6,786)		(\$125,000)			(\$125,000)
<b>PARKS, REC AND NEIGH SVCS Total</b>	\$27,345	(\$10,746)	\$0	\$16,599	\$0	\$0	\$16,599
<b>PLAN, BLDG AND CODE ENF</b>							
Benefits Program	\$75,888			\$75,888			\$75,888
<b>PLAN, BLDG AND CODE ENF Total</b>	\$75,888	\$0	\$0	\$75,888	\$0	\$0	\$75,888
<b>POLICE</b>							
Benefits Program	\$691,678			\$691,678			\$691,678
<b>POLICE Total</b>	\$691,678	\$0	\$0	\$691,678	\$0	\$0	\$691,678
<b>PUBLIC WORKS</b>							
Benefits Program	\$5,180			\$5,180			\$5,180
Benefits Program - Development			\$12,021	\$12,021			\$12,021
<b>PUBLIC WORKS Total</b>	\$5,180	\$0	\$12,021	\$17,201	\$0	\$0	\$17,201



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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>							
Tech Adjust: HHPZ Departmental Charges (fr Local Agencies)				\$0	\$453,682		(\$453,682)
Tech Adjust: HHPZ Revenue fr Local Agencies (to Depart. Chgs)				\$0	(\$453,682)		\$453,682
Tech Adjust: Reclassify Animal Care & Svs Rev-Lic. & Permits				\$0	\$207,431		(\$207,431)
Tech Adjust: Reclassify Animal Care & Svs Revenue-Dept. Chgs				\$0	(\$207,431)		\$207,431
Tech Adjust: Reclassify Grant Revenue - Local Agencies				\$0	(\$64,314)		\$64,314
Tech Adjust: Reclassify Grant Revenue - State of California				\$0	\$64,314		(\$64,314)
Tech Adjust: Reclassify SJRA Planning Reimb - Local Agencies				\$0	\$89,373		(\$89,373)
Tech Adjust: Reclassify SJRA Planning Reimb - Other Revenue				\$0	(\$89,373)		\$89,373
<b>REVENUE ADJUSTMENTS Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TRANSPORTATION</b>							
Benefits Program	\$72,327			\$72,327			\$72,327
<b>TRANSPORTATION Total</b>	<b>\$72,327</b>	<b>\$0</b>	<b>\$0</b>	<b>\$72,327</b>	<b>\$0</b>	<b>\$0</b>	<b>\$72,327</b>
<b>Total General Fund Clean-Up Actions</b>	<b>\$1,521,117</b>	<b>(\$24,047)</b>	<b>(\$1,497,070)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Fund  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>								
<b>PUBLIC WORKS</b>								
Benefits Program	\$1,837				\$1,837			\$1,837
<b>AIRPORT</b>								
Benefits Program	\$112,048		(\$113,885)		(\$1,837)			(\$1,837)
<b>Total AIRPORT MAINT &amp; OPER FUND (523)</b>	<b>\$113,885</b>	<b>\$0</b>	<b>(\$113,885)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>BENEFIT FUND (160)</b>								
<b>HUMAN RESOURCES</b>								
Benefits Program	\$1,501			(\$1,501)	\$0			\$0
<b>Total BENEFIT FUND (160)</b>	<b>\$1,501</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,501)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>COMM DEV BLOCK GRANT FD (441)</b>								
<b>HOUSING</b>								
Tech Adjust: Beginning Fund Balance (interest correction)				\$567	\$567		\$567	\$0
Tech Adjust: Green Streets Projects (rebudget correction)			(\$1,327)	\$1,327	\$0			\$0
Tech Adjust: Recovery Act - CDBG/Reserve (interest correction)			(\$567)		(\$567)		(\$567)	\$0
<b>Total COMM DEV BLOCK GRANT FD (441)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,894)</b>	<b>\$1,894</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX FIRE FUND (392)</b>								
<b>Public Safety Capital Program</b>								
Tech Adjust: Beginning Fund Balance (rebudget correction)				\$48,000	\$48,000		\$48,000	\$0
<b>Total CONST/CONV TAX FIRE FUND (392)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$48,000</b>	<b>\$48,000</b>	<b>\$0</b>	<b>\$48,000</b>	<b>\$0</b>
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>								
<b>CONVENTION FACILITIES DEPT</b>								
Benefits Program	\$22,849		(\$22,849)		\$0			\$0
<b>Total CONV/CULTURAL AFFAIRS FUND (536)</b>	<b>\$22,849</b>	<b>\$0</b>	<b>(\$22,849)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Fund  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>GENERAL PURPOSE PARKING FD (533)</b>								
<b>TRANSPORTATION</b>								
Benefits Program	\$4,707			(\$4,707)	\$0			\$0
<b>Total GENERAL PURPOSE PARKING FD (533)</b>	<b>\$4,707</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$4,707)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>GIFT TRUST FUND (139)</b>								
<b>GENERAL SERVICES</b>								
Tech Adjust: Hurricane Katrina Animals (from PRNS)			\$605		\$605			\$605
<b>PARKS, REC AND NEIGH SVCS</b>								
Tech Adjust: Hurricane Katrina Animals (to General Services)			(\$605)		(\$605)			(\$605)
<b>Total GIFT TRUST FUND (139)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>INTEGRATED WASTE MGT FUND (423)</b>								
<b>INFORMATION TECHNOLOGY</b>								
Benefits Program	\$12,604				\$12,604			\$12,604
<b>FINANCE</b>								
Benefits Program	\$5,482				\$5,482			\$5,482
<b>ENVIRONMENTAL SERVICES</b>								
Benefits Program	\$16,366		(\$34,452)		(\$18,086)			(\$18,086)
<b>Total INTEGRATED WASTE MGT FUND (423)</b>	<b>\$34,452</b>	<b>\$0</b>	<b>(\$34,452)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LIBRARY PARCEL TAX FUND (418)</b>								
<b>LIBRARY</b>								
Benefits Program	\$7,116			(\$7,116)	\$0			\$0
<b>Total LIBRARY PARCEL TAX FUND (418)</b>	<b>\$7,116</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$7,116)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LOW/MOD INCOME HOUSING FD (443)</b>								
<b>CITY ATTORNEY</b>								
Benefits Program	\$1,513				\$1,513			\$1,513

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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>HOUSING</b>								
Benefits Program	\$23,030			(\$24,543)	(\$1,513)			(\$1,513)
<b>Total LOW/MOD INCOME HOUSING FD (443)</b>	<b>\$24,543</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$24,543)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>MULTI-SOURCE HOUSING FD (448)</b>								
<b>HOUSING</b>								
Benefits Program	\$1,524			(\$1,524)	\$0			\$0
Tech Adjust: Rcvy Act-Hmis Prev & Rpd Re-Hsg Prog (allctn crctn)			\$12,883	(\$12,883)	\$0			\$0
<b>Total MULTI-SOURCE HOUSING FD (448)</b>	<b>\$1,524</b>	<b>\$0</b>	<b>\$12,883</b>	<b>(\$14,407)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>NEIGHBHD SECURITY BOND FD (475)</b>								
<b>Public Safety Capital Program</b>								
Tech Adjust: Beginning Fund Balance (rebudget correction)					\$0		(\$485,159)	\$485,159
Tech Adjust: Contingency Reserve (rebudget correction)			(\$258,159)		(\$258,159)			(\$258,159)
Tech Adjust: Fire Station 2 - Rebuild (allocation correction)			\$258,000		\$258,000			\$258,000
Tech Adjust: South San José Police Substation (rebudget correction)			(\$485,000)		(\$485,000)			(\$485,000)
<b>Total NEIGHBHD SECURITY BOND FD (475)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$485,159)</b>	<b>\$0</b>	<b>(\$485,159)</b>	<b>\$0</b>	<b>(\$485,159)</b>	<b>\$0</b>
<b>PUBLIC WKS PRO SUPPORT FD (150)</b>								
<b>INFORMATION TECHNOLOGY</b>								
Benefits Program			\$1,107		\$1,107			\$1,107
<b>PUBLIC WORKS</b>								
Benefits Program	\$9,006			(\$10,113)	(\$1,107)			(\$1,107)
<b>Total PUBLIC WKS PRO SUPPORT FD (150)</b>	<b>\$9,006</b>	<b>\$0</b>	<b>\$1,107</b>	<b>(\$10,113)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>REDEV CAPITAL PROJECT FD (450)</b>								
<b>Muni Improvements Capital Program</b>								
Tech Adjust: Alma Av Aqstn Rl Est Svc (firmlr DPW Alma Av Aqstn)			\$15,000		\$15,000			\$15,000
Tech Adjust: DPW Rl Est Srvc-Alma Av Aqstn (to GS and retitled)			(\$15,000)		(\$15,000)			(\$15,000)

