

MID-YEAR
BUDGET REVIEW

2010-2011


OFFICE OF THE CITY MANAGER
JANUARY 2011

2010-2011

MID-YEAR
BUDGET
REVIEW

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2010-2011

MID-YEAR
BUDGET
REVIEW



MEMORANDUM OF
TRANSMITTAL



TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Debra Figone

**SUBJECT: 2010-2011 MID-YEAR
BUDGET REVIEW REPORT**

DATE: January 28, 2011

RECOMMENDATIONS

- A. Approval of the 2010-2011 Mid-Year Budget Review Report.
- B. 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 2010-2011 Mid-Year Budget Review Report.
- C. Approval of the elimination of a Division Manager position and a Supervising Real Property Agent position in the General Services Department and the addition of two Senior Executive Analyst positions in the Office of Economic Development to support Real Estate operations.
- D. Adoption a resolution amending the FY 2010-2011 Schedule of Fees and Charges (Resolution No. 72737, as amended) to:
 - 1. Eliminate the Card Table Fee of \$24,413 per table per year; and
 - 2. Establish a Cardroom Regulation Fee of \$925,837 per Cardroom per year.

OUTCOME

The Mid-Year Budget Review Report provides an understanding of the City's budget condition in the current fiscal year as compared to the 2010-2011 Modified Budget based on actual performance during the first six months of 2010-2011. Based on this analysis, budget revisions are recommended to address projected revenue and expenditure variances, account for new grants and reimbursements, and better position the City to address our ongoing significant budget challenges.

EXECUTIVE SUMMARY

Over the last decade, the City has addressed persistent and severe budget shortfalls, with the largest General Fund deficit of \$118.5 million solved in 2010-2011. Significant service reductions across the organization have been implemented this year, with cuts now impacting the highest priority services, including Police patrol and Fire company staffing. It is important to note that full implementation of the 2010-2011 budget reductions will not be realized until July

2011, when over 200 positions and \$22.2 million in services (library hours, community centers, etc.) that were restored with one-time funds this year will be eliminated.

Against this backdrop, the Administration is actively managing the City's budget and funding sources (funds) to ensure that current year revenues and expenditures are meeting expectations. Through December, the majority of City funds are performing within expected 2010-2011 budgeted levels and, in some limited cases, revenues are outperforming expectations primarily due to a one-time surge in development activity. In the General Fund, however, revenues are tracking at least \$10.0 million below projected levels and a rebalancing of the General Fund is necessary at this time.

Looking forward, a preliminary General Fund budget shortfall of at least \$110 million is again expected in 2011-2012, primarily due to escalating retirement costs. Given the magnitude of the budget shortfall projected for 2011-2012, the service impacts are expected to be even more severe and will necessitate fundamental changes to the City's revenue and cost structures as well as the complement of services delivered. The Administration will be engaging the City Council on strategies to address this large shortfall.

Mid-Year Budget Highlights

- ***General Fund*** – Actions are recommended in this Mid-Year Budget Review Report to accomplish the following: 1) address a \$10 million General Fund net revenue shortfall; 2) set aside expenditure savings to establish a 2010-2011 Ending Fund Balance Reserve of \$8.5 million to better position the City for the 2011-2012 budget process; 3) recognize various revenue-supported grants, reimbursement, and fee activity adjustments; and 4) implement technical adjustments, including those to prevent current year budget overages. The recommended budget actions meet these current year needs with minimal to no further impacts on current year service delivery and without causing more organizational disruption. This will not be the case, however, in the development of budget balancing strategies for 2011-2012 in which severe service reductions and employee impacts are anticipated given the magnitude of the projected shortfall for next year.

General Fund revenues are tracking below expected levels due to lower collections in several categories, with the largest variances in Utility Taxes, Franchise Fees, Cardroom Tax, Use of Money and Property (interest earnings), and Airplane In-Lieu Tax. Net downward adjustments of \$10.0 million to current revenue estimates are recommended in this document based on actual year-to-date collection trends. A combination of actions is recommended to address the \$10 million net General Fund shortfall, including use of the Economic Uncertainty Reserve (\$4.0 million), transfers from other funds and increased revenues (\$3.6 million), and expenditure shifts and transfers (\$2.4 million).

In addition to current year budget balancing actions, the Mid-Year Budget Review includes budget adjustments to establish a 2010-2011 Ending Fund Balance Reserve of \$8.5 million by reallocating projected departmental, City-Wide Expenses, and Capital expenditure savings. These actions set aside and secure the expenditure savings assumed to be generated in 2010-2011 and used as a funding source for 2011-2012 as projected in the 2011-2012

Preliminary General Fund Forecast. Proactively establishing this Reserve helps ensure the necessary savings are generated by year-end to meet the forecasted expenditure savings figure.

Revenue-supported grants, reimbursements, and fee expenditure adjustments totaling \$3.3 million as well as “net-zero” technical adjustments among budget appropriations to address projected year-end overages are recommended. In several departments, actions are recommended to shift Non-Personal/Equipment and other City-Wide Expenses savings to cover projected Personal Services overages due to a lack of vacancies, higher than projected costs due to employee placements, and unbudgeted vacation sell back expenses. Other technical adjustments are also recommended.

- ***Special/Capital Funds*** – The revenues and expenditures in the City’s special and capital funds are generally performing within expected levels through December. There is also some positive news as revenues in several of the funds supported by development-related fees and taxes are exceeding expectations. Budget adjustments are recommended in the special and capital funds to adjust for revised cost and revenue estimates, to address critical current year funding needs, and to recognize various grants and reimbursements.

In addition, as part of the General Fund budget rebalancing strategy, several funding shifts to the General Fund are recommended, including shifts from the Construction Excise Tax Fund, the Services for Redevelopment Capital Projects Fund, the Water Utility Fund, the Integrated Waste Management Fund, and the Lake Cunningham Fund. These funds had additional revenue or sufficient ending fund balance to offset these transfers without impacting current year service delivery. To generate General Fund savings, General Fund costs are also recommended to be shifted to eligible special and capital funds, including the Library Parcel Tax Fund, the Service Yard Construction and Conveyance Tax Fund, the Fire Construction and Conveyance Tax Fund, the Neighborhood Security Act Bond Fund, and the Parks City-Wide Construction and Conveyance Tax Fund. These funds also have sufficient ending fund balance to support these additional costs without impacting service delivery. The transfer from the General Fund to the Community Facilities Fund (Hayes Mansion) was also reduced to reflect a reduction in the Hayes Mansion subsidy primarily due to lower variable rate debt service payments.

- ***Position Impacts*** – The Elimination of a filled Division Manager position and a vacant Supervising Real Property Agent position in the General Services Department and the addition of two Senior Executive Analyst positions in the Office of Economic Development are recommended to better align staffing to support Real Estate operations. Oversight of this function is being shifted to the Office of Economic Development effective mid-year; the associated budget actions will be reflected in the 2011-2012 Operating Budget document.

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 2010-2011 Operating and Capital Budgets. City Council review of this report is agendaized for the February 8, 2011 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 detail the proposed budget augmentations/reductions in the General Fund and special/capital funds. The Clean-up Actions detail the 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; a discussion of position impacts associated with the Mid-Year Budget Review, a discussion of the recommended change to the Cardroom Table Fee; and status of two City Council Referrals referred to the Mid-Year Budget Review.

ECONOMIC ENVIRONMENT

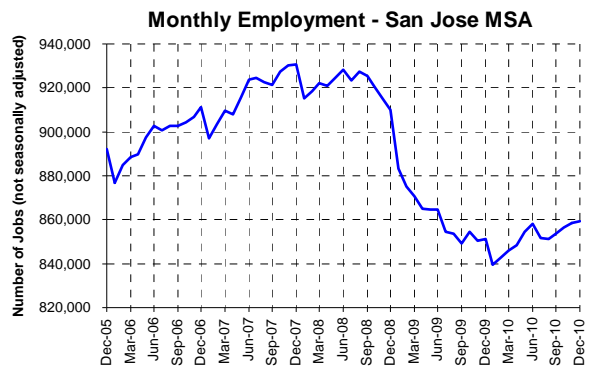
The 2010-2011 revenue estimates were built on the assumption that the slow pace of recovery from the economic recession would continue to impact the City's economic performance.

Indeed, although most observers agree that the economy is recovering, the improvements in employment, home values, and economic activity have been at best unsteady.

U.S. Gross Domestic Product (GDP) continues to increase at a slow pace, with estimated growth of 2.6% for the quarter ending September 30, 2010. This slowdown, after the brief spurt of economic activity in late 2009 and early 2010, has contributed to stubbornly high unemployment rates: the seasonally-adjusted December 2010 U.S. unemployment rate of 9.4% has dropped somewhat from its October 2009 high of 10.1%, but has changed little over the last 19 months.

The sluggish growth in employment continues to drag down consumer confidence, with The Conference Board Consumer Confidence Index falling slightly from November to December. According to Lynn Franco of The Conference Board, “Consumers’ assessment of the current state of the economy and labor market remains tepid, and their outlook remains cautious. Thus, all signs continue to suggest that the economic expansion will continue well into 2011, but that the pace of growth will remain moderate.”

Although still well below the recent peak of 930,500 jobs experienced in December 2007, employment in the San Jose Metropolitan Statistical Area (MSA) has somewhat recovered over the past 11 months from the January 2010 low of 839,600. The December 2010 employment level of 859,500 was (1.0%) above the December 2009 employment level of 851,200.



Unemployment Rate (Unadjusted)

	Dec. 2009	Nov. 2010	Dec. 2010
San José Metropolitan Statistical Area*	11.5%	10.9%	10.7%
State of California	12.2%	12.4%	12.3%
United States	9.7%	9.3%	9.1%

* San Benito and Santa Clara Counties
 Source: California Employment Development Department.

The San José metropolitan area continues to experience double-digit unemployment. Although the December unemployment rate of 10.7% dropped from the November rate of 10.9%, that decrease was the result of shrinkage in the labor force rather than any growth in jobs. This figure is lower than the 11.5% rate experienced a year ago. The December

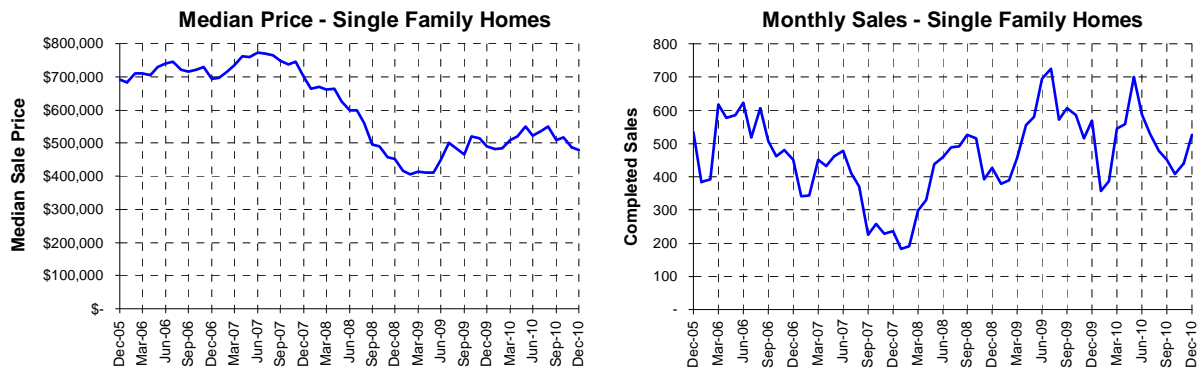
2010 unemployment rate in this region is less than the unadjusted unemployment rate for the State, but continues to track above the nation, which currently has an unadjusted unemployment rate of 9.1%.

Through December, the level of construction permit activity compared with the prior year at this time varies significantly across the three types of construction. Industrial construction remained significantly below prior year levels, with the \$24.1 million valuation of industrial permits issued this year showing a 59.3% drop from the prior year valuation of \$59.1 million. Conversely, the total valuation of commercial permits issued so far this year is \$102.7 million, 10.3% above the prior year valuation of \$93.1 million. Although the 2,158 residential permits issued through

December were over eight times higher than the 267 permits issued at this time last year, this dramatic spike was almost entirely attributable to two very large development projects in North San Jose and motivated by Building Code changes that took effect on January 1, 2011.

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 improvements in permit activity are expected to contribute to a slow recovery in the local employment market.

Discouragingly, the December 2010 median home price of \$478,000 for single family homes within the City fell 2.4% below the December 2009 median of \$490,000. December marks the third month in a row that the median home price has decreased from the same month in the prior year. Another indicator of the continuing challenges in the local real estate market is the increase in the amount of time to complete a transaction. The average days-on-market totaled 80 in December 2010, the longest period since August 2009 and close to the peak of 90 days-on-market in June 2009. Additionally, the 2,830 total property transfers (completed sales) for single family homes for July through December 2010 fell 20.8% below the 3,572 completed sales for July through December 2009. Beyond weak consumer confidence and continuing high unemployment, an important factor that could also be acting as a drag on the housing market is uncertainty related to when the "shadow inventory" of foreclosed properties will be put on the market by lenders.



Economic conditions will continue to be closely monitored and factored into the final 2012-2016 General Fund Forecast, due to be released February 28, 2011, and the development of the 2011-2012 Proposed Budget, due to be released May 2, 2011.

GENERAL FUND PERFORMANCE

General Fund revenues and transfers through December totaled \$458.5 million, or 52% of the budgeted estimate. Based on current collection trends, revenues are tracking to end the year \$10 million to \$13 million below expected levels. Significantly lower than budgeted collections are expected in a number of categories, including: Franchise Fees; Utility Tax; Licenses and Permits; Use of Money and Property; Revenue from Local Agencies; Revenue from the State of

California; Departmental Charges; Other Revenue; and Transfers and Reimbursements. The lower collections in these categories are expected to be partially offset by slightly higher collections in four other categories, including Sales Tax; Transient Occupancy Tax; Fines, Forfeitures and Penalties; and Revenue from the Federal Government.

Net downward revenue adjustments of \$10 million are recommended in this document to address current projections based on activity through the first six months of the fiscal year. Because it is possible that the remaining revenue shortfall could be eliminated if revenue performance improves in a few key categories by year-end, it is not recommended to rebalance to a \$13 million shortfall at this time. If this improvement does not occur, the remaining \$5.0 million Economic Uncertainty Reserve would be available to offset this shortfall. A number of the lower revenue estimates experienced to date were factored into the 2011-2012 Preliminary General Fund Forecast that was released in November 2010. The revenue estimates for this year will continue to be updated as part of the final 2012-2016 General Fund Forecast, due to be released on February 28, 2011, as well as the 2011-2012 Proposed Budget, scheduled to be released on May 2, 2011.

General Fund expenditures through December of \$404.3 million were less than 1% below the December 2009 expenditure level of \$404.8 million. Encumbrances totaling \$34.5 million were \$4.1 million (10.7%) below the December 2009 level of \$38.6 million. Expenditures and encumbrances through December of \$438.8 million constituted 45.8% of the total 2010-2011 modified budgeted use of funds amount (excluding reserves) of \$958.5 million.

Overall, expenditures are tracking within anticipated levels. However, as discussed in the Bi-Monthly Financial Reports, several departments are currently experiencing higher than budgeted personal services (employee) costs. Some departments are experiencing higher expenditure levels due to timing issues and these expenditures are expected to return to estimated levels by the end of the fiscal year. For example, as a budget balancing solution in 2010-2011, five of the City's employee bargaining groups agreed to make additional employee retirement contributions to offset a portion of the City's employer retirement contributions. This shift in the source of retirement contribution funding (employer to employee) did not occur in the payroll system until August 22, 2010, and so is not fully reflected in year-to-date expenditures. The employment placement process has also resulted in higher than budgeted costs as there are a number of instances where employees at higher salary step levels were placed into vacant positions budgeted at a lower level or into positions previously held by lower step employees. Additionally, implementation of Internal Revenue Service rules related to taxation of vacation days sold back to the City by eligible employees impacted year-end unbudgeted vacation sell-back expenses in several departments. Departments will absorb these additional costs to the extent possible through savings from normal employee turnover, overtime controls, and/or potential offsets through non-personal/equipment appropriation savings. Net-zero budget adjustments are recommended in this document to reflect transfers between appropriations to address projected expenditure overages.

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

RECOMMENDED GENERAL FUND BUDGET ADJUSTMENTS

The recommended Mid-Year Budget Review actions accomplish the following: 1) address a \$10 million General Fund net revenue shortfall; 2) set aside expenditure savings to establish a 2010-2011 Ending Fund Balance Reserve of \$8.5 million to better position the City for the 2011-2012 budget process; 3) recognize various revenue-supported grants, reimbursement, and fee activity adjustments; and 4) implement technical adjustments, including those to prevent current year budget overages.

A combination of actions is recommended to address the \$10 million net General Fund shortfall, including use of the Economic Uncertainty Reserve (\$4.0 million), transfers from other funds and increased revenues (\$3.6 million), and expenditure shifts and transfers (\$2.4 million). This budget balancing strategy was formulated with the goal of addressing the current year revenue shortfall while minimizing impacts on current service delivery and disruption to the organization. The use of the Economic Uncertainty Reserve provides a significant portion of the balancing strategy. This would bring the Reserve from the \$9.0 million level that was established in the 2010-2011 Adopted Budget to \$5.0 million. Over the past few years, it has proven extremely beneficial to have a working reserve to draw from to temporarily offset downward revenue activity. Transfers from Other Funds are recommended as a balancing strategy to shift eligible funding sources to the General Fund without impacting current year service delivery. These funds have additional revenue or sufficient ending fund balance to offset these transfers. General Fund costs are also recommended to be shifted to eligible special and capital funds to generate General Fund savings. These funds also have sufficient ending fund balance to support these additional costs without impacting current year service delivery.

In addition to current year budget balancing actions, the Mid-Year Budget Review includes budget adjustments to establish an \$8.5 million Ending Fund Balance Reserve, offset by departmental, City-Wide Expenses, and Capital expenditure savings. Each year, expenditure savings have typically been generated in the General Fund by year-end. As part of the General Fund Forecast development, an estimate on the current year expenditure savings, as well as any excess revenue and funding from the liquidation of prior year carryover encumbrances, is included as a funding source for the next year. In the 2011-2012 Preliminary General Fund Forecast issued in November, it was assumed that \$13.0 million would be available at the end of 2010-2011 for use in 2011-2012. These funds were expected to be generated from expenditure savings (\$8.5 million) and the liquidation of carryover encumbrances (\$4.5 million). The recommended Mid-Year Budget actions identify the \$8.5 million in expenditure savings and reallocate those funds to an Ending Fund Balance Reserve to ensure the necessary savings are generated by year-end to meet the forecasted expenditure savings figure.

Revenue-supported grants, reimbursements, and fee expenditure adjustments totaling \$3.3 million as well as “net-zero” adjustments among budget appropriations to address projected year-end overages are recommended. In several departments, actions are recommended to shift Non-Personal/Equipment and other City-Wide Expenses savings to cover projected Personal Services overages due to a lack of vacancies, higher than projected costs due to employee placements, and unbudgeted vacation sell back expenses. Other technical adjustments are also recommended.

The following chart summarizes these recommended adjustments.

**2010-2011 MID-YEAR
 RECOMMENDED GENERAL FUND BUDGET ACTIONS**

Required Technical/Rebalancing Actions	
Net Revenue Shortfall	(\$ in Millions) (\$10.000)
Solutions to Address Net Revenue Shortfall	
- Use of Economic Uncertainty Reserve	\$ 4.033
- Transfers from Other Funds/Increased Revenue	3.580
- Expenditure Shifts to Other Funds/Reduced Transfers	2.387
Total Solutions to Address Net Revenue Shortfall	\$10.000
Net-Zero Technical Adjustments	0.000
2010-2011 Ending Fund Balance	
Establishment of a 2010-2011 Ending Fund Balance Reserve	(\$ in Millions) \$ 8.500
Expenditure Reductions to Establish Ending Fund Balance Reserve	
- Departmental Expenditure Reductions	(5.825)
- City-Wide Expenses Expenditure Reductions	(2.276)
- Capital Expenditure Reductions	(0.399)
Total Expenditure Reductions to Establish Ending Fund Balance Reserve	(\$ 8.500)
Grants/Reimbursements/Fees	
Grants/Reimbursements/Fees	(\$ in Millions) \$ 3.301

The budget actions recommended in the Mid-Year Budget Review result in a net reduction of \$2.5 million to General Fund revenues and expenditures. Following is a brief description of the General Fund revenue and expenditure adjustments recommended in this report. Additional information on these adjustments is provided in Section III of this document.

REQUIRED TECHNICAL/REBALANCING ACTIONS

Rebalancing Actions

- **Net Revenue Shortfall (-\$10.0 million):** Downward revenue adjustments of \$13.9 million, partially offset by upward adjustments of \$3.9 million are recommended based on current year collection trends.

Downward revenue adjustments are recommended in the following categories: Utility Tax (-\$5.5 million) to reflect lower Telephone, Gas, and Water Utility Tax collections; Licenses and Permits (-\$4.1 million) primarily to reflect lower Cardroom Tax and Disposal Facility

Tax receipts; Revenue from the State of California (-\$1.8 million) to reflect the reduction in the Aircraft In-Lieu payment; Use of Money and Property (-\$1.1 million) to reflect lower interest earnings; Franchise Fees (-\$850,000) to reflect lower Commercial Solid Waste, Water and Electric Franchise Fees, partially offset by higher Cable Franchise Fees; and Revenue from Local Agencies (-\$540,000) to reflect lower Central Fire District payments.

Upward revenue adjustments are recommended in the following categories: Sales Tax (\$3.2 million) to reflect the impact of higher than anticipated Sales Tax revenue in the first quarter of 2010-2011; and Fines, Forfeitures, and Penalties (\$670,000) to reflect improved performance in collection of Parking Fines and False Alarm Fines.

- ***Use of Economic Uncertainty Reserve (\$4.0 million):*** A decrease of \$4.0 million to the Economic Uncertainty Reserve is recommended to partially offset the current year lower revenue collections. This would reduce the Reserve from the \$9.0 million level that was established in the 2010-2011 Adopted Budget to \$5.0 million.
- ***Transfers from Other Funds/Increased Revenues (\$3.6 million):*** As part of the General Fund rebalancing plan, several transfers from other funds to the General Fund totaling \$3.1 million are recommended. Transfers from the following funds are included: Construction Excise Tax Fund (\$2.3 million) to reflect the transfer of a portion of the additional revenue received in this fund in 2009-2010 and 2010-2011; Services for Redevelopment Capital Projects Fund (\$200,000) to reflect the transfer of available fund balance that has resulted from City cost savings and to reimburse the City for Watson Park Remediation expenses; Water Utility Fund (\$170,000) to reflect the transfer of late fee revenue; Integrated Waste Management Fund (\$330,000) to reflect the reimbursement from garbage haulers for service to city facilities, unbudgeted Construction and Demolition Diversion Deposit revenue, and additional late fee revenue; and Lake Cunningham Fund (\$100,000) to reimburse the General Fund for a portion of the 2010-2011 costs of Lake Cunningham park maintenance. Upward adjustments of \$485,000 to the Development Fee Program revenues are also recommended to fully offset the cost of the Special Tenant Improvements (STI)/Industrial Tool Installation (ITI) staffing added in 2010-2011. In the 2010-2011 Adopted Budget, a portion of this cost was subsidized by the General Fund. However, based on the higher than projected current year revenues in the Building and Fire Development Fee Programs, this subsidy is no longer needed. In addition, the cost of a portion of a position in the Information Technology Department that supports Development Services will be reimbursed by the Development Fee Programs.
- ***Expenditure Shifts to Other Funds/Reduced Transfers (\$2.4 million):*** As part of the General Fund rebalancing plan, the following General Fund expenditures are being shifted to the appropriate special or capital funds due to additional unprogrammed fund balance in these funds or due to a reevaluation of the project and budget alignment : library operating costs to the Library Parcel Tax Fund (\$1.5 million); Central Service Yard debt service costs to the Service Yards Construction and Conveyance Tax Fund (\$250,000); fire apparatus replacement costs to the Fire Construction and Conveyance Tax Fund (\$200,000); Fire Station 37 capital costs to the Neighborhood Security Act Bond Fund (\$180,000); and pedestrian bridge assessment costs to the Parks Citywide Construction and Conveyance Tax

Fund (\$30,000). In addition, a decrease to the Transfer to the Community Facilities Fund is recommended to reflect a reduction in the Hayes Mansion subsidy due to lower variable rate debt service payments (\$132,000) and a decrease to the Wellness Program Reserve is recommended to reimburse the General Fund for prior year expenditures for this program (\$95,000).

Technical Adjustments

- ***Net-Zero Adjustments:*** Several net-zero expenditure adjustments are recommended to align the budget with actual expenditure patterns. These adjustments include departmental shifts between Personal Services and Non-Personal/Equipment appropriations to address potential cost overruns, as well as net-zero shifts between non-departmental appropriations. The Personal Services appropriations in several departments are tracking to exceed budgeted levels due primarily to a lack of vacancies, higher than projected costs due to employee placements, and unbudgeted vacation sell back expenses. Adjustments to a small number of City-Wide Expenses appropriations, offset by savings in other appropriations, are also included in this report.

2010-2011 ENDING FUND BALANCE

- ***2010-2011 Ending Fund Balance Reserve (\$8.5 million):*** The establishment of an \$8.5 million Ending Fund Balance Reserve is recommended, offset by expenditure savings. As discussed above, in the 2010-2011 Preliminary General Fund Forecast that was issued in November 2010, it was assumed that General Fund expenditure savings and the liquidation of prior year carryover encumbrances would generate \$13.0 million in savings in 2010-2011 that would be available for use in 2011-2012. To meet this target, expenditure savings of \$8.5 million are anticipated as well as the liquidation of carryover encumbrances of \$4.5 million.
- ***Departmental Expenditure Reductions (-\$5.8 million):*** The following departmental expenditure reductions are recommended to establish the 2010-2011 Ending Fund Balance Reserve: Police (\$3.1 million); Parks, Recreation and Neighborhood Services (\$1.7 million); the City Clerk's Office (\$500,000); Finance (\$200,000); Information Technology (\$150,000); Human Resources (\$125,000); Economic Development (\$50,000); and Public Works (\$50,000). As described in Section III of this document, each of these departments are expected to generate Personal Services and/or Non-Personal/Equipment appropriation savings for various reasons (vacancies, election savings, closed landfill compliance savings, hardware maintenance consolidation savings, etc.) that can be allocated to the Ending Fund Balance Reserve.
- ***City-Wide Expenses Expenditure Reductions (-\$2.3 million):*** The following City-Wide Expenses expenditure reductions are recommended to reflect anticipated savings in these appropriations or are appropriations that are no longer needed: FMC Debt Service Payments (\$500,000); Old City Hall Debt Service Payments (\$432,000); Fire Self Contained Breathing Apparatus (\$300,000); Property Tax Administration (\$213,000); Insurance Premiums (\$162,000); Emergency Services Grant Fund (\$160,000); Police Audit Optimization Study

(\$150,000); Healthy Neighborhood Venture Fund Youth Services (\$132,000); Summer Youth Nutrition Grant (\$124,000); Police Officers' Professional Liability Insurance (\$52,000); and Storm Fees (\$51,000). These expenditure savings are recommended to be reallocated to the 2010-2011 Ending Fund Balance Reserve.

- **Capital Expenditure Reductions (-\$399,000):** The following Capital expenditure reductions are recommended to reflect anticipated savings in these appropriations: South San José Police Substation Furniture, Fixtures, and Equipment (\$200,000); Watson Site Clean-up and Restoration (\$102,000); Closed Landfill Compliance (\$55,000); and Parks and Recreation Bond Projects (\$42,000). These expenditure savings are recommended to be reallocated to the 2010-2011 Ending Fund Balance Reserve.

GRANTS/REIMBURSEMENTS/FEES

- A series of revenue-supported adjustments totaling \$3.3 million are recommended to reflect new or updated revenues and expenditures for grant, reimbursement and/or fee activities. The largest grants and reimbursements support the following: Automated Fingerprint and LiveScan Devices (\$845,000); Orange Security Alert Police overtime (\$780,000); San José After School – Year Five District Grants (\$726,000); Computer Aided Dispatch System (\$480,000); Fire Urban Search and Rescue specialized training (\$207,000), and Building Fee Program activities (\$200,000). A more complete listing of the grants can be found in Section III of this document.

STATUS OF SELECTED SPECIAL FUNDS

Airport Operating Funds

Passenger activity growth continues to be the key driver of Airport activity. For 2010-2011, Airport projected a growth rate of 2% in airline passenger activity. Activity at the Airport through the first half of 2010-2011 is tracking at 1.3%, which is below the Airport's projections. Positive year-over-year increases in passenger numbers for the last four months (September through December) may indicate that the two-year decline in activity is beginning to level off, as is the case with the airline industry as a whole. At San José, year-to-date passenger traffic increased by approximately 17,000, which is a significant turnaround from a year ago when passenger traffic decreased by about 500,000 passengers. A significant cause for the increase in passengers is the average load factor for many airlines, which is approaching 95%. The Airport hopes this will be a signal to airline carriers that they can place additional capacity at San José. Even with this newly positive trend, however, the Airport's fiscal challenges continue, due to passenger levels and debt service for the Terminal Area Improvement Program. Without significant increases in carriers, flights and passengers, the Airport is projecting a \$15 million shortfall for 2011-2012.

Budget actions recommended in this report include an increase to the transfer to the General Fund to cover Police overtime costs associated with the Level Orange Alert security (\$780,000). This reconciliation of costs is historically completed at mid-year. Actions are also recommended to reduce the financial contribution from the Rental Car Agencies, which is possible due to lower

debt service costs for the Consolidated Rental Car Garage project, lower shuttle bus costs, Rental Car Garage construction project savings, and use of the Rate Stabilization Reserve. Efforts to reduce costs for the Airport partners will continue to be explored and pursued.

Convention and Cultural Facilities Fund

Team San José operating revenues in this fund are tracking within anticipated levels and are projected to end the year approximately at or above the budgeted revenue estimate. Team San José currently estimates that revenue will exceed the budgeted estimate and that Non-Personal/Equipment appropriation savings may be realized by year-end. Adjustments in these categories have not been incorporated into the Mid-Year Budget actions but may be brought forward at year-end, as appropriate.

Team San Jose, the Office of Economic Development, the Finance Department, and the Budget Office are collaboratively working on an updated Plan of Finance for this fund to sustain operations through the proposed Convention Center expansion/renovation project. This plan, as well as amendments to the current management agreement, will be scheduled for consideration by the City Council on February 15, 2011.

Transient Occupancy Tax Fund

Transient Occupancy Tax (TOT) collections are tracking 11.9% above the prior year, a larger increase than assumed in the development of the 2010-2011 Adopted Budget. Overall collections may exceed the budgeted revenue estimate by year-end, however no adjustments are recommended at this time as this revenue source can be volatile.

Through December, the average hotel occupancy rate at the 14 major hotels was 57.5%, a significant improvement from the 52.1% occupancy rate for the same period in 2009-2010. For the same 14 hotels, however, the average daily room rate through December was \$117.42, essentially unchanged from the \$117.29 room rate for the same period in 2009-2010. As of December, the trailing 12-month average revenue-per-available-room (RevPAR) declined to \$66.64. Although this is the first drop in 12-month average RevPAR since January 2010, it still represents a significant improvement from the \$61.45 level experienced in December 2009.

Municipal Golf Course Fund

Revenues in the Municipal Golf Course Fund are tracking significantly lower than anticipated and are not expected to achieve the levels assumed in the Adopted Budget. These revenue shortfalls are primarily due to decreased activity levels at the courses. The prolonged economic downturn and the wet weather experienced during the year are generally assumed to be responsible for decreased rounds of play (approximately 13% below 2009-2010 levels). Mid-Year budget adjustments are recommended to decrease the revenue estimate and increase the course operator subsidies to reflect current activity, offset by a decrease to the Ending Fund Balance of \$407,000. While sufficient fund balance is available to offset the drop in activity this year, a continuation of this lower activity level into next year would likely impact the amount of General Fund subsidy needed to operate the City's golf courses. The Administration

will recommend the appropriate subsidy level for 2011-2012 as part of the annual budget process.

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. On an overall basis, revenues that support the City's capital programs are tracking at or above estimated levels through December. This is a welcome improvement from the performance at this time last year where revenues were falling below expectations and downward adjustments were necessary in several categories.

Construction Related Revenues

Through December, permit valuation for residential and commercial construction activity is above prior year levels; however, permit valuation for industrial construction activity is below prior year levels. Residential permit activity year-to-date spiked to its highest level in over a decade (1,641 units); however, it should be noted that this permit activity is not expected to continue at that level through the remainder of the year. The surge in activity is primarily due to residential permits pulled prior to new building code implementation January 1st and two very large development projects in the North San José area (Crescent Village and Northpointe). It should be noted that receipts for the North San José Impact Fee totaled \$3.3 million through December which was unanticipated. No estimated revenue collection was assumed in the 2010-2011 Adopted Budget as a result of the volatility of the development activity in this area. Commercial activity was moderate with valuation for commercial permit activity at \$102.7 million through December, but tracking higher than at this point last year (\$93.1 million). Industrial permit activity was slow with valuation at \$24.1 million through December, compared to \$59.1 million collected through the same period last year. These permit activities drive the revenue collections in several categories, including the Construction Excise Tax, the Building and Structure Construction Tax, and the Residential Construction Tax, and are an indicator of future activity for several other categories, such as the storm and sanitary sewer system fees.

Following is a discussion of the performance for Building and Structure Construction Tax and Construction Excise Tax, the two largest construction-related revenue sources.

- *Building and Structure Construction Tax* - Building and Structure Construction Tax receipts through December totaled \$6.5 million (144.9% of the 2010-2011 estimate of \$4.5 million). This represents a significant increase from last year's year-to-date receipts of \$2.5 million. Current year-to-date collections exceed the budgeted estimate due to a one-time surge in residential permits being pulled prior to new building code implementation. It is not expected that this level of revenue collection will continue for the remainder of the year.
- *Construction Excise Tax* - Tax receipts through December for the Construction Excise Tax Fund totaled \$9.7 million (161.2% of the 2010-2011 estimate of \$6.0 million). This level of collections represents a 213.8% increase over last year's \$3.1 million received over the same

period. Current year-to-date collections exceed the budgeted estimate as a result of residential permits being pulled prior to new building code implementation and two new developments in the North San José area. As a result, the revenue estimate in this category is recommended to be revised upward by \$1.6 million in this report. It should be noted that this level of revenue collections is not expected to continue through the remainder of the year.

Construction and Conveyance Tax

Construction and Conveyance (C&C) Tax revenues appear to be stabilizing and are currently expected to meet or slightly exceed budgeted estimates by year-end. The 2010-2011 Adopted Capital Budget estimate for C&C taxes is \$20.0 million. The adopted C&C Tax estimate allowed for an 11.1% drop from the 2009-2010 collection level. Overall, collections of \$11.1 million through January 2011 represent a 4.7% drop from the \$11.7 million collected through January 2010.

Nearly 99% of 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. Beginning in October 2009, the median home price has increased compared to the same month in the prior year. However, from October 2010 through December 2010, this trend has changed and the median home price has been decreasing compared to the same month in the prior year. For example, the median single-family home price in December 2010 was \$478,000. The price decreased by 2.4% from the December 2009 median single-family home price of \$490,000. The average days-on-market for single-family and multi-family dwellings increased from 67 days in December 2009 to 87 days in December 2010. In addition, the number of property transfers (sales) for all types of residences in December 2010 totaled 718, which represents a decrease of approximately 6.1% from the 765 sales that occurred in the same month in the prior 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*, recognition of grant funding of \$9.1 million from the Federal Aviation Administration and the associated acceleration of phase III construction of the Taxiway W Improvements project in the Airport Capital Improvement Fund are recommended. A corresponding increase of \$2.1 million for this project in the Airport Revenue Bond Improvement Fund is recommended to provide the local share match (offset by a reduction in Ending Fund Balance). In addition, an increase to the Terminal Area Improvement, Phase I project of \$7.0 million is recommended to reappropriate project funds that have fallen to fund balance in the Airport Revenue Bond Improvement Fund.
- In the *Communications Capital Program*, an augmentation of \$420,000 is recommended to replace failing analog equipment for Civic Center Television Broadcast with digital systems, offset by a decrease in Communications C&C Tax Ending Fund Balance (total project of \$480,000 to be partially funded from existing City-Wide Government Access appropriation).

Future franchise fees will be used to partially offset equipment purchases and will reimburse the C&C Fund.

- In the *Traffic Capital Program*, a transfer of \$1.6 million from the Construction Excise Tax Fund to the General Fund (increase General Purpose transfer from \$1.5 million to \$3.1 million) is recommended as a General Fund budget balancing strategy, offset by an increase to the Construction Excise Tax revenue estimate based on significantly higher current year collections. A transfer of \$695,000 from the Construction Excise Tax Fund to the General Fund (increase Pavement Maintenance transfer from \$4.2 million to \$4.9 million) is also recommended to support General Fund pavement activities, offset by a decrease to the Gas Tax – Pavement Maintenance appropriation. Due to the receipt of unanticipated Gas Tax revenues of \$2.0 million appropriated in the 2009-2010 Annual Report, this recommended action can be implemented with no impact to the planned pavement maintenance program for this year. The 2010-2011 Adopted Budget had not included this higher funding level. The decrease to the Gas Tax – Pavement Maintenance appropriation would be taken from the un-programmed additional revenue of \$2.0 million, and the remaining balance of \$1.3 million would be available and spent on pavement maintenance activities to augment the levels assumed in the 2010-2011 Adopted Budget.