Special/Capital Fund  
 Clean-Up Actions  
 2009-2010 Mid-Year Budget Review

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>REDEV CAPITAL PROJECT FD (450)</b>								
<b>Parks &amp; Comm Fac Dev Capital Program</b>								
Tech Adjust: McLaughlin Nghh Prk-Staff & 3rd Prty R1 Est (from PW)				(\$9,000)	(\$9,000)			(\$9,000)
Tech Adjust: McLaughlin Nghh Prk-Staff & 3rd Prty R1 Est (to GS)				\$9,000	\$9,000			\$9,000
<b>Total REDEV CAPITAL PROJECT FD (450)</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>SEWER SVC &amp; USE CHARGE FD (541)</b>								
<b>INFORMATION TECHNOLOGY</b>								
Benefits Program	\$1,406				\$1,406			\$1,406
<b>CITY ATTORNEY</b>								
Benefits Program	\$1,080				\$1,080			\$1,080
<b>FINANCE</b>								
Benefits Program	\$1,483				\$1,483			\$1,483
<b>TRANSPORTATION</b>								
Benefits Program	\$38,757				\$38,757			\$38,757
<b>PUBLIC WORKS</b>								
Benefits Program	\$4,020				\$4,020			\$4,020
<b>ENVIRONMENTAL SERVICES</b>								
Benefits Program	\$2,324			(\$49,070)	(\$46,746)			(\$46,746)
<b>Total SEWER SVC &amp; USE CHARGE FD (541)</b>	\$49,070	\$0	\$0	(\$49,070)	\$0	\$0	\$0	\$0
<b>SEWER SVC &amp; USE CHG CAP FD (545)</b>								
<b>Sanitary Sewer Capital Program</b>								
Tech Adjust: Public Art (rebudget correction)				(\$402,000)	\$402,000	\$0		\$0
<b>Total SEWER SVC &amp; USE CHG CAP FD (545)</b>	\$0	\$0	(\$402,000)	\$402,000	\$0	\$0	\$0	\$0
<b>SJ-SC TRMNT PLANT CAP FUND (512)</b>								
<b>Water Pollution Control Capital Program</b>								
Tech Adjust: Beginning Fund Balance (rebudget correction)				(\$507,001)	(\$507,001)		(\$507,001)	\$0

Special/Capital Fund  
 Clean-Up Actions  
 2009-2010 Mid-Year Budget Review

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>SJ-SC TRMNT PLANT CAP FUND (512)</b>								
Total SJ-SC TRMNT PLANT CAP FUND (512)	\$0	\$0	\$0	(\$507,001)	(\$507,001)	\$0	(\$507,001)	\$0
<b>SJ-SC TRMNT PLANT OPER FUND (513)</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Benefits Program	\$145,997			(\$145,997)	\$0			\$0
Total SJ-SC TRMNT PLANT OPER FUND (513)	\$145,997	\$0	\$0	(\$145,997)	\$0	\$0	\$0	\$0
<b>STORES FUND (551)</b>								
<b>FINANCE</b>								
Benefits Program	\$1,918			(\$1,918)	\$0			\$0
Total STORES FUND (551)	\$1,918	\$0	\$0	(\$1,918)	\$0	\$0	\$0	\$0
<b>STORM SEWER OPERATING FD (446)</b>								
<b>TRANSPORTATION</b>								
Benefits Program	\$23,371				\$23,371			\$23,371
<b>PUBLIC WORKS</b>								
Benefits Program	\$1,060				\$1,060			\$1,060
<b>ENVIRONMENTAL SERVICES</b>								
Benefits Program	\$19,097			(\$43,528)	(\$24,431)			(\$24,431)
Total STORM SEWER OPERATING FD (446)	\$43,528	\$0	\$0	(\$43,528)	\$0	\$0	\$0	\$0
<b>TRANSIENT OCCUPANCY TX FD (461)</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Tech Adjust: Cultural Development (rebudget correction)			\$72,672	(\$72,672)	\$0			\$0
Total TRANSIENT OCCUPANCY TX FD (461)	\$0	\$0	\$72,672	(\$72,672)	\$0	\$0	\$0	\$0

Special/Capital Fund  
 Clean-Up Actions  
 2009-2010 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>VEHICLE MAINT &amp; OPER FUND (552)</b>								
<b>GENERAL SERVICES</b>								
Benefits Program	\$27,630		(\$27,630)		\$0			\$0
<b>Total VEHICLE MAINT &amp; OPER FUND (552)</b>	<b>\$27,630</b>	<b>\$0</b>	<b>(\$27,630)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>WATER UTILITY FUND (515)</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Benefits Program	\$12,224			(\$12,224)	\$0			\$0
<b>Total WATER UTILITY FUND (515)</b>	<b>\$12,224</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$12,224)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>WORKFORCE INVSTMNT ACT FD (290)</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Tech Adjust: BusinessOwnerSpace.com Network (rbdgt correction)			(\$2,846)	\$2,846	\$0			\$0
<b>Total WORKFORCE INVSTMNT ACT FD (290)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,846)</b>	<b>\$2,846</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



2009-2010

MID-YEAR  
BUDGET  
REVIEW



SECTION  
IV

APPENDICES







**FINANCE DEPARTMENT**  
Monthly Financial Report

Financial Results for the 6 Months Ended December 31, 2009  
Fiscal Year 2009-10

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**Finance Department, City of San José**  
**Monthly Financial Report**  
**Financial Results for the 6 Months Ended December 31, 2009**  
**Fiscal Year 2009-10**

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**Finance Department, City of San José**  
**Monthly Financial Report**  
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**Fiscal Year 2009-10**

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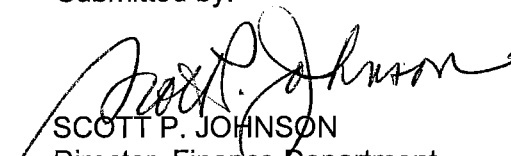
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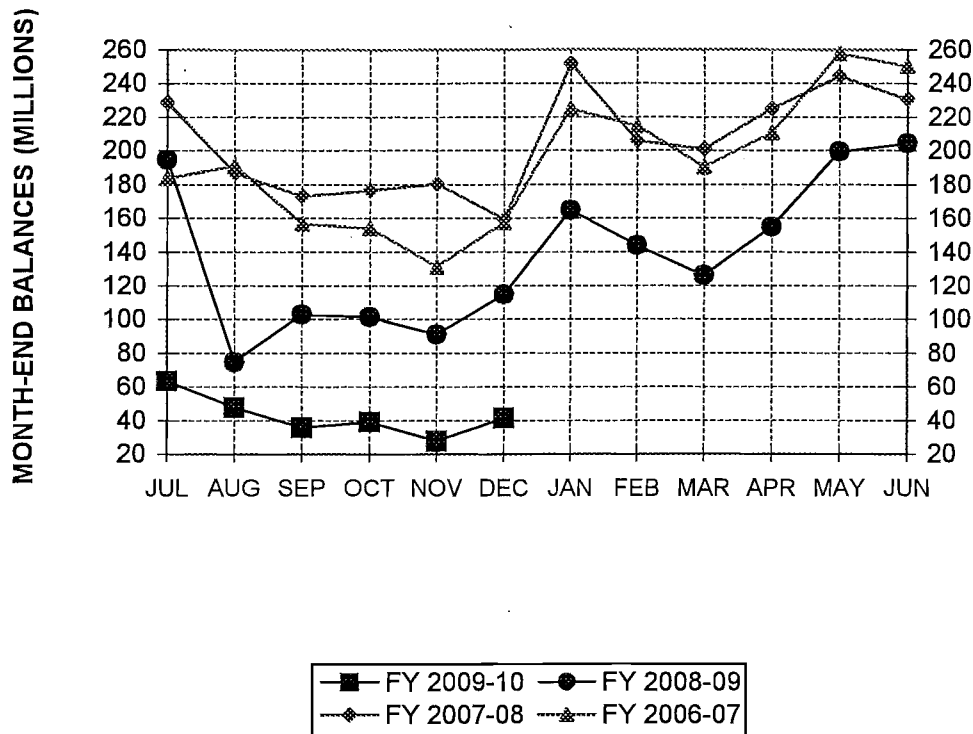
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Schedule of Sources and Uses of Funds..... 16

Submitted by:

  
SCOTT P. JOHNSON  
Director, Finance Department

## GENERAL FUND Comparison of Cash Balances

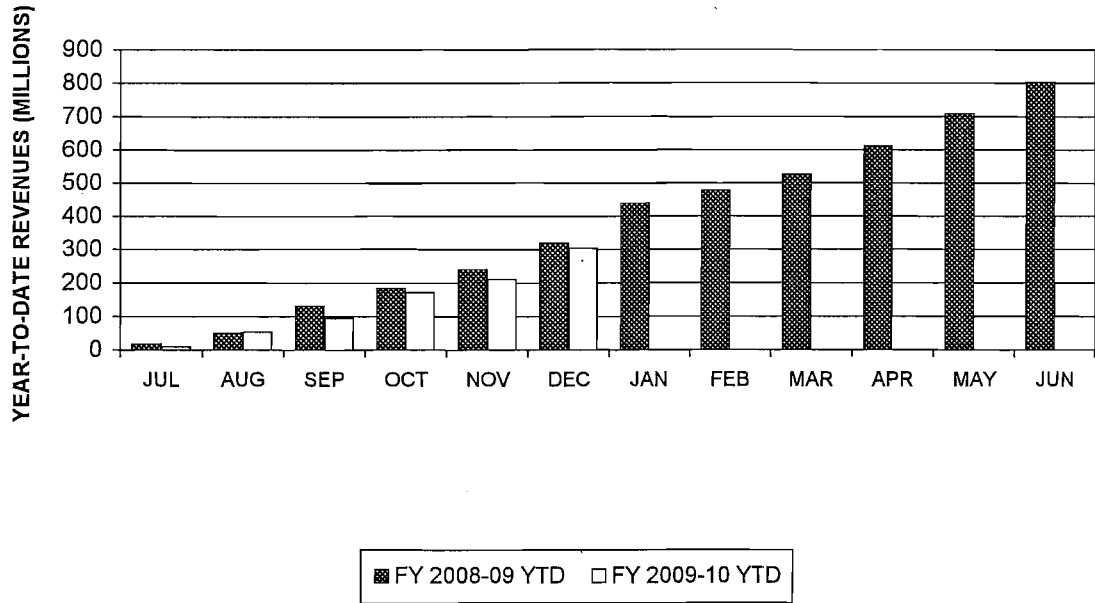


### GENERAL FUND MONTHLY CASH BALANCES

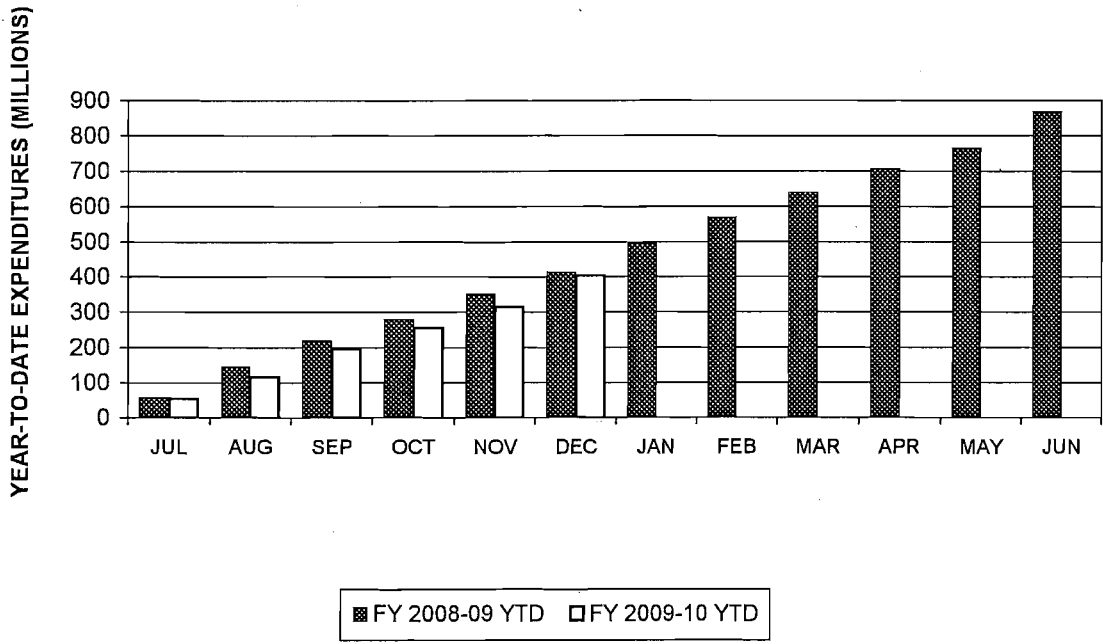
MONTH	FY 2009-10	FY 2008-09	FY 2007-08	FY 2006-07
JULY	\$ 63,344,537	\$ 194,527,843	\$ 228,551,607	\$ 183,638,084
AUGUST (1)	47,689,216	74,677,718	186,835,010	190,974,568
SEPTEMBER	35,662,298	102,811,355	173,043,887	156,674,730
OCTOBER	38,946,966	101,433,688	176,617,539	154,011,382
NOVEMBER	27,736,074	90,892,525	180,164,388	131,009,877
DECEMBER	41,491,217	114,535,815	159,164,830	157,479,064
JANUARY		164,539,700	251,792,153	224,766,520
FEBRUARY		143,802,507	205,882,438	214,574,932
MARCH		125,900,953	200,763,696	190,320,128
APRIL		154,701,704	225,008,853	210,342,744
MAY		199,321,150	244,545,422	257,771,653
JUNE		204,474,123	230,556,706	250,180,874

Note: (1) The General Fund cash balance decreased by \$102.7 million in July 2009 due to the decision to pay the City's portion of retirement contributions in a lump-sum rather than in bi-weekly contributions.

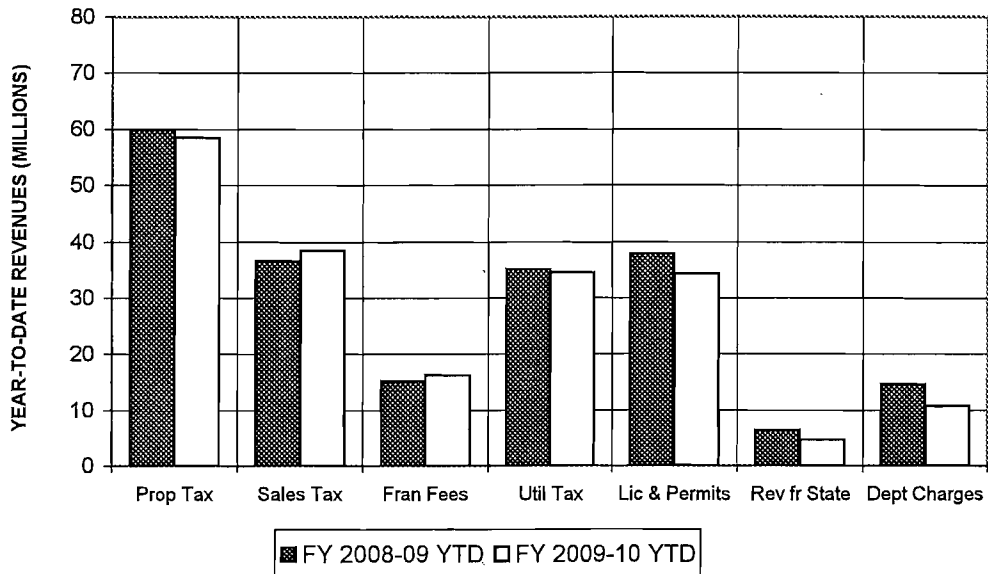
**GENERAL FUND  
Comparison of YTD Revenues  
Actual**



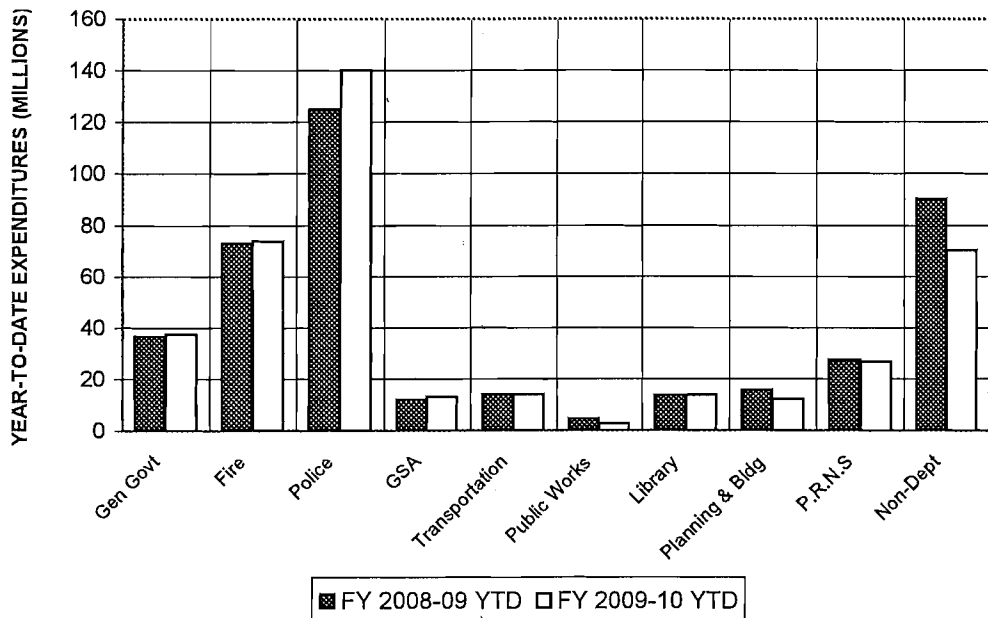
**GENERAL FUND  
Comparison of YTD Expenditures  
Actual**



**GENERAL FUND MAJOR REVENUES**  
**Comparison of YTD Actual vs. Prior YTD Actual**  
**For the 6 Months Ended December 31, 2009**



**GENERAL FUND MAJOR EXPENDITURES**  
**Comparison of YTD Actual vs. Prior YTD Actual**  
**For the 6 Months Ended December 31, 2009**



Note 1: The city received an overpayment of Sales Tax from the State in January 2009 due to incorrect "triple-flip" estimates. The overpayment amount was carried over to the current fiscal year and is reflected in the graph shown above. In January 2010, the State will decrease the amount of Sales Taxes sent to the City to offset the overpayment.