Other recommendations in this report for the Construction Excise Tax Fund include establishing a 2010 Surface Transportation Program (STP) Resurfacing and Rehabilitation project for \$700,000 for pavement maintenance activities, offset by a decrease to the Reserve for Federal Transportation Bill; increasing the Route 101/Tully Interchange Upgrade project by \$500,000 to reflect the acceleration of a payment to the Santa Clara Valley Transportation Authority for the City's contribution to the project; augmentation of \$170,000 for Traffic Safety Improvements; and recognizing Traffic Impact Fees from developers (\$2.67 million) and increasing Reserves for the Route 101/Oakland/Mabury Traffic Impact Fees (\$304,000), Reserves for North San José Traffic Impact Fees (\$2.27 million), and Reserves for Evergreen Traffic Impact Fees (\$91,000). In the Major Collectors and Arterials Fund, actions recommended include reducing the developer contributions revenue estimate by \$100,000, offset by the reduction of Miscellaneous Street Improvements project.

- In the *Parks Capital Program*, the establishment of a Fair Swim Center Improvements project in the amount of \$205,000 (Park Trust Fund - \$12,000 and Council District 7 C&C Fund - \$193,000) is recommended to prepare design documents for the renovation of the Fair Swim Center mechanical systems. A recommendation to augment the Soccer Complex project (\$400,000) in the Parks and Recreation Bond Fund for environmental work in preparation for the design and construction of the soccer complex is also included. In the Lake Cunningham Fund, a \$100,000 increase to the Transfer to the General Fund for Lake Cunningham Operating and Maintenance Expenses (from \$726,000 to \$826,000) is recommended and this funding level will now offset approximately 70% of the operating and maintenance costs.
- In the *Public Safety Capital Program*, an increase of \$200,000 to the Fire Apparatus replacement appropriation in the Fire C&C Fund is recommended to offset the proposed General Fund reduction to this appropriation. An increase of \$180,000 to the Fire Station 37

project in the Neighborhood Security Act Bond Fund is also recommended to offset the proposed General Fund reduction to this project. No impacts to these two projects will result from these actions.

- In the *Service Yards Capital Program*, a portion of the debt service costs for the Phase I bonds for the Central Service Yard funded by the General Fund (\$250,000 of the \$673,000 General Fund allocation) would be shifted to the Service Yards C&C Fund as a General Fund rebalancing action.
- In the *Library Capital Program*, additional funding for Branch Efficiency Projects (\$1.05 million) in the Branch Libraries Bond Projects Fund is recommended to expand implementation of auto check-in and sorting machines from three branches to eight branches (technology will be implemented in busiest branches).
- In the *Water Pollution Control Capital Program*, the acceleration of the Dissolved Air Flotation Dissolution Improvements project is recommended by augmenting the budget by \$250,000 in the San José/Santa Clara Treatment Plant Capital Fund. This project will replace existing pressure flow discharge valves and pipe manifolds and provide for the evaluation and testing of an alternative technology to the existing pressure retention tanks.

IMPACT ON POSITIONS

The 2010-2011 Mid-Year Budget Review includes the recommended elimination of a filled Division Manager position and a vacant Supervising Real Property Agent position in the General Services Department and the addition of two Senior Executive Analyst positions in the Office of Economic Development. These position reallocations are recommended to better align staffing to support Real Estate operations. Oversight of this function is being shifted to the Office of Economic Development effective mid-year; the associated budget actions will be reflected in the 2011-2012 Proposed Operating Budget document.

CARDROOM FEE ADJUSTMENTS

Technical adjustments are recommended to eliminate the Card Table Fee of \$24,413 per table per year and create a Cardroom Regulation Fee of \$925,837 per cardroom per year. The 2010-2011 cardroom fee of \$24,413 per table was set to recover annual cardroom regulation costs of \$1.95 million and was based on 80 tables. With the increase in the number of tables from 80 to 98 approved as part of the June 2010 Ballot measure, without an increase in the regulation costs, the per table fee would need to be adjusted downwards to recover the same costs. However, instead of adjusting the per table fee, the proposed action would establish a regulation fee per cardroom. The City currently has two approved cardrooms, each with an equal number of tables, 49. A per cardroom fee for regulation clarifies the cost to each cardroom business. A conforming technical amendment to San Jose Municipal Code Section 16.30.060 will also be needed to change the name of the fee from the Card Table Fee to the Cardroom Regulation Fee. The City Attorney's Office will bring forward this change as part of the other amendments to Title 16 of the San Jose Municipal Code.

The proposed fee per cardroom of \$925,837 recovers total costs of \$1.85 million. This figure accounts for the estimated 2010-2011 cost of regulation of \$1.95 million less a credit of \$99,000 associated with the reconciliation of 2009-2010 costs and revenues approved as part of the 2009-2010 Annual Report.

COUNCIL REFERRALS

Human Resources: Employee Suggestion Program

As part of City Council's approval of the Mayor's March Budget Message for Fiscal Year 2010-2011, the Administration was directed to review the effectiveness of the program after six months and report back to the City Council during the mid-year budget process regarding the need to add financial incentives. The E-Ideas Employee Suggestion Program was anticipated to be launched in fall 2010. However, due to competing workload demands and project staffing changes, rollout is now anticipated in February 2011. The current strategy is to launch the program to all City departments. Following system launch, the Administration will provide a progress report to the City Council by June 2011.

City Manager and Team San José: Team San José Spending Plan

On December 7, 2010, as part of City Council approval of actions related to Team San José, the City Manager and Team San José were directed to prepare a spending reduction plan to restore the 2009-2010 Fund Balance in the Convention and Cultural Affairs Fund to account for the over expenditure that occurred in 2009-2010 and to maintain the convention center expansion "Plan of Finance." This plan was scheduled to be submitted to the City Council for approval no later than the release of the Mid-Year Budget Review and prior to the execution of a contract for the expansion of the Convention Center. The spending reduction plan and "Plan of Finance" are scheduled for City Council consideration on the February 15, 2011 agenda.

LOOKING FORWARD

The City will be facing its most challenging budget in 2011-2012. This is significant given the severity of budget shortfalls over the past nine years. As reported to the City Council on November 8, 2010, the Preliminary 2011-2012 General Fund Forecast showed a General Fund deficit of \$70 million in 2011-2012 based on the information available at that time. On December 2, 2010, the shortfall total was revised upwards to \$90 million. On January 24, 2011, updated retirement contribution information led to another revision to the General Fund Forecast, resulting in a shortfall estimate of \$110 million. The formal 2012-2016 General Fund Forecast is scheduled to be released on February 28, 2011 and will contain a comprehensive update to all revenue and expenditure projections contained in the Preliminary Forecast, including any additional updates to City retirement contributions approved for 2011-2012 and forecasted for the next four years.

In February, a Mayor/City Council Priority Setting Study Session will be held. In March, the Mayor's 2011-2012 Budget Message will be released and approved. This document will provide policy direction for the development of the Proposed Capital and Operating Budgets, which are

scheduled to be released on April 20th and May 2nd, respectively. Given the magnitude of the General Fund shortfall and the extensive budget reductions that have already been implemented over the past nine years, severe service delivery and employee impacts are anticipated in 2011-2012.

To maximize the dollar reduction from position eliminations, the Administration is planning an earlier effective date for filled position eliminations in 2011-2012. With the exception of employees represented by the Police Officers Association (POA), personnel impacted by budget reductions would no longer be employed as of June 26, 2011. Impacted POA employees would no longer be employees on July 1, 2011 due to a memorandum of agreement with the City on this issue.

PUBLIC OUTREACH/INTEREST

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

This document is posted on the City's website for the February 8, 2011 Council agenda.

CONCLUSION

While the majority of City funds are performing within expected levels, the General Fund continues to face challenges as revenues have tracked below expected levels through the first half of the fiscal year. As part of the Mid-Year Budget Review, budget adjustments are recommended in the General Fund and many special and capital funds to bring projected revenues and expenditures into alignment based on performance through the first half of the fiscal year, to account for updated cost projections, to implement technical adjustments, and to recognize various grants and reimbursements. In addition, General Fund expenditure adjustments are recommended to establish a 2010-2011 Ending Fund Balance Reserve of \$8.5 million, consistent with the projections included in the 2011-2012 Preliminary General Fund Forecast.

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. 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.

While the City addressed a record General Fund shortfall of \$118.5 million in 2010-2011, the budgetary challenges facing the organization in 2011-2012 are expected to be even more severe and will likely be unacceptable to the San José community given the budget balancing actions that have already been implemented. Fundamental changes to the City's revenue and cost structures as well as the complement of services delivered are needed to create a sustainable organization that can meet the most critical needs of our community. This transition will be extremely difficult as we continue to redefine, restructure, and resize the services this City can afford to provide to its residents.

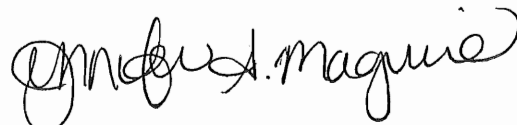


Debra Figone
City Manager


Certification of Funds

I hereby certify that there will be available for appropriation in the designated funds and in the amounts as listed below in fiscal year 2010-2011 monies in excess of those heretofore appropriated therefrom:

Airport Capital Improvement Fund	\$ 8,142,000
Benefit Fund	2,635,000
Construction & Conveyance Tax Fund – Fire	45,000
Construction Excise Tax Fund	4,363,918
Gift Trust Fund	389,703
Integrated Waste Management Fund	50,000
Life Insurance Fund	25,000
Neighborhood Security Act Bond Fund	45,000
Residential Construction Tax Fund	135,000
San José/Santa Clara Treatment Plant Capital Fund	342,000
Services for Redevelopment Capital Projects Fund	4,894
Workforce Investment Act	990,000



Jennifer A. Maguire
Budget Director



2010-2011

MID-YEAR
BUDGET
REVIEW



SECTION

I

OPERATING BUDGET
STATUS REPORT



**2010-2011
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 2010-2011 budget, actual revenues and expenditures through December 31, 2010, 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 2010.

- 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
2010-2011 MID-YEAR STATUS REPORT
(December 31, 2010)

<u>SOURCE OF FUNDS</u>	(A) 2010-2011 ADOPTED BUDGET	(B) CURRENT- YEAR MODIFICATIONS	(C) CARRYOVER ENCUMBRANCES	(A+B+C) CURRENT MODIFIED BUDGET	ACTUALS THROUGH DECEMBER	PRIOR-YEAR ACTUALS THROUGH DECEMBER	2010-2011 PROPOSED CHANGES
FUND BALANCE							
Encumbrance Reserve	25,823,874	(5,188,954)	20,634,920	16,344,315	16,344,315	24,728,630	0
Liquidation of Encumbrances	0	0	(4,290,605)	0	0	0	0
Carryover	134,806,929	6,591,162	0	141,398,091	141,398,091	173,212,933	0
SUBTOTAL	160,630,803	1,402,208	16,344,315	157,742,406	157,742,406	197,941,563	0
GENERAL REVENUE							
Property Tax	199,052,000	(4,143,000)	0	194,909,000	101,021,157	58,436,484	0
Sales Tax	127,232,000	4,200,000	0	131,432,000	51,779,581	38,472,607	3,247,000
Telephone Tax	20,525,000	0	0	20,525,000	8,511,653	7,567,397	0
Transient Occupancy Tax	6,684,000	0	0	6,684,000	2,709,789	2,424,856	0
Franchise Fees	43,121,000	0	0	43,121,000	16,445,128	16,275,891	(850,000)
Utility Tax	92,932,000	0	0	92,932,000	36,105,186	34,599,805	(5,500,000)
Licenses & Permits	71,726,912	(126,692)	0	71,600,220	42,688,078	34,301,545	(3,402,000)
Fines, Forfeitures & Penalties	17,130,000	120,000	0	17,250,000	8,573,959	6,854,802	670,000
Revenue From Money/Property	3,049,614	547,000	0	3,596,614	1,366,433	1,613,600	(930,000)
Revenue From Local Agencies	45,612,582	(31,516)	0	45,581,066	21,838,133	22,154,669	16,285
Revenue From State Government	18,776,837	797,405	0	19,574,242	3,819,535	4,710,386	(1,060,754)
Rev From State Gov-Recovery Act	0	404,416	0	404,416	31,429	0	0
Revenue From Federal Government	5,148,163	4,208,729	0	9,356,892	2,010,069	667,807	(44,384)
Rev From Fed Gov-Recovery Act	10,702,598	(121,821)	0	10,580,777	1,096,869	14,662	374,012
Departmental Charges	29,581,573	328,694	0	29,910,267	15,909,178	10,785,440	(300,000)
Other Revenue	13,419,768	75,726,037	0	89,145,805	82,953,468	9,653,567	719,696
SUBTOTAL	704,694,047	81,909,252	0	786,603,299	396,859,645	248,533,518	(7,060,145)
TRANSFERS AND REIMBURSEMENTS							
Overhead Reimbursements	33,868,393	0	0	33,868,393	27,193,129	30,922,157	435,000
Transfers	37,553,358	(2,299)	0	37,551,059	30,711,222	19,687,319	4,131,200
Reimbursements for Services	17,348,028	0	0	17,348,028	3,702,060	4,366,102	5,650
SUBTOTAL	88,769,779	(2,299)	0	88,767,480	61,606,411	54,975,578	4,571,850
TOTAL SOURCE OF FUNDS	954,094,629	83,309,161	16,344,315	1,033,113,185	616,208,462	501,450,659	(2,488,295)

GENERAL FUND
2010-2011 MID-YEAR STATUS REPORT
(December 31, 2010)

<u>USE OF FUNDS</u>	(A) 2010-2011 ADOPTED BUDGET	(B) CURRENT- YEAR MODIFICATIONS	(C) CARRYOVER ENCUMBRANCES	(A+B+C) CURRENT MODIFIED BUDGET	ACTUALS THROUGH DECEMBER	PRIOR-YEAR ACTUALS THROUGH DECEMBER	2010-2011 PROPOSED CHANGES
DEPARTMENTAL							
City Attorney	11,545,403	(449,996)	295,489	11,390,896	5,569,084	6,337,551	24,614
City Auditor	1,960,626	0	4,181	1,964,807	907,384	1,187,152	(55,276)
City Clerk	4,749,884	(250,000)	9,572	4,509,456	1,812,915	1,009,223	(492,597)
City Manager	10,391,523	110,000	506,198	11,007,721	4,953,657	5,245,490	17,123
Economic Development	2,967,684	0	144,109	3,111,793	1,311,007	1,961,821	(46,579)
Environmental Services	609,635	67,257	39,528	716,420	255,401	301,076	676
Finance	11,435,177	80,000	304,378	11,819,555	5,205,821	5,457,341	(164,194)
Fire	153,332,280	28,000	294,225	153,654,505	75,264,982	73,789,635	554,601
General Services	25,595,709	(227,900)	425,298	25,793,107	12,255,603	12,934,019	223,763
Human Resources	7,335,476	(40,911)	56,411	7,350,976	3,410,864	3,691,333	(114,297)
Independent Police Auditor	830,784	38,400	71	869,255	384,258	319,823	2,200
Information Technology	15,300,984	300,000	680,666	16,281,650	6,878,553	7,532,917	(131,353)
Library	26,258,246	474,278	91,697	26,824,221	12,668,536	13,836,900	(1,466,353)
Mayor and City Council	10,221,845	(89,782)	104,732	10,236,795	3,656,343	3,612,042	16,239
Parks, Recreation & Neighb. Svcs	57,734,756	279,560	412,695	58,427,011	26,877,534	26,785,399	(1,624,830)
Planning, Building & Code Enforce.	25,475,855	39,942	182,966	25,698,763	11,662,384	12,342,033	54,820
Police	297,498,801	(387,342)	1,498,539	298,609,998	139,090,626	140,353,750	(305,648)
Public Works	5,090,687	0	214	5,090,901	2,149,391	2,775,292	(35,216)
Redevelopment Agency	1,706,792	(156,399)	0	1,550,393	737,604	970,843	0
Transportation	28,226,709	0	648,917	28,875,626	12,732,428	13,952,605	53,684
SUBTOTAL	698,268,856	(184,893)	5,699,886	703,783,849	327,784,375	334,396,245	(3,488,623)
NON-DEPARTMENTAL							
City-Wide Expenses	118,906,594	87,069,076	5,113,516	211,089,186	45,265,548	40,923,357	(528,294)
Capital Contributions	8,934,514	490,843	5,530,913	14,956,270	2,653,650	5,867,451	(1,204,000)
Transfers	29,038,636	(372,643)	0	28,665,993	28,615,993	23,592,699	(132,000)
Earmarked Reserves	43,813,155	1,495,732	0	45,308,887	0	0	2,864,622
Contingency Reserve	29,309,000	0	0	29,309,000	0	0	0
Encumbrance Reserve	25,823,874	(5,188,954)	0	0	0	0	0
SUBTOTAL	255,825,773	83,494,054	10,644,429	329,329,336	76,535,191	70,383,507	1,000,328
TOTAL USE OF FUNDS	954,094,629	83,309,161	16,344,315	1,033,113,185	404,319,566	404,779,752	(2,488,295)

**2010-2011
MID-YEAR BUDGET REVIEW
Section I**

STATUS OF GENERAL FUND REVENUES

Overview

General Fund revenues and transfers through December totaled \$458.5 million, or 52% of the budgeted estimate. Based on current collection trends, revenues are tracking to end the year \$10 million to \$13 million below expected levels.

Significantly lower than budgeted collections are expected in a number of categories, including: Franchise Fees; Utility Tax; Licenses and Permits; Use of Money and Property; Revenue from Local Agencies; Revenue from the State of California; Departmental Charges; Other Revenue; and Transfers and Reimbursements. The lower collections in these categories are expected to be partially offset by slightly higher collections in four other categories, including Sales Tax; Transient Occupancy Tax; Fines, Forfeitures and Penalties; and Revenue from the Federal Government. 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 \$2.5 million to the General Fund revenue estimates are recommended in this document to (1) bring revenue estimates in line with revised projections based on economic trends and updated collection information; (2) account for additional new revenue from grant programs and reimbursement for services available to fund additional related expenditures; and (3) implement technical adjustments.

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

<u>Category</u>	<u>\$ Impacts</u>
Sales Tax	3,247,000
Franchise Fees	(850,000)
Utility Tax	(5,500,000)
Licenses and Permits	(3,402,000)
Fines, Forfeitures & Penalties	670,000
Use of Money and Property	(930,000)
Revenue from Local Agencies	16,285
Revenue from the State of California	(1,060,754)
Revenue from the Federal Government	(44,384)
Revenue from the Fed Gov't - ARRA	374,012
Departmental Charges	(300,000)
Other Revenue	719,696
Transfers and Reimbursements	4,571,850
Total	<u>(2,488,295)</u>

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

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

PROPERTY TAX

Revenue Status

2010-2011		2009-2010		2010-2011
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$194,909,000	\$101,021,157	51.8%	28.9%	0

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 2010-2011 **Secured Property Tax** budget estimate is \$182.1 million. Through December, actual Current Secured Property Tax collections were \$91.0 million. Although the collections through December were 96.3% above the prior year receipts of \$46.3 million, this large increase reflects timing differences in the receipt of payments rather than revenue performance. Adjusting for the timing differences, current year collections through December were 0.1% below the prior year collections.

Based on the most recent information from the County of Santa Clara Controller-Treasurer's Office, the Secured Property Tax roll is expected to reach \$181.8 million, which is \$300,000 (less than 1%) below the 2010-2011 Modified Budget of \$182.1 million. With the revised Secured Property Tax estimate, a decline of 2.1% from the prior year is projected.

The 2010-2011 collections are based on the value of property assessed on January 1, 2010, 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 2011, 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 2010-2011 **Unsecured Property Taxes** budget estimate is \$10.2 million, which is 16.7% below the prior year collection level. Receipts through December of \$9.9 million, however, are just slightly below the full-year budgeted estimate. Typically, approximately 90% of the annual revenue for this category is received in October. Based on this historical collection trend, Unsecured Property Tax receipts are projected to exceed the budgeted estimate by approximately \$800,000.

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

For **SB 813 Property Tax** receipts (retroactive collections back to the point of sale for reassessments of value due to property resales), no payments have been booked for 2010-2011 because, according to the County, the net collections through December 2010 are less than the unprocessed negative supplemental taxes accumulated from 2009-2010 and 2010-2011. To address this backlog, which includes a significant amount of accumulated refund payments for the prior year, the budget estimate

of \$1.5 million allows for a 50.7% decline from the actual 2009-2010 SB 813 Property Tax collections. Depending on the impact of the negative supplemental tax adjustments through the remainder of the year, an additional downward adjustment may be necessary.

It is anticipated that **Homeowners Property Tax Relief** revenue will be received at approximately the budgeted level of \$1.1 million.

SALES TAX

Revenue Status

2010-2011		2009-2010		2010-2011
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$131,432,000	\$51,779,581	39.4%	30.2%	\$3,247,000

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

The 2010-2011 budget estimate for **General Sales Tax** is \$127.6 million, which is approximately 3.5% above the 2009-2010 actual collection level. The receipts for the first quarter of General Sales Tax for the current year were received in December. These receipts represented activity for July through September. For year-to-year comparison purposes, it is important to recognize that the first quarter

General Sales Tax revenue for 2009-2010 included a correction for a Sales Tax recording error that understated the fourth quarter of General Sales Tax for 2008-2009. Factoring out the correction for that error, first quarter General Sales Tax revenues for 2010-2011 were up 11.7% from the same quarter in the prior year.

When comparing San José's cash receipts to those of other jurisdictions, San José's unadjusted increase of 4.9% (the recording error affected all jurisdictions) was worse than the

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

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

performance of Santa Clara County (up 8.0%), but better than Northern California (up 3.9%) and the State as a whole (up 3.7%).

The City's Sales Tax consultant, MuniServices Company, provides economic performance data to the City 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 8.2% growth in the most recent quarter was the result of increases in all but the smallest economic sector, with the second largest sector – Business to Business – increasing by 13.3%.

Economic Sector	% of Total Revenue	% Change Oct 2009 – Sep 2010
General Retail	26.9%	+ 7.4%
Business to Business	25.0%	+13.3%
Transportation	21.8%	+ 5.4%
Food Products	15.2%	+ 1.3%
Construction	10.4%	+17.2%
Miscellaneous	0.7%	- 3.7%
Total	100.0%	8.2%

The 4.9% year-over-year cash basis increase for the first quarter exceeds the 3.5% increase assumed in the 2010-2011 Modified Budget and will generate an additional \$3.2 million in 2010-2011. Accordingly, an increase of \$3.2 million to the Sales Tax revenue estimate is recommended in this report. This recommended

increase will require growth of approximately 1.0% in each of the remaining three quarters of the fiscal year. With one-time accounting adjustments to reflect prior-year collections and the “Triple Flip” true-up payment from the State for 2009-2010, year-over-year growth is estimated to be approximately 6.0% by year end.

It is important to note that the first quarter growth in 2010-2011 Sales Tax is built on the prior-year quarter in which Sales Tax declined by 18.2% (down 12.8% on an adjusted basis). Because the Sales Tax receipts for the remaining three quarters of 2010-2011 will be compared with prior-year quarters in which collections either declined at a much lower rate (-5.31% second quarter) or increased (13.0% for the third and fourth quarters), it would be premature to suggest adjustments to the growth assumptions for the remaining three quarters of 2010-2011.

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 2010-2011 **Proposition 172 Half-Cent Sales Tax** adopted budget estimate of \$3.8 million allows for a 3.2% drop from the prior year. Year-to-date receipts of \$1.7 million are 4.2% above the prior year and, if the current collection trend continues, Proposition 172

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**SALES TAX
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Half-Cent Sales Tax revenues will end the year above the budgeted estimate. Staff will continue to monitor these revenues closely and bring

forward adjustments later in the year, if necessary.

TRANSIENT OCCUPANCY TAX

Revenue Status

2010-2011		2009-2010		2010-2011
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$6,684,000	\$2,709,789	40.5%	35.1%	0

The 2010-2011 budget estimate for the General Fund **Transient Occupancy Tax** (TOT) allocation (40% of the total tax) is \$6.7 million, which allows for a decline of 3.1% from the 2009-2010 collection level. Year-to-date receipts of \$2.7 million are 11.8% above the prior year.

2010. As of December, the trailing 12-month average revenue-per-available-room (RevPAR) declined to \$66.64. Although this is the first drop in the 12-month average RevPAR since January 2010, it still represents a significant improvement from the \$61.45 level experienced in December 2009.

Through December, the average hotel occupancy rate at the 14 major hotels was 57.5%, a significant improvement from the 52.1% occupancy rate for the same period in 2009-2010. For the same 14 hotels, however, the average daily room rate through December was \$117.42, essentially unchanged from the \$117.29 room rate for the same period in 2009-

Although it is possible that the planned commencement of the Convention Center Expansion and Renovation Project in spring 2011 could have an adverse impact, TOT receipts are currently expected to achieve or exceed the budgeted revenue estimate of \$6.7 million by year-end.

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**STATUS OF GENERAL FUND REVENUES
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TELEPHONE LINE TAX

Revenue Status				
2010-2011		2009-2010		2010-2011
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$20,525,000	\$8,511,653	41.5%	36.9%	0

The 2010-2011 budget estimate for the General Fund **Telephone Line Tax** is \$20.5 million, which is consistent with the 2009-2010 collection level. Year-to-date receipts through December of \$8.5 million are 12.5% above the prior year level of \$7.6 million.

Based on the current collection level, Telephone Line Tax revenues should end the year at or above the budgeted estimate. Staff will continue to monitor these revenues closely and bring forward adjustments later in the year, if necessary.

FRANCHISE FEES

Revenue Status				
2010-2011		2009-2010		2010-2011
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$43,121,000	\$16,445,128	38.1%	42.4%	(\$850,000)

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 2010 will not be received until April.

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

Electric Utility Tax receipts received by the City for calendar year 2010, a proxy for the gross receipts on which the Franchise Fee is based, indicate that the Electricity Franchise Fees will end the year within the budgeted estimate of \$17.6 million.

Gas Utility Tax receipts for calendar year 2010, however, indicate that Gas Franchise Fees, which are budgeted at \$6.2 million, will end the year below the budgeted estimate due to lower than anticipated gas rates during calendar year 2010. Accordingly, a downward adjustment of \$870,000 (to \$5.3 million) to the Gas Franchise Fee estimate is recommended in this document.

Commercial Solid Waste (CSW) Franchise Fees collections through December totaled \$4.0 million, or 38.3% of the adopted amount (\$10.4 million). This collection level reflects a decline of 7.4% from the prior year. The lingering effects of the severe economic downturn as well as increased recycling have negatively impacted collections in this category. Growth of 4.9% is needed, however, to meet the 2010-2011 budgeted estimate because actual 2009-2010 receipts fell below the estimate used to develop the 2010-2011 budgeted estimate. This Mid-Year Budget Review includes a recommendation to decrease the revenue estimate by \$600,000 (to \$9.8 million). This will allow for a 1.1% 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 \$2.1 million represent collections for only one quarter through December, due to the typical quarter lag in receipts. Year-to-date receipts are tracking 15.6% above the prior year level, compared to the 0.7% decline allowed by the 2010-2011 budgeted revenue estimate of \$7.5 million. This budgeted decline results from actual 2009-2010 receipts exceeding the estimate used to develop the 2010-2011 budgeted estimate. This Mid-Year Budget Review includes a recommendation to increase the revenue estimate by \$652,000 (to \$8.2 million). This will allow for an increase of 7.9% in this category when compared to the prior year and will bring the estimate closer to year-end expectations.

City-Generated Vehicle Tow Fees of \$474,000 are tracking within estimated levels and are expected to end the year close to the budgeted estimate of \$1.1 million.

Water Franchise Fee revenue through December of \$84,000 is currently tracking 16.1% below the prior year level. This Mid-Year Budget Review includes a recommendation to decrease the revenue estimate by \$32,000 (to \$207,000). This will allow for a 9.2% decline in this category when compared to the prior year and will bring the estimate closer to year-end expectations.

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UTILITY TAX

Revenue Status

2010-2011		2009-2010		2010-2011
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$92,932,000	\$36,105,186	38.9%	39.5%	(\$5,500,000)

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

Through December, **Electric Utility Tax** receipts of \$17.7 million were tracking 5.7% above the prior year level of \$16.7 million. The Electric Utility Tax budgeted estimate of \$39.2 million represents an increase of 3.6% from the prior year collections. Based on current collection trends, collections are currently expected to end the year within the budgeted estimate.

Gas Utility Tax receipts through December of \$2.4 million were 7.0% above the prior year collections of \$2.3 million, primarily reflecting higher gas costs offset by reduced usage. However, growth of 23.8% is needed to meet the budgeted estimate in part because the 2010-2011 Adopted Budget was developed based on commercial and residential gas rate and gas bill forecasts provided by Pacific Gas and Electric Company (PG&E) that indicated greater gas cost increases and higher usage than have actually been experienced.

The current PG&E forecasts project that average gas costs will increase by approximately 4.7%

from the prior year, but that usage could decline by as much as 5.0%. Based on these current projections and the limited collection data, lower growth is expected through the remainder of the year, and Gas Utility Tax receipts are expected to fall below the budgeted estimate by year-end. Based on current activity, a downward adjustment of \$2.0 million (to \$8.6 million) is recommended in this document. This adjustment will allow for a net increase of 0.6% from the 2009-2010 collection level.

Water Utility Tax collections of \$4.2 million through December are tracking 12.3% above the prior year level of \$3.7 million due to differences in the timing of payments and the impact of accruals. Factoring out the timing differences and accruals, receipts are tracking 4.2% above the 2009-2010 level. Growth of 10.6% over the prior year, however, is needed to meet the budgeted estimate. This Mid-Year Budget Review includes a recommendation to decrease the revenue estimate by \$600,000 (to \$9.0 million). This will allow for a 3.6% increase in this category when compared to the prior year. It should be noted, however, that this category is always subject to fluctuations related to the amount of precipitation received,

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

particularly in the spring. Consumption levels over the next several months will determine if additional 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 at the prior year level of \$11.9 million due to the impact of accruals and other timing differences in recognition of payments. Factoring out the accruals and timing differences, current year receipts are tracking 3.4% below the 2009-2010 level. Additionally, actual receipts in 2009-2010 fell below the level upon which the 2010-2011 Adopted Budget estimate was based. As a result, the budgeted estimate of \$33.5 million

requires growth of 3.0% from the actual 2009-2010 collection level. Based on actual collections from last year (both the amount and the monthly collection pattern) and current collection trends, a downward adjustment of \$2.9 million (to \$30.6 million) to this category is recommended in this document. This will allow for a 5.9% decrease in this category when compared to the prior year and will bring the estimate closer to year-end expectations.

On an overall basis, a decrease of \$5.5 million to the Utility Tax revenue estimate is recommended in this document to reflect lower Gas, Water, and Telephone Utility Tax collections.

LICENSES AND PERMITS

Revenue Status

2010-2011		2009-2010		2010-2011
<u>Budget Estimate</u>	<u>Y.T.D Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$71,600,220	\$42,688,078	59.6%	52.0%	(\$3,402,000)

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 consistent with the prior year collection level. Collections are expected to increase by 1.1% to \$11.0 million from the 2009-2010 collection level of \$10.9

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**LICENSES AND PERMITS
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million. The Finance Department projects that Business Tax collections will end the year within the budgeted estimate. A reduction to the Business Tax Exemption Fee revenue estimate of \$250,000 (to \$0) is recommended in this document as this revenue is budgeted and recognized in the Departmental Charges category.

Cardroom Business Tax – collections of \$5.7 million through December were tracking 9.5% above the prior year level of \$5.2 million. The 2010-2011 Adopted Budget estimate projected receipts to increase from \$12.5 million in 2009-2010 to \$17.7 million in 2010-2011 (a 41.6% increase) based on the Cardroom Tax ballot measure that was approved by the voters in June 2010. The ballot measure increased the Cardroom Tax rate from 13% to 15% and increased the maximum number of card tables from 80 to 98. The new rates went into effect on August 13, 2010. However, current year activity levels are lower than anticipated when the 2010-2011 Adopted Budget was developed and collections appear likely to fall below the budgeted estimate by as much as \$3 million to \$4 million. Accordingly, a downward adjustment of \$3.9 million (to \$13.8 million) to this category is recommended in this document. This will allow for a 10.5% increase in this category when compared to the prior year and will bring the estimate closer to year-end expectations.

Disposal Facility Tax (DFT) – Receipts through December of \$4.7 million are tracking 2.5% below the prior year level of \$4.8 million.

When the 2010-2011 Adopted Budget was developed, it was assumed that collections would remain flat at the 2009-2010 estimated collection level based on the assumption that reductions associated with waste diversion would offset any increase in economic activity. However, receipts are continuing to experience declines reflecting the combination of the slow economic recovery and diversion efforts.

Based on the current collection trend, it is now estimated that Disposal Facility Tax revenue may end the year \$300,000 below the budgeted estimate. This report includes a recommendation to decrease the revenue estimate by \$300,000 to \$11.3 million, a 2.7% decline from the prior year.

Building Permits – Building Permit receipts of \$13.0 million through December were tracking well above both the 2010-2011 budgeted year-to-date estimate of \$7.5 million and the prior year-to-date collection level of \$7.8 million. Revenues in all plan check and permit categories are tracking above estimated levels. Strong revenue receipts are entirely driven by a spike in residential permits in December. December's housing unit permit count of 1,641 was only the third time in the last decade that the count exceeded 1,000 units. This large influx was largely due to a North San José school fee increase proposed for residential projects permitted on or after January 1, 2011, and to a lesser extent due to Building Codes taking effect in January 2011. Following this spike, a return to slower residential activity is anticipated. December saw a continuation of

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

moderate commercial and slow industrial permit activity. Despite this slow activity projected for the remainder of 2010-2011, given the strong residential performance in the first half of the year, Building Permit receipts are on track to exceed the budgeted revenue estimate of \$15.7 million. To support temporary staff resources needed due to strong activity in the Building program, this document recommends an increase of \$200,000 to the Planning, Building and Code Enforcement (PBCE) Department's Personal Services appropriation, offset by an increase in the Licenses and Permits revenue estimate. An additional (\$277,000) increase in the Licenses and Permits revenue estimate is also recommended to reflect higher than anticipated Building activity and assist with General Fund rebalancing by offsetting General Fund resources currently allocated to support Development Services in 2010-2011. This revenue will replace a General Fund subsidy for the additional Special Tenant Improvements/Industrial Tool Installation (STI/ITI) line (\$236,000) and support for a portion of IT staff support for Development Services databases and imaging.

The Budget Office, in conjunction with PBCE, will continue to analyze revenue levels and bring forward additional upward adjustments as part of the 2010-2011 year-end clean-up actions. By City Council policy, these fees are cost recovery, so any revenue adjustment must be accompanied by a corresponding adjustment in either the expenditure appropriations or the fee reserve. The Building Development Fee

Program Earmarked Reserve is currently \$2.8 million and is expected to increase by year end.

Fire Permits – Through December, Fire Permit collections of \$5.2 million were tracking above estimated levels and 60.2% above the prior year receipts of \$3.2 million. Development-related collections of \$2.3 million are 59.2% above levels received through December 2009, and almost 50% above current year estimates due to higher than projected collections in architectural and engineering systems (fire sprinkler and alarm systems) plan review and inspections. Development Fee Program revenue is currently projected to exceed the budgeted estimate by \$1.4 million. In this document, the estimate for Development Fee revenue will be increased by \$208,000 to reflect higher than anticipated activity and assist with General Fund rebalancing by offsetting a General Fund subsidy currently allocated to support Development Services in 2010-2011. The second Special Tenant Improvements/Industrial Tool Installation (STI/ITI) line that was added in the Mayor's June Budget Message for 2010-2011 to improve services was partially funded by the General Fund. Given the General Fund shortfall in 2010-2011 and higher than anticipated Development Services revenue, it is recommended that Development Fee revenue replace the Fire Department's General Fund portion (\$197,000) of its respective STI/ITI staff resources. Additional Development Fee revenue (\$11,000) will fund a portion of 0.50 of a Supervising Applications Analyst IT position that supports the Imaging and AMANDA

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

systems on behalf of the Development Services partners. By City Council policy, Fire development-related fees are cost recovery, so any revenue adjustment must be accompanied by a corresponding adjustment in either the expenditure appropriations or the fee reserve. After recommended Mid-Year actions, the Fire Development Fee Program Earmarked Reserve will be \$1.4 million and is expected to increase by year end.

The Fire Non-Development Fee Program is currently tracking above estimated levels with higher than estimated collections in the Annual Renewable Permits. At this time, collections are projected to exceed the budgeted revenue estimates by \$404,000 in the Non-Development Fee Program, and year-end revenue estimates for the Non-Development Fee Program will be increased accordingly in this document. The City Manager's Budget Office and Fire Department will continue to monitor both development and non-development revenues closely.

Animal Care and Services Licensing – Collections of \$572,000 through December are tracking above the prior year level of \$443,000, or 40.0% of the budgeted estimate of \$1.4 million. This increase is primarily due to the implementation of a program that pursues owners of unlicensed animals.

Miscellaneous Other Licenses and Permits – Revenues in this category are generally tracking at or above anticipated levels through December. An increase to the revenue estimate for Taxi Permits of \$103,000 (to \$183,000) is recommended in this document to reflect a higher than anticipated level of collections. Additionally, a decrease to the revenue estimate for the Cardroom Administrative Table Fee of \$144,000 (to \$1.9 million) is recommended to bring the revenue for this cost-recovery fee into alignment with the associated expenditures.

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(CONT'D.)**

FINES, FORFEITURES, AND PENALTIES

Revenue Status				
2010-2011		2009-2010		2010-2011
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$17,250,000	\$8,573,959	49.7%	42.8%	\$670,000

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 \$8.6 million, or 49.7% of the budget estimate. Collections are tracking 25.1% above the prior year, exceeding the growth of 7.8% needed to meet the budgeted estimate. Over half of the revenue in this category is budgeted for Parking

Fines (\$10.8 million). Through December, Parking Fines revenue totaled \$4.8 million, or 43.9% of the budgeted estimate. Collections are tracking over expected levels and are projected to end the year above the budgeted level by approximately \$610,000. Included in this report is a recommendation to increase Parking Fines revenues by \$610,000 (to \$11.4 million). Also included in this report is a recommendation to increase the revenue estimate for False Alarm Fines by \$60,000 (to \$500,000) to reflect higher than anticipated current year activity.