**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS**  
**FOR THE 6 MONTHS ENDED DECEMBER 31, 2009**  
*(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	\$ -	-	24,729	24,729	24,729	100.00%	41,648	165.95%	25,096	(16,919)	-40.62%
Liquidation of c/o Encumbrance	-	-	-	-	-	-	-	-	-	-	-
Available Balance	152,992	20,221	-	173,213	173,213	100.00%	223,651	90.32%	247,630	(50,438)	-22.55%
<b>Total Fund Balance</b>	<b>152,992</b>	<b>20,221</b>	<b>24,729</b>	<b>197,942</b>	<b>197,942</b>	<b>100.00%</b>	<b>265,299</b>	<b>97.28%</b>	<b>272,726</b>	<b>(67,357)</b>	<b>-25.39%</b>
<b>General Revenues</b>											
Property Tax	198,249	-	-	198,249	58,436	29.48%	59,967	29.44%	203,718	(1,531)	-2.55%
Sales Tax (Note 1)	135,795	(10,720)	-	125,075	38,473	30.76%	36,633	23.79%	154,002	1,840	5.02%
Telephone Line Tax (Note 2)	21,600	-	-	21,600	7,567	35.03%	-	0.00%	-	7,567	0.00%
Transient Occupancy Tax	6,553	-	-	6,553	2,425	37.01%	3,841	40.18%	9,560	(1,416)	-36.87%
Franchise Fees	41,422	-	-	41,422	16,276	39.29%	15,190	36.99%	41,064	1,086	7.15%
Utility Tax	84,959	-	-	84,959	34,600	40.73%	35,191	42.78%	82,254	(591)	-1.68%
Licenses and Permits	70,862	(3,018)	-	67,844	34,304	50.56%	37,901	51.18%	74,059	(3,597)	-9.49%
Fines, Forfeits and Penalties	18,346	-	-	18,346	6,855	37.37%	6,238	39.98%	15,601	617	9.89%
Use of Money and Property	8,205	(2,935)	-	5,270	1,614	30.63%	4,956	27.70%	17,891	(3,342)	-67.43%
Revenue from Local Agencies	50,723	345	-	51,068	22,154	43.38%	24,590	50.05%	49,127	(2,436)	-9.91%
Revenue from State of Cal.	9,236	793	-	10,029	4,716	47.02%	6,424	52.17%	12,314	(1,708)	-26.59%
Revenue from Federal Government	13,892	3,266	-	17,158	683	3.98%	718	9.69%	7,409	(35)	-4.87%
Departmental Charges (Note 3)	30,439	(1,791)	-	28,648	10,785	37.65%	14,697	47.65%	30,842	(3,912)	-26.62%
Other Revenues	15,462	206	-	15,668	9,645	61.56%	14,777	63.11%	23,416	(5,132)	-34.73%
<b>Total General Revenues</b>	<b>705,743</b>	<b>(13,854)</b>	<b>-</b>	<b>691,889</b>	<b>248,533</b>	<b>35.92%</b>	<b>261,123</b>	<b>36.20%</b>	<b>721,257</b>	<b>(12,590)</b>	<b>-4.82%</b>
<b>Transfers &amp; Reimbursements</b>											
Overhead Reimbursements	38,325	(452)	-	37,873	30,900	81.59%	24,086	63.92%	37,680	6,814	28.29%
Transfers from Other Funds	28,119	2,653	-	30,772	19,710	64.05%	28,762	56.28%	51,105	(9,052)	-31.47%
Reimbursements for Services	17,048	-	-	17,048	4,366	25.61%	5,519	31.18%	17,699	(1,153)	-20.89%
<b>Total Transfers &amp; Reimburse</b>	<b>83,492</b>	<b>2,201</b>	<b>-</b>	<b>85,693</b>	<b>54,976</b>	<b>64.15%</b>	<b>58,367</b>	<b>54.81%</b>	<b>106,484</b>	<b>(3,391)</b>	<b>-5.81%</b>
<b>Total Sources</b>	<b>\$ 942,227</b>	<b>8,568</b>	<b>24,729</b>	<b>975,524</b>	<b>501,451</b>	<b>51.40%</b>	<b>584,789</b>	<b>53.14%</b>	<b>1,100,467</b>	<b>(83,338)</b>	<b>-14.25%</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 December 2009 is approximately \$0.5 million. See Note 1 on page 3 regarding overpayment of Sales Tax by the State.

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 6 MONTHS ENDED DECEMBER 31, 2009**  
*( 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	(153)	157	10,256	3,612	183	35.22%	3,625	48.13%	7,532	(13)	-0.36%
City Attorney	12,790	(15)	655	13,430	6,338	643	47.19%	6,166	46.28%	13,323	172	2.79%
City Auditor	2,379	(5)	63	2,437	1,187	1	48.71%	1,081	52.00%	2,079	106	9.81%
City Clerk	4,093	(655)	82	3,520	1,009	82	28.66%	976	40.35%	2,419	33	3.38%
City Manager	11,247	(137)	270	11,380	5,245	587	46.09%	5,176	45.83%	11,293	69	1.33%
Finance	12,094	(239)	209	12,064	5,457	526	45.23%	5,519	49.18%	11,221	(62)	-1.12%
Information Technology	17,150	(740)	868	17,278	7,533	1,349	43.60%	7,244	46.74%	15,499	289	3.99%
Human Resources	8,372	(237)	44	8,179	3,691	329	45.13%	3,397	47.34%	7,175	294	8.65%
Redevelopment Agency	2,062	-	-	2,062	971	-	47.09%	926	78.81%	1,175	45	4.86%
Independent Police Auditor	801	3	2	806	320	1	39.70%	410	50.93%	805	(90)	-21.95%
Office of Economic Development	3,826	(55)	172	3,943	1,962	118	49.76%	2,122	48.84%	4,345	(160)	-7.54%
<b>Total General Government</b>	<b>85,066</b>	<b>(2,233)</b>	<b>2,522</b>	<b>85,355</b>	<b>37,325</b>	<b>3,819</b>	<b>43.73%</b>	<b>36,642</b>	<b>47.67%</b>	<b>76,866</b>	<b>683</b>	<b>1.86%</b>
<b>Public Safety</b>												
Fire	154,892	(498)	268	154,662	73,790	1,121	47.71%	73,045	46.10%	158,465	745	1.02%
Police	296,365	(1,480)	1,914	296,799	140,354	3,682	47.29%	125,008	44.68%	279,794	15,346	12.28%
<b>Total Public Safety</b>	<b>451,257</b>	<b>(1,978)</b>	<b>2,182</b>	<b>451,461</b>	<b>214,144</b>	<b>4,803</b>	<b>47.43%</b>	<b>198,053</b>	<b>45.19%</b>	<b>438,259</b>	<b>16,091</b>	<b>8.12%</b>
<b>Capital Maintenance</b>												
General Services	27,225	(271)	447	27,401	12,934	1,956	47.20%	12,100	67.25%	17,992	834	6.89%
Transportation	31,229	(338)	742	31,633	13,953	2,247	44.11%	14,003	42.84%	32,688	(50)	-0.36%
Public Works	6,309	(1,102)	72	5,279	2,775	125	52.57%	4,779	48.20%	9,915	(2,004)	-41.93%
<b>Total Capital Maintenance</b>	<b>64,763</b>	<b>(1,711)</b>	<b>1,261</b>	<b>64,313</b>	<b>29,662</b>	<b>4,328</b>	<b>46.12%</b>	<b>30,882</b>	<b>50.96%</b>	<b>60,595</b>	<b>(1,220)</b>	<b>-3.95%</b>

(1) Does not include encumbrance balance.



**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**EXPENDITURES**  
**FOR THE 6 MONTHS ENDED DECEMBER 31, 2009**  
*( UNAUDITED )*  
*( \$000's )*