REVENUE FROM THE USE OF MONEY AND PROPERTY

Revenue Status				
2010-2011		2009-2010		2010-2011
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$3,596,614	\$ 1,366,433	38.0%	50.6%	(\$930,000)

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

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

facilities, and subrogation recovery revenues. Overall, receipts of \$1.4 million through December were down 15.3% from the prior year level of \$1.6 million. The lower collection level in 2010-2011 is primarily the result of lower cash balances in the General Fund as well as a lower interest yield (from a budgeted 1.25% to a revised estimate of 0.50%). A downward adjustment of \$1.5 million (to \$253,000) is recommended in this report to bring the Interest Income revenue estimate in line with current projections. A similar downward adjustment of \$270,000 (to \$165,000) is recommended for the Property Tax Interest Earnings category.

These downward adjustments are partially offset by recommendations to increase the revenue estimates for the Real Property Rentals category (an increase of \$590,000 to \$805,000) and the Rental of Communications Facilities category (an increase of \$250,000 to \$1.2 million) based on higher current-year activity. A portion of the increase to Real Property Rentals revenue (\$200,000), reflecting additional Park N' Ride rental generated at the Airport West Property, is recommended to be allocated to support electrical work at that site.

REVENUE FROM LOCAL AGENCIES

Revenue Status

2010-2011		2009-2010		2010-2011
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$45,581,066	\$21,838,133	47.9%	46.1%	\$16,285

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

San Jose Redevelopment Agency (SJRA) reimbursements for services through December totaled \$3.5 million, which is 23.7% of the budgeted estimate of \$15.0 million. It is currently anticipated that the General Fund costs

incurred on behalf of the SJRA will be reimbursed by year-end.

The Redevelopment Agency also reimburses the City for the Convention Center lease payment budgeted at \$15.0 million for 2010-2011. Through December, \$11.6 million has been received. It is anticipated that the full amount of the estimate will be received by year-end.

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

Through December, payments totaling \$2.5 million have been received from the **Central Fire District** for fire services provided by the City. Based on an estimate provided by the Central Fire District staff, collections in this category are expected to fall below the 2010-2011 budgeted estimate of \$5.6 million due to the drop in Property Tax receipts and the impact of annexations by the City. A downward adjustment to this revenue estimate of \$540,000 is recommended in this document to reflect this lower estimated collection level of \$5.1 million.

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 \$845,010 to recognize funding from the Cal-ID Regional Access Network (RAN) Board (SB720 funding) to fund upgrades to the Automated Fingerprint Identification System (AFIS) and associated LiveScan devices.
- Increase of \$725,839 to recognize funding from the Alum Rock (\$520,604), Berryessa (\$106,257), and Santa Clara Unified (\$98,978) School Districts to support temporary staffing and non-personal/equipment funding for the San José After-School Program at specific sites within these school districts.
- Increase of \$75,000 to recognize reimbursement funding from the County of Santa Clara to support the Mayor's Gang Prevention Task Force 2010 Safe Summer Initiative.
- Increase of \$3,228 to recognize lease payments from the Berryessa, Cambrian, and San Jose Unified School Districts to be used to pay debt service on the bonds that financed the leased facilities.
- Decrease of \$626,860 as a technical adjustment to reclassify the Silicon Valley Energy Watch Innovator Pilot Grant from the Revenue from Local Agencies category to the Other Revenue category.
- Decrease of \$374,012 as a technical adjustment to reclassify the American Recovery and Reinvestment Act (ARRA) Retrofit Ramp-Up Grant from the Revenue from Local Agencies category to the Revenue from the Federal Government – Recovery Act category.
- Decrease of \$91,920 as a technical adjustment to reclassify the RSVP 38th Year Grant from the Revenue from Local Agencies category to the Revenue from the Federal Government category.

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

REVENUE FROM THE STATE OF CALIFORNIA

Revenue Status				
2010-2011		2009-2010		2010-2011
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$19,574,242	\$3,819,535	19.5%	40.1%	(\$1,060,754)

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

Beginning in 2010-2011, **Tobacco Settlement Revenue** from the State will be deposited in the General Fund. Although this revenue is not received until April each year, the most recent information from the State indicates that the City will receive the budgeted estimate of approximately \$9.5 million.

Motor Vehicle In-Lieu Fee (VLF) revenue through December totaled \$939,000, which represents a 39.3% increase from the prior year collection level of \$674,000. The 2010-2011 Adopted Budget estimate of \$2.8 million allows for a drop of 16.0%. Although the current collection trend is encouraging, the State's allocation of these revenues has been inconsistent in recent years and no revenue adjustment is recommended at this time.

Airplane In-Lieu Fees of \$2.3 million through December are 39.2% below the prior year collection level of \$3.7 million. Typically, over 90% of the annual revenue for this category is received in October. According to the County

of Santa Clara Assessor's Office, this drop in revenue is due to the re-basing of a number of high-value aircraft to airfields outside of the City's jurisdiction. A downward adjustment to this revenue estimate of \$1.8 million is recommended in this document to reflect the lower estimated collection level of \$2.3 million.

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.

- Increase of \$480,000 to recognize funding from the State of California Emergency Telephone Number Account for upgrades to the City's Computer Aided Dispatch (CAD) System.
- Increase of \$207,286 to recognize funding from the State of California for Urban Search and Rescue (USAR) specialized training activities approved by the Santa

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

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

Clara County Homeland Security Training and Exercise Grants Advisory Group.

- Increase of \$28,874 to recognize funding from the State of California for the Local Enforcement Agency program grant to be used for landfill enforcement activities.
- Increase of \$21,433 to recognize funding from the California Office of Traffic Safety for the 2010-2011 Next Generation Click It

or Ticket Grant seatbelt enforcement checkpoints.

- Increase of \$11,653 to recognize funding from the California State Library to support the Adult Literacy and Families for Literacy programs.

**REVENUE FROM THE STATE OF CALIFORNIA –
AMERICAN RECOVERY AND REINVESTMENT ACT**

Revenue Status

2010-2011		2009-2010		2010-2011
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$404,416	\$31,429	7.8%	NA	0

This category accounts for revenue associated with the American Recovery and Reinvestment Act of 2009 that is received from the State of California and 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: Recovery Act – Anti-Drug Abuse (ADA) Grant (\$60,000); Recovery Act – Santa Clara County Specialized Enforcement Team (SCCSET) ADA Grant (\$20,000); Recovery Act – 2009 Human Trafficking Prevention Grant (\$325,000).

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

REVENUE FROM THE FEDERAL GOVERNMENT

Revenue Status				
2010-2011		2009-2010		2010-2011
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$ 9,356,892	\$2,010,069	21.5%	13.0%	(\$44,384)

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

The largest grants in this category include the following: Fire Department Self-Contained Breathing Apparatus Replacement (\$1.7 million); 2009 Urban Area Security Initiative (UASI) Grant – Fire (\$1.1 million); 2009 Urban Area Security Initiative (UASI) Grant – Police (\$963,000); Summer Youth Nutrition Program (\$865,000); 2010 COPS Technology Program (\$710,000); Internet Crimes Against Children Continuation (\$668,000); 2008 Metropolitan Medical Response System – Fire (\$322,000); 2009 Metropolitan Medical Response System – Fire (\$321,000); and the Smart Start San José Quality Improvement Project Grant (\$300,000). The following adjustments are recommended to the Revenue from the Federal Government

category as described in Section III of this report:

- Increase of \$91,920 as a technical adjustment to reclassify the RSVP 38th Year Grant from the Revenue from Local Agencies category to the Revenue from the Federal Government category.
- Increase of \$89,292 to recognize funding from the United States Department of Justice for the Bulletproof Vest Partnership Grant.
- Increase of \$34,404 from the United States Department of Justice to support Police overtime staffing for the Southbay Shakedown Task Force.
- Decrease of \$260,000 to the Summer Youth Nutrition Grant to reflect lower actual participation levels.

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

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

Revenue Status

2010-2011		2009-2010		2010-2011
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$10,580,777	\$1,096,869	10.4%	4.0%	\$374,012

This category accounts for revenue associated with the American Recovery and Reinvestment Act of 2009 received from the federal government 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 (\$718,233); Department of Energy Solar America Cities Grant (\$1.1 million); the Local Agency Energy Assurance Plan Grant (\$151,000); and the Recovery Act – Energy

Efficiency and Conservation Block Grant (\$8.6 million).

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

- Increase of \$374,012 as a technical adjustment to reclassify the ARRA Retrofit Ramp-Up Grant from the Revenue from Local Agencies category to the Revenue from the Federal Government – Recovery Act category.

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

DEPARTMENTAL CHARGES

Revenue Status				
2010-2011		2009-2010		2010-2011
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$29,910,267	\$15,909,178	53.2%	39.5%	(\$300,000)

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

Police – Through December, Police revenues of \$842,000 were tracking below (11.4%) expected levels of \$950,000 and below the prior year level of \$920,000. The lower than anticipated revenue collections can be attributed to lower collections for Impounded Vehicle Releases, Photostats (Police Records/Reports), and miscellaneous revenue. These lower than anticipated collections are partially offset by higher collections in Police Officer Standards and Training (POST), Restitution Permits, and Police Officers Attending Civil Court. The Police Department and City Manager’s Budget Office will continue to closely monitor performance, and at this time, revenue is tracking to end the year approximately \$100,000 below estimated levels.

Public Works – Development fee revenues of \$2.7 million through December represented an increase of 68.7% from 2009-2010 levels. The Department anticipates year-end collections to

reach \$5.1 million, which is approximately \$775,000 over the Adopted Budget revenue estimate of \$4.3 million. However, due to the volatile nature of development activity, no change to the revenue estimate is recommended at this time.

The majority of revenue categories in the Public Works Development Fee Program have performed at higher than anticipated levels through the first half of 2010-2011, including residential engineering, underground service alert non-residential, underground service alert residential, revocable permits and private utilities, development review predevelopment permits, and utility permits.

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 expenditure appropriations or the Public Works Development Fee Program Earmarked Reserve (current balance of \$379,000).

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

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

Transportation – Departmental fee revenue of \$584,000 is tracking above expected levels through December due to higher than projected special events fees, miscellaneous traffic repairs fees, and geometric design fees. These higher than anticipated revenue collections are slightly offset by the lower than anticipated revenue collection in miscellaneous fees and charges, such as banner installations, tow away permits and signs, and valet parking zone set-up and fees. Transportation fees are expected to end the year slightly above the budgeted estimate of \$779,000.

Library – Departmental revenue of \$524,000 is tracking slightly below expected levels through December due to lower than projected fine revenue. Base on prior year performance and current collection trends, Library revenues may fall below the budgeted estimate of \$1.9 million by year-end. If necessary, a year-end adjustment will be brought forward.

Planning, Building and Code Enforcement (PBCE) – Through December, Planning fee revenue of \$1.2 million was on par with prior year-to-date collections, and 13.7% above estimated year-to-date revenue levels. Should this trend continue, the Planning fee program is on track to reach the \$2.4 million revenue estimate. This estimate represents a 12.2% reduction from the prior year actuals, given projections of very slow activity for 2010-2011. While receipts through December are tracking to meet the budgeted revenue estimate, continued slow activity remains a concern, and a balance of \$268,000 will be available in the

Planning Fee Program Reserve should a revenue shortfall occur (a downward adjustment of \$50,000 is recommended in this document for outstanding payments on Notice of Determination Fish and Game fees). The City Manager's Budget Office and the Department will continue to monitor Development Fee Program revenues closely, and bring forward additional adjustments if necessary.

Parks, Recreation and Neighborhood Services (PRNS) – Through December, departmental fee revenue of \$7.5 million is well ahead of the 2009-2010 level of \$4.2 million, primarily due to Happy Hollow Park and Zoo (HHPZ), which was not yet open in December 2009. With an overall revenue target of \$13.1 million, year to date collections have achieved approximately 57% of the budgeted estimate. Categories with higher than anticipated revenue collections include Fee Activity, Parking, and After School Recreation. While HHPZ collections (\$2.3 million) are tracking slightly below the estimated level of \$2.4 million, the facility is expected to recover 100% of its direct costs, and expenditure savings should be available to offset any loss of revenue. Collections will be closely monitored as the year progresses, and to the extent HHPZ or Fee Activity revenue collections (which account for approximately 75% of the \$13.1 million revenue estimate) fall short of anticipated levels, corresponding expenditure savings should be realized.

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

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

Miscellaneous Departmental Charges – This category, which is budgeted at \$5.5 million, includes the Solid Waste Enforcement Fee with a budgeted estimate of \$3.5 million, various Animal Control Fees budgeted at \$708,000, and other miscellaneous fees budgeted at \$1.3 million.

Solid Waste Enforcement Fee revenues of \$1.5 million were tracking as anticipated, reaching 44.0% of the budgeted estimate of \$3.5 million. It is projected that this fee will end the year within the budgeted estimate.

Animal Care and Services Departmental Charges are budgeted at \$708,000 and include Animal Control Fees for a variety of services. Collections through December of \$301,000 are within anticipated levels and are expected to reach the budgeted level at year-end.

This category includes a \$300,000 budget estimate for Notice of Determination (NOD) Fees. As part of this document, this revenue estimate, along with the offsetting City-Wide expenditure appropriation, are recommended to be eliminated. These fees are collected by the City on behalf of the State Department of Fish and Game and the County of Santa Clara from public and private developers seeking project approval. If the project is approved, the NOD Fee is passed along to the County; if the project is not approved, the NOD Fee is returned to the applicant. In no circumstance do NOD Fees become revenue available for City use. Accordingly, it is recommended that collection and disbursement of these fees be recognized in the City Depositor's Fund rather than in the General Fund. In a related action, \$50,000 of previously collected but not yet disbursed NOD Fee revenue is recommended to be re-allocated from the Planning Fee Reserve in the General Fund to the Depositor's Fund.

OTHER REVENUE

Revenue Status

2010-2011		2009-2010		2010-2011
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$89,145,805	\$82,953,468	93.1%	35.7%	\$719,696

The Other Revenue category contains a number of unrelated revenue sources. Other Revenue

collections through December 2010 totaled \$83.0 million. Although this represents an

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

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

increase of \$73.3 million from the December 2009 level of \$9.7 million, the 2010 total includes \$75.0 million of borrowing proceeds from the Tax and Revenue Anticipation Notes (TRANs) issued for cash flow purposes in July (\$40.0 million) and October (\$35.0 million) 2010. Adjusting for the TRANs issuance, Other Revenue collections through December 2010 totaled \$8.0 million – a decrease of \$1.7 million (17.6%) from the prior year level.

Collections in this category are expected to end the year approximately \$1.3 million below 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 \$4.9 million in **HP Pavilion Rental, Parking, Suite, and Naming** revenue, which is approximately 4.9% above the budgeted estimate of \$4.6 million.

Investment Cost Reimbursement and Banking Services revenues through December of \$996,000 and \$417,000, respectively, are tracking within estimated levels. Any variances in these categories would be offset by a corresponding variance in related expenditures.

SB 90 Reimbursements totaled \$356,000 through December. The 2010-2011 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 \$6,000 which is well below the budgeted estimate of \$1,800,000. Although the General Services Department currently anticipates that revenues in this category may fall well below the budgeted estimate, no change is recommended in this document due to the unpredictable nature of real estate transactions. If necessary, a year-end adjustment will be brought forward.

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

- Increase of \$626,860 as a technical adjustment to reclassify the Silicon Valley Energy Watch Innovator Pilot Grant from the Revenue from Local Agencies category to the Other Revenue category.
- Increase of \$50,964 to recognize energy rebates from Pacific Gas and Electric Company. These funds are recommended to be allocated to the Energy Efficiency Program.
- Increase of \$17,975 to recognize funding from sponsors outside of the City for reimbursement of costs for the Day in the Park and Senior Health Fair and Walk events co-sponsored by Council District 8.
- Increase of \$8,797 to recognize funding from sponsors outside of the City for reimbursement of costs for the National League of Cities event co-sponsored by Council District 1.

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

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

- Increase of \$4,750 to recognize funding from sponsors outside of the City for reimbursement of costs for the following events cosponsored by Council District 2: Indian Flag Raising, Great America Litter Pick-up, National Start Walking Day, and Community Fest.
- Increase of \$3,750 to recognize funding from the Mountain Winery Foundation for the Alum Rock Youth Center Science Program.
- Increase of \$3,500 to recognize funding from sponsors outside of the City for reimbursement of costs for the Community Resource Fair event co-sponsored by the Office of the Mayor.
- Increase of \$2,100 to recognize funding from sponsors outside of the City for reimbursement of costs for the Celebrate Cambrian event co-sponsored by Council District 9.
- Increase of \$1,000 to recognize funding from sponsors outside of the City for reimbursement of costs for the Breakfast with Santa and 2010 Business Appreciation Lunch events co-sponsored by Council District 4.

TRANSFERS AND REIMBURSEMENTS

Revenue Status				
2010-2011		2009-2010		2010-2011
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$88,767,480	\$61,606,411	69.4%	57.9%	\$4,571,850

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

Overhead Reimbursements – Overhead associated with operating funds and special funds is currently budgeted at \$23.8 million. In

addition, overhead associated with capital funds is budgeted at \$10.1 million for a total revenue estimate of \$33.9 million. Through December, overhead collections of \$27.2 million were tracking within estimated levels.

The following adjustments to Overhead Reimbursements are recommended in this document:

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

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

- Increase the overhead reimbursement from the American Recovery and Reinvestment Act funds by \$435,000 to reflect higher than anticipated levels of activity.
- Increase the overhead reimbursement from the Airport Capital Improvement Fund by \$25,000 to reflect higher than anticipated levels of activity.
- Decrease the overhead reimbursement from the Airport Maintenance and Operations Fund by \$25,000 to reflect Airport operations staff consolidation actions approved by the City Council on October 27, 2010.

Transfers – This category includes \$37.6 million in various transfers. Through December transfers of \$30.7 million were tracking within estimated levels. The following adjustment to Transfers is recommended in this document:

- Increase the transfer from the Construction Excise Tax Fund by \$2,295,000. The Construction Excise Tax Fund Transfer to the General Fund - General Purpose and Transfer to the General Fund - Pavement Maintenance are part of rebalancing actions necessary due to significantly reduced revenues in the General Fund. The increased Transfer to the General Fund from the Construction Excise Tax Fund will be offset by significantly higher than anticipated tax collections in December from residential permits pulled prior to new building code implementation and new housing developments in the North San José area (\$1,600,000), and from a decrease to the Gas Tax - Pavement Maintenance appropriation in the Construction Excise Tax Fund (\$695,000).
- Increase the transfer from the Airport Maintenance and Operations Fund for Police Services by \$780,200 to fund Police overtime staffing at the Airport while airport security is elevated to the Orange Alert level through March 2011.
- Increase the transfer from the Economic Incentive Fund by \$691,000 to reflect actions approved by the City Council on January 25, 2011, related to Capital Equipment and Assistance Agreements with Maxim Integrated Products, Inc. and SunPower Corporation.
- Increase the transfer from the Integrated Waste Management Fund by \$330,000 as part of rebalancing actions necessary due to significantly reduced revenues in the General Fund. Of this amount, \$200,000 is expected to be received by the Integrated Waste Management Fund as a reimbursement from the garbage haulers for service to city facilities, \$100,000 reflects previously unbudgeted Construction and Demolition Diversion Deposit (CDDD) revenue, and \$30,000 was received as additional late fee revenue by the Integrated Waste Management Fund.
- Increase the transfer from the Services for Redevelopment Capital Projects Fund by \$200,000 as part of rebalancing actions necessary due to significantly reduced revenues in the General Fund.

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

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

- Increase the transfer from the Water Utility Fund by \$170,000 as part of rebalancing actions necessary due to significantly reduced revenues in the General Fund. This amount represents late fees received in the Water Utility Fund.
- Increase the transfer from the Lake Cunningham Fund by \$100,000 to reimburse the General Fund for a portion of the 2010-2011 costs of Lake Cunningham Park maintenance as part of rebalancing actions necessary due to significantly reduced revenues in the General Fund.
- Increase the transfers of interest earnings from the Storm Drainage Fee Fund by \$3,500 to reflect a higher average cash balance partially offset by a lower projected interest earnings rate.
- Decrease the transfers of interest earnings from the following funds by \$435,000 to reflect a lower projected interest earnings rate: Construction and Conveyance Tax Fund (\$330,500); Services for Redevelopment Capital Projects Fund (\$44,000); Emergency Reserve Fund (\$37,500); Vehicle Maintenance and Operations Fund (\$10,000); Stores Fund (\$10,000); and the Sanitary Sewer Connection Fee Fund (\$6,500).

in the allocation procedure implemented by the State Controller's Office for the November and December allocations. These changes were related to the State Controller's Office initial interpretation of Proposition 22, which was approved by the voters in November 2010, and then a subsequent change in that interpretation. Although adjusted Gas Tax revenues through December were tracking approximately \$1.0 million below the budgeted estimate, it would be premature to recommend a reduction action until it is clear that the allocation procedures in the State Controller's Office have stabilized and the historical collection pattern has been restored.

The following adjustment to Reimbursement for Services is recommended in this document:

- Increase the reimbursement from the Deferred Compensation Fund by \$5,650 to fund increased insurance premium costs in the Deferred Compensation Program.

Reimbursement for Services – The budget estimate for this category is \$17.3 million, of which \$16.6 million is expected to be generated from the three **Gas Tax Funds**. Gas Tax collections through December are not directly comparable with prior years because of changes

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

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.

To address this lower collection level, actions resulting in net downward adjustments to General Fund revenues totaling \$10.0 million are recommended in this document. This revenue reduction is offset by the following: increased transfers from other funds and other new revenue (\$3.6 million); use of the Economic Uncertainty Reserve (\$4.0 million); and expenditure shifts to other funds and reduced expenditure transfers (\$2.4 million).

In addition, upward adjustments of \$3.9 million to reflect various net-zero grants and reimbursements (\$3.3 million) and other adjustments (\$631,000) are recommended in this document. Given the current economic uncertainty, however, additional adjustments may be needed by year-end.

The majority of the lower revenue estimates experienced to date were factored into the 2011-2012 Preliminary General Fund Forecast that was released in November 2010. The revenue estimates for this year will continue to be updated as part of the final 2012-2016 General Fund Forecast, due to be released late February, as well as the 2011-2012 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 with a small amount of savings. 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 establish a

2010-2011 Ending Fund Balance Reserve of \$8.5 million, 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.

**2010-2011 General Fund Expenditures through December
(\$ in Thousands)**

Category	Current Budget	Y.T.D. Actual	% of Budget	Prior Year % of Budget
Personal Services	600,721	290,427	48.3%	49.0%
Non-Personal/Equipment	87,209	31,065	35.6%	33.4%
Other Departmental	15,854	6,292	39.7%	41.0%
City-Wide Expenses	211,089	45,266	21.4%	34.4%
Capital Contributions	14,956	2,654	17.7%	15.2%
Transfers	28,666	28,616	99.8%	97.0%
Reserves	74,618	-	0.0%	0.0%
Total	1,033,113	404,320	39.1%	41.5%

General Fund expenditures through December totaled \$404.3 million, or 39.1% of the total 2010-2011 modified budget. This represents a decrease of \$459,000, or 0.1%, from the December 2009 level of \$404.8 million. Encumbrances totaling \$34.5 million were also \$4.1 million (10.7%) below the December 2009 level of \$38.6 million. Expenditures and encumbrances through December of \$438.8 million constituted 45.8% of the total modified budget (excluding reserves) of \$958.5 million.

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.

Departmental Expenditures

Personal Services costs represent the largest single expense category for the City. These

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

Overview (Cont'd.)

Departmental Expenditures (Cont'd.)

costs accounted for 71.8% of the expenditures to date. Through December, Personal Services expenditures for all City departments totaled 48.3% of the current modified budget, which is consistent with the expectations at this point of the year. This expenditure level was just slightly below the 49.0% expended through December last year.

Overall, Personal Services expenditures are tracking within anticipated levels. However, as discussed in the Bi-Monthly Financial Reports, several departments are currently experiencing higher than budgeted personal services (employee) costs. Some departments are experiencing higher expenditure levels due to timing issues and these expenditures are expected to return to estimated levels by the end of the fiscal year. For example, as a budget balancing solution in 2010-2011, five of the City's employee bargaining groups agreed to make additional employee retirement contributions to offset a portion of the City's employer retirement contributions. This shift in the source of retirement contribution funding (employer to employee) did not occur in the payroll system until August 22, 2010, and so is not fully reflected in year-to-date expenditures. The employment placement process has also resulted in higher expenditures and there are a number of instances where employees at higher salary step levels were placed into vacant positions budgeted at a lower level or into positions previously held by lower step employees. Additionally, implementation of Internal Revenue Service rules related to

taxation of vacation days sold back to the City by eligible employees impacted year-end vacation sellback expenses in several departments. Departments will absorb these additional costs to the extent possible through savings from normal employee turnover, overtime controls, and/or potential offsets through non-personal/equipment appropriation savings. Net-zero budget adjustments are recommended and described in Section III of this document to reflect transfers between appropriations to address projected Personal Services expenditure overages for the following departments: City Attorney's Office, City Manager's Office, Fire Department, General Services Department, and the Information Technology Department.

Non-Personal/Equipment expenditures of \$31.1 million are also tracking within anticipated levels with 35.6% expended through December. In addition to the funds actually expended, \$17.0 million was encumbered, bringing the total amount of funding committed to \$48.1 million, or 55.1% 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 \$6.3 million or 39.7% of the budget. With encumbrances, the total amount committed increases slightly to \$6.5 million, or 41.3% of the budget.

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

Overview (Cont'd.)

Departmental Expenditures (Cont'd.)

On an overall basis, departmental expenditures are expected to end the year below budgeted levels. This document includes recommendations to recognize \$5.8 million of departmental expenditure savings and reallocate those savings to a 2010-2011 Ending Fund Balance Reserve. Downward adjustments are recommended in the following departments: Police (\$3.1 million); Parks, Recreation and Neighborhood Services (\$1.7 million); the City Clerk's Office (\$500,000); Finance (\$200,000); Information Technology (\$150,000); Human Resources (\$125,000); Economic Development (\$50,000); and Public Works (\$50,000).

Non-Departmental Expenditures

Through December, City-Wide Expenses totaled \$45.3 million, or 21.4% of the modified budget of \$211.1 million. With encumbrances, the total amount of funding committed was 27.5% of the budget.

Within City-Wide Expenses, the Strategic Support City Service Area category represents the largest portion of funding. In part, this is due to the inclusion in this category of the \$75.6 million principal and interest repayment appropriation for the Tax and Revenue Anticipation Notes (TRANs) issued for cash flow purposes in July and October 2010. That repayment is anticipated to occur on January 31, 2011. For the first six months of the year, this category is 9.6% committed (23.8% committed excluding the TRANs appropriation). The expenditure tracking for these Strategic Support

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 2011-2012 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 10.4% of the appropriation has been expended or encumbered; however, expenditures in this category are traditionally difficult to predict, given the nature of litigation. It should be noted that the litigation exposure far exceeds the amount in this appropriation and the corresponding reserve combined. 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 \$14.6 million was 18.0% expended. Expenditures, however, are expected to increase significantly in the second half of the year based on increases in the number of both sworn and non-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, Community and Economic Development,

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

Overview (Cont'd.)

Non-Departmental Expenditures (Cont'd.)

Environmental and Utility Services, Public Safety, Neighborhood Services, and Transportation and Aviation Services, tracked at 71.6%, 27.7%, 36.5%, 77.9%, and 40.3% 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 \$17.0 million. For the first half of the year, expenditures and encumbrances of \$8.3 million tracked at higher than anticipated levels. It is currently anticipated that expenditures may end the year above the budgeted level. This allocation will be carefully monitored through the remainder of the year to determine if any adjustments are necessary.

The following City-Wide Expenses expenditure reductions are recommended to reflect anticipated savings or appropriations that are no longer needed. These expenditure savings are recommended to be reallocated to the 2010-2011 Ending Fund Balance Reserve: FMC Debt Service Payments (-\$500,000), Existing City Hall Debt Service Payments (-\$432,000), Fire Self Contained Breathing Apparatus (-\$300,000), Property Tax Administration Fee (-\$213,000), Insurance Premiums (-\$162,000), Emergency Services Grant Fund (-\$160,000), Police Audit Optimization Study (-\$150,000), Healthy Neighborhood Venture Fund - Youth Services (-\$132,000), Summer Youth Nutrition Grant (-\$124,000), Police Officers' Professional

Liability Insurance (-\$52,000) and Storm Fees City Liability (-\$51,000). All of the City-Wide Expenses adjustments are described in Section III of this document.

Through December, General Fund Capital expenditures totaled \$2.7 million and encumbrances totaled \$4.8 million, bringing the amount committed to \$7.4 million, or 49.6% of the budget. It is anticipated that the majority of the budgeted amount will be expended or rebudgeted to 2011-2012 to complete various capital projects. However, included in this document are recommendations to reduce General Fund allocations for capital projects by shifting costs to other funds as part of the General Fund budget rebalancing strategy that addresses a net General Fund revenue shortfall of \$10.0 million. These General Fund budget balancing items include shifting General Fund debt service costs for the Phase I bonds for the Central Service Yard to the Service Yards Construction and Conveyance Tax Fund (\$250,000), shifting a portion of the funding for Fire Apparatus Replacement to the Fire Construction and Conveyance Tax Fund (\$200,000), and shifting funding for the construction of Fire Station 37 - Willow Glen to the Neighborhood Security Act Bond Fund (\$180,000).

To establish a 2010-2011 Ending Fund Balance Reserve, various actions are also included to generate capital expenditure savings. Adjustments are recommended for Closed Landfill Compliance project (\$55,000), South San José Police Substation Fixtures, Furniture, and Equipment (\$200,000), Watson Site Clean-

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

Overview (Cont'd.)

Non-Departmental Expenditures (Cont'd.)

up and Restoration project (\$102,000), and Parks and Recreation Bond Projects (\$42,000). Most of these projects are either completed or near completion and sufficient savings are expected to be generated by year-end. These transactions are described in Section III of this document.

The Transfers category of \$28.6 million is 99.8% 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 rebalancing actions, the following adjustments to Earmarked Reserves are recommended: a \$4.0 million reduction to

the Economic Uncertainty Reserve (from \$9.0 million to \$5.0 million) and a \$95,000 reduction to the Wellness Program Reserve.

As discussed above, it is recommended that an \$8.5 million 2010-2011 Ending Fund Balance Reserve be established by recognizing expenditure and project savings in the Departmental (\$5.8 million), City-Wide (\$2.3 million), and Capital (\$399,000) categories. These actions set aside and secure the expenditure savings assumed to be generated in 2010-2011 and used as a funding source for 2011-2012 as projected in the 2011-2012 Preliminary General Fund Forecast. Proactively establishing this Reserve helps ensure the necessary savings are generated by year-end to meet the forecasted expenditure savings figure.

No budget action is recommended to reduce the Contingency Reserve (\$29.3 million).

Discussion of Selected General Fund Departments

Expenditure Status (\$ in thousands)

<u>Department</u>	2010-2011 <u>Budget</u>	Y.T.D. <u>Actual</u>	Prior YTD <u>Actual</u>
Attorney's Office	\$11,391	\$5,569	\$6,338

Overall, expenditures for the City Attorney's Office were tracking above budgeted estimates through December, with 48.9% expended. Personal Services expenditures through December of \$5.4 million (51.5% of budget compared to the par of 48.7%) were tracking to exceed the budget by approximately \$400,000.

Non-Personal/Equipment expenditures totaled \$187,000 through December, or 20.0% of the \$932,000 budget. With encumbrances, 49.7% of the Non-Personal/Equipment appropriation was expended or encumbered through December. Expenditures in this category are expected to end the year within the budgeted allocation.

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

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

Attorney's Office (Cont'd.)

Personal Services expenditures are tracking to end the year approximately \$400,000 above budgeted levels due to 1) unbudgeted employee vacation sellback (\$125,000 through December) and 2) personal services expenditures related to 2010-2011 approved budget actions that the City Attorney's Office is unable to charge as budgeted (\$275,000). The 2010-2011 Adopted Operating Budget included the reallocation of staff from the General Fund and the Workforce Investment Act Fund to the False Claims Act appropriation and the Municipal Solar Grant Program. The current workload associated with these projects has not occurred at the levels approved as part of the 2010-2011 Adopted Budget; therefore, the City Attorney has

assigned staff to unbudgeted General Fund legal work.

The City Attorney's Office plans to carefully monitor and prioritize non-personal/equipment expenditures to achieve savings of \$150,000 which is recommended to be reallocated to the City Attorney's Office Personal Services appropriation in this report. Combined with the reallocation of non-personal/equipment funding, the City Attorney's Office expects additional vacancy savings of at least \$100,000 to be realized by year end, bringing the current year-end projected overage to \$150,000. The City Attorney's Office will continue to closely monitor and control overall expenditures to minimize or prevent any potential overage.

Expenditure Status (\$ in thousands)

<u>Department</u>	<u>2010-2011 Budget</u>	<u>Y.T.D. Actual</u>	<u>Prior YTD Actual</u>
Fire	\$153,655	\$75,265	\$73,790

Overall, expenditures for the Fire Department were tracking above budgeted estimates through December, with 49.0% expended. Personal Services expenditures through December of \$72.1 million (49.2% of budget compared to the par of 48.7%) were tracking to exceed the budget by as much as \$1.1 million. The Fire Department's Non-Personal/Equipment budget of \$7.2 million was 59.7% expended or encumbered through December and

expenditures are expected to end the year within the budgeted allocation.

Personal Services expenditures are tracking above estimated levels because there are insufficient overtime savings to offset the higher salary and benefit costs. Expenditures for salaries and benefits tracked higher than estimates due to the lower than budgeted vacancy levels. Through the end of December, the Department had eight sworn vacancies,

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

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

Fire Department (Cont'd.)

offset by one temporary position to backfill for vacancies in the Deputy Fire Chief position. In addition, expenditures for salary and benefits through December tracked higher than anticipated levels due to the following: one-time expenditures for leave balance payouts for retirees and for 49 Firefighters laid off at the end of July (\$134,000), and participation in State Homeland Security Grant Program (SHSGP) and Urban Area Security Initiative (UASI) training sessions. The Department submitted invoices for reimbursements for the completed training and associated adjustments are recommended as part of the Mid-Year Budget Review.

Overtime expenditures of \$4.9 million tracked below par levels (43.4% compared to the par of 48.7%) through December. Although overtime expenditures are tracking below par levels, the level of overtime savings currently being generated is not as high as anticipated with the lower number of sworn vacancies within the Department. This can be attributed to a higher sworn absence rate in 2010-2011 (17.4%) compared to 2009-2010 (14.1%). Higher absences in 2010-2011 are primarily the result of more sworn positions being out on disability than previously experienced. The Department will continue implementing overtime control measures for activities not related to minimum staffing. In addition, department staff will also provide regularly bi-weekly reports to the Fire Chief and to Fire Senior Staff on overtime usage. The cost control measures implemented by the Fire Department are expected to address

approximately \$500,000 of the projected Personal Services overage of \$1.1 million.

With the departmental cost control measures, Personal Services expenditures are tracking to end the year approximately \$600,000 above the budget. Recommendations in the Mid-Year Budget Review include a shift of \$100,000 from the Non-Personal/Equipment appropriation to the Personal Services appropriation to partially offset the higher Personal Services expenditures. Grant-supported increases to the Personal Services (\$175,000) and Non-Personal/Equipment (\$33,000) are recommended and will also offset a portion of the projected overage. With these recommended actions, the Fire Department may end the year with a Personal Services overage of approximately \$325,000 (0.2% of \$147 million budget). The Fire Department is strongly committed to closely monitor and control expenditures to prevent any potential overage.

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

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

Expenditure Status (\$ in thousands)

<u>Department</u>	<u>2010-2011 Budget</u>	<u>Y.T.D. Actual</u>	<u>Prior YTD Actual</u>
Police	\$298,610	\$139,091	\$140,354

On an overall basis, Police Department expenditures are tracking within estimated levels at 46.6% expended through December. Personal Services expenditures of \$132.2 million tracked under anticipated levels (47.5% compared to the par of 48.7%). Through the end of December, the Department had 15 sworn vacancies, offset by two temporary sworn personnel, one Police Lieutenant position and one Police Officer position, funded by Urban Area Security Initiative (UASI) grants. The compensatory time balance at the end of December 2010 was 193,349 hours for sworn personnel. This represents a decrease of 7,779 hours (3.9%) from the September 2010 balance of 201,128, and a 57,525 hour decrease (22.9%) compared to the December 2009 balance of 250,874. The overall reduction in compensatory time balance can be attributed to a number of factors including higher than normal attrition in 2009-2010 (leading to compensatory time balances being paid out at the time of separation as demonstrated by higher expenditures in full-time salaries), and additional overtime controls implemented during 2009-2010, which have continued through 2010-2011.

The overtime management process requires preapproval by a supervisor and additional timesheet coding is required to determine the type of usage in order to readily identify

mandatory versus discretionary usage. This process has been useful in reducing discretionary overtime expenditures. Continued active management of the overtime budget and earned compensatory time is necessary to ensure overall Personal Services expenditures remain within budgeted levels. Overtime expenditures of \$4.5 million through December tracked below anticipated levels with 39.0% expended.

Recommendations in the Mid-Year Review include \$815,000 in upward adjustments to the Department's Personal Services appropriation to fund sworn police staff at the airport providing Orange Alert passenger security (\$780,000) and to allow the Department to participate in a task force funded by the federal government to prevent narcotics trafficking (\$35,000). In addition to these upward adjustments, a downward adjustment of \$2.6 million to the Personal Services appropriation (0.9% of the current budget) is recommended based on actual performance and is proposed to be allocated to the 2010-2011 Ending Fund Balance Reserve. Factoring in these adjustments, Police Department expenditures are expected to remain within the budgeted Personal Services allocation. The Budget Office and Police Department will continue to closely monitor Personal Services to ensure expenditures are within appropriated levels by year-end.

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

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

Police Department (Cont'd.)

A total of \$10.3 million (50.5%) of the Department's Non-Personal/Equipment budget was expended or encumbered through December. Excluding the remaining balances for centrally-determined details, including electricity, gas, and vehicle operation and replacement, the Department has approximately \$4.9 million, or 49.1% of the non-centrally-determined appropriation, available for the remainder of the fiscal year.

Recommendations in the Mid-Year Budget Review include increases of \$1.3 million in reimbursable funding for upgrades to the Automated Fingerprint Identification System (AFIS) and the Computer Aided Dispatch (CAD) System, as well as decreases of \$500,000 for recruit academy funding that is not needed in 2010-2011 (\$300,000) and anticipated vehicle replacement savings (\$200,000). The 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 \$29.3 million through December, with no revisions through the first six months of the fiscal year.

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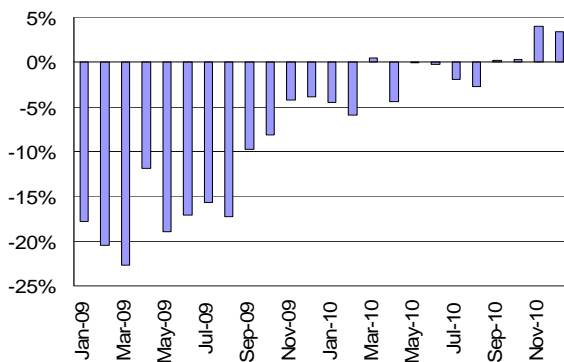
STATUS OF SELECTED SPECIAL FUNDS

Airport Operating Funds Overview

Airport Activity

The 2010-2011 Adopted Budget was based on a projection of an approximate 2% increase in passenger activity levels. The increase was based both on activity trends in 2009-2010 and projected flight schedules through the fall. Activity at Mineta San José International Airport (SJC) through the first half of the year is tracking lower (at 1.3%) than projections, with very recent signs that the two-year decline in passenger activity may be leveling off and slightly rebounding. As the graph below shows, there has been a year over year increase in passengers for each month from September through December.

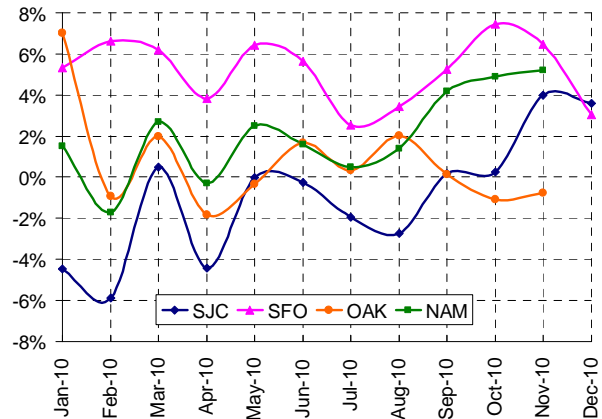
SJC Year over Year Passenger Change



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 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. The following graph depicts month to month percentage changes of passenger activity levels.

Although Oakland (OAK) has declined over the past year, San Francisco (SFO) shows signs of leveling off, and San José's (SJC) improvement has mirrored the industry-wide activity for North American airlines (NAM).

Bay Area Airport Comparison Change in Monthly Passenger Activity Levels



Operations at the Airport (landings and takeoffs) decreased by 11.6% from the first six months of the last fiscal year with passenger carrier operations declining 6.2%, commuter activity declining 24.4%, and cargo carrier activity declining 8.1%. Also, General Aviation itinerant, local operations, and military operations decreased by 14.7% from last year, primarily due to the closure of the General Aviation runway. Cargo weight has experienced a decline of 13.3%. Parking daily exits decreased by 7.2% and hourly exits are up by 11.9% for the year in comparison to the first six months in the prior year. Total parking lot revenue is slightly greater than the same period in the previous year.

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

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

Airport Activity (Cont'd.)

An overall increase in passengers has been achieved, even while operations and landed weights have decreased from the prior year. The average increase in passengers has resulted that the average load factors for many airlines has been approaching 95%. The Airport expects that such high load factors will be a signal to carriers that they can place additional capacity at SJC. 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 Revenues and Expenditures

Airport operating revenues through December 2010 totaled \$53.4 million and are performing 2.3% higher than the budgeted estimate and 4.5% above the same period last fiscal year.

Except for General and Non-Aviation revenues, performance across all revenue categories including Landing Fees, Terminal Rentals, Airfield, Parking and Roadway are trending above budgeted levels; most notably, Airfield is substantially higher than the budget benchmark. General and Non-Aviation revenues are below budgeted levels primarily due to lower interest earnings. Consistent with prior years, certain revenues were not recorded in December due to the closure of City offices for the holiday furlough.

A complete financial summary of the Airport Revenue Fund is included later in this section of the report.

As part of the 2010-2011 Mid-Year Budget Review, recommended expenditure adjustments are limited to increases related to health benefit costs; a reduction to the financial contribution from the Rental Car Agencies with corresponding reductions for lower shuttle bus service costs, the rental car garage project and debt service payments related to the rental car garage; an overhead reimbursement adjustment to reflect the elimination of 6.0 positions in October 2010; and Airport Police overtime costs associated with Level Orange Security Alert at checkpoints. The reduction in Police overtime costs is further discussed in the Expenditure Section of the Airport Maintenance and Operation Fund.

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. Airport Maintenance and Operation Fund departmental expenditures through December 2010 are

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

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

Airport Revenues and Expenditures (Cont'd.)

tracking at budgeted levels in Personal Services and below budgeted levels in the Non-Personal/Equipment categories. Additional information on this fund is included later in this section of the report.

The Airport Customer Facilities and Transportation Fee Fund accounts for costs

associated with inter-terminal busing services between the consolidated rental car facility and Terminal A as well as debt service payments for the new rental car facility.

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

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

Airport Maintenance and Operation Fund

	2010-2011 Adopted Budget	Change	2010-2011 Current Modified	2010-2011 YTD Actual	2010-2011 % of Budget	2009-2010 % of Budget
<i>Beginning Fund Balance</i>	18,801,280	(1,843,271)	16,958,009	N/A	N/A	N/A
<i>Carry-over Encumbrance</i>	2,137,361	577,002	2,714,363	N/A	N/A	N/A
<i>Transfers</i>	95,741,452	0	95,741,452	47,977,044	50.1%	50.0%
TOTAL SOURCES	116,680,093	(1,266,269)	115,413,824	47,977,044		
<i>Expenditures</i>	73,781,255	(1,301,259)	72,479,996	27,736,702	38.3%	37.7%
<i>Transfers</i>	13,709,222	(301,094)	13,408,128	9,980,824	74.4%	50.0%
<i>Reserves</i>	12,230,846	1,537,004	13,767,850	N/A	N/A	N/A
<i>Ending Fund Balance – Reserved Per Master Trust Agreement</i>	16,958,770	(1,200,920)	15,757,850	N/A	N/A	N/A
TOTAL USES	116,680,093	(1,266,269)	115,413,824	37,717,526		

Fund Status

Revenues – Revenue for this fund consists of transfers from the Airport Revenue Fund. The 2010-2011 transfers into the Airport Maintenance and Operation Fund continue to occur as budgeted. No adjustments to the transfer amounts are recommended at this time.

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.

Since Mid-Year 2008-2009 when the department had 400 positions, the Airport Department's staffing level has been reduced from 400 to 206 positions. A total of 99 positions have been eliminated in 2010-2011, six of which are scheduled for elimination at the end of March 2011. Staffing is now at levels necessary to remain functional in core areas including meeting safety and security standards. However, there is little capacity to accommodate vacancies. Therefore, the Airport had to implement short-term strategies, including use of overtime, to cover unanticipated vacancies and holiday coverage to ensure that the critical responsibilities associated with each position are covered. As a result, in this fund \$214,263 or 46.6% of budgeted overtime through December has been

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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.)

expended. Additionally the overtime expenditures include close to \$69,000 in comp-time payouts for staff separated from City service (primarily custodial staff). Overtime expenditures will be closely monitored for the balance of the fiscal year.

Non-Personal/Equipment expenditures are tracking 23.9% below budgeted estimates with savings spread across most categories. Utilities savings are anticipated due to lower than expected costs in operating both the Consolidated Rental Car Facility and Terminal B. Savings are also anticipated in vehicle operating costs since staff is now consolidated on the Airport campus.

Interdepartmental expenditures (charges for staff and services located in other City departments including the Police and Fire departments) total \$10.7 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 \$780,200 to fund police overtime expenses related to higher levels of checkpoint staffing required due to the Level Orange Security Alert originally instituted in August 2006. Current levels required by the Transportation Security Administration were reviewed and it was determined that coverage for the checkpoint monitoring could be accomplished within regular beat duties and that staffing security checkpoints with overtime was no longer required. As a result, overtime hours associated with Level Orange Security Alert monitoring duties will be eliminated in March. The recommended transfer covers the actual overtime used to date. Also recommended is an adjustment to the Planning, Building and Code Enforcement Personal Services allocation that charges to the Airport Fund to cover higher than anticipated expenditures due to employee vacation sellback.

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

Airport Revenue Fund

	2010-2011 Adopted Budget	Change	2010-2011 Current Modified	2010-2011 YTD Actual	2010-2011 % of Budget	2009-2010 % of Budget
<i>Beginning Fund Balance</i>	25,144,544	10,055,013	35,199,557	N/A	N/A	N/A
<i>Revenues</i>	109,967,195	0	109,967,195	52,861,814	48.1%	46.5%
<i>Transfers</i>	4,269,066	0	4,269,066	538,949	12.6%	0.0%
TOTAL SOURCES	139,380,805	10,055,013	149,435,818	53,400,763		
<i>Transfers</i>	139,151,460	0	139,151,460	67,920,128	48.8%	46.9%
<i>Reserves</i>	229,345	10,055,013	10,284,358	N/A	N/A	N/A
<i>Ending Fund Balance- Reserved per Master Trust Agreement</i>	0	0	0	N/A	N/A	N/A
TOTAL USES	139,380,805	10,055,013	149,435,818	67,920,128		

Fund Status

Revenues – As indicated in the overview, overall revenue collections in the Airport Revenue Fund are tracking greater than the budgeted estimate.

Through December, performance of airline rates and charges (Landing Fees and Terminal Rentals) is 4.5% above the levels reported for the first six months of last fiscal year. This primarily results from a one-time charge to Horizon Airlines within the parameters the Airport Incentive Program. Under this program, the Airport waives fees during the first several years of airline operations that introduce new service to particular destinations. In the event an airline fails to meet the minimum qualifying period, the Airport shall invoice the airline for all airline fees that would otherwise have been

due from the commencement date of such qualifying service. Horizon Airlines was not able to meet the qualifications due to the cancellation of flights to Sacramento and Spokane.

Also tracking high is Airfield revenue, which is 12.8% above the budgeted estimate as the result of increased revenue from in-flight kitchen services. Total revenues from Terminal Concessions and Miscellaneous Rents are performing 2.4% above the budget principally due to higher space rents.

Year-to-date collections in General Aviation and Non-Aviation declined 6.2% from year-to-date collections in 2009-2010. The reduction in interest rates is negatively affecting the overall performance of this revenue category. However, greater than expected performance

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

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

Fund Status (Cont'd.)

Revenues (Cont'd.)

from rented buildings partially offset the lost revenues. Rented buildings are tracking above the budgeted amount by 50.2% due to the increase in rates for hanger floor and office spaces. These revenues will be carefully monitored and any adjustments will be recommended to the City Council as part of the year-end budget process.

Expenditures – Expenditures in this fund consist entirely of transfers to other funds. Transfers are made on a monthly basis in accordance with the Master Trust Agreement. No adjustments to the transfer amounts are recommended in this document.

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

Airport Forecast

The Airport's financial challenges persist and, without significant increases in carriers, flights and passengers, the Airport anticipates continued shortfalls for the near future. The Airport is projecting a \$15 million shortfall for 2011-2012, which is a combination of the effects of declining passenger levels at the same time as planned debt service for the Airport's Terminal Area Improvement Program begins.

Efforts to increase air service and passenger levels include a new Council Committee collaborating with the Office of Economic Development. The committee will focus on a wide variety of issues including air service and business engagement strategies.

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Section I**

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

Community Facilities Revenue Fund

	2010-2011 Adopted Budget	Change	2010-2011 Current Modified	2010-2011 YTD Actual	2010-2011 % of Budget	2009-2010 % of Budget
<i>Beginning Fund Balance</i>	670,511	125,924	796,435	N/A	N/A	N/A
<i>Carry-Over Encumbrances</i>	893	0	893	N/A	N/A	N/A
<i>Revenues</i>	4,520,036	0	4,520,036	2,245,546	49.7%	44.5%
<i>Transfers</i>	5,900,000	0	5,900,000	5,900,000	100.0%	100%
TOTAL SOURCES	11,091,440	125,924	11,217,364	8,145,546		
<i>Expenditures</i>	10,454,531	93,230	10,547,761	2,362,976	22.4%	32.8%
<i>Transfers</i>	136,909	0	136,909	136,909	100%	100%
<i>Unrestricted Ending Fund Balance</i>	500,000	32,694	532,694	N/A	N/A	N/A
TOTAL USES	11,091,440	125,924	11,217,364	2,499,885		

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. In 2010-2011, the transfer from the General Fund for operating subsidy totals \$5.9 million. To date, the economic recovery has had a positive impact on the tourism and the hotel industry. Specifically, through the first half of 2010-2011, Hayes Mansion gross operating revenues are tracking above budgeted levels. It should be noted, however, that bookings for hotel room nights during the first quarter of 2011 are lower than anticipated. Therefore, revenue is projected to end the year at budgeted levels.

As part of rebalancing actions necessary to offset the current year revenue shortfall in the General Fund, a decrease in the General Fund transfer to the Community Facilities Revenue Fund of \$132,000 is recommended. This decrease would be offset by anticipated debt-related expenditure savings and a decrease in the ending fund balance as described below.

Expenditures – As mentioned above, due to significantly lower than budgeted short-term interest rates applicable to debt service costs for the Hayes Mansion bonds, a \$100,000 reduction in debt-related expenditures is recommended.

Fund Balance – Included in the 2009-2010 Annual Report was a net ending fund balance increase of \$32,000. A decrease to the ending fund balance of \$32,000 is recommended in this report to partially offset a decrease in the

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Section I**

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

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

Fund Status (Cont'd.)

Fund Balance (Cont'd.)

General Fund transfer to the Community Facilities Revenue Fund (\$132,000). This action would reduce the ending fund balance to the level approved in the 2010-2011 Adopted Budget.

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MID-YEAR BUDGET REVIEW
Section I**

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

Convention and Cultural Affairs Fund

	2010-2011 Adopted Budget	Change	2010-2011 Current Modified	2010-2011 YTD Actual	2010-2011 % of Budget	2009-2010 % of Budget
<i>Beginning Fund Balance</i>	6,129,927	191,367	6,321,294	N/A	N/A	N/A
<i>Carry-Over Encumbrances</i>	447,232	63,165	510,397	N/A	N/A	N/A
<i>Revenues</i>	13,940,121	0	13,940,121	7,057,017	50.6%	35.2%
<i>Transfers</i>	5,255,332	260,500	5,515,832	2,651,650	48.0%	50.8%
TOTAL SOURCES	25,772,612	515,032	26,287,644	9,708,667		
<i>Expenditures</i>	20,447,431	43,356	20,490,787	12,070,399	58.9%	52.3%
<i>Transfers</i>	334,179	0	334,179	334,179	100%	100%
<i>Reserves</i>	1,618,050	63,165	1,681,215	N/A	N/A	N/A
<i>Unrestricted Ending Fund Balance</i>	3,372,952	408,511	3,781,463	N/A	N/A	N/A
TOTAL USES	25,772,612	515,032	26,287,644	12,404,578		

Fund Status

Revenues – Revenues booked in the Convention and Cultural Affairs Fund through December only represent activity through November. However, according to reports not yet fully reviewed by the City from the operator of the City’s Convention and Cultural Facilities, Team San José (TSJ), revenue is tracking within anticipated levels and TSJ now anticipates 2010-2011 revenues to finish higher than the budgeted estimate of \$13.9 million. TSJ continues to actively pursue potential business opportunities to boost revenue. The better than anticipated revenue performance is primarily due to food and beverage, contract labor, and rental (net of rebates) revenues, partially offset by lower than anticipated revenues at the San

José Civic Auditorium due to the delay in resuming the concert series.

Approximately \$2.4 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 document.

While TSJ projections indicate 2010-2011 operating revenues will exceed the budgeted estimate, no increase to the estimate is recommended at this time. Operating revenue from the City’s convention and cultural facilities will continue to be closely monitored, and adjustments may be recommended at year-end should TSJ achieve projected levels. A recommendation to reduce the estimate for

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Section I**

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

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

Fund Status (Cont'd.)

Revenues (Cont'd.)

interest earnings (\$20,000) is, however, included in this document based on a lower than anticipated interest earnings rate.

Expenditures – Team San José, the Office of Economic Development, the Finance Department, and the City Manager's Budget Office are collaboratively working on an updated forecast for this fund to sustain operations through the proposed Convention Center expansion/renovation project, consistent with the December 7, 2010 direction from the City Council. This plan, as well as amendments to the current management agreement, will be considered in February 2011 by the City Council. This plan aims to achieve a \$1.5 million to \$2.0 million unrestricted fund balance at the end of 2013-2014, make additional funding available for urgent and unanticipated repairs as well as replacements for equipment which has reached its useful life at the Convention and Cultural Facilities in the coming years, and establish a revenue stabilization reserve equal to 10% of annual TOT revenue to mitigate any potential shortfall in future TOT revenue.

Through December, expenditure appropriations are anticipated to end the year within or lower

than budgeted levels. Personal Services is currently tracking very close to year-to-date expected levels. TSJ forecasts indicate that the Non-Personal/Equipment appropriation, which covers all TSJ operating expenses, will achieve savings of approximately \$300,000. This is primarily due to carefully aligning variable labor expenditures to activity levels and monitoring of non-personal expenditures.

Since the 2010-2011 Adopted Budget was approved by the City Council, a number of expenditures that will impact this fund have been identified, including the cost of an Industry Advisor and improvements to the San José Civic Auditorium and California Center for Performing Arts. These costs are still being refined, therefore no formal budgetary actions are recommended at this time.

Fund Balance – No significant changes to the Ending Fund Balance in the Convention and Cultural Affairs Fund are recommended at this time. A minor reduction (\$20,000) is recommended, however, to offset a reduction to the estimate for interest earnings resulting from a lower than anticipated interest earnings rate. Also recommended is a slight upwards adjustment (\$5,319) of the Beginning Fund Balance to align the beginning fund balance with the 2009-2010 Comprehensive Annual Financial Report.

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

Municipal Golf Course Fund

	2010-2011 Adopted Budget	Change	2010-2011 Current Modified	2010-2011 YTD Actual	2010-2011 % of Budget	2009-2010 % of Budget
<i>Beginning Fund Balance</i>	816,957	256,691	1,073,648	N/A	N/A	N/A
<i>Carry-Over Encumbrances</i>	6,749	0	6,749	N/A	N/A	N/A
<i>Revenues</i>	940,000	0	940,000	306,499	32.6%	59.9%
<i>Transfers</i>	1,000,000	0	1,000,000	1,000,000	100.0%	100.0%
TOTAL SOURCES	2,763,706	256,691	3,020,397	1,306,499		
<i>Expenditures</i>	2,247,750	0	2,247,750	1,472,514	65.5%	56.5%
<i>Unrestricted Ending Fund Balance</i>	515,956	256,691	772,647	N/A	N/A	N/A
TOTAL USES	2,763,706	256,691	3,020,397	1,472,514		

Fund Status

Revenues – Through December, revenues in the Municipal Golf Course Fund are tracking significantly below budgeted levels. Revenues consist primarily of course fees at the San José Municipal, Rancho del Pueblo, and Los Lagos Golf Courses. Reduced revenue collections are attributable to decreased activity levels at the courses and reflect the adverse impact the prolonged economic downturn has had on discretionary spending. Additionally, weather plays a significant factor in revenue performance, and part of the downturn is likely a result of San Jose’s wet winter this year. Through December, activity at the golf courses is down almost 13% from 2009-2010 levels.

Revenues from San José Municipal Golf Course are based on a fixed percentage of the gross

sales by agreement. The estimated revenues from this course (\$431,000) are expected to be approximately \$94,000 less than the budgeted estimate of \$525,000. For the Rancho del Pueblo and Los Lagos Golf Courses, only the net profits from the operation of the courses are paid into the Municipal Golf Course Fund. All fund revenues are intended to offset or partially offset the debt service costs of these facilities. The San José Municipal Golf Course has no debt service obligations, but the revenue is used to help offset the debt service costs of the other two courses. Net profits at Los Lagos are anticipated to end the year at \$150,000, \$203,000 (58%) below the budgeted estimate of \$353,000, while Rancho del Pueblo is projected not to generate a net profit as anticipated. The total recommended reduction in budgeted revenue (\$297,000) will be offset by a reduction in Ending Fund Balance.

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Section I**

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

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

Fund Status (Cont'd.)

Revenues (Cont'd.)

Due to the fact that the course fees have been unable to cover the fixed costs of operating the facilities as well as the debt service, a General Fund subsidy has been required to support the debt service payments. In the 2010-2011 budget, the subsidy was set at \$1.0 million. With declining revenue collections in the fund, the appropriate subsidy level will be determined as part of the 2011-2012 budget process.

Expenditures – Expenditures in this fund are generally made for two purposes: payments to the operators of the courses in months when course fees are unable to cover the fixed costs of operating the facilities at the Rancho del Pueblo and Los Lagos Golf Courses; and payment of the debt service for the bonds used to develop the two courses. City staff will continue to work with the operators to identify and implement expenditure reduction strategies at

the courses, however, it appears that both the Rancho del Pueblo and Los Lagos appropriations will need to be increased due to the decrease in revenue levels at the courses. Included in this document is a recommendation to increase the Rancho del Pueblo Golf Course appropriation by \$100,000 (from \$185,000 to \$285,000) and the Los Lagos appropriation by an additional \$30,000 (from \$105,000 to \$135,000). Partially offsetting these increases is a recommended reduction of \$20,000 to the Non-Personal/Equipment appropriation. This recommended increase in budgeted expenditures (\$130,000) is recommended to be offset with a corresponding reduction in Ending Fund Balance (\$110,000) as well as a reduction to the Non-Personal/Equipment allocation (\$20,000).

Fund Balance – The Ending Fund Balance is recommended to be reduced by \$407,000 to offset revenue declines and expenditure increases in this fund.

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Section I**

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

Transient Occupancy Tax Fund

	2010-2011 Adopted Budget	Change	2010-2011 Current Modified	2010-2011 YTD Actual	2010-2011 % of Budget	2009-2010 % of Budget
<i>Beginning Fund Balance</i>	2,736,971	629,416	3,366,387	N/A	N/A	N/A
<i>Carry-Over Encumbrances</i>	313,550	(116,444)	197,106	N/A	N/A	N/A
<i>Revenues</i>	10,033,834	0	10,033,834	4,141,007	41.3%	37.6%
TOTAL SOURCES	13,084,355	512,972	13,597,327	4,141,007		
<i>Expenditures</i>	6,588,727	353,554	6,942,281	3,371,943	48.6%	59.3%
<i>Transfers</i>	4,757,365	260,500	5,017,865	2,378,683	47.4%	47.8%
<i>Reserves</i>	0	0	0	N/A	N/A	N/A
<i>Unrestricted Ending Fund Balance</i>	1,738,263	(101,082)	1,637,181	N/A	N/A	N/A
TOTAL USES	13,084,355	512,972	13,597,327	5,750,626		

Fund Status

Revenues – Currently revenues in the Transient Occupancy Tax (TOT) Fund are tracking above budgeted levels and are anticipated to end the year above the budgeted level. The 2010-2011 Adopted Budget assumed a 2.0% increase in receipts based on estimated 2009-2010 collections. Due to the fact the collections ended the year at higher than anticipated levels, the 2010-2011 Adopted Budget estimate now allows for a 3.1% decline from 2009-2010 receipts. Through December 2010, year-to-date receipts of \$2.7 million are 11.8% above the prior year.

The increase in TOT receipts is not unexpected considering the increased occupancy rates at the City's 14 major hotels. Through December, the

average hotel occupancy rate at the 14 major hotels was 57.5%, a significant improvement from the 52.1% occupancy rate for the same period in 2009-2010. For the same 14 hotels, however, the average daily room rate through December was \$117.42, essentially unchanged from the \$117.29 room rate for the same period in 2009-2010. As of December, the trailing 12-month average revenue-per-available-room (RevPAR) declined to \$66.64. Although this is the first drop in 12-month average RevPAR since January 2010, it still represents a significant improvement from the \$61.45 level experienced in December 2009.

Revenues will continue to be closely monitored as the year progresses. If positive revenue trends continue, recommendations to adjust the allocations (as discussed below) to the three

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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.)

recipient organizations (Convention and Visitor's Bureau, Cultural Development, and Convention Facilities Operations & Maintenance) will be included in the upcoming budget process.

Expenditures – 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 exceed or fall short of anticipated levels, the allocations to the recipients are adjusted. Should actual revenue collections continue to exceed anticipated levels as the year progresses, the recommendations to increase the allocations to the recipient organizations will be brought forward for City Council consideration during the 2011-2012 budget process.

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



2010-2011

MID-YEAR
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SECTION

II

CAPITAL BUDGET
PROGRAMS
STATUS REPORT



**2010-2011
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 2010-2011 Adopted Capital Budget totaled \$918.5 million. Through the first six months of the year, the City Council approved budget adjustments that, in total, increased the capital budget by \$131.7 million to over \$1.1 billion. The majority of the increase (\$130.6 million) reflects the impact of technical adjustments that were processed as part of the 2009-2010 Annual Report. These adjustments primarily consisted of rebudgets of unexpended project funds and increases or decreases to account for changes to fund balance. The remainder of approved adjustments to the budget through the first six months of the fiscal year include some actions as 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 tracking at or above estimated levels, which is a great improvement from the performance at this time last year where revenues were falling below expectations and downward adjustments were necessary in several categories. Last year, major rebalancing actions occurred in the Building and Structure Construction Tax Fund and Construction Excise Tax Fund in the Traffic Capital Program as the result of the underperforming development-sensitive fees and taxes. By contrast, through December 2010, collections in the Building and Structure Construction Tax Fund grew by 160.2% as compared to collections for the first six months of last fiscal year and in the Construction Excise Tax Fund, receipts were up by 213.8% for the same period. However it should be noted that this revenue collection level was primarily one-time in nature. Residential permits issued through December (2,158) were over eight times higher than permits issued through the same time last year (267), and this dramatic spike was almost entirely attributable to two very large development projects in North San José and motivated by Building Code changes that took effect on January 1, 2011. Construction and Conveyance Tax revenues, a revenue stream that is generated primarily from property resales, appear to be stabilizing and are currently expected to meet or slightly exceed budgeted estimates by year-end. These construction-related revenues primarily support the Traffic Capital Program, the Parks and Library Capital Programs.

There are also several other capital programs with primary revenue streams that are not supported by constructed-related tax revenues, but supported by transfers from other funds, contributions from other agencies, the issuance of debt, and taxes, fees, and other charges. Project expenditures in all of the capital programs are generally tracking within budget 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.

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

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, bond or commercial paper debt, or Airport operating revenues.

Overall, grant income in the Airport Capital Improvement Fund is tracking below budgeted levels since grant revenues are 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 \$11.0 million, or 50.0% of the budget for capital projects.

Mid-year adjustments recommended for this fund include the acceleration of funding and corresponding expenditure augmentation (\$9.1 million) for Phase III of the Taxiway W

Improvements project currently programmed in 2011-2012. The total estimated cost of this project is \$11.3 million, of which approximately 80% will be reimbursed upon the anticipated receipt of an FAA grant. This advancement of future project funding is recommended in anticipation of the spring 2011 award of the contract for the reconstruction of Taxiway J and the construction of a new taxiway from Taxiway J to L. A corresponding increase for the local share match of \$2.1 million is requested in the Airport Revenue Bond Improvement Fund.

Also recommended in the Airport Capital Improvement Fund is a reduction of \$990,000 in ARRA grant revenue for the Airport's Terminal B checked baggage screening project. As this project nears completion, the Airport is requesting a reduction in the grant-reimbursable portion of the budget to reflect the current estimate of reimbursable project costs. A corresponding reduction in the North Concourse Building appropriation is recommended to adjust the project budget accordingly. The recommendations in this fund have no impact on the Ending Fund Balance.

The Airport Revenue Bond Improvement Fund provides funding for major capital projects financed by bonds 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 recharacterized as revenue as it is used to meet projected cash flow requirements. Through December, commercial paper activity

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

AIRPORT (CONT'D.)

Financial Status (Cont'd.)

is tracking as expected. Commitments through December in this fund totaled \$115.7 million, or 61.9% of the budget for capital projects.

Mid-year adjustments recommended in the Airport Revenue Bond Improvement Fund include an increase in the Taxiway W Improvements project (\$2.1 million) to advance the local share of Phase III construction. In addition, a technical adjustment would restore funding to the Terminal Area Improvements, Phase I project. A total of \$7.0 million has inadvertently fallen to fund balance through the rebudget and encumbrance liquidation processes. As a result, through recommended actions in this document, the budget will again be aligned with the estimated cost for the various projects to ensure that these projects are not delayed. The impact of these actions as well as the advancement of the funding for the Taxiway W Improvements project is a decrease to the Ending Fund Balance of approximately \$9.1 million.

The Airport Renewal and Replacement Fund's primary source of revenue is a transfer from Airport operating funds, supplemented by interest income and tenant improvement payments. Revenue through December is tracking low in this fund as a result of the timing of transfers scheduled to occur before year-end. Commitments through December in the Airport Renewal and Replacement Fund totaled \$4.9 million, or 44.6% 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 Equipment, Operating project (\$12,000) for the purchase of two badge printers in need of replacement, offset by a decrease to the Shared Use System Replacement project (\$12,000) made available from anticipated project savings. The recommendations in this fund have no impact 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 \$524,000 or 2.4% of the budget for the capital projects. The balance of the \$21.9 million expenditures budgeted in this fund, which consists of debt service payments, will occur prior to year-end. 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. In addition, this Program funds capital improvements related

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Section II**

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

COMMUNICATIONS (CONT'D.)

Financial Status (Cont'd.)

to communication facilities, including land and interests in land, buildings, structures, radio and other equipment, streets and sidewalks adjacent to City communication facilities, and other works, properties or structures necessary or convenient for the communication facilities of the City. The Communication Capital Program is supported by Construction and Conveyance (C&C) Taxes.

As discussed in detail in the Parks and Community Facilities Development Capital Program section of this document, C&C Tax revenues appears to be stabilizing and are currently expected to meet or slightly exceed budgeted estimates by year-end. The 2010-2011 Adopted Capital Budget estimate for C&C taxes is \$20.0 million, of which 3.4% is allocated to the Communications Capital Program. The adopted C&C estimate allowed for an 11.1% drop from the 2009-2010 collection level. Overall, collections of \$11.1 million for the first six months of the fiscal year represent a 4.7% drop from the \$11.7 million collected through the same period in 2009-2010. Based on our analysis, revenues can now decline up to 17% in the second half of the year and still meet the revenue estimate by year-end. This level of decline appears unlikely and therefore it is currently anticipated that the year-end estimate will be achieved or slightly exceeded. 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.

Included in this document is a recommendation to establish an appropriation for Civic Center Television Broadcast Equipment to provide funding for the replacement of failing equipment which supports the cable broadcast and web streaming of public meetings in the Council Chambers and Committee rooms. Certain equipment in the production spaces has reached the end of useful life and requires expensive and time-consuming repairs. This funding would replace failing gear with digital systems, increasing reliability, reducing necessary maintenance, increasing energy efficiency, and reducing operating costs. A one-time total cost of \$420,000 in the Communications C&C Fund would allow for the purchase of 12 cameras and camera control units, modification to camera mounts, system router for broadcasting, control room switcher, and the necessary cabling infrastructure, as well as modification to camera mounts. System design and installation will be completed by City staff. Funding is recommended in the Mid-Year Budget Review to take advantage of the chambers usage downtime during the July City Council recess for installation, which would minimize impacts to public meeting broadcasts. Funding would also be provided by the Government Access – Capital Expenditures City-Wide appropriation (\$60,000). Over the next four years, 50% of future unallocated Comcast revenues are recommended to partially reimburse this upfront expenditure in the Communications C&C Fund in an amount currently estimated to be \$37,500 per year.

In addition, based on lower than anticipated interest earnings, recommendations to decrease the Earned Revenue estimate by 50% or

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

COMMUNICATIONS (CONT'D.)

Financial Status (Cont'd.)

\$27,500 and corresponding Transfer to the General Fund are included in this report.

Expenditures within this fund are tracking below budgeted levels through December. This is largely due to the fact that the City had not entered into an agreement with the County of Santa Clara (this agreement was executed in January 2011) to pursue a grant fund match from the Department of Homeland Security to initiate the City-wide Trunking Radio Project. The City's share for the project this year would be approximately \$1.46 million. In addition, lower than estimated expenditures in the Communications Equipment Replacement and Upgrade category is due to a delay in projects, including replacing antennas and associated hardware at several base stations. It is anticipated that these expenditures will occur by the end of the fiscal year resulting in this fund ending the year within estimated expenditure levels.

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 2010 of \$335,000 are within estimated levels for achieving the adopted estimate of \$740,000. Overall, expenditures are tracking below budgeted levels through December. In addition, based on lower than anticipated interest rates in the Underground Utility Fund, a decrease of 50% or \$15,000 to interest earnings with a corresponding decrease to Ending Fund Balance is recommended in this report.

Revenue from the Residential Construction Tax is deposited in the Residential Construction Tax Contribution Fund. Revenue tax collections in this category are projected to end the year above estimated levels. As a result, recommendations to increase the revenue estimate from \$65,000 to \$200,000 with a corresponding increase to Ending Fund Balance are included in this report. This increase represents higher than anticipated collections received from two North San José projects: Crescent Village and Northpointe. Also included in this document is a recommendation to increase the fund's City-wide and Public Works Capital Support Costs appropriation by \$3,000 due to higher than anticipated Public Works Department projects and corresponding costs. Overall expenditures are tracking below budgeted levels through December.

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

LIBRARY

Financial Status

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

As discussed in detail in the Parks and Community Facilities Development Capital Program section of this document, Construction & Conveyance (C&C) Tax revenues appears to be stabilizing and are currently expected to meet or slightly exceed budgeted estimates by year-end. The 2010-2011 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 11.1% drop from the 2009-2010 collection level. Overall, collections of \$11.1 million for the first six months of the fiscal year represent a 4.7% drop from the \$11.7 million collected through the same period in 2009-2010. Based on our analysis, revenues can now decline up to 17% in the second half of the year and still meet the revenue estimate by year-end. This level of decline appears unlikely and therefore it is currently anticipated that the year-end estimate will be achieved or slightly exceeded. 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. A total of \$205.9 million of bonds has been issued in prior fiscal years, and the 2010-2011 Adopted Capital Budget included an additional bond issuance of \$5.9 million to ensure sufficient funding for the remaining Library Bond projects. At this time, the Finance Department is analyzing the possibility of moving the issuance to 2011-2012 to take advantage of lower financing costs by combining the issuance of general obligation bonds for this capital program and the Public Safety Capital Program, with previously issued bonds. If the bond issuance timing changes, necessary adjustments will be brought forward at year-end and included in the 2011-2012 Proposed Capital Budget to adjust the Bond Fund and reflect lower revenue collections and offsetting expenditure reductions in 2010-2011. No impacts to the Library Capital Program are anticipated if the bond issuance is moved to 2011-2012 as this would align bond funding with construction costs for the bond projects.

Expenditures in the Branch Libraries Bond Projects Fund are generally tracking within estimated levels through December. Included in this document is a recommendation to increase the Branch Efficiency projects (\$1.1 million) that would continue the implementation of

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

LIBRARY (CONT'D.)

Financial Status (Cont'd.)

automated materials handling machines at five of the busiest branch libraries. This technology, which already has been piloted at three branch libraries, would automate the check-in and sorting of library materials, making the process more efficient and cost-effective. This improved efficiency is expected to mitigate workload demands as staffing resources continue to decline.

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 remaining funds included in the Civic Center Construction, Civic Center Improvement, Integrated Waste Management, Services for Redevelopment Capital Projects, and the Interim City Facilities Improvement Funds.

On the revenue side, no commercial paper has been issued in the Civic Center Improvement Fund. This is entirely due to the fact that funding for an in-building cellular reinforcement project will no longer be moving forward, as it has been determined by the Information Technology Department that such technology is changing from traditional antenna based solutions to more modern internet enabled devices. As these devices become available, the Information Technology Department will work with the cellular providers to evaluate potential solutions for boosting signal strength within City facilities, at a much lower cost to the City. As a result, recommendations to reduce the revenue estimate for commercial paper by \$425,000 with a corresponding decrease to the City Hall Technology, Furniture and Equipment appropriation are included in this document.

Also included in this report is a decrease of \$468,000 for the Earned Revenue estimate in the Interim City Facilities Improvements Fund. This decrease and corresponding decrease to the Interim City Facilities Improvements appropriation is necessary to reflect a reduction in anticipated expenditures in 2010-2011. A corresponding adjustment in the General Fund for the Existing City Hall Debt Service Payments appropriation is also recommended thereby allowing the savings to be used to establish a 2010-2011 Ending Fund Balance Reserve. Finally, based on lower than anticipated interest earnings, recommendations to decrease the Earned Revenue estimate by 50% in the Services for Redevelopment Capital Projects Fund and corresponding Transfer to the General Fund are included in this report.