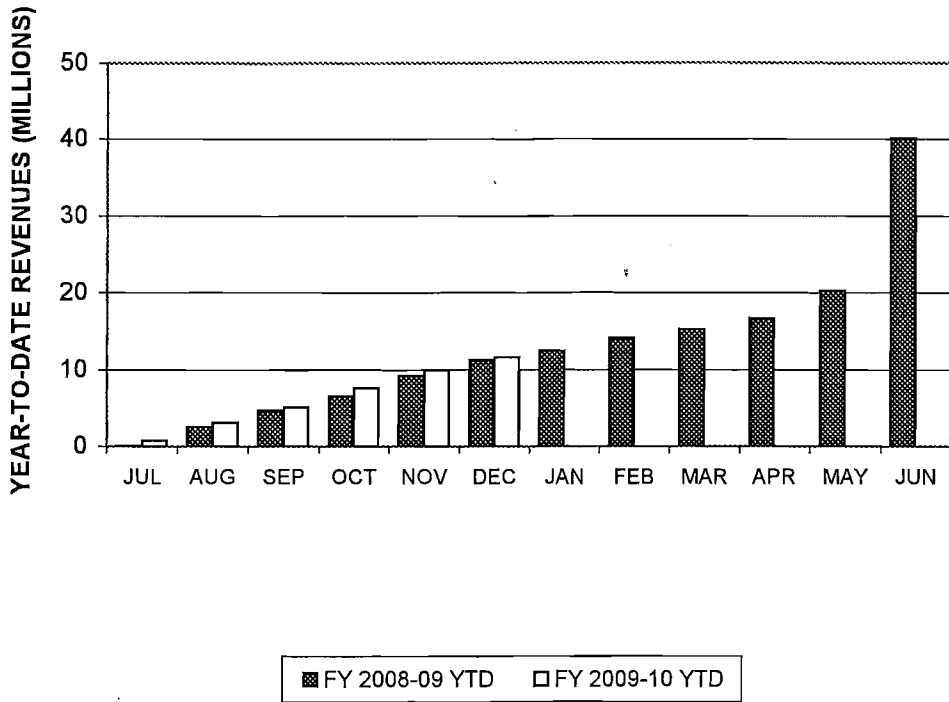
	ADOPTED FY 2009-10 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2009-10 BUDGET	YEAR-TO-DATE		CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL(1)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL(1)	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
					ACTUAL	ENCUMBR						
<b>Community Service</b>												
Library	30,295	(686)	348	29,957	13,837	324	46.19%	13,745	47.96%	28,661	92	0.67%
Planning, Bldg & Code Enf.	26,578	(2,446)	180	24,312	12,342	175	50.77%	15,765	46.07%	34,218	(3,423)	-21.71%
Park, Rec & Neigh Svcs	57,829	(875)	663	57,617	26,785	4,259	46.49%	27,403	43.03%	63,687	(618)	-2.26%
Environmental Services	573	228	191	992	301	156	30.34%	184	15.99%	1,151	117	-63.59%
<b>Total Community Services</b>	<b>115,275</b>	<b>(3,779)</b>	<b>1,382</b>	<b>112,878</b>	<b>53,265</b>	<b>4,914</b>	<b>47.19%</b>	<b>57,097</b>	<b>44.71%</b>	<b>127,717</b>	<b>(3,832)</b>	<b>-6.71%</b>
<b>Total Dept. Expenditures</b>	<b>\$ 716,361</b>	<b>(9,701)</b>	<b>7,347</b>	<b>714,007</b>	<b>334,396</b>	<b>17,864</b>	<b>46.83%</b>	<b>322,674</b>	<b>45.87%</b>	<b>703,437</b>	<b>11,722</b>	<b>3.63%</b>
<b>Non-Dept Expenditures</b>												
<b>City-wide Expenditures:</b>												
Econ. & Neighborhood Develop.	\$ 26,656	34	2,359	29,049	16,107	3,782	55.45%	20,778	73.94%	28,103	(4,671)	-22.48%
Environmental & Utility Services	1,634	760	87	2,481	959	185	38.65%	526	50.29%	1,046	433	82.32%
Public Safety	20,305	1,921	753	22,979	8,418	1,913	36.63%	1,289	14.51%	8,886	7,129	553.06%
Recreation & Cultural Services	11,866	28	1,090	12,984	5,104	2,304	39.31%	3,115	34.76%	8,962	1,989	63.85%
Transportation Services	4,768	(5)	731	5,494	1,359	1,007	24.74%	791	38.31%	2,065	568	71.81%
Strategic Support	43,202	24	2,899	46,125	8,976	3,138	19.46%	21,759	48.43%	44,929	(12,783)	-58.75%
<b>Total City-wide Expenditures</b>	<b>108,431</b>	<b>2,762</b>	<b>7,919</b>	<b>119,112</b>	<b>40,923</b>	<b>12,329</b>	<b>34.36%</b>	<b>48,258</b>	<b>51.34%</b>	<b>93,991</b>	<b>(7,335)</b>	<b>-15.20%</b>
Capital Contributions	27,878	1,346	9,463	38,687	5,867	8,429	15.17%	6,457	58.98%	10,947	(590)	-9.14%
Transfers to Other Funds	23,820	492	-	24,312	23,593	-	97.04%	35,550	117.04%	30,374	(11,957)	-33.63%
<b>Total Non-Dept Expenditures</b>	<b>160,129</b>	<b>4,600</b>	<b>17,382</b>	<b>182,111</b>	<b>70,383</b>	<b>20,758</b>	<b>38.65%</b>	<b>90,265</b>	<b>66.71%</b>	<b>135,312</b>	<b>(19,882)</b>	<b>-22.03%</b>
<b>Reserves</b>												
Contingency Reserves	30,716	-	-	30,716	-	-	0.00%	-	0.00%	-	-	0.00%
Earmarked Reserves	35,021	13,669	-	48,690	-	-	0.00%	-	0.00%	-	-	0.00%
<b>Total Reserves</b>	<b>65,737</b>	<b>13,669</b>	<b>-</b>	<b>79,406</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>8,568</b>	<b>24,729</b>	<b>975,524</b>	<b>404,779</b>	<b>38,622</b>	<b>41.49%</b>	<b>412,939</b>	<b>49.23%</b>	<b>838,749</b>	<b>(8,160)</b>	<b>-1.98%</b>

(1) Does not include encumbrance balance.

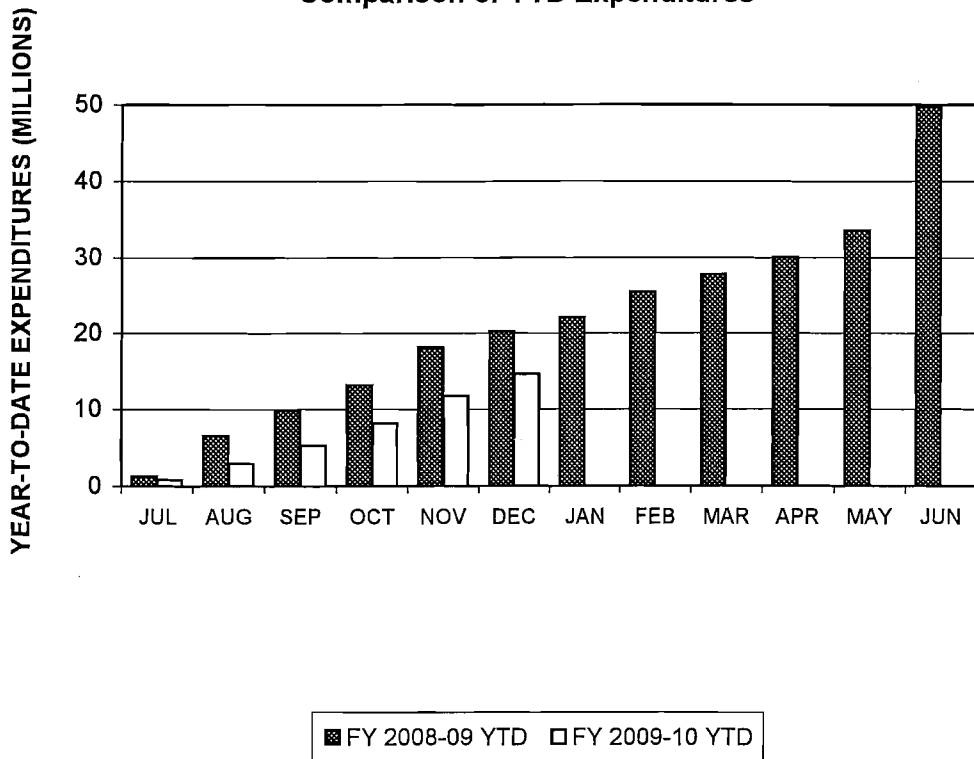
CITY OF SAN JOSE  
GENERAL FUND SOURCE AND USE OF FUNDS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2009  
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES  
(UNAUDITED)  
(\$000's)

	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	-	-	2,273	920	40.48%	766	45.49%	1,684	154	20.10%
Public Works	5,588	(1,001)	-	4,587	1,583	34.51%	3,560	49.44%	7,201	(1,977)	-55.53%
Transportation	1,032	-	-	1,032	344	33.33%	626	44.59%	1,404	(282)	-45.05%
Library	1,887	-	-	1,887	468	24.80%	432	32.12%	1,345	36	8.33%
Planning, Bldg & Code Enf	3,978	(790)	-	3,188	1,228	38.52%	2,469	37.47%	6,590	(1,241)	-50.26%
Parks Rec & Neigh Svcs	9,417	-	-	9,417	4,222	44.83%	4,595	51.67%	8,893	(373)	-8.12%
Miscellaneous Dept Charges	6,264	-	-	6,264	2,020	32.25%	2,249	60.38%	3,725	(229)	-10.18%
<b>Total Departmental Revenues \$</b>	<b>30,439</b>	<b>(1,791)</b>	<b>-</b>	<b>28,648</b>	<b>10,785</b>	<b>37.65%</b>	<b>14,697</b>	<b>47.65%</b>	<b>30,842</b>	<b>(3,912)</b>	<b>-26.62%</b>

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



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



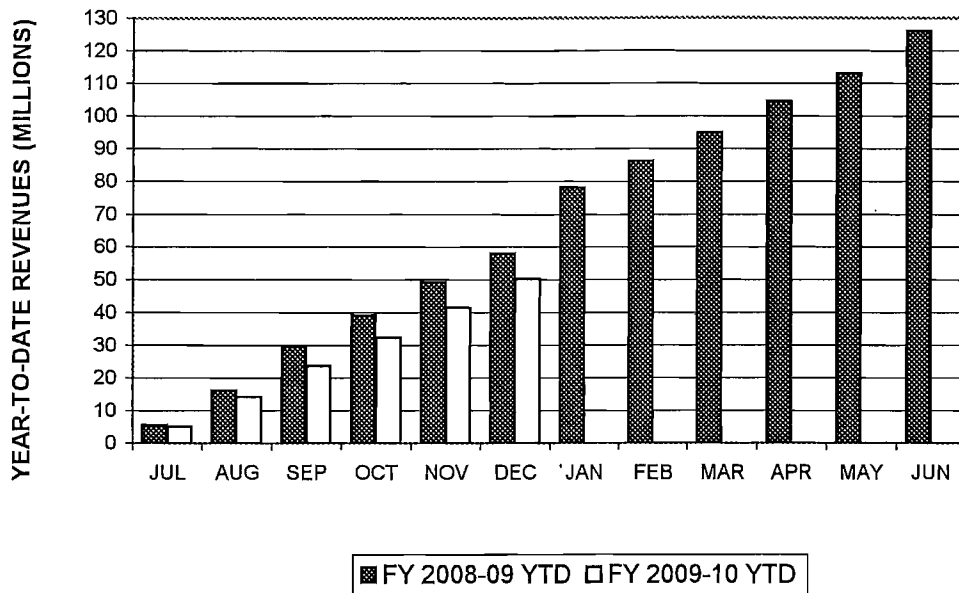
**CITY OF SAN JOSE  
SPECIAL REVENUE FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2009  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2009-10 BUDGET	BUDGET AMENDMENTS		FY 2009-10 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
<b>Construction/Conveyance Tax</b>							
Prior Year Encumbrance	\$ -	-	7,847	7,847	7,847	N/A	11,753
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	67,120	12,979	-	80,099	80,099	N/A	86,637
Revenues	27,352	5,105	-	32,457	11,679	N/A	11,296
<b>Total Sources</b>	<b>94,472</b>	<b>18,084</b>	<b>7,847</b>	<b>120,403</b>	<b>99,625</b>	<b>N/A</b>	<b>109,686</b>
<b>Total Uses</b>	<b>94,472</b>	<b>18,084</b>	<b>7,847</b>	<b>120,403</b>	<b>14,641</b>	<b>10,096</b>	<b>20,292</b>
<b>Gas Tax</b>							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	-	-	-	-	-	N/A	-
Revenues	16,366	-	-	16,366	4,260	N/A	6,944
<b>Total Sources</b>	<b>16,366</b>	<b>-</b>	<b>-</b>	<b>16,366</b>	<b>4,260</b>	<b>N/A</b>	<b>6,944</b>
<b>Total Uses</b>	<b>16,366</b>	<b>-</b>	<b>-</b>	<b>16,366</b>	<b>4,260</b>	<b>0</b>	<b>5,527</b>
<b>Building and Structures</b>							
Prior Year Encumbrance	-	-	3,768	3,768	3,768	N/A	7,285
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	9,330	6,259	-	15,589	15,589	N/A	18,236
Revenues	32,029	(1,030)	-	30,999	4,626	N/A	6,429
<b>Total Sources</b>	<b>41,359</b>	<b>5,229</b>	<b>3,768</b>	<b>50,356</b>	<b>23,983</b>	<b>N/A</b>	<b>31,950</b>
<b>Total Uses</b>	<b>41,359</b>	<b>5,229</b>	<b>3,768</b>	<b>50,356</b>	<b>8,257</b>	<b>7,490</b>	<b>10,978</b>
<b>Residential Construction</b>							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	1,237	73	-	1,310	1,310	N/A	1,339
Revenues	100	35	-	135	20	N/A	89
<b>Total Sources</b>	<b>1,337</b>	<b>108</b>	<b>-</b>	<b>1,445</b>	<b>1,330</b>	<b>N/A</b>	<b>1,428</b>
<b>Total Uses</b>	<b>\$ 1,337</b>	<b>108</b>	<b>-</b>	<b>1,445</b>	<b>19</b>	<b>0</b>	<b>67</b>