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

Financial Status (Cont'd.)

On the expenditure side for the various funds, appropriations are tracking within expected levels. The projects funded in the remaining allocations include tenant improvements at Central Service Yard necessary to relocate staff from old Dr. Martin Luther King Jr. (old MLK) Library, the Household Hazardous Waste Las Plumas Facility project, numerous San Jose Redevelopment Agency funded projects, as well as as waterproofing of the City Hall Garage.

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. Revenues are currently tracking higher than estimated and could end the year above the budgeted level by as much as \$850,000, as a result of higher than anticipated revenue collections from parking garages and lots. Due to the volatile nature of these collections, an

adjustment to the revenue estimate for parking garages and lots is not recommended at this time. The total budgeted revenue estimate in the General Purpose Parking Fund is \$8,649,000 (garages and lots - \$6,148,000, parking meters - \$2,312,000, interest earnings - \$175,000, and miscellaneous revenue - \$14,000).

It should be noted that this report includes a recommendation to decrease the revenue estimate for interest earnings by \$90,000 (from \$175,000 to \$85,000) to reflect a lower interest rate than anticipated. This decrease will be offset by a decrease to the Ending Fund Balance.

Through December, capital project expenditures in the General Purpose Parking Fund are tracking within generally expected ranges. The Parking Guidance System Phase II project is scheduled to be completed by the end of this fiscal year, and the HP Pavilion/Diridon Area Multi-Space Meters project has been completed.

As part of the San Jose Redevelopment Agency's (SJRA) Adopted Budget, the City will loan the SJRA funds for the debt service payments for the 4th and San Fernando Streets Parking Garage for two calendar years (a total of \$6.8 million). As a result, the General Purpose Parking Fund made a loan to the SJRA of \$1.7 million in 2009-2010, \$3.4 million in 2010-2011, and an anticipated loan of \$1.7 million in 2011-2012.

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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 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 2006, Construction and Conveyance (C&C) Tax revenues bottomed out in late 2009 and appear to be stabilizing and are currently expected to meet or slightly exceed budgeted estimates of \$20 million by year-end. Adjusting for the anticipated stabilization of this tax revenue, the adopted C&C estimate allowed for a 11.1% drop from the 2009-2010 collection level.

Nearly 99% of the total Construction and Conveyance Taxes are comprised of conveyance receipts, a tax based on the value of property transfers, which are the main driver in this revenue category. Beginning in October

2009, the median home price has increased compared to the same month in the prior year. However, from October 2010 through December 2010, this trend has changed and the median home price has been decreasing compared to the same month in the prior year. For example, the median single-family home price in December 2010 was \$478,000. The price decreased by almost 2.4% from the December 2009 median single-family home price of \$490,000. The average days-on-market for single-family and multi-family dwellings increased from 67 days in December 2009 to 87 days in December 2010. In addition, the number of property transfers (sales) for all types of residences in December 2010 totaled 718, which represents a decrease of approximately 6.1% from the 765 sales that occurred in the same month in the prior year.

Reflective of this transaction activity, collections received between August 2010 and October 2010 experienced a modest growth. In contrast, collections for November 2010 reflected a steep 41.4% drop in revenues compared to November 2009. This drop represented the first significant decrease in revenue when comparing to the same month in the prior fiscal year since winter 2009. Collections through December 2010 total \$8.67 million, which represents a decline of 9.2% from the \$9.55 million collected last year through December 2009. The City has since received the January Conveyance Tax receipts totaling \$2.4 million, which represent a 15.4% increase from the \$2.1 million received in January 2010. This level of activity has brought total tax receipt collections to \$11.1 million through January 2011 representing a 4.7% drop

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

Construction and Conveyance Tax Funds
(Cont'd.)

from the \$11.7 million collected through the same period of the prior fiscal year. Based on our analysis, revenues can now decline up to 17% in the second half of the year and still meet the revenue estimate by year-end. This level of decline appears unlikely and therefore it is currently anticipated that the year-end estimate will be achieved or slightly exceeded. 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.

As discussed in detail in the Status of the General Fund Revenues (Section I), the Finance Department has reduced the assumed interest earnings rate for 2010-2011 from 1.25% to 0.50%, a 60% reduction. In the Central C&C Tax Fund, the current revenue estimate of \$740,000 is recommended to be decreased by 50% to \$370,000. For the Park Yards C&C Fund, the current revenue estimate of \$30,000 is recommended to be decreased to \$15,000. Both adjustments would be offset with a corresponding decrease to the Transfer to the General Fund for Interest Income appropriation in both these funds.

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

As a General Fund budget rebalancing item, this document includes a recommendation to shift funding for bridge assessments for eligible capital projects from the General Fund to the Parks City-Wide C&C Tax Fund (\$30,000). The regular inspection of the pedestrian bridges associated with the parks and trails system is necessary to determine if the infrastructure is in need of repair and/or replacement and is safe for pedestrian access. The Pedestrian Bridge Assessments project is recommended to be established in the Parks City-Wide C&C Tax Fund with a corresponding decrease to the Ending Fund Balance.

The Council District 4 C&C Tax Fund includes recommendations to increase the funding for the Berryessa Community Center Debt Service (formerly known as Berryessa Community Center Land Acquisition Debt Service) by \$22,000 to provide sufficient funds for debt service. A corresponding decrease to the Ending Fund Balance is reported elsewhere in this document.

In Council District 7 C&C Tax Fund, funding is provided for the preparation of design documents for the renovation of the Fair Swim Center mechanical systems as well as safety improvements such as retrofitting the drain. This report contains recommendations to establish the Fair Swim Center Improvements appropriation (\$193,000) with a corresponding decrease to the Reserve: Fair Swim Center appropriation. This funding, in conjunction with funding in the Park Trust Fund (\$12,000), would be used to offset the costs for the improvements.

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

Construction and Conveyance Tax Funds
(Cont'd.)

In the City-wide C&C Tax Fund, funding is provided for the Alum Rock Park Bridge Repair project (\$60,000). Funding is necessary to comply with California Environmental Quality Act (CEQA) and plan review of improvements is needed to repair the bridge, offset with a corresponding decrease to the Ending Fund Balance.

Parks and Recreation Bond Projects Fund

On November 7, 2000, City voters approved Measure P, a \$228.0 million general obligation bond for park and recreational improvements. In June 2008, the final bond sale for this general obligation series was issued. Bond proceeds of \$27.8 million were sold, which in conjunction with remaining interest earnings, will fund all 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. One adjustment recommended in this report is reallocating \$400,000 from the Reserve: Soccer Complex to the Soccer Complex project for the environmental work that will be performed by the Environmental Services Department for the design and construction of the soccer complex and for staffing to manage the project.

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. As previously mentioned, the Finance Department has reduced the assumed interest earnings rate for 2010-2011, therefore, adjustments are recommended in various funds. In the Lake Cunningham Fund, the current revenue estimate of \$20,000 is recommended to be decreased by 50% to \$10,000. For the Emma Prusch Fund, the current revenue estimate of \$5,000 is recommended to be decreased to \$2,500. There is sufficient Ending Fund Balance available in both funds to offset these actions.

As a General Fund budget rebalancing item, in the Lake Cunningham Fund, a \$100,000 increase to the Transfer to the General Fund for Lake Cunningham Operating and Maintenance Expenses (from \$726,000 to \$826,000) is recommended. This funding level will now offset approximately 70% of the operating and maintenance costs of Lake Cunningham Park. Sufficient Ending Fund Balance in the Lake Cunningham Fund is available to offset this increase with no impact to current projects.

As previously mentioned, funding in the amount of \$12,000 is recommended to be provided by the Park Trust Fund for the Fair Swim Center Improvements with a corresponding decrease to the Reserve: Fair Swim Center Improvements appropriation.

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

Other Funds (Cont'd.)

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

PUBLIC SAFETY

Financial Status

The Adopted 2010-2011 Public Safety Capital Program is funded from four sources: proceeds from the Neighborhood Security Act Bond Measure (\$17.9 million); Fire Construction and Conveyance (C & C) Tax Fund (\$3.5 million); the General Fund (\$3.6 million); and the San Jose Redevelopment Agency (SJRA) (\$40,000).

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 2010-2011 Adopted Capital Budget included the issuance of the remaining bonds of \$3.3 million. At this time, the Finance Department is analyzing the possibility of moving the issuance to 2011-2012 to take advantage of lower financing costs by combining the issuance of general obligation bonds for this capital program and the Library

Capital Program, with previously issued bonds. If the bond issuance timing changes, necessary adjustments will be brought forward at year-end and included in the 2011-2012 Proposed Capital Budget to adjust the Bond Fund and reflect lower revenue collections and offsetting expenditure reductions in 2010-2011. No impacts to the Public Safety Capital Program are anticipated if the bond issuance is moved to 2011-2012 as this would align bond funding with construction costs for future projects including Fire Station 21 Relocation project.

As discussed in detail in the Parks and Community Facilities Development Capital Program section of this document, Construction & Conveyance (C&C) Tax revenues appear to be stabilizing and are currently expected to meet or slightly exceed budgeted estimates by year-end. The 2010-2011 Adopted Capital Budget estimate for C&C taxes is \$20.0 million, of which 8.40% is allocated to the Public Safety Capital Program. The adopted C&C estimate allowed for a 11.1% drop from the 2009-2010 collection level. Overall, collections of \$11.1 million for the first six months of the fiscal year represent a 4.7% drop from the \$11.7 million collected through the same period in 2009-2010. Based on our analysis, revenues can now decline up to 17% in the second half of the year and still meet the revenue estimate by year-end. This level of decline appears unlikely and therefore it is currently anticipated that the year-end estimate will be achieved or slightly exceeded. 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.

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PUBLIC SAFETY (CONT'D.)

Financial Status (Cont'd.)

In the Fire C&C Tax Fund, an increase to the Fire Apparatus Replacement appropriation (\$200,000) is recommended in order to offset a decrease in the General Fund appropriation and preserve funding for replacing Fire Apparatus throughout the City. A corresponding decrease to Ending Fund Balance will fund this change with no impact to current Fire projects. Also a recommendation to increase the Self-Contained Breathing Apparatus (SCBA) Equipment appropriation (\$81,000) with a corresponding decrease to the Ending Fund Balance is included in this document. The funding would be used to replace the compressor for the SCBA fill station. Replacement of the compressor has been determined to be more cost effective than continuing to repair the current compressor.

Lastly a recommendation to increase the City-wide and Public Works Capital Support appropriation (\$35,000) due to higher than anticipated Public Works Department project costs with a corresponding decrease to the Ending Fund Balance, is included in this document.

In the 2010-2011 Adopted Public Safety Capital Budget, \$800,000 in revenue was estimated for the sale of two former fire stations (12 and 25). As of the printing of this document, it is anticipated that the sale of former Fire Station 25 (Alviso) may not be completed by year-end. If necessary, a year-end adjustment will be brought forward in the Fire Construction and Conveyance Tax Fund to reflect lower revenue collections and offsetting expenditure

reductions. Lastly, offsetting technical actions are recommended to increase the revenue estimate for Transfers from the Neighborhood Security Bond Fund (Bond Fund) of \$45,000 to the Fire C&C Tax Fund and establish a transfer from the Fire C&C Tax Fund to the Bond Fund in the amount of \$45,000 in order to: 1) recognize the transfer of bond proceeds from the Bond Fund to reimburse the Fire Construction and Conveyance Tax Fund for bond eligible costs associated with the Fire Station 2 - Rebuild project; and 2) transfer Fire Construction and Conveyance Tax Fund funding to the Bond Fund to reimburse the Bond Fund for capital expenditures which have been determined as ineligible to be reimbursed from bond proceeds.

In the Bond Fund, an increase to the Fire Station 37 – Willow Glen appropriation (\$180,000) is recommended in order to offset the recommended decrease in the General Fund appropriation for this project and preserve funding for constructing the new Fire Station 37. While not there previously, there is now sufficient Contingency Reserve available in the Bond Fund due to other project savings to offset the funding increase for Fire Station 37.

Expenditures in this program, including General Fund funded apparatus replacements, are tracking within anticipated levels. Major project expenditures include Fire Stations 36 and 37 and the South San José Police Substation, which are currently underway, and Fire Station 21 which is anticipated to be awarded for construction in 2011-2012. Construction and beneficial use of the Substation was completed in October 2010; however, due to budget constraints, the opening

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PUBLIC SAFETY (CONT'D.)

Financial Status (Cont'd.)

of the Substation was deferred to September 2011 as part of the 2010-2011 Adopted Operating Budget.

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 other jurisdictions including West Valley Sanitation District, and County Sanitation District 2-3 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 occur three times a year and the transfers through December

have totaled \$5.2 million, or 33.3% of the budgeted amount (\$15.6 million), and subsequent transfers are expected to occur to reach budgeted levels. Interest earnings through the first six months are tracking below anticipated levels, with \$211,000 or 15.1% of the budgeted amount (\$1.4 million) received to date. This shortfall is due to lower than expected interest rates. An action is recommended in this report to decrease the revenue estimate for interest earnings by 50% to \$700,000. Sufficient Ending Fund Balance is available to offset this action.

Project expenditures in the Sewer Service and Use Charge Capital Improvement Fund are occurring as anticipated and most of the remaining savings are expected to be rebudgeted to complete ongoing projects. Savings of \$289,000 are expected in the Edenvale Sanitary Sewer Supplement project. This funding had been set aside for finalizing the design of the project and will no longer be required due to changes in the General Plan making the funds available for future use.

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 with participating jurisdictions of actual expenditures incurred during the fiscal year. Through December, joint participation revenue collected was \$47,000 or 9.7% of the budgeted amount (\$483,000). Due to the timing of bills, a larger portion of the revenue will be collected in the

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SANITARY SEWER (CONT'D.)

Sanitary Sewer Connection Fee Fund (Cont'd.)

second half of the year. Collections for the year, however, are expected to fall short of budget by at least \$212,000. The shortfall is due to the deferral of several project for which the West Valley Sanitation District (WVSD) contributes funding. This shortfall in revenue is offset by expenditure savings. Once the projects take place, the WVSD will contribute that agency's fair share. Collections of Sanitary Sewer Connection Fees totaled \$415,000, or 118.6% of the budgeted amount (\$350,000), due mainly to one large project at the former Sony campus in North San José.

Interest income totaled \$52,000, or 37.5% of the budgeted amount (\$138,000). Interest income is expected to end the year below budget due to a lower interest rate than anticipated. An action is recommended in this report to decrease the revenue estimate for interest earnings by 50% to \$69,000. Sufficient Ending Fund Balance is available to offset this action.

Project expenditures in the Sanitary Sewer Connection Fee Fund are occurring as anticipated and most of the remaining savings at year-end will be brought forward to the City Council as recommendations to rebudget these funds in order to complete ongoing projects.

SERVICE YARDS

Financial Status

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

As discussed in detail in the Parks and Community Facilities Development Capital Program section of this document, C&C Tax revenues appear to be stabilizing and are currently expected to meet or slightly exceed budgeted estimates by year-end. The 2010-2011 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 11.1% drop from the 2009-2010 collection level. Overall, collections of \$11.1 million for the first six months of the fiscal year represent a 4.7% drop from the \$11.7 million collected through the same period in 2009-2010. Based on our analysis, revenues can now decline up to 17% in the second half of the year and still meet the revenue estimate by year-end. This level of decline appears unlikely and therefore it is currently anticipated that the year-end estimate will be achieved or slightly exceeded. 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.

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SERVICE YARDS (CONT'D.)

Financial Status (Cont'd.)

Included in this document is a recommendation to shift \$250,000 of the 2010-2011 debt service obligation for Phase I of the Central Service Yard expansion from the General Fund to the Service Yard C&C Fund as a General Fund cost savings strategy leaving a \$423,000 subsidy in the General Fund. Funding is available as a result of using additional fund balance that was not there previously and reprioritizing existing projects. Also included in this document is a recommendation to increase the fund's City-wide and Public Works Capital Support Costs appropriation by \$10,000 due to higher than anticipated Public Works Department projects and corresponding costs. In addition, based on lower than anticipated interest earnings, recommendations to decrease the Earned Revenue estimate by 50% or \$12,500 and corresponding Transfer to the General Fund are included in this report. A corresponding decrease of \$260,000 to Ending Fund Balance would 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 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 \$6.9 million, or 66.7% of the budgeted amount (\$10.4 million). The full amount is expected to be transferred by year-end. The Storm Sewer Operating Fund provides funding for capital improvement projects that support the maintenance and operation of the storm sewer system. Through December, interest earnings are tracking at 9% (\$18,000) of the budgeted amount due to lower than expected interest rates. An action is recommended in this report to decrease the revenue estimate for interest earnings by 50%, from \$200,000 to \$100,000. Sufficient Ending Fund Balance is available to offset this action.

Project expenditures in the Storm Sewer Capital Fund are occurring as anticipated and most of the remaining savings will be brought forward for City Council consideration for rebudget to continue projects in 2011-2012.

Storm Drainage Fee Fund

In the Storm Drainage Fee Fund, Storm Drainage Fees generate the majority of revenues. Through December, these collections totaled \$42,000, which is 41.7% of the budgeted estimate (\$100,000), and 20.9% lower than collections through December of last year. This revenue stream continues to be impacted by the lack of development activity. However, since

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STORM SEWER (CONT'D.)

Storm Drainage Fee Fund (Cont'd.)

this is a fairly volatile revenue stream, dependent on the timing of development projects, it is difficult to predict whether this trend will continue for the remainder of the year. Sufficient Ending Fund Balance is available to offset any potential shortfall in revenue. Joint Participation Revenue for projects benefiting the City of Cupertino is expected to be received in full (\$4,000) by the end of the year. Interest earnings through December total \$3,000, which is well above the budgeted estimate of \$1,000. The additional interest income is due to a higher than anticipated cash balance.

Expenditures in the Storm Drainage Fee Fund are tracking at anticipated levels and are expected to end the year within budget except for the City-wide and Public Works Capital Support Costs appropriation. In this report, an action is recommended to increase this appropriation by \$1,000 to account for higher than anticipated support costs to be incurred this year. A corresponding decrease to Ending Fund Balance is recommended.

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 have significantly exceeded their budgeted levels primarily due to above average December collections.

Building and Structure Construction Tax Fund

Building and Structure Construction Tax receipts through December totaled \$6.5 million, exceeding the budgeted estimate of \$4.5 million by \$2.0 million. In comparison to last year's receipts for the first six months of the fiscal year, the collection levels are \$2.5 million higher representing an increase of 160.2%. This significant increase is due to residential permits pulled prior to new building code implementation as well as two new housing developments in the North San José area. It should be noted that this higher revenue collection is not at a sustainable level and is expected to track closer to the budgeted revenue estimate in 2011-2012.

Included in this report is a recommendation to decrease the revenue estimate for interest earnings by 69% or \$225,000 (from \$325,000 to \$100,000) to reflect lower interest rates. This decrease will be offset by a decrease to the Ending Fund Balance.

Revenue from grants and reimbursements is 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 delays in federal reimbursements. Since these projects are funded on a reimbursement basis, this

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TRAFFIC (CONT'D.)

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

delayed collection in revenues reflects lower expenditures. It is anticipated that the revenue estimates and expenditure appropriations will be rebudgeted into the next fiscal year as part of the 2012-2016 Proposed Capital Improvement Program (CIP) Budget. The Traffic Signal Communications and Synchronization project has been delayed, subsequently delaying the grant reimbursements from the State. The project was temporarily placed on hold pending resolution of the 2009-2010 State's cash flow issue and the need to train new staff who were bumped into traffic capital positions due to 2010-2011 budget actions. Due to this delay, staff anticipates including recommendations to rebudget revenue estimates and expenditure appropriations as part of the 2012-2016 Proposed CIP Budget.

Recommendations to recognize additional funding (\$14,000) and to increase the Lighting and Signal Program appropriation are included in this report. Funding was received from Irvine Company for traffic signal controllers at two intersections (Villagio Place/Zanker Road and Cisco Way/River Oaks Parkway).

Overall, expenditures in the Building and Structure Construction Tax Fund are tracking within expected levels and are expected to end the year within budgeted levels.

Construction Excise Tax Fund

Tax receipts through December for the Construction Excise Tax Fund totaled \$9.7 million, exceeding the budgeted estimate of \$6.0 million by \$3.7 million. In comparison to last year's receipts for the first six months of the fiscal year, the collection levels are \$3.1 million higher representing a 213.8% increase. This significant increase is due to residential permits pulled prior to new building code implementation and two new housing developments in the North San José area. It should be noted that this higher revenue collection is not at a sustainable level and is expected to track closer to the budgeted revenue estimate in 2011-2012. As part of General Fund rebalancing actions necessary due to significantly reduced revenues in the General Fund, \$1.6 million of this increased revenue is recommended to be recognized and transferred to the General Fund as described below.

Also included is a recommendation to decrease the revenue estimate for interest earnings by 48% or \$140,000 (from \$290,000 to \$150,000) to reflect lower interest rates. This decrease will be offset by a decrease to the Ending Fund Balance.

Revenue from grants and reimbursements are tracking below estimated levels primarily due to delays in federal and State grant reimbursements. The primary contributing factor is reimbursements for pavement maintenance activities. The grant reimbursements for the Federal Transportation Bill (\$7.4 million) will not be fully expended or reimbursed in 2010-2011. In anticipation of

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TRAFFIC (CONT'D.)

Construction Excise Tax Fund (Cont'd.)

this, staff will include recommendations to rebudget revenue estimates and appropriations in the 2012-2016 Proposed CIP Budget. The reimbursements for the Recovery Act – Street Resurfacing and Rehabilitation federal grant faced delays as a result of the need to resubmit invoices because the original submittals did not meet the financial and allowable expenses guidelines. It is anticipated that these reimbursements will be received by the end of this fiscal year.

There are three areas in the City (Evergreen, North San José, and Route 101/Oakland/Mabury) where fees are assessed to developers for traffic impacts from new industrial and residential development. The funds are restricted to traffic improvements within the respective areas. Included in this report are recommendations to recognize and appropriate traffic impact fees collected in all three areas. Because specific projects have not been identified yet, the funds will be appropriated in a reserve (Evergreen - \$91,307, North San José - \$2,273,615, Route 101/Oakland/Mabury - \$303,996).

There are a number of revenue and expenditure adjustments recommended in this report. An increase of \$100,000 is recommended to increase the BART Project Management appropriation offset by anticipated funding from the Santa Clara Valley Transportation Authority (VTA) for the plan review of the Silicon Valley Berryessa Extension Project. An increase of

\$55,000 to the Traffic Safety Education project is recommended to reflect anticipated grant funding from the Office of Traffic Safety for the purchase of bicycle helmets, printing educational materials, and conducting presentations within the Franklin-McKinley School District. In addition, an increase of \$5,000 to the Traffic Congestion Data Management appropriation is included in this report to reflect developer contributions received to perform traffic studies and analysis for the Willow Glen Way Plaza.

Included in this report are several recommendations to recognize and appropriate funds received from Hitachi. An increase to the Hitachi Maintenance Agreement appropriation (\$51,000) is recommended offset by developer contributions received from Hitachi (\$36,000) and Ending Fund Balance (\$15,000). This funding will provide for the maintenance of landscaping and storm facilities around the Hitachi site in South San José. Also included are recommendations to increase the Mechanical Storm Units appropriation (\$24,000) for the purchase of mechanical units to filter/clean the stormwater generated from public streets and increase the Community Facilities District (CFD) #14 Feasibility Study Project (\$15,000) for consultant services to evaluate the feasibility of forming a CFD around the Hitachi area.

As a General Fund budget rebalancing strategy, recommendations to increase two transfers from the Construction Excise Tax Fund to the General Fund are included in this report. The increased Transfer to the General Fund – General Purpose (\$1,600,000) and the increased

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Section II**

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

TRAFFIC (CONT'D.)

Construction Excise Tax Fund (Cont'd.)

Transfer to the General Fund – Pavement Maintenance (\$695,000) are part of rebalancing actions necessary due to significantly reduced revenues in the General Fund. The increase to the Transfer to the General Fund – General Purpose will be offset by recognizing above average tax collections in December from residential permits pulled prior to new building code implementation and two new housing developments in the North San José area. The increase to the Transfer to the General Fund – Pavement Maintenance will be offset by decrease to the Gas Tax – Pavement Maintenance appropriation. Due to the receipt of unanticipated Gas Tax revenues (\$2.0 million) appropriated in the 2009-2010 Annual Report, this adjustment can be made with no impact to the planned pavement maintenance program for this year. The decrease would be taken from the un-programmed additional revenue of \$2.0 million, the remaining balance of \$1.3 million would be available and spent on pavement maintenance activities to augment the levels assumed in the 2010-2011 Adopted Budget.

A recommendation to decrease the Reserve – Federal Transportation Bill by \$700,000 is included, offset by a recommendation to establish the 2010 Surface Transportation Program (STP) Resurfacing and Rehabilitation project. The funding will provide for consultant services to design street resurfacing and rehabilitation activities.

In addition, there are a number of recommendations to increase project funding. An increase of \$500,000 for the Route 101/Tully Interchange Upgrade project is recommended as a result of an agreement with VTA to accelerate the City's payments to VTA. These payments represent the City's contribution to the interchange upgrade project. An increase of \$213,000 to the City-wide and Public Works Capital Support Costs allocation is included in this report as a result of higher than anticipated Public Works Department projects and corresponding costs in the fund.

Lastly, an increase of \$170,000 is recommended to the Traffic Safety Improvements project to provide funding to install new and repair/replace existing guardrails and posts along sections of Camden Avenue, Santa Teresa Boulevard, Coyote Road, and Monterey Road. To offset all the adjustments to the Construction Excise Tax Fund recommended in this report, a net decrease of \$1,593,000 to Ending Fund Balance is recommended.

Overall, expenditures in the Construction Excise Tax Fund are tracking within expected levels and are expected to end the year within budgeted levels.

Other Funds

The Traffic Capital Program is also supported in small part by the Major Collectors and Arterials 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.

**2010-2011
MID-YEAR BUDGET REVIEW
Section II**

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

TRAFFIC (CONT'D.)

Other Funds (Cont'd.)

Revenues received through December totaled \$13,000 or 10.4% of the 2010-2011 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 \$100,000, bringing the revenue estimate to \$25,000, is included in this report. A decrease to the Miscellaneous Street Improvements project (\$100,000) 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 projects or other agency projects.

Overall, expenditures in all funds included in the Traffic Capital Program are tracking within expected levels and are expected to end the year within budgeted levels.

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 earnings, transfers from the Sewer Service and Use Charge Fund and the Sewage Treatment Plant Connection Fee Fund, and grant revenues from the United States Bureau of Reclamation (USBR).

Revenues from Tributary Agencies are tracking within estimated levels. Collections through the first six months of the year totaled \$7.4 million, or 54.5% of the budgeted amount (\$13.6 million). Contributions from the Tributary Agencies reflect these agencies' fair share of actual project expenditures. The Agencies are billed based on anticipated project activity, and accounts are reconciled to reflect actual expenditures in the third quarter of every year. Thus, any fluctuations in this revenue stream are a reflection of actual expenditure patterns.

Transfers from the Sewer Service and Use Charge Fund and the Sewage Treatment Plant Connection Fee Fund are expected to reach the combined budgeted level of \$29.9 million for 2010-2011.

Through December, interest earnings totaled \$335,000, or 25.5%, of the budgeted estimate (\$1.3 million). Interest earnings are expected to end the year well below the budgeted estimate, due to a lower than expected interest rate. As a result, a recommendation to reduce the estimate for interest earnings by 50%, from \$1.3 million to \$658,000, is included in this report. Sufficient Ending Fund Balance is available to offset this action.

Due to the timing of federal disbursements and the timing of projects, only \$213,000 in revenue

**2010-2011
MID-YEAR BUDGET REVIEW
Section II**

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

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

Financial Status (Cont'd.)

from two United States Department of Interior Bureau of Reclamation grants has been collected through December. However it is expected that \$4.0 million in total revenue from these grants will be received by the end of the year. A total of \$219,000, or 56.4%, of the budgeted Calpine Metcalf Repayment (\$389,000) has been collected through December. It is expected that the remainder of the repayment will be collected by the end of the year. Lastly, this report includes a recommendation to shift a contribution of \$1.0 million from the Santa Clara Valley Water District for the construction of the Advanced Water Treatment Facility from the Treatment Plant Operating Fund to the Treatment Plant Capital Fund in order to align the contribution with the expenditures it is intended to fund.

With the exception of two projects as detailed below, expenditures are tracking within budgeted levels. The level of expenditures budgeted in this fund for 2010-2011 had assumed a significant ramp-up in construction activity to implement the recommendations of the Water Treatment Plant Master Plan. However, there have been challenges in achieving the desired staffing levels needed to ramp-up the program. These challenges may result in significant levels of unexpended funding in this program for 2010-2011. In anticipation of the delay of certain projects, staff will include recommendations to rebudget appropriations in the 2012-2016 Proposed

Capital Improvement Program or recommend that remaining funds be allowed to fall to the Ending Fund Balance for future use.

Augmentations to two projects in this program are recommended as part of this report. Due to minor scope changes, \$50,000 is recommended to augment the Alternative Disinfection Project.

Also, in order to accelerate this project and take advantage of the favorable construction environment, \$250,000 is recommended to augment the Dissolved Air Flotation Dissolution Improvements project. Sufficient Ending Fund Balance is available to offset both these actions.

WATER UTILITY SYSTEM

Financial Status

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

Through December, fee collections in the Water Utility System Capital Fund totaled \$101,000, or 36.9% of the budgeted amount for 2010-2011 (\$275,000). Advance System Design Fee collections totaled 82.8% of the budgeted estimate of \$50,000 and collections of Meter Installation Fees totaled 79.1% of the budgeted

**2010-2011
MID-YEAR BUDGET REVIEW
Section II**

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

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

Financial Status (Cont'd.)

estimate of \$50,000 through December. Both these revenue streams are expected to exceed budget by year end. In contrast to this, collections of Service Connection Fees, the major source of revenue for this fund, total only 11.7% of the budgeted estimate of \$175,000 through December. Advance System Design and Meter Installation Fees reflect all scales of development activity, while Service Connection Fees are unique to smaller developments, which may account for the varying trends in these fee collections.


Through December, interest earnings in the Water Utility Capital Fund totaled \$15,000, or 30.2% of the budget estimate of \$50,000. Interest earnings are expected to end the year below the budgeted estimate due to lower than expected interest rates. This report includes a recommendation to decrease the estimate for interest earnings by 50% to \$25,000. Sufficient Ending Fund Balance is available to offset this action. Transfers from the Water Utility Fund to the Water Utility Capital Fund are occurring as scheduled.

The Major Facilities Fee Fund receives revenue from a connection fee charged to developers. Fee collections totaled \$377,000, driven by one considerable payment in connection to a large development in North San José. Due to the volatility of this revenue source, no revenues were budgeted for connection fees. Staff will continue to closely monitor this revenue and

adjustments will be brought forward by year-end. Interest earnings in the Major Facilities Fund totaled \$9,000 or 22.1% of the budgeted amount (\$40,000). Interest earnings are expected to end the year below the budgeted amount due to lower than expected interest rates. This report includes a recommendation to decrease the estimate for interest earnings by 50% to \$20,000. Sufficient Ending Fund Balance is available to offset this action.

Expenditures in this program are expected to end the year within budgeted allocations, and any significant unexpended funds will be brought forward for City Council consideration to rebudget into the following year for the continuation of projects.

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2010-2011

MID-YEAR
BUDGET
REVIEW



SECTION
III

RECOMMENDED
BUDGET ADJUSTMENTS AND
CLEAN-UP ACTIONS



**2010-2011
MID-YEAR BUDGET REVIEW
Section III**

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

Recommended Budget Adjustments

This section of the Mid-Year Budget Review describes 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 revenue rebalancing, Departmental Rebalancing Plans, and to realign expenditure line-items. Revenue rebalancing actions are necessary due to a projected net revenue shortfall of \$10.0 million. Downward revenue adjustments of \$13.9 million, partially offset by upward adjustments of \$3.9 million are recommended based on current year collection trends. A combination of actions is recommended to address the \$10.0 million net General Fund shortfall, including use of the Economic Uncertainty Reserve (\$4.0 million), transfers from other funds and increased revenues (\$3.6 million), and expenditure shifts and transfers (\$2.4 million).

Several net-zero expenditure adjustments are recommended to align the budget with actual expenditure patterns. These adjustments include departmental shifts between Personal Services and Non-Personal/Equipment appropriations to address projected cost overruns, as well as net-zero shifts between non-departmental appropriations. Net-zero adjustments recommended include recognizing revenue resulting from a new property rental agreement at the Airport West Property and allocating those funds for the evaluation and maintenance of the electrical system at that site. This section also includes position reallocations to better align staffing to support Real Estate Services.

2010–2011 Ending Fund Balance – This section recommends establishing an \$8.5 million 2010-2011 Ending Fund Balance Reserve by recognizing expenditure and project savings in the Departmental (\$5.8 million), City-Wide (\$2.3 million), and Capital (\$399,000) categories. In the 2011-2012 Preliminary General Fund Forecast that was issued in November 2010, it was assumed that General Fund expenditure savings and the liquidation of prior year carryover encumbrances would generate \$13.0 million in savings in 2010-2011 that would be available for use in 2011-2012. To meet this target, expenditure savings of \$8.5 million are anticipated as well as the liquidation of carryover encumbrances of \$4.5 million. Proactively establishing this Reserve helps ensure the necessary savings are generated by year-end to meet the forecasted expenditure savings figure.

Grants/Reimbursements/Fees – This section recognizes new or updated grant, reimbursement, or fee activity revenue and appropriates the funds for these purposes (\$3.3 million). It also includes net-zero adjustments to properly align Fish and Game Notice of Determination Fees.

**2010-2011
MID-YEAR BUDGET REVIEW
Section III**

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

Recommended Budget Adjustments (Cont'd.)

Special/Capital Funds

Special/Capital Fund Adjustments – These actions adjust revenues based on actual performance; adjust transfers and increase expenditures to assist with General Fund rebalancing actions; recognize revenues from fees, grants, and reimbursements; adjust project and program allocations based on revised cost estimates and project timing; reallocate project funding from reserves; and establish a limited number of new projects and programs.

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 the first 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 2010-2011. The following types of adjustments are included:

Benefits Program – The 2010-2011 Benefits Program includes net-zero appropriation adjustments to various departments and funds to reflect new health plan contribution rates, effective January 1, 2011. 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 higher Benefits Program costs.

Fund Balance Reconciliation – These actions revise the Beginning Fund Balance estimates in the 2010-2011 budget based on a reconciliation to the final Comprehensive Annual Financial Report.

Interest Earnings – Net-zero adjustments are recommended to decrease the revenue estimate for interest earnings in several funds to reflect lower interest yields (from 1.25% to 0.50%). The recommended actions are offset by decreases to ending fund balance or decreases to the Transfer to the General Fund. In a number of special and capital funds, interest earnings are received in the fund and transferred to the General Fund. The General Fund also reflects the reductions in interest transfers from these funds.

**2010-2011
MID-YEAR BUDGET REVIEW
Section III**

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

Clean-Up Actions (Cont'd.)

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

Voluntary Furlough/Reduced Work Week Program – These net-zero adjustments to various departments reflect implementation of the Voluntary Furlough/Reduced Work Week Program. Savings (\$212,000 in the General Fund) are generated from employees taking unpaid time off (up to 45 hours) without the loss of accrued benefits (vacation, sick leave, and seniority) or reducing their weekly scheduled hours by as much as eight hours per week during the year. Savings of \$250,000 was assumed in the development of the 2010-2011 Adopted Operating Budget and was temporarily funded from the Salary Reserve. The actions reflected in this report remove the actual savings from the departmental budgets and restore the funding to the Salaries and Benefits Earmarked Reserve. Other Salaries and Benefits Earmarked Reserve savings is available to offset the shortfall (\$38,000) from the amount assumed in the 2010-2011 Adopted Operating Budget.

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. Revenue reclassifications are also included in this category.
- **Other Adjustments:**
 - **Summer Youth Nutrition Grant** – This action recommends decreasing the Summer Youth Nutrition Grant revenue estimate and appropriation to reflect lower participation levels.
 - **Economic Enhancement Fund** – These adjustments reflect actions approved by the City Council on January 25, 2011, to fund Capital Equipment and Assistance Agreements with Maxim Integrated Products, Inc. and SunPower Corporation. These actions include a transfer from the Economic Development Enhancement Fund (\$691,000) to the Economic Incentive Fund appropriation in the General Fund and a reallocation of funds from the Economic Development Pre-Development Activities appropriation to the Economic Incentive Fund appropriation (\$60,000) to reallocate funds to support the Capital Equipment and Assistance Agreements.
 - **Title Corrections** – This adjustment corrects an appropriation title.

General Fund Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Bond Project Audits</i>	CITY-WIDE EXPENSES		\$50,000	
Increases the Bond Project Audit appropriation to correct an error in the 2009-2010 Annual Report. Funding is necessary for the audit of the Public Safety Bond for multiple fiscal years between 2002 and 2009. This action is recommended to be offset by a decrease in the Office of the City Auditor's Personal Services appropriation, as described below.				
<i>City Auditor's Office Personal Services Reallocation</i>	CITY AUDITOR		(\$50,000)	
Decreases the Personal Services appropriation to recognize expenditure savings realized through the City Auditor's plan to hold two positions vacant for the remainder of 2010-2011. The decrease in personal services is recommended to fund the necessary increase in the Bond Project Audit City-Wide appropriation, as described above.				
<i>Deferred City Facilities Security and Maintenance</i>	CITY-WIDE EXPENSES		(\$20,000)	
Decreases the Deferred City Facilities Security and Maintenance appropriation to offset the City's share of actuarial services related to the prepayment of contributions in the Police and Fire Department Retirement Plan and Federated City Employees' Retirement System. The General Services Department has determined that security and maintenance for deferred city facilities can be maintained with a reduced allocation with no service level impacts.				
<i>Department Rebalancing Plan - City Attorney's Office</i>	CITY ATTORNEY			
Reallocates \$150,000 from the Non-Personal/Equipment appropriation to the Personal Services appropriation as a partial correction to a projected City Attorney's Office personal services expenditures overage by year-end. Personal services expenditures are tracking to end the year approximately \$400,000 above budgeted levels due to 1) unbudgeted employee vacation sellback (\$125,000 through December) and 2) personal services expenditures related to 2010-2011 approved budget actions that the City Attorney's Office is unable to charge as budgeted (\$275,000). The 2010-2011 Adopted Operating Budget included the reallocation of staff from the General Fund and the Workforce Investment Act Fund to the False Claims Act appropriation and the Municipal Solar Grant Program. The current workload associated with these projects has not occurred at the levels approved as part of the 2010-2011 Adopted Budget; therefore, the City Attorney has assigned staff to unbudgeted General Fund legal work. Non-personal/equipment savings of \$150,000 will be achieved as a result of the City Attorney's Office careful monitoring and prioritizing of expenditures. Combined with the transfer of non-personal/equipment funding, additional vacancy savings of at least \$100,000 is expected to be realized by year end, bringing the current year end projected overage to \$150,000. The City Attorney's Office will continue to closely monitor and control overall expenditures to minimize or prevent any potential overage.				

General Fund Recommended Budget Adjustments Summary 2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Department Rebalancing Plan - City Manager's Office</i>	CITY MANAGER			
Reallocates \$70,000 from the Non-Personal/Equipment appropriation to the Personal Services appropriation to offset higher than anticipated personal services expenditures. Currently, the City Manager's Office personal services expenditures are projected to exceed budgeted amounts as a result of unbudgeted employee vacation sellback. Non-personal/equipment savings will be achieved as a result of the Department's careful monitoring and prioritizing of expenditures.				
<i>Department Rebalancing Plan - Fire</i>	FIRE			
Reallocates \$100,000 from the Non-Personal/Equipment appropriation to the Personal Services appropriation to partially offset higher than anticipated personal services expenditures. The Fire Department's Personal Services expenditures are currently projected to end the year approximately \$600,000 above budgeted levels. A grant-supported increase to the Personal Services appropriation (\$173,916) is also recommended elsewhere in this document and will offset a portion of the projected overage. With these recommended actions, the Fire Department may end the year with a Personal Services overage of approximately \$325,000 (0.2% of \$147 million budget). The Fire Department is strongly committed to closely monitor and control expenditures to prevent any potential overage.				
<i>Department Rebalancing Plan - General Services</i>	GENERAL SERVICES		\$175,000	
Reallocates funding from the Employee Garage Build-Out appropriation (\$175,000) and the General Services Department's Non-Personal/Equipment appropriation (\$50,000) to the General Services Department's Personal Services appropriation to partially offset higher than anticipated costs associated with unbudgeted employee vacation sellback and lower than anticipated vacancies. As discussed below, the construction of a training room in the City Hall Employee Garage would need to be deferred until funding is identified, resulting in less space available for training activities. Savings in the Non-Personal/Equipment appropriation will be achieved as a result of lower than anticipated contractual activities in the Real Estate Services and Asset Management Program with no current year impacts expected.				
<i>Department Rebalancing Plan - General Services (Employee Garage Build-Out)</i>	CAPITAL PROJECTS		(\$175,000)	
Reallocates \$175,000 from the Employee Garage Build-Out appropriation to the General Services Department's Personal Services appropriation to partially offset higher than anticipated costs associated with unbudgeted employee vacation sellback and lower than anticipated vacancies. The construction of a training room in the City Hall Employee Garage would need to be deferred until funding is identified, resulting in less space available for training activities.				

General Fund Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Department Rebalancing Plan - Information Technology</i>	INFORMATION TECHNOLOGY			
Reallocates \$200,000 from the Non-Personal/Equipment appropriation to the Personal Services appropriation to offset higher than anticipated personal services expenditures. Currently, the Information Technology Department (ITD) is projected to exceed the Personal Services appropriation primarily as a result of unbudgeted employee vacation sellback. Reductions in the Non-Personal/Equipment appropriation will be achieved by delaying Voice-over Internet Protocol (VoIP) expansions at approximately one-third of the remote City facilities.				
<i>FMC Operating Site Costs/Use of Money/Property Revenue</i>	CITY-WIDE EXPENSES		\$200,000	\$200,000
Increases the estimate for Revenue from the Use of Money/Property to increase the FMC Operating Site Costs appropriation to fund contractual services for the evaluation and maintenance of the 12,000 volt electrical system at the FMC property. The General Services Department completed a full condition assessment of the FMC property electrical system. This assessment revealed that the electrical system has not had essential maintenance in more than 17 years. As a result, the system requires significant work to bring the facility up to acceptable operating and safety standards. It is recommended that additional revenue, resulting from a new property rental agreement generated at the Airport West Property (Park N' Ride), be allocated to support this cost.				
<i>Insurance Premiums</i>	CITY-WIDE EXPENSES		(\$13,201)	
Reallocates savings in the Insurance Premiums appropriation as a result of lower than anticipated 2010-2011 premium costs for coverage of the City and San Jose Redevelopment Agency owned and leased real and personal property. A corresponding increase in the Workers' Compensation State License City-Wide appropriation funded by these savings is recommended elsewhere in this document.				
<i>Police Chief Recruitment</i>	POLICE			
Reallocates savings (\$100,000) in the Police Department's Personal Services appropriation to the Department's Non-Personal/Equipment appropriation to fund a contract for the recruitment of a new Police Chief.				

General Fund Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Real Estate Services Staffing</i>	ECONOMIC DEVELOPMENT	2.00		
Adds 2.0 Senior Executive Analyst positions in the Office of Economic Development in the Real Estate Services and Asset Management Division in the Office of Economic Development. This Division will be transferred from the General Services Department to the Office of Economic Development in 2010-2011. Also included in this report is a recommendation to eliminate 1.0 Division Manager and 1.0 Supervising Real Property Agent in the General Services Department. These actions are necessary to align position classifications with the current Office of Economic Development organizational staffing model. Minimal savings is expected as a result of this action.				
<i>Real Estate Services Staffing</i>	GENERAL SERVICES	(2.00)		
Eliminates 1.0 Supervising Real Property Agent and 1.0 Division Manager in the Real Estate Services and Asset Management Division in the General Services Department. This Division will be transferred from the General Services Department to the Office of Economic Development in 2010-2011. Also included in this report is a recommendation to add 2.0 Senior Executive Analyst positions in the Office of Economic Development. These actions are necessary to align position classifications with the current Office of Economic Development organizational staffing model. Minimal savings is expected as a result of this action.				
<i>Retirement Prepayment Actuarial Services</i>	CITY-WIDE EXPENSES		\$20,000	
Establishes funding to the Finance Department for the City's share of actuarial services related to the prepayment of contributions in the Police and Fire Department Retirement Plan and Federated City Employees' Retirement System. A corresponding decrease in the Deferred City Facilities Security and Maintenance appropriation is recommended to offset this action.				
<i>Revenue Rebalancing Plan - Central Service Yard Phase I Debt Service</i>	CAPITAL PROJECTS		(\$250,000)	
As a General Fund budget rebalancing item, shifts Central Service Yard Phase I debt service costs of \$250,000 from the General Fund to the Service Yards Construction and Conveyance (C&C) Tax Fund resulting in a decrease of the Debt Service on Phase I Bonds appropriation in the General Fund. A \$423,000 subsidy would remain in the General Fund. Corresponding actions in the Service Yard C&C Fund recommended elsewhere in this report include an increase in the Debt Service on Phase I Bonds appropriation and a decrease to the Ending Fund Balance.				

General Fund Recommended Budget Adjustments Summary

2010-2011 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>Revenue Rebalancing Plan - Development Fee Revenue Adjustment</i>	REVENUE ADJUSTMENTS			\$485,000
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As a General Fund budget rebalancing item and to maintain Development Services technical resources, increases the estimate for Licenses and Permits revenue to reflect higher than anticipated Building and Fire activity in the current year. Additional revenue was received largely due to a North San José school fee increase proposed for residential projects permitted on or after January 1, 2011, and to a lesser extent due to Building Codes taking effect in January 2011. Revenues are currently tracking to end the year above budgeted estimates by approximately \$3.8 million in the Building Fee Program and by \$1.2 million in the Fire Development Fee Program. Due to the higher revenues, the General Fund subsidy (\$433,000) for the second Special Tenant Improvements/Industrial Tool Installation (STI/ITI) line that was added as part of the approval of the Mayor's 2010-2011 June Budget Message to improve services is no longer needed, and will be appropriately shifted to the Fire Development Fee Program (\$197,000) and the Building Fee Program (\$236,000). No service level changes will occur with this action. To better align funding with the services provided, additional Fire (\$11,000) and Building (\$41,000) revenue will also fund a portion of 0.50 of a Supervising Applications Analyst IT position that supports the Imaging and AMANDA systems on behalf of the Development Services partners.

<i>Revenue Rebalancing Plan - Economic Uncertainty Reserve</i>	EARMARKED RESERVES		(\$4,033,000)	
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As a General Fund budget rebalancing item, decreases the Economic Uncertainty Reserve by \$4.0 million to address a portion of the lower General Fund revenue estimates. This adjustment would bring the Economic Uncertainty Reserve balance from the \$9.0 million that was established in the 2010-2011 Adopted Budget to \$5.0 million. As discussed elsewhere in this section, downward adjustments to revenue estimates are necessary in the area of Utility Taxes, Use of Money and Property, Licenses and Permits, Revenue from State of California, Franchise Fees, and Revenue from Local Agencies.

<i>Revenue Rebalancing Plan - Fines, Forfeitures, and Penalties</i>	REVENUE ADJUSTMENTS			\$670,000
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Increases the Fines, Forfeitures, and Penalties revenue estimate to reflect higher than anticipated Parking Fines (\$610,000) and False Alarm Fines (\$60,000) revenue collections. Please refer to the Status of General Fund Revenues section of this document (Section I.B.) for a more detailed discussion.

General Fund Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Revenue Rebalancing Plan - Fire Apparatus Replacement</i>	CAPITAL PROJECTS		(\$200,000)	
<p>As a General Fund budget rebalancing item, shifts a portion of the funding for Fire Apparatus Replacement from the General Fund to the Fire Construction and Conveyance Tax Fund reducing the General Fund Capital Fire Apparatus Replacement appropriation from \$2.0 million to \$1.8 million, and increasing the Fire Apparatus Replacement appropriation in the Fire Construction and Conveyance Tax Fund from \$50,000 to \$250,000. Sufficient Ending Fund Balance in the Fire Construction and Conveyance Tax Fund is available to offset this increase with no project impacts. The associated budget actions in the Fire Construction and Conveyance Tax Fund are recommended elsewhere in this document.</p>				
<i>Revenue Rebalancing Plan - Fire Station 37 - Willow Glen</i>	CAPITAL PROJECTS		(\$180,000)	
<p>As a General Fund budget rebalancing item, shifts a portion of the funding for the construction of Fire Station 37 - Willow Glen from the General Fund to the Neighborhood Security Bond Fund reducing the General Fund capital improvement Fire Station 37 - Willow Glen appropriation from \$800,000 to \$620,000, and increasing the Fire Station 37 - Willow Glen appropriation in the Neighborhood Security Bond Fund from \$4.3 million to \$4.5 million. Sufficient funding in the Contingency Reserve in the Neighborhood Security Bond Fund is available to offset this increase due to prior year interest earnings and project savings. The associated budget actions in the Neighborhood Security Bond Fund are recommended elsewhere in this document.</p>				
<i>Revenue Rebalancing Plan - Franchise Fees</i>	REVENUE ADJUSTMENTS			(\$850,000)
<p>Decreases \$850,000 of the Franchise Fees revenue estimate to reflect current lower collection trends in the Gas Franchise (\$870,000), Commercial Solid Waste (\$600,000), and Water Franchise (\$32,000) categories, partially offset by higher collections in the Cable Television Franchise (\$652,000) category. Please refer to the Status of General Fund Revenues section of this document (Section I.B.) for a more detailed discussion.</p>				
<i>Revenue Rebalancing Plan - Library Personal Services and Non-Personal/Equipment Services</i>	LIBRARY		(\$1,500,000)	
<p>As a General Fund budget rebalancing item, shifts a portion of the Library Department's personal services and non-personal/equipment (\$1,500,000) expenditures to the Library Parcel Tax Fund. A corresponding increase to the Library Department's Personal Services and Non-Personal/Equipment appropriations in the Library Parcel Tax Fund is also recommended in this report. Because of additional prior year fund balance and a review of prior year expenditures between the General Fund and the Library Parcel Tax Fund, this shift is appropriate and achievable with no service level impacts.</p>				

General Fund Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Revenue Rebalancing Plan - Licenses and Permits</i>				(\$4,087,000)
Decreases the Licenses and Permits revenue estimate to reflect lower Cardroom Tax (\$3,900,000) and Disposal Facility Tax (\$300,000) revenue, elimination of the Business Tax Exemption Fee (\$250,000) revenue estimate from this category (this fee is currently budgeted in the Departmental Charges category), and a downward adjustment to the Cardroom Administrative Table Fee (\$144,415) to bring the revenue for this cost-recovery fee into alignment with the associated expenditures. These downward adjustments are partially offset by increases to non-development Fire Permit revenues (\$404,000) and Taxi Permit revenues (\$103,415) reflecting higher activity levels. Please refer to the Status of General Fund Revenues section of this document (Section I.B.) for a more detailed discussion.	REVENUE ADJUSTMENTS			
<i>Revenue Rebalancing Plan - Pedestrian Bridge Assessment</i>			(\$30,000)	
As a General Fund budget rebalancing item, shifts funding for bridge assessments for eligible capital projects from the General Fund to the Parks City-Wide Construction and Conveyance Tax Fund. The regular inspection of the pedestrian bridges associated with the parks and trails system is necessary to determine if the infrastructure is in need of repair and/or replacement and is safe for pedestrian access. Sufficient Ending Fund Balance in the Parks City-Wide Construction and Conveyance Tax Fund is available to offset these actions. Corresponding actions in the Parks City-Wide Construction and Conveyance Tax Fund are recommended elsewhere in this document.	CITY-WIDE EXPENSES			
<i>Revenue Rebalancing Plan - Revenue from Local Agencies</i>				(\$540,000)
Decreases the Revenue from Local Agencies revenue estimate to reflect lower than projected Central Fire District payments. Please refer to the Status of General Fund Revenues section of this document (Section I.B.) for a more detailed discussion.	REVENUE ADJUSTMENTS			
<i>Revenue Rebalancing Plan - Revenue from State of California</i>				(\$1,810,000)
Decreases the Revenue from the State of California revenue estimate to reflect lower than anticipated Airplane In-Lieu Fees. Please refer to the Status of General Fund Revenues section of this document (Section I.B.) for a more detailed discussion.	REVENUE ADJUSTMENTS			
<i>Revenue Rebalancing Plan - Sales Tax</i>				\$3,247,000
An increase of \$3,247,000 to the Sales Tax revenue estimate is recommended based on stronger than anticipated actual first quarter 2010-2011 revenue performance. Please refer to the Status of General Fund Revenues section of this document (Section I.B.) for a more detailed discussion.	REVENUE ADJUSTMENTS			

General Fund Recommended Budget Adjustments Summary

2010-2011 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>Revenue Rebalancing Plan - Transfer from Construction Excise Tax Fund</i>	REVENUE ADJUSTMENTS			\$2,295,000
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As a General Fund budget rebalancing item, increases the Transfers and Reimbursements estimate from the Construction Excise Tax Fund: Construction Excise Tax Fund Transfer to the General Fund - General Purpose (\$1,600,000) and Transfer to the General Fund - Pavement Maintenance (\$695,000). The increased Transfer to the General Fund - General Purpose is possible due to above average tax collections in December from residential permits pulled prior to new building code implementation and new housing developments in the North San José area. The increased Transfer to the General Fund - Pavement Maintenance will be offset by a decrease to the Gas Tax - Pavement Maintenance appropriation. Due to the receipt of unanticipated Gas Tax revenues (\$2.0 million) appropriated in the 2009-2010 Annual Report, this adjustment can be made with no impact to the planned pavement maintenance program for this year. The decrease would be taken from the un-programmed additional revenue of \$2.0 million, and the remaining balance of \$1.3 million would be available and spent on pavement maintenance activities to augment the levels assumed in the 2010-2011 Adopted Budget.

<i>Revenue Rebalancing Plan - Transfer from Services for Redevelopment Capital Projects Fund</i>	REVENUE ADJUSTMENTS			\$200,000
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As a General Fund budget rebalancing item, increases the Transfers and Reimbursements estimate by \$200,000 from the Services for Redevelopment Capital Projects Fund, as described elsewhere in this document. The increased transfer is a result of City cost saving and will reimburse the General Fund for prior year expenditures related to Watson Park remediation. No service level impacts will result from this action.

<i>Revenue Rebalancing Plan - Transfer from the Integrated Waste Management Fund</i>	REVENUE ADJUSTMENTS			\$330,000
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As a General Fund budget rebalancing item, transfers \$330,000 from the Integrated Waste Management Fund to the General Fund. Of this, \$200,000 is expected to be received by the Integrated Waste Management Fund as a reimbursement from the garbage haulers for service to city facilities, \$100,000 reflects previously unbudgeted Construction and Demolition Diversion Deposit (CDDD) revenue, and \$30,000 was received as late fee revenue by the Integrate Waste Management Fund. Corresponding actions are recommended in the Integrated Waste Management Fund to increase the estimate for Earned Revenue to reflect the hauler reimbursement (\$200,000), and additional CDDD revenue (\$100,000), and to decrease the Ending Fund Balance by \$30,000.

General Fund Recommended Budget Adjustments Summary 2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Revenue Rebalancing Plan - Transfer from the Lake Cunningham Fund</i>	REVENUE ADJUSTMENTS			\$100,000
As a General Fund budget rebalancing item, increases the estimate for Transfers and Reimbursements by \$100,000 to reflect an increase in the transfer from the Lake Cunningham Fund (from \$726,000 to \$826,000) to reimburse the General Fund for approximately 70% of the operating and maintenance costs of Lake Cunningham Park. Corresponding actions are recommended in the Lake Cunningham Fund, as described elsewhere in this document.				
<i>Revenue Rebalancing Plan - Transfer from the Water Utility Fund (Late Fees)</i>	REVENUE ADJUSTMENTS			\$170,000
As a General Fund budget rebalancing item, transfers \$170,000 of late fee revenue from the Water Utility Fund to the General Fund. This action is offset by corresponding actions in the Water Utility Fund to decrease the Finance Department Non-Personal/Equipment (\$40,000), and Information Technology Department (IT) Personal Services (\$8,000) and Non-Personal/Equipment (\$2,000) appropriations, as well as the Ending Fund Balance (\$120,000). This action will have no impact on Finance and IT operations related to potable water delivery. Corresponding actions are recommended in the Water Utility Fund, as described elsewhere in this document.				
<i>Revenue Rebalancing Plan - Transfer to the Community Facilities Revenue Fund for Hayes Mansion</i>	TRANSFERS		(\$132,000)	
As a General Fund budget rebalancing item, decreases the General Fund Transfer to the Community Facilities Revenue Fund for Hayes Mansion operating expenditures by \$132,000. To allow for this reduced transfer, corresponding reductions in the Community Facilities Revenue Fund for debt related expenditures (\$100,000) to account for lower than anticipated Hayes Mansion bond payments and a reduction to the Ending Fund Balance (\$32,000) is recommended elsewhere in this document.				

General Fund Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Revenue Rebalancing Plan - Transfers and Reimbursements</i>				
				REVENUE ADJUSTMENTS
<p>The following net-zero adjustments to the Transfers and Reimbursements estimate are recommended. (1) Increase the overhead reimbursement from the American Recovery and Reinvestment Act Capital Funds by \$435,000 to reflect higher than anticipated levels of activity. (2) Increase the overhead reimbursement from the Airport Capital Improvement Fund by \$25,000 to reflect higher than anticipated levels of activity. (3) Decrease the overhead reimbursement from the Airport Maintenance and Operations Fund by \$25,000 to reflect Airport operations staff consolidation actions approved by the City Council on October 27, 2010. (4) Decrease the transfers of interest earnings from the following funds to reflect a lower projected interest earnings rate: Construction and Conveyance Tax Fund (\$330,500); Services for Redevelopment Capital Projects Fund (\$44,000); Emergency Reserve Fund (\$37,500); Vehicle Maintenance and Operations Fund (\$10,000); Stores Fund (\$10,000); and the Sanitary Sewer Connection Fee Fund (\$6,500). Please refer to the Status of General Fund Revenues section of this document (Section I.B.) for a more detailed discussion.</p>				
<i>Revenue Rebalancing Plan - Use of Money and Property</i>				REVENUE ADJUSTMENTS
				(\$1,130,000)
<p>Decreases the Use of Money and Property revenue estimate to reflect lower interest earnings for the General Fund (\$1,500,000) and Property Tax held by the County (\$270,000), partially offset by increased Real Property Rental (\$390,000) and Communication Facilities Rental (\$250,000) revenue. Please refer to the Status of General Fund Revenues section of this document (Section I.B.) for a more detailed discussion.</p>				
<i>Revenue Rebalancing Plan - Utility Tax</i>				REVENUE ADJUSTMENTS
				(\$5,500,000)
<p>Decreases the Utility Tax revenue estimate to reflect lower than anticipated Telephone (\$2,900,000), Gas (\$2,000,000), and Water (\$600,000) Utility Tax revenue. Please refer to the Status of General Fund Revenues section of this document (Section I.B.) for a more detailed discussion.</p>				
<i>Revenue Rebalancing Plan - Wellness Program Reserve</i>				EARMARKED RESERVES
			(\$95,000)	
<p>As a General Fund budget rebalancing item, decreases the Wellness Program Reserve and reimburses the General Fund for the 2008-2009 subsidy provided to the Wellness Program as part of the 2008-2009 budget process. No current service level impacts are expected with this action.</p>				

General Fund Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Workers' Compensation State License</i>	CITY-WIDE EXPENSES		\$13,201	
Increases the Workers' Compensation State License appropriation due to a higher than anticipated increase in State licensing costs. The current budget assumed a 5% increase in costs and the actual increase was 7.2%. A corresponding decrease in the Insurance Premiums City-Wide appropriation is recommended to offset this action.				
TOTAL REQUIRED TECHNICAL/REBALANCING ACTIONS			(\$6,220,000)	(\$6,220,000)
2010-2011 ENDING FUND BALANCE				
<i>2010-2011 Ending Fund Balance</i>	EARMARKED RESERVES		\$8,500,000	
Establishes a 2010-2011 Ending Fund Balance of \$8.5 million in the General Fund. A total of \$13.0 million in 2010-2011 Ending Fund Balance was assumed as a funding source in the 2011-2012 Preliminary General Fund Forecast. The funding for this action is available as the cumulative result of the various actions described in this section, including savings of \$5.8 million in departmental personal services and non-personal/equipment allocations, \$2.3 million in City-Wide Expenses appropriations, and \$0.4 million from Capital expenditures. This proposal, combined with anticipated liquidations of carryover encumbrances (\$4.5 million), would meet the required \$13.0 million Ending Fund Balance need.				
<i>Clerk's Office Expenditure Savings</i>	CITY CLERK		(\$500,000)	
To establish a 2010-2011 Ending Fund Balance Reserve, this action decreases the Clerk's Office Non-Personal/Equipment appropriation by \$500,000 to reflect projected savings due to lower than budgeted elections costs. The June 2010 and November 2010 elections were projected to cost \$2.5 million. The invoice for both elections is estimated at \$2.0 million, generating \$500,000 in savings.				
<i>Closed Landfill Compliance</i>	CAPITAL PROJECTS		(\$55,000)	
To establish a 2010-2011 Ending Fund Balance Reserve, this action reduces the Closed Landfill Compliance appropriation by \$55,000. These savings are available because lower than expected landfill gas readings allow less frequent monitoring of the landfills than was previously expected.				
<i>Emergency Services Grant Fund</i>	CITY-WIDE EXPENSES		(\$160,000)	
To establish a 2010-2011 Ending Fund Balance Reserve, this action eliminates the Emergency Services Grant Fund appropriation. This appropriation was established for cash flow purposes when the Office of Emergency Services (OES) was a small organizational unit separate from the Fire Department due to the timing of receiving grant funds and the need to encumber contracts. Since OES has been combined with the Fire Department, this appropriation is no longer needed.				

General Fund Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
2010-2011 ENDING FUND BALANCE				
<i>Existing City Hall Debt Service Payments</i>	CITY-WIDE EXPENSES		(\$432,000)	
To establish a 2010-2011 Ending Fund Balance Reserve, this action reduces the Existing City Hall Debt Service Payments appropriation by \$432,000. The Existing City Hall Debt Service Payments appropriation accounts for repayment of short-term debt in the Interim City Facilities Improvements Fund. Issuance of debt is not necessary at this time as no expenditures are anticipated in the Interim City Facilities Improvements Fund, therefore, this appropriation is not needed in 2010-2011.				
<i>FMC Debt Service Payments</i>	CITY-WIDE EXPENSES		(\$500,000)	
To establish a 2010-2011 Ending Fund Balance Reserve, this action reduces the FMC Debt Service Payments appropriation by \$500,000 as lower variable rates for debt service payments are anticipated. No impacts to the payment will result from this action.				
<i>Finance Department Expenditure Savings</i>	FINANCE		(\$200,000)	
To establish a 2010-2011 Ending Fund Balance Reserve, this action reduces the Finance Department's Personal Services appropriation (\$115,000) and Non-Personal/Equipment appropriation (\$85,000). The Finance Department is projected to end the year with General Fund personal services savings given higher than anticipated vacancies. Savings in Finance's Non-Personal/Equipment appropriation will be achieved by reducing data processing, travel, supplies and materials expenditures. Service level impacts are anticipated to be minimal.				
<i>Fire Self Contained Breathing Apparatus</i>	CITY-WIDE EXPENSES		(\$300,000)	
To establish a 2010-2011 Ending Fund Balance Reserve, this action decreases the Fire Self Contained Breathing Apparatus (SCBA) appropriation by \$300,000 based on lower than budgeted project costs. Additional funding (\$318,612) was appropriated for SCBA replacement as part of the 2010-2011 Adopted Operating Budget in order to fully fund the replacement needs based on cost projections at that time. Subsequently, the actual bids to replace the SCBA equipment came in much lower than anticipated. This will allow the Department to fully replace the existing SCBA equipment with the appropriated grant funding (\$1.7 million) and the City's matching funds (\$475,000).				
<i>Healthy Neighborhood Venture Fund - Youth Services</i>	CITY-WIDE EXPENSES		(\$132,000)	
To establish a 2010-2011 Ending Fund Balance Reserve, this action decreases funding to the Healthy Neighborhood Venture Fund - Youth Services appropriation to reflect savings from two non-profit allocations. One allocation was revised downward as a non-profit organization identified an alternative funding source and contractual services savings occurred with another non-profit organization. These savings are available with no service level impacts.				

General Fund Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
2010-2011 ENDING FUND BALANCE				
<i>Human Resources Department Expenditure Savings</i>	HUMAN RESOURCES		(\$125,000)	
To establish a 2010-2011 Ending Fund Balance Reserve, this action decreases the Human Resources Department's Personal Services (\$100,000) and Non-Personal/Equipment (\$25,000) appropriations as a result of vacancy savings and a prioritization of expenditures. Savings of \$100,000 will be realized as a result of executive management positions being held vacant for the remainder of the year. The Department will continue to prioritize non-personal/equipment expenditures to achieve \$25,000 in expenditure savings.				
<i>Information Technology Department Expenditure Savings</i>	INFORMATION TECHNOLOGY		(\$150,000)	
To establish a 2010-2011 Ending Fund Balance Reserve, this action reduces the Information Technology Department's Non-Personal/Equipment appropriation (\$150,000). The Information Technology Department's hardware maintenance contracts were renegotiated resulting in \$100,000 in savings. An additional \$50,000 in savings will be achieved by reducing funding for supplies (\$20,000), data processing (\$20,000) and dues and subscriptions (\$10,000). The Department will closely monitor spending for the remainder of the year and only if necessary, departments may need to provide funding for supplies needed in technology repairs.				
<i>Insurance Premiums</i>	CITY-WIDE EXPENSES		(\$162,000)	
To establish a 2010-2011 Ending Fund Balance Reserve, this action decreases the Insurance Premiums appropriation by \$162,000 which provides coverage for the City and Redevelopment Agency owned and leased real and personal property. Savings can be realized as a result of lower negotiated premium costs with no service level impacts.				
<i>Office of Economic Development Department Expenditure Savings</i>	ECONOMIC DEVELOPMENT		(\$50,000)	
To establish a 2010-2011 Ending Fund Balance Reserve, this action reduces the Office of Economic Development's Personal Services appropriation by \$50,000. It is anticipated that the Department will achieve vacancy savings resulting from the vacant Director position.				
<i>Parks and Recreation Bond Projects</i>	CAPITAL PROJECTS		(\$42,000)	
To establish a 2010-2011 Ending Fund Balance Reserve, this action reduces the Parks and Recreation Bond Projects appropriation by \$42,000. Funding was provided to pay for project related expenditures that were not eligible for bond funding. The majority of the Parks and Recreation Bond projects are complete and sufficient savings are expected to be generated by year-end to support this action with no impacts.				

General Fund Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
2010-2011 ENDING FUND BALANCE				
<i>Parks, Recreation and Neighborhood Services Department Expenditure Savings</i>	PARKS, REC AND NEIGH SVCS		(\$1,650,000)	
<p>To establish a 2010-2011 Ending Fund Balance Reserve, this action reduces the Parks, Recreation and Neighborhood Services Department (PRNS) Personal Services appropriation by \$1.15 million and the Non-Personal/Equipment appropriation by \$500,000. Due to vacancies throughout PRNS, the personal services expenditures will have sufficient savings by year-end to support this action. The service delivery model for maintaining neighborhood and regional parks has changed as a result of the vacancies and efforts to contain costs. The number of visits to low use parks are on a bi-weekly schedule rather than a weekly schedule. Routine services such as restroom power washing, play lot power washing, weed abatement, plant replacement, edging, and backpack blowing are done less frequently. As a result of the vacancies, there are less maintenance supplies purchased and less maintenance equipment is used and needs to be repaired. The non-personal/equipment savings will be generated by accelerating the turf removal program in low recreational areas by converting 15 acres from turf to low maintenance landscaping, as well as reducing/eliminating turf area irrigation for ten additional acres.</p>				
<i>Police Audit Optimization Study</i>	CITY-WIDE EXPENSES		(\$150,000)	
<p>To establish a 2010-2011 Ending Fund Balance Reserve, this action eliminates the Police Audit Optimization Study appropriation and generates savings of \$150,000. This appropriation was established to provide funding to the Police Department and the City Auditor's Office to mitigate impacts of the elimination of the Performance Audit Detail (PAD) Unit in the Police Department as part of the 2009-2010 Adopted Operating Budget. The outstanding projects initiated by the PAD Unit have been completed by the City Auditor's Office and this appropriation is no longer needed.</p>				
<i>Police Department Expenditure Savings</i>	POLICE		(\$3,100,000)	
<p>To establish a 2010-2011 Ending Fund Balance Reserve, this action reduces the Police Department Personal Services appropriation by \$2.6 million and the Non-Personal/Equipment appropriation by \$500,000. Based on current personal services tracking in the Police Department, sufficient savings are expected to be generated by year-end to support this action. Non-personal/equipment savings will be generated from recruit-related activities that will not occur this fiscal year (\$300,000), and from lower vehicle replacement costs (\$200,000) as a result of fewer Police vehicles meeting the required replacement criteria for mileage and age.</p>				
<i>Police Officers' Professional Liability Insurance</i>	CITY-WIDE EXPENSES		(\$52,000)	
<p>To establish a 2010-2011 Ending Fund Balance Reserve, this action decreases the Police Officers' Professional Liability Insurance appropriation as a result of lower than anticipated premium costs.</p>				

General Fund Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
2010-2011 ENDING FUND BALANCE				
<i>Property Tax Administration Fee</i>	CITY-WIDE EXPENSES		(\$213,000)	
To establish a 2010-2011 Ending Fund Balance Reserve, this action reduces the Property Tax Administration Fee appropriation by \$213,000 to reflect the updated projection provided by the County Controller Treasurer.				
<i>Public Works Department Expenditure Savings</i>	PUBLIC WORKS		(\$50,000)	
To establish a 2010-2011 Ending Fund Balance Reserve, this action reduces the Department of Public Works' Non-Personal/Equipment appropriation by \$50,000. Savings will be achieved as a result of lower than necessary funding for compensated absences as well as lower than anticipated costs for special contractual services related to the Underground Utility Alert program.				
<i>South San José Police Substation FF&E</i>	CAPITAL PROJECTS		(\$200,000)	
To establish a 2010-2011 Ending Fund Balance Reserve, this action decreases the South San José Police Substation Fixtures, Furnishings and Equipment (FF&E) General Fund capital improvements appropriation by \$200,000. The Police Department reprioritized the FF&E needs for the Substation to achieve savings in this appropriation. Funds in the Reserve - Police Substation FF&E in the State Drug Forfeiture Fund are available for any remaining FF&E needs once the Substation opens.				
<i>Storm Fees</i>	CITY-WIDE EXPENSES		(\$51,000)	
To establish a 2010-2011 Ending Fund Balance Reserve, this action reduces the City-Wide Storm Fees appropriation. Savings are expected in this appropriation because the budgeted amount assumed a rate increase that did not take place. This action aligns the budget to reflect the actual fee that will be charged for 2010-2011.				
<i>Summer Youth Nutrition Grant</i>	CITY-WIDE EXPENSES		(\$124,000)	
To establish a 2010-2011 Ending Fund Balance Reserve, this action decreases the Summer Youth Nutrition Grant appropriation by \$124,000. This grant, which provided recreational and leisure programming and nutritional meals, was largely expended in the summer months. Due to lower than originally anticipated participation levels, savings were realized. Since a portion of the revenues received in 2010-2011 are reimbursements for 2009-2010 activity, the appropriation savings can be realized.				
<i>Watson Site Clean-up and Restoration</i>	CAPITAL PROJECTS		(\$102,000)	
To establish a 2010-2011 Ending Fund Balance Reserve, this action reduces the Watson Site Clean-up and Restoration appropriation by \$102,000. The Watson Park project is near completion and will be completed below budget. Sufficient savings are expected to be generated by year-end to support this action.				

General Fund Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
2010-2011 ENDING FUND BALANCE				
TOTAL 2010-2011 ENDING FUND BALANCE			\$0	\$0
GRANTS/REIMBURSEMENTS/FEES				
<i>2010-2011 Next Generation Click It or Ticket Grant/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$21,433	\$21,433
<p>Appropriates funding to the Police Department to reimburse Police personnel for overtime used for seat belt enforcement checkpoints from November 15, 2010 through June 6, 2011. A grant from the California Office of Traffic Safety via the University of California (Berkeley) Traffic Safety Center will fund this activity. A corresponding increase to the estimate for Revenue from State of California is also recommended.</p>				
<i>AFIS Phase I and LiveScan Upgrades/Revenue from Local Agencies</i>	POLICE		\$845,010	\$845,010
<p>Increases the Police Department's Non-Personal/Equipment appropriation to fund upgrades to the Automated Fingerprint Identification System (AFIS) and associated LiveScan devices. Funding for the AFIS Phase I upgrade (\$808,000) will be used to upgrade 24 LiveScan stations and four Identification Stations with new hardware and application software to obtain better fingerprint image resolution. Additional funding (\$37,010) will be used to further upgrade the LiveScan devices to support DNA sample collection. Funding from the Cal-ID Regional Access Network (RAN) Board (SB720 funding) will be used to reimburse the City for these upgrades to the AFIS. A corresponding increase to the estimate for Revenue from Local Agencies is also recommended.</p>				
<i>Airport Passenger Security/Transfers and Reimbursements</i>	POLICE		\$780,200	\$780,200
<p>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 through a transfer from the Airport Maintenance and Operations Fund to the General Fund. As a result of discussions with the Transportation Security Administration (TSA) the minimum number of personnel/hours required for Orange Alert staffing has been reduced. Due to the reduced staffing requirements, the Police Department will reduce Orange Alert staffing as of the Spring 2011 Shift Change in March. A corresponding increase to the estimate for Transfers and Reimbursements is also recommended.</p>				
<i>Alum Rock Youth Center Science Program/Other Revenue</i>	CITY-WIDE EXPENSES		\$3,750	\$3,750
<p>Recognizes and appropriates funding for the Alum Rock Youth Center Science Program. This program, funded by the Mountain Winery Foundation, supports a math and science program at Joseph George Middle School. A corresponding increase to the estimate for Other Revenue is also recommended.</p>				

General Fund Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Building Fee Program/Licenses and Permits</i>	PLAN, BLDG AND CODE ENF		\$200,000	\$200,000
Increases the Planning, Building and Code Enforcement's Personal Services appropriation by \$200,000, offset by an increase in the revenue estimate for Licenses and Permits. As discussed in the General Fund Revenue section, the Building Fee Program has experienced higher levels of activity due to increased residential permits. This action would allow the Department to operate at the speed of business by providing funding for temporary staff resources which are used to backfill for absences or vacancies or increase capacity during times of peak demand.				
<i>Bulletproof Vest Partnership Grant/Revenue from Federal Government</i>	CITY-WIDE EXPENSES		\$89,292	\$89,292
Appropriates funding to the Police Department for the purchase of bulletproof vests. The United States Department of Justice will reimburse the Police Department for bulletproof vests purchased through September 30, 2012; however, the grant funding is anticipated to be expended by June 30, 2011. A corresponding increase to the estimate for Revenue from Federal Government is also recommended.				
<i>CAD Network Upgrades/Revenue from State of California</i>	POLICE		\$480,000	\$480,000
Increases the Police Department's Non-Personal/Equipment appropriation to fund upgrades to the Computer Aided Dispatch (CAD) System. The State of California collects fees from telephone customers under the Warren Act that are deposited into the State Emergency Telephone Number Account (SETNA) and made available to local Public Safety Answering Points. These funds will be used to replace 30 workstations with computers and monitors with associated video cards as well as to replace the network wiring within the 9-1-1 call center. A corresponding increase to the estimate for Revenue from State of California is also recommended.				
<i>Child Care Portable Debt Service Payments/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$3,228	\$3,228
Appropriates funding received from school districts for the Child Care Portable Debt Service Payments to align with revised debt service cost projections. A corresponding increase to the estimate for Transfers and Reimbursements is also recommended.				
<i>Council District #1 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$8,797	\$8,797
Appropriates funding from sponsors outside of the City for reimbursement of costs for the National League of Cities event co-sponsored by Council District #1. A corresponding increase to the estimate for Other Revenue is recommended to offset this adjustment.				