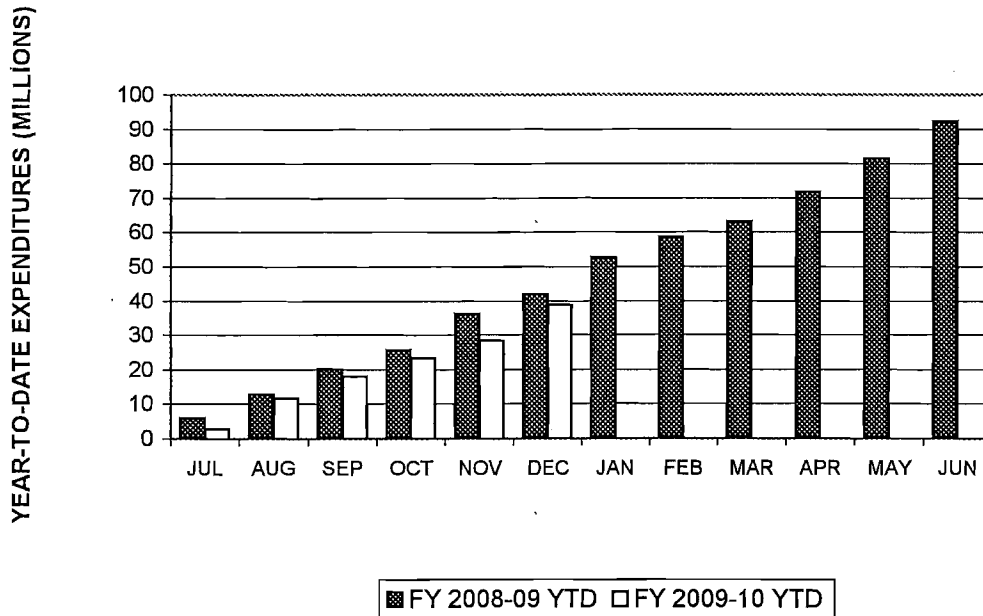
**CITY OF SAN JOSE  
SPECIAL REVENUE FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2009  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2009-10 BUDGET	BUDGET AMENDMENTS		FY 2009-10 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
<b>Transient Occupancy Tax</b>							
Prior Year Encumbrance	\$ -	-	314	314	314	N/A	401
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	1,300	117	-	1,417	1,417	N/A	4,117
Revenues	9,844	-	-	9,844	3,701	N/A	5,267
<b>Total Sources</b>	<b>11,144</b>	<b>117</b>	<b>314</b>	<b>11,575</b>	<b>5,432</b>	<b>N/A</b>	<b>9,785</b>
<b>Total Uses</b>	<b>11,144</b>	<b>117</b>	<b>314</b>	<b>11,575</b>	<b>5,533</b>	<b>592</b>	<b>7,216</b>
<b>Conventions, Arts &amp; Entertainment</b>							
Prior Year Encumbrance	-	-	346	346	346	N/A	689
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	8,755	1,136	-	9,891	9,891	N/A	7,606
Revenues	21,789	(173)	-	21,616	8,322	N/A	5,528
<b>Total Sources</b>	<b>30,544</b>	<b>963</b>	<b>346</b>	<b>31,853</b>	<b>18,559</b>	<b>N/A</b>	<b>13,823</b>
<b>Total Uses</b>	<b>30,544</b>	<b>963</b>	<b>346</b>	<b>31,853</b>	<b>13,236</b>	<b>425</b>	<b>10,033</b>
<b>Golf</b>							
Prior Year Encumbrance	-	-	-	-	-	N/A	11
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	1,553	N/A	1,562
<b>Total Sources</b>	<b>3,042</b>	<b>70</b>	<b>-</b>	<b>3,112</b>	<b>2,741</b>	<b>N/A</b>	<b>2,498</b>
<b>Total Uses</b>	<b>3,042</b>	<b>70</b>	<b>-</b>	<b>3,112</b>	<b>1,300</b>	<b>7</b>	<b>1,363</b>
<b>Other Funds</b>							
Prior Year Encumbrance	-	-	55,362	55,362	55,362	N/A	57,048
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	201,393	21,652	-	223,045	223,045	N/A	213,726
Revenues	527,351	34,752	-	562,103	181,338	N/A	198,058
<b>Total Sources</b>	<b>728,744</b>	<b>56,404</b>	<b>55,362</b>	<b>840,510</b>	<b>459,745</b>	<b>N/A</b>	<b>468,832</b>
<b>Total Uses</b>	<b>\$ 728,744</b>	<b>56,404</b>	<b>55,362</b>	<b>840,510</b>	<b>188,077</b>	<b>163,274</b>	<b>215,755</b>

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

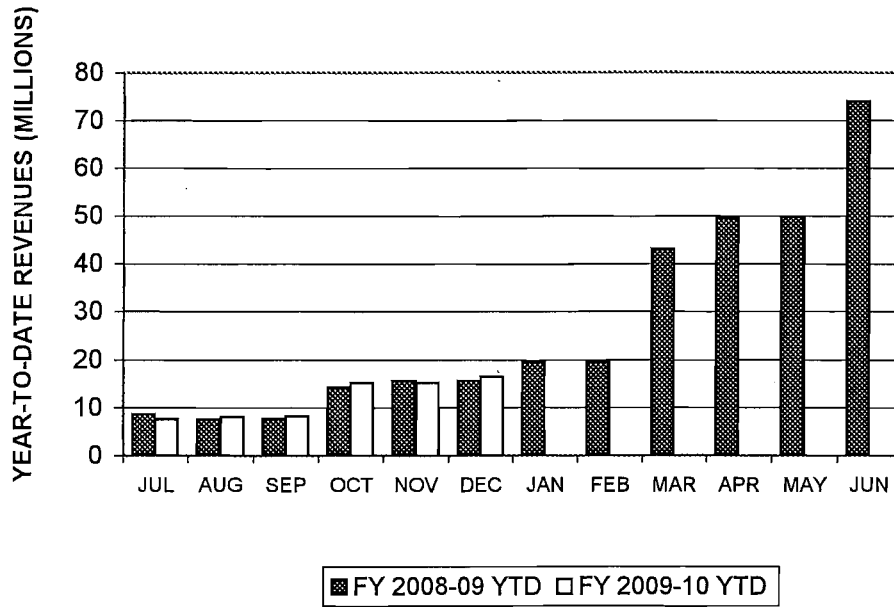


**AIRPORT MAINTENANCE & OPERATING FUND 523  
Comparison of YTD Expenditures**

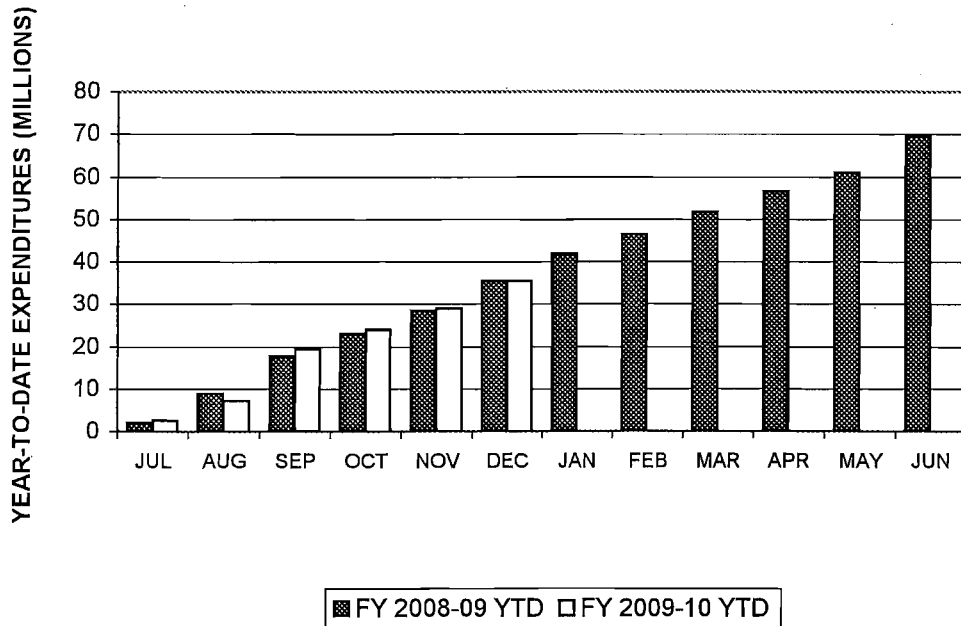


Note: The graphs above include the airport revenue fund (521) and operating fund (523) only.