General Fund Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEEES				
<i>Council District #2 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$4,750	\$4,750
Appropriates funding from sponsors outside of the City for reimbursement of costs for the following events co-sponsored by Council District #2: Indian Flag Raising, Great America Litter Pick-up, National Start Walking Day, and Community Fest. A corresponding increase to the estimate for Other Revenue is recommended to offset this adjustment.				
<i>Council District #4 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$1,000	\$1,000
Appropriates funding from sponsors outside of the City for reimbursement of costs for the Breakfast with Santa and 2010 Business Appreciation Lunch events co-sponsored by Council District #4. A corresponding increase to the estimate for Other Revenue is recommended to offset this adjustment.				
<i>Council District #8 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$17,975	\$17,975
Appropriates funding from sponsors outside of the City for reimbursement of costs for the Day in the Park and Senior Health Fair and Walk events co-sponsored by Council District #8. A corresponding increase to the estimate for Other Revenue is recommended to offset this adjustment.				
<i>Council District #9 Special Event Sponsorships/Other Revenue</i>	MAYOR & COUNCIL		\$2,100	\$2,100
Appropriates funding from sponsors outside of the City for reimbursement of costs for the Celebrate Cambrian event co-sponsored by Council District #9. A corresponding increase to the estimate for Other Revenue is recommended to offset this adjustment.				
<i>Deferred Compensation Insurance Premiums/Transfers and Reimbursements</i>	HUMAN RESOURCES		\$5,650	\$5,650
Increases the Human Resources Department's Non-Personal/Equipment appropriation by \$5,650 to fund increased insurance premium costs in the Deferred Compensation Program. On December 16, 2010, the Deferred Compensation Advisory Committee approved this increase to align budgeted funds with the approved renewal of the fiduciary liability insurance contract. This increase is offset by an increase to the estimate for Transfers and Reimbursements from the Deferred Compensation Fund.				
<i>Energy Efficiency Program/Other Revenue</i>	CITY-WIDE EXPENSES		\$50,964	\$50,964
Increases the estimate for Other Revenue and appropriates Pacific Gas and Electric Co. rebate funds to the Energy Efficiency Program appropriation for future energy saving improvements.				

General Fund Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Fish and Game Notice of Determination Fees - 2009-2010 and Prior</i>	PLAN, BLDG AND CODE ENF		\$50,000	
Increases the Planning, Building and Code Enforcement Department's Non-Personal/Equipment appropriation to account for pending pass-through payments to the State Department of Fish and Game and Santa Clara County in conjunction with the filing of Notice of Determinations as required by the State. This fee is mandated in conjunction with the environmental review performed by Planning. This revenue is collected from public and private applicants and held by the City until a project has been approved or withdrawn. Once this occurs, the City has five days to submit payment. Previously, this revenue was collected in the General Fund and paid from the Department's Non-Personal/Equipment appropriation. It has been determined that a more appropriate process for these pass-through fees is use of the Depositor's Fund. The Department is booking any new revenue to the Depositor's Fund for the current year. This action would properly allocate revenue collected prior to 2009-2010 that is pending payment to the County to the Non-Personal/Equipment appropriation which will then be transferred to the Depositor's Fund. This action is offset by a decrease to the Planning Fee Reserve as discussed below.				
<i>Fish and Game Notice of Determination Fees - 2010-2011/Departmental Charges</i>	PLAN, BLDG AND CODE ENF		(\$300,000)	(\$300,000)
Decreases Planning, Building and Code Enforcement's Non-Personal/Equipment appropriation to remove the budget for Notice of Determination fee pass-through payments for 2010-2011. As discussed elsewhere in this section, the pass-through fees are processed through the City's Depositor's Fund. An offsetting decrease to the estimate for Departmental Charges is also recommended to reflect this new process.				
<i>Fish and Game Notice of Determination Fees - Planning Fee Reserve</i>	EARMARKED RESERVES		(\$50,000)	
Decreases the Planning Fee Reserve to allocate pending disbursements for pass-through Notice of Determination fees to the Planning, Building and Code Enforcement Department's Non-Personal/Equipment appropriation, as described elsewhere in this section.				
<i>Library Grants/Revenue from State of California</i>	LIBRARY		\$11,653	\$11,653
Appropriates funding for the Adult Literacy and Families for Literacy programs. A corresponding increase to the estimate for Revenue from State of California is also recommended.				

General Fund Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Local Enforcement Agency Grant/Revenue from State of California</i>	PLAN, BLDG AND CODE ENF		\$28,874	\$28,874
<p>Appropriates funding for landfill enforcement activities. The State Local Enforcement Agency (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 the estimate for Revenue from State of California is also recommended.</p>				
<i>Office of the Mayor Special Event Sponsorships/Other Revenue</i>	MAYOR & COUNCIL		\$3,500	\$3,500
<p>Appropriates funding from sponsors outside of the City for reimbursement of costs for the Community Resource Fair event co-sponsored by the Office of the Mayor. A corresponding increase to the estimate for Other Revenue is recommended to offset this adjustment.</p>				
<i>San José After School - Yr 5 District Contracts/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$725,839	\$725,839
<p>Appropriates funding for after-school purposes to the Parks, Recreation, and Neighborhood Services Department from the Alum Rock (\$520,604), Berryessa (\$106,257), 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 at specific sites 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 the estimate for Revenue from Local Agencies is also recommended.</p>				
<i>Southbay Shakedown Task Force/Revenue from Federal Government</i>	POLICE		\$34,404	\$34,404
<p>Increases the Police Department's Personal Services appropriation to support overtime staffing for the Southbay Shakedown Task Force. The total funding award is \$50,000 for the grant period June 30, 2010 through September 30, 2011; however, \$34,404 is recommended for appropriation in 2010-2011 with the remainder expected to be appropriated in 2011-2012. Four San José Police Officers on overtime will assist the task force with narcotics related investigations, operations, and prosecutions. A corresponding increase to the estimate for Revenue from Federal Government is also recommended.</p>				

General Fund Recommended Budget Adjustments Summary 2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>State Homeland Security Grant/Revenue from State of California</i>	FIRE		\$207,286	\$207,286
Increases the Fire Department's Personal Services (\$173,916) and Non-Personal/Equipment (\$33,370) appropriations for Urban Search and Rescue (USAR) specialized training activities. These activities were approved by the Santa Clara County Homeland Security Training and Exercise Grants Advisory Group. A corresponding increase to the estimate for Revenue from State of California is also recommended.				
<i>Summer Safety Initiative Pilot Program/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$75,000	\$75,000
Appropriates funding from the County of Santa Clara to support the Mayor's Gang Prevention Taskforce 2010 Safe Summer Initiative. This funding was already spent in summer 2010. A corresponding increase to the estimate for Revenue from Local Agencies is also recommended.				
TOTAL GRANTS/REIMBURSEMENTS/FEES			\$3,300,705	\$3,300,705

General Fund Recommended Budget Adjustments Totals

<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
	(\$2,919,295)	(\$2,919,295)

Special/Capital Funds Recommended Budget Adjustments Summary 2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT CAPITAL IMPVT FUND (520)				
<i>North Concourse Building/Recovery Act - Federal Revenue</i>	Airport Capital Program		(\$990,000)	(\$990,000)
Decreases the estimate for Recovery Act - Federal Revenue and the North Concourse Building appropriation by \$990,000. American Recovery and Reinvestment Act of 2009 grant funding was awarded for the Terminal B Baggage System project. Based on lower than budgeted project costs, which included project contingencies, this action recommends aligning budgeted grant revenues and expenditures to reflect actual reimbursement costs.				
<i>Taxiway W Improvements/Earned Revenue</i>	Airport Capital Program		\$9,132,000	\$9,132,000
Increases the estimate for Earned Revenue and the Taxiway W Improvements appropriation by \$9,132,000. This action reflects the acceleration of funding currently programmed in 2011-2012 to enable the Airport to put the construction contract out to bid in spring 2011 for Phase III of this project. The award of the contract would be contingent upon grant funding by the Federal Aviation Administration which has been favorably reviewed by the agency. A corresponding increase of \$2,145,000 in the Airport Revenue Bond Improvement Fund (Fund 526) for the local share match of the grant funding for this project is also recommended elsewhere in this document.				
TOTAL AIRPORT CAPITAL IMPVT FUND (520)			\$8,142,000	\$8,142,000
AIRPORT CUST FAC & TRANS FD (519)				
<i>Airport Inter-Terminal and Parking Bus Shuttle Service</i>	Airport		(\$408,250)	
Decreases the Airport Department's Non-Personal/Equipment appropriation by \$408,250. This reduction reflects lower passenger activity levels at the Airport resulting in decreased shuttle bus operator and shuttle bus maintenance costs. This action would be offset by a reduction to the contribution from the Rental Car Agencies that is also recommended elsewhere in this document.				
<i>Airport Rate Stabilization Reserve</i>	Airport		(\$271,981)	
Reduces the Rate Stabilization Reserve in the Airport Department by \$271,981 to allow the reduction in the contribution from the Rental Car Agencies (RACs) that is also recommended. Given the continued fiscal state of the travel industry, the Airport Department recommends the use of a portion of this reserve to help offset some of the RACs' cost for 2010-2011. This action would be offset by a reduction to the the estimate for Contribution from the RACs that is also recommended as part of this Report.				
<i>Earned Revenue - Contribution from Rental Car Agencies</i>	Airport			(\$1,864,231)
Decreases the estimate for Earned Revenue for Contribution from the Rental Car Agencies (RAC) by \$1,864,231. This adjustment offsets: a reduction to the Airport Department's Non-Personal/Equipment appropriation of \$408,250 to reflect lower passenger activity levels at the Airport resulting in decreased shuttle bus operator and maintenance costs; a reduction to the Rate Stabilization Reserve of \$271,981 to offset some of the financial burden carried by the RACs; and a reduction of \$1,184,000 to the Transfer to the Airport Surplus Revenue Fund (Fund 524) resulting from project savings and lower debt service payments related to the Consolidated Rental Car Garage.				

Special/Capital Funds Recommended Budget Adjustments Summary 2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT CUST FAC & TRANS FD (519)				
<i>Transfer to Airport Surplus Revenue Fund</i>	Airport		(\$1,184,000)	
Reduces the Transfer to the Airport Surplus Revenue Fund (Fund 524) from the Airport Customer Facility and Transportation Fee Fund (Fund 519) to reflect a lower debt service payment for construction of the Consolidated Rental Car Garage project (\$1,137,000) and cost savings for demolition of the Green Island (former Rental Car Agencies site) (\$47,000). A corresponding reduction to the Contribution from Rental Car Agencies is also recommended.				
TOTAL AIRPORT CUST FAC & TRANS FD (519)			(\$1,864,231)	(\$1,864,231)
AIRPORT MAINT & OPER FUND (523)				
<i>Airport Contingency Reserve</i>	Airport		(\$3,000)	
Reduces the Airport Contingency Reserve to offset the Planning, Building and Code Enforcement Department Personal Services adjustment to account for unbudgeted employee vacation sellback expenditures recommended below.				
<i>Airport Orange Security Alert</i>	Airport		(\$780,200)	
Decreases the Orange Security Alert reserve appropriation to fund Police Department overtime costs associated with Level Orange security alert at checkpoints. This action provides for the transfer to the General Fund for Police Services to pay for the current level of checkpoint overtime needed from July 2010 through March 2011. Corresponding actions in this fund and in the General Fund are also recommended.				
<i>Airport Transfer to the General Fund for Police Services</i>	Airport		\$780,200	
Increases the Transfer to the General Fund for Police Services appropriation by \$780,200 to reimburse the General Fund for police overtime needed from July 2010 through March 2011 related to Airport Level Orange security alert at checkpoints. Corresponding actions in this fund and in the General Fund are also recommended.				
<i>Department Rebalancing Plan - PBCE</i>	Plan, Bldg And Code Enf		\$3,000	
Increases the Planning, Building and Code Enforcement Department's Personal Services appropriation to account for slightly higher than anticipated expenditures due to unbudgeted employee vacation sellback. A corresponding reduction to Airport Contingency Reserve is included above.				
TOTAL AIRPORT MAINT & OPER FUND (523)			\$0	\$0
AIRPORT RENEW & REPL FUND (527)				
<i>Equipment, Operating</i>	Airport Capital Program		\$12,000	
Increases the Equipment, Operating appropriation by \$12,000. This funding would allow the Airport to replace two badge printers in the Airport Department's Badging Office that were purchased in May 2007 and are at the end of their useful life. These printers are required to create badges for Airport staff including tenants and contractors. A corresponding reduction to the Shared Use System Replacement appropriation is recommended to offset this action.				

Special/Capital Funds Recommended Budget Adjustments Summary 2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT RENEW & REPL FUND (527)				
<i>Shared Use System Replacement</i>	Airport Capital Program		(\$12,000)	
Decreases the Shared Use System Replacement appropriation by \$12,000. Estimated savings in this appropriation is recommended to be used to replace two badge printers in the Airport Department's Badging Office that were purchased in May 2007 and are at the end of their useful life. These printers are required to create badges for Airport staff including tenants and contractors. A corresponding increase in the Equipment, Operating appropriation is recommended to offset this action.				
TOTAL AIRPORT RENEW & REPL FUND (527)			\$0	\$0
AIRPORT REV BOND IMP FUND (526)				
<i>Ending Fund Balance Adjustment</i>	Airport Capital Program		(\$9,142,000)	
Decreases the Ending Fund Balance to offset the actions recommended below.				
<i>Taxiway W Improvements</i>	Airport Capital Program		\$2,145,000	
Increases the Taxiway W Improvements appropriation by \$2,145,000. This action implements the acceleration of the local share match funding currently programmed in 2011-2012, and would enable the Airport to put Phase III of this project's construction contract out to bid in spring 2011. The award of the contract would be contingent upon grant approval by the Federal Aviation Administration which has been favorably reviewed by the agency. Corresponding increases in the Airport Capital Improvement Fund (Fund 520) to increase the project budget and associated revenues are also recommended elsewhere in this document.				
<i>Terminal Area Improvement, Phase I</i>	Airport Capital Program		\$6,997,000	
Increases the Terminal Area Improvement, Phase I appropriation by \$6,997,000. This technical adjustment would restore funding to this appropriation that had recently and unintentionally fallen to fund balance instead of being rebudgeted as part of the year-end process. Restoration of these funds aligns the budget with the estimated costs of various projects and ensures that these projects are not delayed.				
TOTAL AIRPORT REV BOND IMP FUND (526)			\$0	\$0
AIRPORT SURPLUS REV FD (524)				
<i>Commercial Paper Interest</i>	Airport		(\$5,752,037)	
Decreases the Commercial Paper Interest appropriation by \$5,752,037. This decrease, partially offset by an increase to the Commercial Paper Principal Payment of \$4,568,037, reflects a net reduction to the debt service payment for the Consolidated Rental Car Garage project. This net decrease is available as the result of construction project savings. Corresponding adjustments in the Airport Customer Facility and Transportation Fee Fund for a transfer and to the Commercial Paper Principal Payment in this fund are also recommended elsewhere in this document.				

Special/Capital Funds Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT SURPLUS REV FD (524)				
Commercial Paper Principal Payment	Airport		\$4,568,037	
Increases the Commercial Paper Principal Payment appropriation by \$4,568,037. This increase, offset by a decrease to the Commercial Paper Interest appropriation of \$5,752,037, reflects a net reduction to the debt service payment for the Consolidated Rental Car Garage project. This net decrease is available as the result of construction project savings. Corresponding adjustments in the Airport Customer Facility and Transportation Fee Fund for a transfer and to the Commercial Paper Interest in this fund are also recommended elsewhere in this document.				
Transfer from Airport Facility and Transportation Fee Fund	Airport			(\$1,184,000)
Reduces the estimate for Transfers from the Airport Facility and Transportation Fee Fund (Fund 519) by \$1,184,000. This action reflects a lower debt service payment for construction of the Consolidated Rental Car Garage project and the demolition of the Green Island (former Rental Car Agencies site). Corresponding adjustments in the Airport Customer Facility and Transportation Fee Fund and to the Commercial Paper Principal Payment and Commercial Paper Interest in this fund are also recommended elsewhere in this document.				
TOTAL AIRPORT SURPLUS REV FD (524)			(\$1,184,000)	(\$1,184,000)
BENEFIT FUND (160)				
Employee Assistance Program/Transfers	Human Resources		\$35,000	\$35,000
Increases the Employee Assistance Program appropriation due to higher than anticipated employee enrollment. A corresponding increase in the revenue estimate for Transfers from \$634,600 to \$669,600 is recommended to offset this action.				
Health Premiums/Transfers	Human Resources		\$2,600,000	\$2,600,000
Increases the Health Premiums appropriation to account for an average health rate increase of 7.68% for the Police Officer's Association, Association of Legal Professionals, and Executive Management, and 8.96% for all other employee bargaining units effective January 2011. A corresponding increase in the revenue estimate for Transfers is recommended to reflect the increase in the City's contribution rate to offset this adjustment.				
TOTAL BENEFIT FUND (160)			\$2,635,000	\$2,635,000
BLDG & STRUCT CONST TAX FD (429)				
Lighting and Signal Program/Earned Revenue	Traffic Capital Program		\$14,000	\$14,000
Increases the estimate for Earned Revenue and the Lighting and Signal Program appropriation to reflect developer contributions received for traffic signal controllers scheduled to be installed at two intersections (Villagio Place/Zanker Road and Cisco Way/River Oaks Parkway).				
TOTAL BLDG & STRUCT CONST TAX FD (429)			\$14,000	\$14,000

Special/Capital Funds Recommended Budget Adjustments Summary 2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
BRANCH LIB BOND PROJECT FD (472)				
<i>Branch Efficiency Projects</i>	Library Capital Program		\$1,050,000	
Increases the Branch Efficiency Projects appropriation by \$1,050,000 to continue the implementation of automated materials handling machines at five of the busiest branch libraries. The technology, which already has been piloted at three branch libraries, would automate the check-in and sorting of library materials, making the process more efficient and cost-effective. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in the report.				
<i>Ending Fund Balance Adjustment</i>	Library Capital Program		(\$1,050,000)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
TOTAL BRANCH LIB BOND PROJECT FD (472)			\$0	\$0
CFD #8 COMM HILL FUND (373)				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$60,000)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>Transportation Department Personal Services</i>	Transportation		\$60,000	
Increases the Department of Transportation's Personal Services appropriation to provide funding for interns to create and maintain an inventory of assets (such as trees, lakes, fountains, hardscapes, and geographic information system mapping) in the Community Facilities District #8 (Communications Hill). The interns will also map and schedule weed abatement activities within the District; maintain and update the District's data for the city-wide tree inventory; manage the Department's landscape accident program which pursues reimbursement of accident damage to landscape infrastructure in the District; and support the District's water management, including field verifications and water audits. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report.				
TOTAL CFD #8 COMM HILL FUND (373)			\$0	\$0
CIVIC CENTER IMPVT FUND (473)				
<i>In-Building Cellular Reinforcement Project/Earned Revenue</i>	Muni Improvements Capital Program		(\$425,000)	(\$425,000)
Eliminates funding for in-building cellular reinforcement with the City Hall Technology, Furniture and Equipment appropriation. It has been determined by the Information Technology Department that in-building cellular reinforcement technology is changing from traditional antenna based solutions to more modern internet enabled devices. As these devices become available, the Department will work with the cellular providers to evaluate potential solutions for boosting signal strength within City facilities. A corresponding decrease to the Earned Revenue estimate for commercial paper proceeds is also recommended.				
TOTAL CIVIC CENTER IMPVT FUND (473)			(\$425,000)	(\$425,000)

Special/Capital Funds Recommended Budget Adjustments Summary 2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
COMM DEV BLOCK GRANT FD (441)				
<i>Ending Fund Balance Adjustment</i>	Housing		(\$35,000)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>CDI - Code Enforcement Operations</i>	Plan, Bldg And Code Enf		\$70,000	
Increases the CDI - Code Enforcement Operations appropriation by \$70,000 to more accurately reflect the cost of delivering the agreed upon proactive code enforcement and multiple housing services in 2010-2011. This action corrects an error in the departmental agreement for use of CDBG funds (\$35,000) and incorporates workers' compensation costs of \$35,000 in the program budget. Corresponding decreases to the Code Enforcement Workers' Compensation appropriation (\$35,000) and Ending Fund Balance (\$35,000) are included in this report.				
<i>Code Enforcement Workers' Compensation</i>	Plan, Bldg And Code Enf		(\$35,000)	
Decreases the Code Enforcement Workers' Compensation appropriation which is allocated for workers' compensation benefits for Planning, Building and Code Enforcement employees under the City's self-insured, self-administered program. The funding for this item will be included in the CDI-Code Enforcement Operations appropriation, along with all other CDBG Code Enforcement program costs. A corresponding increase to the CDI - Code Enforcement Operations appropriation is described above.				
TOTAL COMM DEV BLOCK GRANT FD (441)			\$0	\$0
COMMTY FACIL REVENUE FUND (422)				
<i>Net Operations/Debt Expenses/Transfers</i>	City Manager		(\$100,000)	(\$132,000)
Decreases the estimate for General Fund Transfers to the Community Facilities Revenue Fund for Hayes Mansion operating expenditures by \$132,000. This action is partially offset by a reduction in the Net Operations/Debt Expenses appropriation (\$100,000) to account for lower than anticipated bond payments and a corresponding reduction to the Ending Fund Balance (\$32,000).				
<i>Ending Fund Balance Adjustment</i>	Finance		(\$32,000)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>Hayes Mansion Debt Service Phase III/Earned Revenue</i>	Finance		(\$100,000)	(\$100,000)
Reduces the Hayes Mansion Debt Service Phase III expenditure and corresponding Community Facilities Revenue Fund Earned Revenue appropriation by \$100,000, as lower short-term interest rates have reduced the debt service cost for the City's Hayes Mansion bond payments.				
TOTAL COMMTY FACIL REVENUE FUND (422)			(\$232,000)	(\$232,000)

Special/Capital Funds Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX COMM FUND (397)				
<i>Civic Center Television Broadcast Equipment Maint & Replacement</i>	Communications Capital Program		\$420,000	
Establishes an appropriation for Civic Center Television Broadcast Equipment to provide funding for the replacement of failing equipment which supports the cable broadcast and web streaming of public meetings held in the City Hall Council Chambers and Committee rooms and to plan for installation during the July recess with minimal impacts to public meeting broadcasts. Certain production equipment has reached the end of its useful life and requires expensive and time-consuming repairs. This funding would replace failing gear with digital systems, increasing reliability and energy efficiency, and reducing maintenance and operating costs. One-time funding of \$480,000 would allow for the purchase of 12 cameras and camera control units, a system router for broadcasting, a control room switcher, and the necessary cabling infrastructure, as well as modification to camera mounts. System design and installation will be completed by City staff. Funding would be provided by the Government Access – Capital Expenditures City-Wide appropriation (\$60,000) and the Communications Construction and Conveyance (C&C) Tax Fund (\$420,000). Over the next four years, 50% of future unallocated Comcast revenues are recommended to partially reimburse this upfront expenditure in the Communications C&C Tax Fund in an amount currently estimated to be \$37,500 per year.				
<i>Ending Fund Balance Adjustment</i>	Communications Capital Program		(\$420,000)	
Decreases the Ending Fund Balance to offset the action recommended above.				
TOTAL CONST/CONV TAX COMM FUND (397)			\$0	\$0
CONST/CONV TAX FIRE FUND (392)				
<i>City-wide and Public Works Capital Support</i>	Public Safety Capital Program		\$35,000	
Increases the City-wide and Public Works Capital Support Costs appropriation due to higher than anticipated Public Works Department projects and corresponding costs in this fund. This appropriation funds the city-wide capital support costs which include support for the Capital Project Management System, labor compliance review, performance measure reporting, updates of policies and specifications, and Public Works Department capital project delivery costs. A corresponding offset to the Ending Fund Balance is recommended in the report.				
<i>Ending Fund Balance</i>	Public Safety Capital Program		(\$316,000)	
Reduces the Ending Fund Balance to fund actions recommended in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary 2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX FIRE FUND (392)				
<i>Fire Apparatus Replacement</i>	Public Safety Capital Program		\$200,000	
As a General Fund budget rebalancing item, this action reallocates General Fund Fire Apparatus Replacement funding of \$200,000 to the Fire Construction and Conveyance Tax (C&C) Fund in order to ensure no impacts to this program in 2010-2011 and preserve funding for replacing Fire Apparatus throughout the City. Sufficient Ending Fund Balance in the Fire C&C Fund is available to offset this action as a result of additional C&C revenue that was greater than the 2009-2010 year-end estimate. No impacts to this program will result from this action. A corresponding decrease to the Fire Apparatus Replacement appropriation in the General Fund is recommended elsewhere in this document.				
<i>Self-Contained Breathing Apparatus (SCBA) Equipment</i>	Public Safety Capital Program		\$81,000	
Increases the Self-Contained Breathing Apparatus (SCBA) Equipment appropriation in order to replace the compressor for the SCBA fill station. Replacement of the compressor has been determined to be more cost effective than continuing to repair the current compressor. A corresponding decrease to Ending Fund Balance is also recommended.				
<i>Transfers to and from the Neighborhood Security Bond Fund/Transfers</i>	Public Safety Capital Program		\$45,000	\$45,000
These technical adjustments increase the revenue estimate for Transfers and establish a Transfer to the Neighborhood Security Bond Fund (Bond Fund) in the amount of \$45,000 in order to: 1) recognize the transfer of bond proceeds from the Bond Fund to reimburse the Fire Construction and Conveyance Tax Fund for costs associated with the Fire Station 2 - Rebuild project; and 2) transfer funding to the Bond Fund to allocate Fire Construction and Conveyance Tax Fund funding to reimburse the Bond Fund for capital expenditures which have been determined as ineligible to be reimbursed from bond proceeds.				
TOTAL CONST/CONV TAX FIRE FUND (392)			\$45,000	\$45,000
CONST/CONV TAX LIBRARY FD (393)				
<i>Ending Fund Balance Adjustment</i>	Library Capital Program		(\$1,000)	
Decreases the Ending Fund Balance to offset the action below.				
<i>Vineland Branch Land Acquisition Debt Service</i>	Library Capital Program		\$1,000	
Increases the Vineland Branch Land Acquisition Debt Service appropriation by \$1,000 to account for higher than anticipated financing fees, including trustee fees and arbitrage calculation fees. A corresponding decrease to the Ending Fund Balance is recommended above.				
TOTAL CONST/CONV TAX LIBRARY FD (393)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX PK CD 4 FUND (381)				
<i>Berryessa Community Center Debt Service</i>	Parks & Comm Fac Dev Capital Program		\$22,000	
Increases funding for the Berryessa Community Center Debt Service by \$22,000 to provide sufficient funds for debt service. A corresponding decrease to the Ending Fund Balance is reported elsewhere in this document. A technical adjustment is also recommended to correct the title of this appropriation. This appropriation was formerly known as Berryessa Community Center Land Acquisition Debt Service.				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		(\$22,000)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
TOTAL CONST/CONV TAX PK CD 4 FUND (381)			\$0	\$0
CONST/CONV TAX PK CD 7 FUND (385)				
<i>Fair Swim Center Improvement</i>	Parks & Comm Fac Dev Capital Program		\$193,000	
Provides funding for the preparation of design documents for the renovation of the Fair Swim Center mechanical systems as well as safety improvements such as retrofitting the drain. This action establishes the Fair Swim Center Improvement appropriation in the Council District 7 Construction and Conveyance Tax Fund. Related actions to decrease the Reserve: Fair Swim Center appropriation in the Council District 7 C&C Tax Fund and establish a new appropriation with a decrease to a reserve in the Parks Trust Fund (\$12,000) are described elsewhere in this document.				
<i>Reserve: Fair Swim Center Improvement</i>	Parks & Comm Fac Dev Capital Program		(\$193,000)	
Decreases the Reserve: Fair Swim Center Improvement appropriation to offset the action recommended in this report.				
TOTAL CONST/CONV TAX PK CD 7 FUND (385)			\$0	\$0
CONST/CONV TAX PK CD 8 FUND (386)				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		(\$40,000)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>Meadowfair Pavement</i>	Parks & Comm Fac Dev Capital Program		\$40,000	
Provides funding for safety related pavement repairs at the Meadowfair Park. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this document.				
TOTAL CONST/CONV TAX PK CD 8 FUND (386)			\$0	\$0
CONST/CONV TAX PKS CW FUND (391)				
<i>Alum Rock Park Bridge Repair</i>	Parks & Comm Fac Dev Capital Program		\$60,000	
Establishes an appropriation for Alum Rock Park Bridge Repair to comply with California Environmental Quality Act (CEQA) and plan review of improvements needed to repair the bridge. A corresponding decrease to the Ending Fund Balance is also recommended in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary 2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX PKS CW FUND (391)				
Ending Fund Balance Adjustment	Parks & Comm Fac Dev Capital Program		(\$90,000)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
Pedestrian Bridge Assessment	Parks & Comm Fac Dev Capital Program		\$30,000	
As a General Fund budget rebalancing item, this action shifts funding for bridge assessments for eligible capital projects from the General Fund to the Parks City-Wide Construction and Conveyance (C&C) Tax Fund. The regular inspection of the pedestrian bridges associated with the parks and trails system is necessary to determine if the infrastructure is in need of repair and/or replacement and is safe for pedestrian access. Sufficient Ending Fund Balance in the Parks City-Wide C&C Tax Fund is available to offset these actions. Corresponding budget actions in the Parks City-Wide C&C Tax Fund and the General Fund are recommended elsewhere in this document.				
TOTAL CONST/CONV TAX PKS CW FUND (391)			\$0	\$0
CONST/CONV TAX SRVC YDS FD (395)				
City-wide and Public Works Capital Support Costs	Service Yards Capital Program		\$10,000	
Increases the City-wide and Public Works Capital Support Costs appropriation due to higher than anticipated Public Works Department projects and corresponding costs in this fund. This appropriation funds the city-wide capital support costs which include support for the Capital Project Management System, labor compliance review, performance measure reporting, updates of policies and specifications, and Public Works Department capital project delivery costs. A corresponding offset to the Ending Fund Balance is recommended in the report.				
Debt Service on Phase I Bonds	Service Yards Capital Program		\$250,000	
As a General Fund budget rebalancing item, this action shifts debt service costs of \$250,000 for Phase I bonds from the General Fund to the Service Yards Construction and Conveyance (C&C) Tax Fund leaving a \$423,000 subsidy in the General Fund. This one-time action would increase the Debt Service on Phase I Bonds appropriation in the Service Yards C&C Fund. Corresponding actions recommended elsewhere in this report include a decrease to the Ending Fund Balance and a decrease in the Debt Service on Phase I Bonds appropriation in the General Fund.				
Ending Fund Balance Adjustment	Service Yards Capital Program		(\$260,000)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
TOTAL CONST/CONV TAX SRVC YDS FD (395)			\$0	\$0

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONSTRUCTION EXCISE TAX FD (465)				
<i>2010 STP Resurfacing and Rehabilitation</i>	Traffic Capital Program		\$700,000	
Establishes the 2010 Surface Transportation Program (STP) Resurfacing and Rehabilitation project to provide funding for the design of street resurfacing and rehabilitation activities. A corresponding decrease to the Reserve - Federal Transportation Bill to offset this action is also recommended in this report.				
<i>BART Project Management/Earned Revenue</i>	Traffic Capital Program		\$100,000	\$100,000
Increases the estimate for Earned Revenue and the BART Project Management appropriation to reflect anticipated funding from the Santa Clara Valley Transportation Authority for the plan review of the Silicon Valley Berryessa Extension project.				
<i>City-wide and Public Works Capital Support Costs</i>	Traffic Capital Program		\$213,000	
Increases the City-wide and Public Works Capital Support Costs appropriation to correct an error in the initial established budget and due to higher than anticipated Public Works Department projects and corresponding costs in this fund. This appropriation funds the city-wide capital support costs which include support for the Capital Project Management System, labor compliance review, performance measure reporting, updates of policies and specifications, and Public Works Department capital project delivery costs. A corresponding offset to the Ending Fund Balance is recommended below.				
<i>Community Facilities District #14 Feasibility Study Project/Earned Revenue</i>	Traffic Capital Program		\$15,000	\$15,000
Increases the estimate for Earned Revenue and the Community Facilities District (CFD) #14 Feasibility Study Project appropriation to reflect funding received from a developer for consultant services to evaluate the feasibility of forming a CFD around the Hitachi area.				
<i>Ending Fund Balance Adjustment</i>	Traffic Capital Program		(\$898,000)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<i>Gas Tax - Pavement Maintenance</i>	Traffic Capital Program		(\$695,000)	
As a General Fund budget rebalancing item, this action decreases the Gas Tax - Pavement Maintenance appropriation to offset the increase to the Transfer to the General Fund - Pavement Maintenance from the Construction Excise Tax Fund. Due to the receipt of unanticipated Gas Tax revenues (\$2.0 million) appropriated in the 2009-2010 Annual Report, this adjustment can be made with no impact to the planned pavement maintenance program for this year. The decrease of \$695,000 would reduce the un-programmed funds (\$2.0 million), and the remaining balance of \$1.3 million would be available and spent on pavement maintenance activities to augment the levels assumed in the 2010-2011 Adopted Budget.				

Special/Capital Funds Recommended Budget Adjustments Summary 2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONSTRUCTION EXCISE TAX FD (465)				
<i>Hitachi Maintenance Agreement/Earned Revenue</i>	Traffic Capital Program		\$51,000	\$36,000
Increases the estimate for Earned Revenue (\$36,000) and the Hitachi Maintenance Agreement appropriation (\$51,000) to reflect funding received from a developer for the maintenance of landscaping and storm facilities around the Hitachi site in South San José. A corresponding decrease to the Ending Fund Balance is also recommended in this report to offset the remaining balance of \$15,000.				
<i>Mechanical Storm Units/Earned Revenue</i>	Traffic Capital Program		\$24,000	\$24,000
Increases the estimate for Earned Revenue and the Mechanical Storm Units appropriation to reflect funding received from a developer for the purchase of mechanical units to filter/clean the stormwater generated from public streets within the City's rights of way.				
<i>Reserve - Evergreen Traffic Impact Fees/Earned Revenue</i>	Traffic Capital Program		\$91,307	\$91,307
Increases the estimate for Earned Revenue and funding to the Reserve - Evergreen Traffic Impact Fees to reflect actual traffic impact fees collected from developers. The funds are restricted to traffic improvements within the Evergreen Area and will be allocated as projects are identified.				
<i>Reserve - Federal Transportation Bill</i>	Traffic Capital Program		(\$700,000)	
Decreases the Reserve for Federal Transportation Bill to provide funding for the 2010 Surface Transportation Program (STP) Resurfacing and Rehabilitation project. Funding is recommended for the design of street resurfacing and rehabilitation activities. The corresponding action to establish the 2010 STP Resurfacing and Rehabilitation project is also recommended in this report.				
<i>Reserve - North San José Traffic Impact Fees/Earned Revenue</i>	Traffic Capital Program		\$2,273,615	\$2,273,615
Increases the estimate for Earned Revenue and funding to the Reserve - North San José Traffic Impact Fees to reflect actual traffic impact fees collected from developers. The funds are restricted to traffic improvements within the North San José Area and will be allocated as projects are identified.				
<i>Reserve - Route 101/Oakland/Mabury Traffic Impact Fees/Earned Revenue</i>	Traffic Capital Program		\$303,996	\$303,996
Increases the estimate for Earned Revenue and funding to the Reserve - Route 101/Oakland/Mabury Traffic Impact Fees to reflect actual traffic impact fees collected from developers. The funds are restricted to traffic improvements within the Route 101/Oakland/Mabury Area and will be allocated as projects are identified.				