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

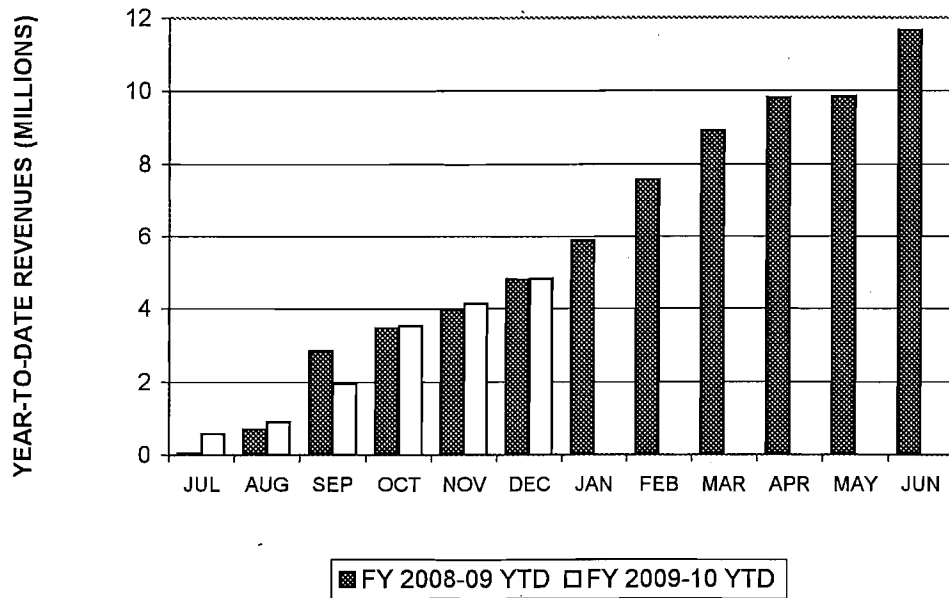


**WPCP OPERATING FUND 513  
Comparison of YTD Expenditures**

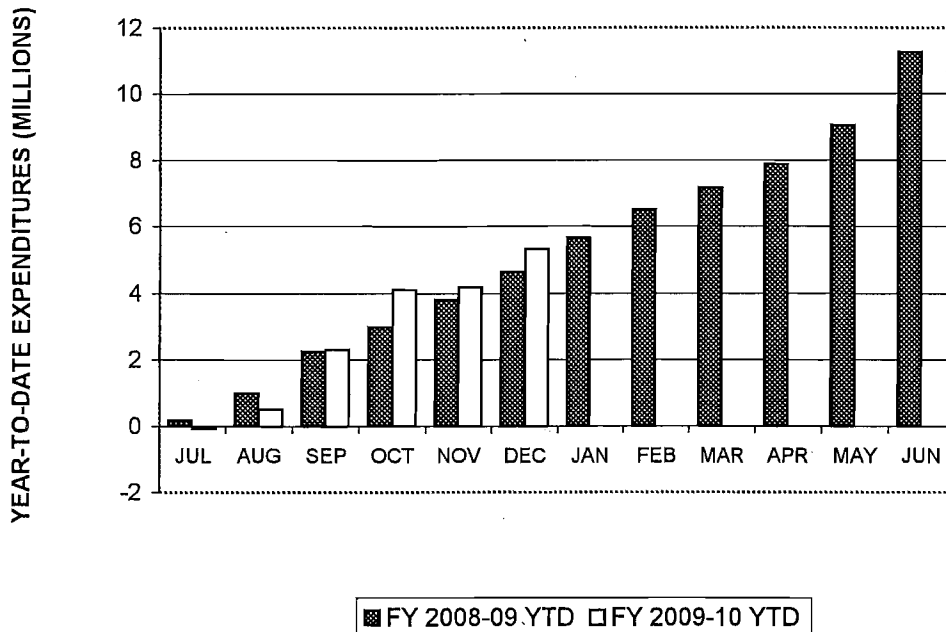


Note: Graphs above are only for WPCP operating fund (513).

**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 6 MONTHS ENDED DECEMBER 31, 2009  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2009-10 BUDGET	BUDGET AMENDMENTS		FY 2009-10 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
<b>Airport</b>							
Prior Year Encumbrance	\$ -	-	331,972	331,972	331,972	N/A	497,173
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	491,434	(6,307)	-	485,127	485,127	N/A	620,025
Revenues	327,151	21,777	-	348,928	195,152	N/A	234,533
<b>Total Sources</b>	<b>818,585</b>	<b>15,470</b>	<b>331,972</b>	<b>1,166,027</b>	<b>1,012,251</b>	<b>N/A</b>	<b>1,351,731</b>
<b>Total Uses</b>	<b>818,585</b>	<b>15,470</b>	<b>331,972</b>	<b>1,166,027</b>	<b>248,398</b>	<b>272,377</b>	<b>237,587</b>
<b>(Note 1)</b>							
<b>Waste Water Treatment</b>							
Prior Year Encumbrance	-	-	43,564	43,564	43,564	N/A	58,152
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	168,191	38,854	-	207,045	207,045	N/A	171,737
Revenues	273,107	(6,480)	-	266,627	168,902	N/A	133,604
<b>Total Sources</b>	<b>441,298</b>	<b>32,374</b>	<b>43,564</b>	<b>517,236</b>	<b>419,511</b>	<b>N/A</b>	<b>363,493</b>
<b>Total Uses</b>	<b>441,298</b>	<b>32,374</b>	<b>43,564</b>	<b>517,236</b>	<b>99,181</b>	<b>42,872</b>	<b>73,942</b>
<b>(Note 2)</b>							
<b>Municipal Water</b>							
Prior Year Encumbrance	-	-	899	899	899	N/A	2,146
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	7,966	3,122	-	11,088	11,088	N/A	9,362
Revenues	29,848	-	-	29,848	17,145	N/A	18,633
<b>Total Sources</b>	<b>37,814</b>	<b>3,122</b>	<b>899</b>	<b>41,835</b>	<b>29,132</b>	<b>N/A</b>	<b>30,141</b>
<b>Total Uses</b>	<b>37,814</b>	<b>3,122</b>	<b>899</b>	<b>41,835</b>	<b>13,043</b>	<b>1,605</b>	<b>14,142</b>
<b>Parking</b>							
Prior Year Encumbrance	-	-	1,507	1,507	1,507	N/A	1,267
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	14,117	103	-	14,220	14,220	N/A	14,190
Revenues	12,718	-	-	12,718	4,831	N/A	4,815
<b>Total Sources</b>	<b>26,835</b>	<b>103</b>	<b>1,507</b>	<b>28,445</b>	<b>20,558</b>	<b>N/A</b>	<b>20,272</b>
<b>Total Uses</b>	<b>\$ 26,835</b>	<b>103</b>	<b>1,507</b>	<b>28,445</b>	<b>5,338</b>	<b>2,760</b>	<b>4,656</b>

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

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

**CITY OF SAN JOSE  
CAPITAL PROJECT FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2009  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2009-10 BUDGET	BUDGET AMENDMENTS		FY 2009-10 BUDGET	ACTUAL	ENCUMBER	Y-T-D ACTUAL
<b>Construction Excise</b>							
Prior Year Encumbrance	\$ -	-	5,805	5,805	5,805	N/A	8,482
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	(5,004)	-	35,487	6,604	N/A	18,522
<b>Total Sources</b>	<b>54,218</b>	<b>1,507</b>	<b>5,805</b>	<b>61,530</b>	<b>32,647</b>	<b>N/A</b>	<b>36,603</b>
<b>Total Uses</b>	<b>54,218</b>	<b>1,507</b>	<b>5,805</b>	<b>61,530</b>	<b>16,222</b>	<b>14,733</b>	<b>23,757</b>
<b>Redevelopment Projects</b>							
Prior Year Encumbrance	-	-	4,431	4,431	4,431	N/A	5,063
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	2,331	7,115	-	9,446	9,446	N/A	8,074
Revenues	-	714	-	714	646	N/A	1,812
<b>Total Sources</b>	<b>2,331</b>	<b>7,829</b>	<b>4,431</b>	<b>14,591</b>	<b>14,523</b>	<b>N/A</b>	<b>14,949</b>
<b>Total Uses</b>	<b>2,331</b>	<b>7,829</b>	<b>4,431</b>	<b>14,591</b>	<b>2,359</b>	<b>5,447</b>	<b>4,564</b>
<b>Other</b>							
Prior Year Encumbrance	-	-	60,232	60,232	60,232	N/A	129,130
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	104,086	3,016	-	107,102	107,102	N/A	144,657
Revenues	14,439	2,070	-	16,509	1,985	N/A	5,091
<b>Total Sources</b>	<b>118,525</b>	<b>5,086</b>	<b>60,232</b>	<b>183,843</b>	<b>169,319</b>	<b>N/A</b>	<b>278,878</b>
<b>Total Uses</b>	<b>\$ 118,525</b>	<b>5,086</b>	<b>60,232</b>	<b>183,843</b>	<b>38,749</b>	<b>43,188</b>	<b>59,658</b>

**CITY OF SAN JOSE**  
**OTHER FUND TYPES**  
**SOURCE AND USE OF FUNDS**  
**FOR THE 6 MONTHS ENDED DECEMBER 31, 2009**  
*(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	ENCUMBR	ACTUAL
<b>Trust and Agency</b>							
Prior Year Encumbrance	\$ -	-	3	3	3	N/A	33
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	1,935	366	-	2,301	2,301	N/A	2,378
Revenues	80	19	-	99	165	N/A	592
<b>Total Sources</b>	<b>2,015</b>	<b>385</b>	<b>3</b>	<b>2,403</b>	<b>2,469</b>	<b>N/A</b>	<b>3,003</b>
<b>Total Uses</b>	<b>\$ 2,015</b>	<b>385</b>	<b>3</b>	<b>2,403</b>	<b>197</b>	<b>17</b>	<b>390</b>

**THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE**

**MEMORANDUM**

	KENN LEE CAPITAL BUDGET COORDINATOR CITY OF SAN JOSE		ABRAHAM M. ANDRADE ASSISTANT DIRECTOR OF FINANCE REDEVELOPMENT AGENCY
	SEE BELOW		AUGUST 18, 2009
<b>SUBJECT:</b>	<b>DETERMINATIONS REGARDING FUNDS TRANSFERRED TO THE CITY FOR THE SAN JOSE BEST PROGRAM</b>		

The Redevelopment Agency's proposed budget includes a total of \$6,014,554 to be transferred to the City's Budget Office for the following projects or expenditures.

Revenue Control Upgrades	\$150,000
Convention Center Deck Upgrade	\$487,000
Minor Parking Facility Improvements	\$380,000
Security Improvements	\$200,000
Arena Parking Meters	\$280,000
Parking Technology Improvements	\$300,000
Happy Hollow FF&E	\$237,000
Anti-Graffiti Program	\$363,000
Watson Park Clean-Up and Restoration	\$2,096,340
Police Substation FF&E	\$1,521,214

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

**Revenue Control Upgrades:**

1. The project benefits the redevelopment project areas of the downtown. The project upgrades the credit card processing equipment at all garages in the downtown area and at the central server to meet the credit card industry's Payment Card Industry Data Security.
2. As a result of the City's current budget constraints the City is unable to commit current funds to complete several key items identified in the

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Revenue Control Upgrades project, and there are no other reasonable means of financing this project.

3. This project will standardize the revenue control equipment at the City-owned/operated parking garages, assisting in the elimination of blight by increasing customer satisfaction and encouraging more visitors to the downtown area.
4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area provides for the improvement of parking infrastructure in Strong Neighborhood Initiative areas.

**Convention Center Deck Upgrade:**

1. The project benefits the Strong Neighborhoods Initiative Redevelopment Project Area by upgrading the concrete deck of the Convention Center Garage.
2. As a result of the City's current budget constraints the City is unable to commit current funds to complete several key items identified in the Convention Center Deck Upgrade project, and there are no other reasonable means of financing this project.
3. This project will repair existing damages, assisting in the elimination of blight by preventing further damages to the concrete deck in the garage, and preventing damages to electrical and communication systems on the lower level of the garage in the Convention Center Garage.
4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area provides for the improvement of parking infrastructure in Strong Neighborhood Initiative areas.

**Minor Parking Facility Improvements:**

1. The project benefits redevelopment project areas in the downtown by upgrading parking facilities in the downtown area.
2. As a result of the City's current budget constraints the City is unable to commit current funds to complete several key items identified in the Minor Parking Facility Improvements project, and there are no other reasonable means of financing this project.

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3. This project includes concrete deck sealing, traffic coating, waterproofing replacement, lobby area improvement, staircase replacement, and façade improvements. The project will assist in the elimination of blight by improving pedestrian and traffic safety and upgrading the appearance of the parking facilities.
4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area provides for the improvement of parking infrastructure in Strong Neighborhood Initiative areas.

**Security Improvements:**

1. The project benefits redevelopment project areas in the downtown by upgrading parking facilities in the downtown area with security equipment.
2. As a result of the City's current budget constraints the City is unable to commit current funds to complete several key items identified in the Security Improvements project, and there are no other reasonable means of financing this project.
3. This project provides funding to implement various security upgrades such as roll-up gates, security fencing, video cameras, and surveillance equipment located at entry/exit lanes, lobby areas, and stairwells. This project will assist in the elimination of blight by providing the ability to secure a facility or to monitor activity via camera which will help to provide a safe and clean facility for customers.
4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area provides for the improvement of parking infrastructure in Strong Neighborhood Initiative areas.

**Arena Parking Meters:**

1. The project includes improvements around the Arena which benefits the Burbank/Del Monte and Delmas Park areas of the Strong Neighborhood Initiative Redevelopment Project Area.
2. As a result of the City's current budget constraints the City is unable to commit current funds to complete several key items identified in the

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Arena Parking Meters project, and there are no other reasonable means of financing this project.

3. This project provides funds for the installation of parking meters around the Arena. This project will assist in the elimination of blight by ensuring the efficient and effective operation of off street parking in the area, thereby improving parking and traffic flow in and around the Arena and encouraging on-street parking which will help bring more visitors to the project areas.
4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area provides for the improvement of parking infrastructure in Strong Neighborhood Initiative areas.

**Parking Technology Improvements:**

1. The project benefits redevelopment project areas in the downtown by upgrading parking facilities in the downtown area with parking technology equipment.
2. As a result of the City's current budget constraints the City is unable to commit current funds to complete several key items identified in the Parking Technology Improvements project, and there are no other reasonable means of financing this project.
3. This project funds the purchase of various types of electronic equipment, including the installation of LED signs that can change based on the direction of the reversible lanes, the installation of a dynamic floor count system, and the replacement of incandescent light bulbs with LED bulbs in the parking identification sign. The project will assist in the elimination of blight by ensuring the efficient and effective operation in various parking facilities, thereby improving pedestrian and traffic safety.
4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area provides for the improvement of parking infrastructure in Strong Neighborhood Initiative areas.

**Happy Hollow FF&E:**

1. The project benefits the Tully/Senter area of the Strong Neighborhood Initiative Redevelopment Project Area.

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2. As a result of the City's current budget constraints the City is unable to commit current funds to complete several key items identified in the Happy Hollow FF&E project, and there are no other reasonable means of financing this project.
3. This project provides funding for the purchase of miscellaneous fixtures, furnishings and equipment to support the needs of an expanded facility with increased medical care, food services, education, fee collections and operations. This project will assist in the elimination of blight by improving the viability of the public spaces, making it more accessible and inviting to the surrounding neighborhoods and general public.
4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area provides for the improvement of parks infrastructure in Strong Neighborhood Initiative areas.

**Anti-Graffiti Program:**

1. The project benefits redevelopment project areas by removing graffiti from both public and private property in redevelopment project areas.
2. As a result of the City's current budget constraints the City is unable to commit current funds to fully fund the Anti Graffiti Program, and there are no other reasonable means of financing this project.
3. This project provides funds to remove graffiti from public and private property such as, fences, sidewalks, homes, businesses, trees. This project will assist in the elimination of blight by creating a more attractive environment for residents, visitors and local businesses.
4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area provides for the reduction of City blight and gang graffiti in Strong Neighborhood Initiative areas.

**Watson Park Clean-Up and Restoration:**

1. The project benefits the 13<sup>th</sup> Street area of the Strong Neighborhood Initiative Redevelopment Project Area.



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2. As a result of the City's current budget constraints the City is unable to commit current funds to complete several key items identified in the Watson Park Clean-Up and Restoration project, and there are no other reasonable means of financing this project.
3. This project provides funds to assist in restoring and enhancing an important park which provides additional open space and recreational opportunities to the community. The Parks, Recreation and Neighborhood Services Department in conjunction with the Public Works Department will provide project management services for the project including management of consultant(s) contract(s), other contract(s) required for the project, maintenance of the budget and schedule, public bid process, award of construction contract, and management of the construction contract and construction. The project will assist in the elimination of blight by encouraging further investment in the neighborhoods and making them more desirable places to visit and live and by providing additional recreation facilities so that certain crimes related to gang activity should be reduced.
4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area provides for the improvement of parks infrastructure in Strong Neighborhood Initiative areas.

**Police Substation FF&E:**

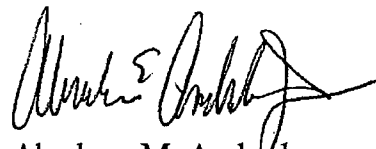
1. The project benefits redevelopment project areas including the Edenvale and Strong Neighborhood Initiative Redevelopment Project Areas.
2. As a result of the City's current budget constraints the City is unable to commit current funds to complete several key items identified in the Police Substation FF&E project, and there are no other reasonable means of financing this project.
3. This project provides funding for the purchase of miscellaneous fixtures, furnishings and equipment to support the needs of the new South San José Police Substation. This project will assist in the elimination of blight by increasing public safety.

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4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area provides for the improvement of public safety infrastructure benefitting Strong Neighborhood Initiative areas.

Please proceed to incorporate the necessary findings for the public project identified above into a future City Council memo.



Abraham M. Andrade  
Assistant Director of Finance  
Redevelopment Agency