Special/Capital Funds Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONSTRUCTION EXCISE TAX FD (465)				
<i>Route 101/Tully Interchange Upgrade</i>	Traffic Capital Program		\$500,000	
Increases funding for the Route 101/Tully Interchange Upgrade project as a result of the agreement with the Santa Clara Valley Transportation Authority (VTA) to accelerate the City's payments to VTA. The interchange upgrade project is currently managed by VTA, and the payments represent the City's contribution (a total of \$8.2 million) to the project. Recommendations to program the City's remaining contribution will be brought forward for City Council approval as part of the 2012-2016 Proposed Capital Improvement Program. A corresponding decrease to Ending Fund Balance is recommended elsewhere in this document.				
<i>Traffic Congestion Data Management/Earned Revenue</i>	Traffic Capital Program		\$5,000	\$5,000
Increases the estimate for Earned Revenue and the Traffic Congestion Data Management appropriation to reflect funding received from a developer to perform traffic studies and analysis for the Willow Glen Way Plaza.				
<i>Traffic Safety Education/Earned Revenue</i>	Traffic Capital Program		\$55,000	\$55,000
Increases the Traffic Safety Education appropriation to reflect anticipated grant funding from the Office of Traffic Safety for purchasing bicycle helmets, printing educational materials, and conducting presentations within the Franklin-McKinley School District. The Traffic Safety Education program promotes transportation safety through education to schools, neighborhoods, and seniors by conducting interactive pedestrian and bicycle activities and promoting traffic control and safety behaviors. A corresponding increase to the estimate for Earned Revenue is recommended.				
<i>Traffic Safety Improvements</i>	Traffic Capital Program		\$170,000	
Increases the Traffic Safety Improvements appropriation to provide funding to install new and repair/replace existing guardrails and posts along sections of Camden Avenue, Santa Teresa Boulevard, Coyote Road, and Monterey Road. These improvements will improve safety along these highly traveled and higher speed limit roadways. A corresponding reduction to Ending Fund Balance is recommended above.				
<i>Transfer to the General Fund - General Purpose/Earned Revenue</i>	Traffic Capital Program		\$1,600,000	\$1,600,000
As a General Fund budget rebalancing item, this action increases the Transfer to the General Fund - General Purpose and the estimate for Earned Revenue by \$1,600,000. The increased Transfer to the General Fund from the Construction Excise Tax Fund will be offset by above average tax collections in December from residential permits pulled prior to new building code implementation and new housing developments in the North San José area.				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONSTRUCTION EXCISE TAX FD (465)				
<i>Transfer to the General Fund - Pavement Maintenance</i>	Traffic Capital Program		\$695,000	
<p>As a General Fund budget rebalancing item, increases the Transfers estimate to the Transfer to the General Fund - Pavement Maintenance by \$695,000. This action will be offset by a decrease to the Gas Tax - Pavement Maintenance appropriation. Due to the receipt of unanticipated Gas Tax revenues (\$2.0 million) appropriated in the 2009-2010 Annual Report, this adjustment can be made with no impact to the planned pavement maintenance program for this year. The decrease would be taken from the un-programmed additional revenue of \$2.0 million, and the remaining balance of \$1.3 million would be available and spent on pavement maintenance activities to augment the levels assumed in the 2010-2011 Adopted Budget.</p>				
TOTAL CONSTRUCTION EXCISE TAX FD (465)			\$4,503,918	\$4,503,918
EDW BYRNE MEMORIAL JAG FD (474)				
<i>Ending Fund Balance Adjustment</i>	Police		(\$12,525)	
<p>Reduces the Ending Fund Balance to fund actions recommended in this report.</p>				
<i>Justice Assistance Grant 2008-2011 Spending Plan</i>	Police		\$436	
<p>Appropriates unallocated interest revenue to the Justice Assistance Grant 2008-2011 Spending Plan appropriation in order to use the funding before the grant spending deadline of September 30, 2011. A corresponding decrease to the Ending Fund Balance is recommended in this report.</p>				
<i>Recovery Act - Justice Assistance Grant Spending Plan</i>	Police		\$12,089	
<p>Appropriates unallocated interest revenue in order to use the funding for the Automated Field Reporting/Records Management System (AFR/RMS) project as previously identified in the grant spending plan. The contract for the AFR/RMS project needs to be encumbered prior to June 30, 2011. A corresponding decrease to the Ending Fund Balance is recommended in this report.</p>				
TOTAL EDW BYRNE MEMORIAL JAG FD (474)			\$0	\$0
GENERAL PURPOSE PARKING FD (533)				
<i>Information Technology Department Personal Services Overage</i>	Information Technology		\$2,000	
<p>Increases the Information Technology Department's Personal Services appropriation to account for a projected \$2,000 overage as a result of unbudgeted vacation sellback. A corresponding decrease to Ending Fund Balance is recommended in this report.</p>				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$2,000)	
<p>Decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
TOTAL GENERAL PURPOSE PARKING FD (533)			\$0	\$0

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
GIFT TRUST FUND (139)				
<i>Art + Technology Program/Earned Revenue</i>	Economic Development		\$50,000	\$50,000
Increases the Art + Technology Program appropriation to recognize and appropriate funding received from the Adobe Foundation to support public art at the Airport.				
<i>Library - General Gifts/Earned Revenue</i>	Library		\$259,703	\$259,703
Increases the Library-General Gifts appropriation and Earned Revenue estimate to recognize and appropriate gifts made in support of the following: Willow Glen Branch for the bond project campaign, materials, programming and supplies (\$95,825); Pearl Avenue Branch for the bond project campaign, programming and supplies (\$46,690); Santa Teresa Branch for the bond project campaign, programming and supplies, and Hawaiian CDs (\$24,950); Cambrian Branch for the bond project campaign, materials, programming and supplies (\$18,645); Alviso Branch Homework Center (\$18,547); Vending Commissions (\$9,619); East San José Carnegie Branch for the bond project campaign, programming and supplies (\$7,634); Joyce Ellington Branch for the bond project campaign and programming (\$6,427); Dr. Martin Luther King, Jr. Library for programming and supplies, and District 3 "Family Night" (\$6,295); Almaden Branch for programming and supplies (\$6,200); Early Care education workshops (\$5,000); Berryessa Branch for programming and supplies (\$3,600); Rose Garden Branch for programming and supplies (\$2,975); West Valley Branch for materials, programming and supplies (\$1,630); Alum Rock Branch for programming and supplies (\$1,244); Evergreen Branch for programming and supplies (\$1,000); Biblioteca Branch for programming and supplies (\$875); Santa Programs (\$767); Edenvale Branch for programming and supplies (\$700); California Room for programming and supplies (\$500); Vineland Branch for programming and supplies (\$330); and Tully Branch for programming and supplies (\$250).				
<i>Library - Library Literacy Project/Earned Revenue</i>	Library		\$2,000	\$2,000
Increases the Library Literacy Project appropriation to recognize gifts made in support of Families for Literacy and Partners in Reading (PAR) Literacy Project.				
<i>Pedestrian Enhancements - International Circle and Hospital Parkway/Earned Revenue</i>	Transportation		\$78,000	\$78,000
Establishes an appropriation and increases the corresponding estimate for Earned Revenue from Kaiser Permanente San José Medical Center to install various pedestrian enhancements on International Circle and Hospital Parkway. The pedestrian enhancements include crosswalk enhancements, wheelchair ramps, and other improvements that will improve pedestrian visibility and safety.				
TOTAL GIFT TRUST FUND (139)			\$389,703	\$389,703

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
HOME INVEST PART PROG FUND (445)				
<i>Neighborhood Housing Services Program/Earned Revenue</i>	Housing		(\$40,000)	(\$40,000)
Decreases the estimate for Grant Revenues and the corresponding funding for the Neighborhood Housing Services Program to reflect unspent contractual services funds. These savings resulted from Neighborhood Housing Services being unable to provide second mortgage loans to qualified applicants within the term of the contract.				
<i>Teacher Housing Program/Earned Revenue</i>	Housing		(\$750,000)	(\$750,000)
Decreases the revenue estimate and funding for the Teacher Housing Program to reflect anticipated project savings. The Teacher Housing Program provides down payment assistance to first time homebuyers who are San José teachers. As a result of low demand and fewer qualified applicants, the funding for this program is recommended to be reduced.				
TOTAL HOME INVEST PART PROG FUND (445)			(\$790,000)	(\$790,000)
INTEGRATED WASTE MGT FUND (423)				
<i>Earned Revenue - CDDD Revenue</i>	Environmental Services			\$100,000
Increases the estimate for Earned Revenue by \$100,000 to reflect additional Construction and Demolition Diversion Deposit (CDDD) revenue. The CDDD is collected by the City from every remodeler or contractor that submits an application for a building permit. These deposits are returned if the applicant recycles their construction and demolition debris and submits appropriate documentation. This additional revenue is expected in the current year based on the most recent inventory of deposits with the City. A corresponding action recommended in this document would transfer this funding to the General Fund as a budget rebalancing item.				
<i>Earned Revenue - City Facilities Garbage Hauler Refund</i>	Environmental Services			\$200,000
Increases the estimate for Earned Revenue in the Integrated Waste Management Fund to reflect a reimbursement from the Garbage Haulers for service to city facilities. Payments to the haulers for service to city facilities are made based on an estimate of how many tons of garbage will be hauled from these facilities. Per the current contract with the haulers, these payments are to be reconciled to reflect actual, as opposed to estimated, tonnage. This refund reflects the latest such reconciliation. A corresponding action recommended in this document would transfer this funding to the General Fund as a budget rebalancing item.				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		(\$30,000)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
INTEGRATED WASTE MGT FUND (423)				
<i>Transfer to the General Fund</i>	Environmental Services		\$330,000	
<p>As a General Fund budget rebalancing item, this action transfers \$330,000 from the Integrated Waste Management Fund to the General Fund. Of this, \$200,000 is expected to be received by the Integrated Waste Management Fund as a reimbursement from the garbage haulers for service to City Facilities, \$100,000 reflects previously unbudgeted Construction and Demolition Diversion Deposit (CDDD) revenue, and \$30,000 was received as prior year late fee revenue. Corresponding actions are recommended in this fund to increase by \$200,000 the revenue estimate for the hauler reimbursement, increase the estimate for CDDD revenue by \$100,000, and decrease the Ending Fund Balance by \$30,000.</p>				
TOTAL INTEGRATED WASTE MGT FUND (423)			\$300,000	\$300,000
INTERIM CITY FAC IMPROV FD (460)				
<i>Interim City Facilities Improvements/Earned Revenue</i>	Muni Improvements Capital Program		(\$468,000)	(\$468,000)
<p>Decreases the Interim City Facilities Improvements appropriation and corresponding Earned Revenue estimate to reflect the revised commercial paper capacity and corresponding expenditures. A corresponding decrease to the debt service obligation in the General Fund is recommended elsewhere in this report.</p>				
TOTAL INTERIM CITY FAC IMPROV FD (460)			(\$468,000)	(\$468,000)
LAKE CUNNINGHAM FUND (462)				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		(\$100,000)	
<p>Decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Lake Cunningham Operating and Maintenance Expenses</i>	Parks & Comm Fac Dev Capital Program		\$100,000	
<p>As a General Fund budget rebalancing item, this action increases the transfer from the Lake Cunningham Fund (from \$726,000 to \$826,000) to reimburse the General Fund for approximately 70% of the operating and maintenance costs of Lake Cunningham Park. Sufficient Ending Fund Balance in the Lake Cunningham Fund is available to offset this increase. A corresponding decrease in the Ending Fund Balance and an increase in the General Fund for the Transfers and Reimbursements revenue estimate are recommended elsewhere in this report.</p>				
TOTAL LAKE CUNNINGHAM FUND (462)			\$0	\$0
LIBRARY PARCEL TAX FUND (418)				
<i>Ending Fund Balance Adjustment</i>	Library		(\$1,500,000)	
<p>Decreases the Ending Fund Balance in the Library Parcel Tax Fund to offset the actions recommended below.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary 2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
LIBRARY PARCEL TAX FUND (418)				
<i>Library Parcel Tax Expenditure Shift from Library Department General Fund</i>	Library		\$1,500,000	
<p>As a General Fund budget rebalancing item, this action shifts a portion of the Library Department's Personal Services and Non-Personal/Equipment (\$1,500,000) expenditures from the Library Department General Fund. A corresponding decrease to the Library Department's Personal Services and Non-Personal/Equipment appropriations in the General Fund is recommended in this report. Because of additional prior year fund balance and a review of prior year expenditures between the General Fund and the Library Parcel Tax Fund, this shift is appropriate and achievable with no service level impacts.</p>				
TOTAL LIBRARY PARCEL TAX FUND (418)			\$0	\$0
LIFE INSURANCE FUND (156)				
<i>Life Insurance Premiums/Earned Revenue</i>	Human Resources		\$25,000	\$25,000
<p>Increases the Life Insurance Premiums appropriation to reflect higher than anticipated premium costs due to higher than anticipated participation of retirees. A corresponding increase in Earned Revenue reflecting increased participant contributions is recommended to offset this action.</p>				
TOTAL LIFE INSURANCE FUND (156)			\$25,000	\$25,000
LOW/MOD INCOME HOUSING FD (443)				
<i>Department Rebalancing Plan - Housing</i>	Housing			
<p>Increases funding to the Housing Department's Personal Services appropriation by \$150,000 as a result of higher than anticipated expenditures, primarily due to unbudgeted vacation sellback. To offset this augmentation, a corresponding decrease to the Housing Department's Non-Personal/Equipment appropriation is also recommended. The savings in Non-Personal/Equipment will result from efficiencies in contractual services.</p>				
<i>Ending Fund Balance Adjustment</i>	Housing		\$400,000	
<p>Increases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Homebuyer Loan Program</i>	Housing		(\$500,000)	
<p>Eliminates the Homebuyer Loan Program. After careful review of the program, it was determined that the funding source was ineligible for the structure of this program. The Homebuyer Loan Program was established to provide mortgage assistance loans to income qualified buyers who purchase homes within targeted neighborhoods within the City of San José. Given the ineligibility of the funds for this program, the funding will go to Ending Fund Balance for future use.</p>				
<i>Workers' Compensation Claims</i>	Human Resources		\$100,000	
<p>Increases funding for the Workers' Compensation Claims appropriation due to several large unanticipated claims in the Housing Department. A corresponding decrease in the Ending Fund Balance is recommended elsewhere in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary 2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
LOW/MOD INCOME HOUSING FD (443)				
TOTAL LOW/MOD INCOME HOUSING FD (443)			\$0	\$0
M.D. #15 SILVER CREEK FUND (368)				
Workers' Compensation Claims	Human Resources		\$15,000	
Increases funding to the Workers' Compensation Claims appropriation as a result of an unanticipated claim in the Department of Transportation. A corresponding decrease in the Ending Fund Balance is recommended elsewhere in this report.				
Ending Fund Balance Adjustment	Transportation		(\$15,000)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
TOTAL M.D. #15 SILVER CREEK FUND (368)			\$0	\$0
MAJOR COLLECT & ARTRLS FD (421)				
Miscellaneous Street Improvements/Earned Revenue: Major Collectors and Arterials Fees	Traffic Capital Program		(\$100,000)	(\$100,000)
Decreases the revenue estimate for Major Collectors and Arterials Fees as a result of the continued decline in developer activity and decreases funding for the Miscellaneous Street Improvements project to offset the downward revenue adjustment. Savings resulted from the delay of sidewalk improvement projects along major collectors and arterials.				
TOTAL MAJOR COLLECT & ARTRLS FD (421)			(\$100,000)	(\$100,000)
MUNICIPAL GOLF COURSE FUND (518)				
Ending Fund Balance Adjustment	Parks, Rec And Neigh Svcs		(\$407,000)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
Golf Course Earned Revenue	Parks, Rec And Neigh Svcs			(\$297,000)
Decreases the estimate for Earned Revenue from San Jose Municipal Golf Course (\$94,000) and Los Lagos Golf Course (\$203,000). The decreases are recommended in response to lower revenue generated due to lower activity at the golf courses. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report.				
Los Lagos Golf Course	Parks, Rec And Neigh Svcs		\$30,000	
Increases the Los Lagos Golf Course appropriation by \$30,000. This appropriation is used to reimburse the course operator in months where operating revenue is not sufficient to cover operating expenses. As a result of lower activity at the golf courses, operating revenues at the course have not been sufficient to cover expenses. A corresponding decrease to Earned Revenue is recommended elsewhere in this report.				
Non-Personal/Equipment	Parks, Rec And Neigh Svcs		(\$20,000)	
Reduces the Non-Personal/Equipment appropriation by \$20,000 as a result of lower than anticipated expenditures in this appropriation. This reduction is recommended to partially offset lower than anticipated net earnings generated from the courses.				

Special/Capital Funds Recommended Budget Adjustments Summary 2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
MUNICIPAL GOLF COURSE FUND (518)				
<i>Rancho del Pueblo Golf Course</i>	Parks, Rec And Neigh Svcs		\$100,000	
Increases the Rancho del Pueblo Golf Course appropriation by \$100,000. This appropriation is used to reimburse the course operator in months where operating revenue is not sufficient to cover operating expenses. As a result of lower activity at the golf courses, operating revenues at the course have not been sufficient to cover expenses. A corresponding decrease to Earned Revenue is recommended elsewhere in this report.				
TOTAL MUNICIPAL GOLF COURSE FUND (518)			(\$297,000)	(\$297,000)
NEIGHBHD SECURITY BOND FD (475)				
<i>Contingency Reserve</i>	Public Safety Capital Program		(\$180,000)	
Reduces the Contingency Reserve to fund an action recommended in this report.				
<i>Fire Station 37 - Willow Glen</i>	Public Safety Capital Program		\$180,000	
Increases the Fire Station 37 - Willow Glen appropriation by \$180,000 to offset a corresponding reduction of \$180,000 to this project in the General Fund. Funding from the General Fund of \$800,000 was added to this project in the 2009-2013 Adopted Capital Improvement Program to replace funds previously projected from selling the current Fire Station 6 site. At that time, the Neighborhood Security Bond Fund was not projected to have sufficient resources to offset the loss of Fire Station 6 sale proceeds. However, due to project savings in the Bond Fund, there is now sufficient Contingency Reserve in this fund to cover \$180,000 of the General Fund project cost. A corresponding decrease to the Contingency Reserve is recommended in this report.				
<i>Transfers to and from the Fire Construction and Conveyance Tax Fund/Transfers</i>	Public Safety Capital Program		\$45,000	\$45,000
These technical adjustments increase the revenue estimate for Transfers and establish a Transfer to the Fire Construction and Conveyance Tax Fund in the amount of \$45,000 in order to: 1) recognize the transfer of Fire Construction and Conveyance Tax Fund funding to reimburse the Bond Fund for capital expenditures which have been determined as ineligible to be reimbursed from bond proceeds; and 2) transfer funding to the Fire Construction and Conveyance Tax Fund to allocate bond proceeds to reimburse that fund for costs associated with the Fire Station 2 - Rebuild project.				
TOTAL NEIGHBHD SECURITY BOND FD (475)			\$45,000	\$45,000
PARKS & REC BOND PROJ FD (471)				
<i>Reserve: Soccer Complex</i>	Parks & Comm Fac Dev Capital Program		(\$400,000)	
Decreases the Reserve: Soccer Complex to offset actions recommended elsewhere in this document.				

Special/Capital Funds Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
PARKS & REC BOND PROJ FD (471)				
<i>Soccer Complex</i>	Parks & Comm Fac Dev Capital Program		\$400,000	
<p>Reallocates funding for the environmental work that will be performed by the Environmental Services Department for the design and construction of the soccer complex and for staffing to manage the project. This action increases the Soccer Complex appropriation (from \$198,000 to \$598,000) in the Parks and Recreation Bond Project Fund. A related action to decrease the Reserve: Soccer Complex is described elsewhere in this document.</p>				
TOTAL PARKS & REC BOND PROJ FD (471)			\$0	\$0
REDEV CAPITAL PROJECT FD (450)				
<i>Ending Fund Balance Adjustment</i>	Muni Improvements Capital Program		(\$177,744)	
<p>Decreases the Ending Fund Balance to offset actions recommended in this report.</p>				
<i>Soft Cost Project Savings Transfer</i>	Muni Improvements Capital Program		\$200,000	
<p>As a General Fund budget rebalancing item, this action establishes a Transfer to the General Fund: Soft Cost Project Savings in the amount of \$200,000. Consistent with the cooperation agreement between the City and the San Jose Redevelopment Agency, soft cost project savings remain with the City. Soft cost project savings from projects managed by the City on behalf of the San Jose Redevelopment Agency have accumulated in the Ending Fund Balance in this fund. These funds must be used on a capital project in or of benefit to a redevelopment project area. The funds are recommended to be transferred to the General Fund and used to reimburse the General Fund for costs associated with the Watson Park Remediation project. A corresponding increase in Transfers and Reimbursements in the General Fund is described elsewhere in this document.</p>				
<i>Hillview Park Play Area Improvement Project/Earned Revenue</i>	Parks & Comm Fac Dev Capital Program		\$3,000	\$3,000
<p>Establishes an appropriation to the Department of Public Works for the Hillview Park Play Area Improvement Project (Project Services Memorandum #614) in the amount of \$3,000. This project provides funding for construction inspection services for scheduled improvements to the Hillview Park Play Area located at the north-east corner of Adrian Way and Ocala Avenue in the East Valley/680 Strong Neighborhoods Initiative area. Specifically, construction inspection services for the San Jose Redevelopment Agency's planned improvements include the removal and disposal of existing play equipment, installation of new play equipment, the removal of existing chain link fence, and installation of new fencing, and other miscellaneous improvements. This project service memorandum (PSM) provides sufficient funding for the estimated 22 hours of inspection services. The source of funding for the project would be a transfer of \$3,000 from the San Jose Redevelopment Agency.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
REDEV CAPITAL PROJECT FD (450)				
<i>Mayfair Community Center</i>	Parks & Comm Fac Dev Capital Program		(\$2,415)	
Decreases the Mayfair Community Center (PSM #436) project appropriation in order to reflect the completion of the project. Consistent with the terms of the cooperation agreement between the City and the San Jose Redevelopment Agency, the remaining soft cost project savings are recommended to stay with the City and fall to Ending Fund Balance. A corresponding increase to Ending Fund Balance is recommended to offset this action.				
<i>24th Street Pedestrian Light Project</i>	Traffic Capital Program		\$34,434	\$34,434
Reestablishes funding for the 24th Street Pedestrian Light (PSM #530) project in order to refund hard cost 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.				
<i>Roundtable Pedestrian Light</i>	Traffic Capital Program		(\$19,841)	
Decreases the Roundtable Pedestrian Light (PSM #500) project appropriation in order to reflect the completion of the project. Consistent with the terms of the cooperation agreement between the City and the San Jose Redevelopment Agency, remaining soft cost project savings are recommended to stay with the City and fall to Ending Fund Balance. A corresponding increase to Ending Fund Balance is recommended to offset this action.				
<i>Transit Mall Paving Restoration</i>	Traffic Capital Program		\$11,460	\$11,460
Reestablishes funding for the Transit Mall Paving Restoration (PSM #550) project in order to refund hard cost 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.				
TOTAL REDEV CAPITAL PROJECT FD (450)			\$48,894	\$48,894
RES CONST TAX FUND (420)				
<i>City-wide and Public Works Capital Support Costs</i>	Developer Assisted Capital Program		\$3,000	
Increases the City-wide and Public Works Capital Support Costs appropriation due to higher than anticipated Public Works Department projects and corresponding costs in this fund. This appropriation funds the city-wide capital support costs which include support for the Capital Project Management System, labor compliance review, performance measure reporting, updates of policies and specifications, and Public Works Department capital project delivery costs. A corresponding offset to the Ending Fund Balance is recommended in the report.				
<i>Earned Revenue: Residential Construction Tax Contributions</i>	Developer Assisted Capital Program			\$135,000
Increases the revenue estimate for Residential Construction Tax Contributions as a result of higher than anticipated developer contributions resulting from two projects in North San José: Crescent Village and Northpointe. A corresponding increase to the Ending Fund Balance is recommended to offset this action.				

Special/Capital Funds Recommended Budget Adjustments Summary 2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
RES CONST TAX FUND (420)				
<i>Ending Fund Balance Adjustment</i>	Developer Assisted Capital Program		\$132,000	
Increases the Ending Fund Balance to offset the actions recommended in this report.				
TOTAL RES CONST TAX FUND (420)			\$135,000	\$135,000
SEWER SVC & USE CHARGE FD (541)				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		(\$2,000)	
Decreases the Ending Fund Balance to offset the Planning, Building and Code Enforcement Department's Personal Services adjustment recommended in this report.				
<i>PBCE - Personal Services</i>	Plan, Bldg And Code Enf		\$2,000	
Increases the Planning, Building and Code Enforcement Department's Personal Services appropriation to account for slightly higher than anticipated expenditures due to unbudgeted employee vacation sellback. A corresponding reduction to the Ending Fund Balance is recommended in this report.				
TOTAL SEWER SVC & USE CHARGE FD (541)			\$0	\$0
SJ ARENA ENHANCEMENT FUND (301)				
<i>Earned Revenue: Interest Earnings Adjustment</i>	Economic Development			(\$12,500)
Decreases the revenue estimate for interest earnings to reflect lower interest rates. The current revenue estimate of \$25,000 is recommended to be decreased by 50% to \$12,500. A corresponding decrease to the HP Improvements - Debt Service appropriation is recommended in this document to offset this action.				
<i>HP Improvements - Debt Service Adjustment</i>	Economic Development		(\$12,500)	
A decrease to the HP Improvements - Debt Service appropriation is recommended to reflect the lower level of interest earnings revenue as described above. This reduction would result in reduced capacity to pay debt service.				
TOTAL SJ ARENA ENHANCEMENT FUND (301)			(\$12,500)	(\$12,500)
SJ-SC TRMNT PLANT CAP FUND (512)				
<i>Alternative Disinfection</i>	Water Pollution Control Capital Program		\$50,000	
Increases the Alternative Disinfection appropriation by \$50,000. A failure of one component of this project necessitated a redesign and an increase in scope to address the cause of the failure. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report.				
<i>Dissolved Air Flotation Facility Dissolution Improvements</i>	Water Pollution Control Capital Program		\$250,000	
Increases the Dissolved Air Flotation Facility Dissolution Improvements appropriation by \$250,000 in order to accelerate the project schedule. This project will replace existing pressure flow discharge valves and pipe manifolds and provide for the evaluation and testing of an alternative technology to the existing pressure retention tanks. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in the report.				

Special/Capital Funds Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SJ-SC TRMNT PLANT CAP FUND (512)				
<i>Earned Revenue: SCVWD Recycled Water Contribution</i>	Water Pollution Control Capital Program			\$1,000,000
Increases the estimate for Earned Revenue to reflect a payment from the Santa Clara Valley Water District (SCVWD). On March 20, 2010, the City and the SCVWD entered into an agreement by which the SCVWD will contribute \$1.0 million to the San José/Santa Clara Treatment Plant Capital Fund to support the expansion of the usage of water produced by South Bay Water Recycling. This payment will be received every year until the Advanced Water Treatment Facility commences operation. This agreement replaces an agreement that spanned from 1998 to 2009, and resulted in payments to the San José/Santa Clara Treatment Plant Operating Fund. A corresponding action decreases the revenue estimate in the Treatment Plant Operating Fund by \$1.0 million and is described elsewhere in this document.				
<i>Ending Fund Balance Adjustment</i>	Water Pollution Control Capital Program		\$700,000	
Increases the Ending Fund Balance to offset actions recommended in this report.				
TOTAL SJ-SC TRMNT PLANT CAP FUND (512)			\$1,000,000	\$1,000,000
SJ-SC TRMNT PLANT OPER FUND (513)				
<i>Earned Revenue: SCVWD Recycled Water Contribution</i>	Environmental Services			(\$1,000,000)
Decreases the estimate for Earned Revenue to reflect that an annual contribution from the Santa Clara Valley Water District (SCVWD) for water produced by South Bay Water Recycling that will no longer be received by this fund. A payment of \$1.0 million will be made to the San José/Santa Clara Treatment Plant Capital Fund instead, and a corresponding action is recommended as part of this document. This change in the recipient fund is the result of the expiration of a 1998 agreement between the City and the SCVWD, and the beginning of a new agreement, which realigns the SCVWD contribution with the capital expenditures for South Bay Water Recycling.				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		(\$1,102,000)	
Decreases the Ending Fund Balance to offset actions recommended in this report.				
<i>City Staff Relocations from Old MLK Library</i>	General Services		\$94,000	
Provides funding to pay for costs incurred with the move of approximately 80 City staff from Environmental Services Department (Watershed Protection) located at the old MLK to City Hall. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this document.				
<i>Department Rebalancing Plan - Human Resources</i>	Human Resources		\$6,000	
Increases the Human Resources Department Personal Services appropriation as a result of higher than anticipated expenditures primarily due to unbudgeted employee vacation sellback. A corresponding reduction to the Ending Fund Balance is recommended elsewhere in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SJ-SC TRMNT PLANT OPER FUND (513)				
<i>Department Rebalancing Plan - PBCE</i>	Plan, Bldg And Code Enf		\$2,000	
Increases the Planning, Building and Code Enforcement Department's Personal Services appropriation to account for slightly higher than anticipated expenditures due to unbudgeted employee vacation sellback. An offsetting reduction to the Ending Fund Balance is also recommended.				
TOTAL SJ-SC TRMNT PLANT OPER FUND (513)			(\$1,000,000)	(\$1,000,000)
STORM DRAINAGE FEE FUND (413)				
<i>City-wide and Public Works Capital Support Costs</i>	Storm Sewer Capital Program		\$1,000	
Increases the City-wide and Public Works Capital Support Costs appropriation due to higher than anticipated Public Works Department projects and corresponding costs in this fund. This appropriation funds the city-wide capital support costs which include support for the Capital Project Management System, labor compliance review, performance measure reporting, updates of policies and specifications, and Public Works Department capital project delivery costs. A corresponding offset to the Ending Fund Balance is recommended in the report.				
<i>Ending Fund Balance Adjustment</i>	Storm Sewer Capital Program		(\$1,000)	
Decreases the Ending Fund Balance to offset the recommended action above.				
TOTAL STORM DRAINAGE FEE FUND (413)			\$0	\$0
STORM SEWER OPERATING FD (446)				
<i>Ending Fund Balance Adjustment</i>	Public Works		(\$149,000)	
Decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>Permit Requirements</i>	Public Works		\$149,000	
Increases the Public Works Department Personal Services (\$49,000) 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 Board in October 2009 and the new General Construction Permit, which was 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 \$49,000 will support the development of a green street pilot conceptual design. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report.				
TOTAL STORM SEWER OPERATING FD (446)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SUBDIVISION PARK TRUST FUND (375)				
<i>Fair Swim Center Improvements</i>	Parks & Comm Fac Dev Capital Program		\$12,000	
Provides funding for the preparation of design documents for the renovation of the Fair Swim Center mechanical systems as well as safety improvements such as retrofitting the drain. This action establishes the Fair Swim Center Improvements appropriation in the Park Trust Fund. Related actions to decrease the Reserve: Fair Swim Center appropriation in the Parks Trust Fund and establish a new appropriation with a decrease to a reserve in the Council District 7 Construction & Conveyance Tax Fund (\$193,000) are described elsewhere in this document.				
<i>Reserve: Fair Swim Center Improvement</i>	Parks & Comm Fac Dev Capital Program		(\$12,000)	
Decreases the Reserve: Fair Swim Center Improvement to offset actions described elsewhere in this document.				
TOTAL SUBDIVISION PARK TRUST FUND (375)			\$0	\$0
SUPPL LAW ENF SVCES FUND (414)				
<i>Ending Fund Balance Adjustment</i>	Police		(\$6,167)	
Reduces the Ending Fund Balance to fund actions recommended in this report.				
<i>SLES Grant 2007-2009</i>	Police		\$1,628	
Appropriates interest revenue that was unallocated by the spending deadline of June 30, 2009 in order to return the unused balance to the State of California. A corresponding decrease in Ending Fund Balance is recommended in this report.				
<i>SLES Grant 2009-2011</i>	Police		\$4,539	
Appropriates unallocated interest revenue in order to use the funding before the grant spending deadline of June 30, 2011. A corresponding decrease in Ending Fund Balance is recommended in this report.				
TOTAL SUPPL LAW ENF SVCES FUND (414)			\$0	\$0
UNEMPLOYMENT INSUR FD (157)				
<i>Unemployment Insurance Payment of Claims</i>	Human Resources		\$1,000,000	
Increases the unemployment insurance Payment of Claims appropriation due to higher than budgeted unemployment insurance claims costs. During the development of the 2010-2011 Adopted Operating Budget, a reserve for unemployment insurance claims was established in anticipation of employee separations resulting from actions taken in the 2010-2011 Adopted Budget. A corresponding decrease in the unemployment insurance Reserve for Claims is recommended elsewhere in this report.				
<i>Unemployment Insurance Reserve for Claims</i>	Human Resources		(\$1,000,000)	
Decreases the unemployment insurance Reserve for Claims appropriation to align with current estimated unemployment insurance claims expenditures. A corresponding increase in unemployment insurance Payment of Claims appropriation is recommended elsewhere in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary 2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
UNEMPLOYMENT INSUR FD (157)				
TOTAL UNEMPLOYMENT INSUR FD (157)			\$0	\$0
VEHICLE MAINT & OPER FUND (552)				
<i>Ending Fund Balance Adjustment</i>	General Services		(\$285,000)	
Decreases the Ending Fund Balance to offset the actions recommended in this report.				
<i>Happy Hollow Ride Maintenance and Inspection</i>	General Services		\$35,000	
Increases funding to the General Services Department's Personal Services appropriation to fund a temporary Mechanic position. This position would perform Happy Hollow Park and Zoo ride maintenance and inspection services to ensure that the rides are operating safely. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
<i>Inventory Purchases: Fuel Expenditures</i>	General Services		\$250,000	
Increases funding for Inventory Purchases for fuel expenditures. The 2010-2011 Adopted Budget assumed a lower average price per gallon for fuel than has been experienced in the first six months of the fiscal year. Based on the projected fuel costs for the remainder of the fiscal year, inventory (fuel and parts) is expected to end the year approximately \$250,000 over the budgeted level. A corresponding decrease in the Ending Fund Balance is recommended elsewhere in this report.				
<i>Police Department Vehicle Replacement</i>	General Services		(\$200,000)	
Decreases funding for Police Department Vehicle Replacement by \$200,000 due to lower than anticipated costs as a result of less Police vehicles meeting the required replacement criteria for mileage and age. This action would have no impact on Police vehicle replacement activities. A corresponding decrease to departmental transfers in the Vehicle Maintenance and Operations Fund is also recommended elsewhere in this report.				
<i>Police Vehicle Replacement Transfer</i>	General Services			(\$200,000)
Decreases the Transfer for Police Department Vehicle Replacement by \$200,000 due to lower than anticipated costs as a result of less Police vehicles meeting the required replacement criteria for mileage and age. This action would have no impact on Police vehicle replacement activities. A corresponding decrease to the Police Department's Non-Personal/Equipment appropriation is recommended elsewhere in this report.				
TOTAL VEHICLE MAINT & OPER FUND (552)			(\$200,000)	(\$200,000)
WATER UTILITY FUND (515)				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		(\$120,000)	
Decreases Ending Fund Balance to offset the actions recommended in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary 2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
WATER UTILITY FUND (515)				
<i>Department Rebalancing Plan - Finance</i>	Finance		(\$40,000)	
Decreases the Finance Department Personal Services appropriation to partially offset the Transfer to the General Fund for Late Fees (\$170,000), recommended as a General Fund budget rebalancing action below. Savings in the Personal Services appropriation are due to an unanticipated vacancy. This action would have no impact on Finance operations related to potable water delivery.				
<i>Department Rebalancing Plan - Information Technology Non-Personal</i>	Information Technology		(\$2,000)	
Decreases the Information Technology Department (IT) Non-Personal/Equipment appropriation to partially offset the Transfer to the General Fund, recommended as a General Fund budget rebalancing action below. Savings in the Non-Personal/Equipment appropriation are due to hardware maintenance savings. This action would have no impact on IT operations related to potable water delivery.				
<i>Department Rebalancing Plan - Information Technology Personal Services</i>	Information Technology		(\$8,000)	
Decreases the Information Technology Department (IT) Personal Services appropriation to partially offset the Transfer to the General Fund, recommended as a General Fund budget rebalancing action below. Savings in the Personal Services appropriation are due to an unanticipated vacancy. This action would have no impact on IT operations related to potable water delivery.				
<i>Transfer to the General Fund: Late Fees</i>	Transfers		\$170,000	
As a General Fund budget rebalancing item, this action transfers \$170,000 of late fee revenue from the Water Utility Fund to the General Fund. This action is offset by corresponding actions to decrease the Finance Department Non-Personal/Equipment (\$40,000), Information Technology Department (IT) Personal Services (\$8,000), Non-Personal/Equipment (\$2,000) appropriations, as well as the Ending Fund Balance (\$120,000). This action would have no impact on Finance and IT operations related to potable water delivery.				
TOTAL WATER UTILITY FUND (515)			\$0	\$0
WORKFORCE INVSTMNT ACT FD (290)				
<i>BusinessOwnerSpace.com Network/Earned Revenue</i>	Economic Development		\$15,000	\$15,000
Increases the BusinessOwnerSpace.com Network appropriation to recognize donations received from Bank of America (\$10,000) and Wells Fargo (\$5,000) to support BusinessOwnerSpace.com.				
<i>Public Sector Career Transition Assistance Program/Earned Revenue</i>	Economic Development		\$975,000	\$975,000
Establishes the Public Sector Career Transition Assistance Program appropriation and recognizes the corresponding revenue from the State of California's Employment Development Department Workforce Investment Act to provide additional assistance for work2future's One-Stop program to serve approximately 650 laid off public sector employees.				

Special/Capital Funds Recommended Budget Adjustments Summary

2010-2011 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
WORKFORCE INVSTMNT ACT FD (290)				
<i>Recovery Act - Workforce Adult Program</i>	Economic Development		\$466,785	
Increases the Recovery Act - Workforce Adult Program appropriation to reflect a modification to the Workforce Investment Act (WIA) subgrant agreement which transfers funding from the Recovery Act - Workforce Federal Dislocated Worker Program to the Recovery Act - Workforce Adult Program. This action is necessary to align funding with current program participation.				
<i>Recovery Act - Workforce Federal Dislocated Worker Program</i>	Economic Development		(\$466,785)	
Decreases funding for the Recovery Act - Workforce Federal Dislocated Worker Program appropriation to reflect a modification to the Workforce Investment Act (WIA) subgrant agreement which transfers funding from the Recovery Act - Workforce Federal Dislocated Worker Program to the Recovery Act - Workforce Adult Program. This action is necessary to align funding with current program participation.				
TOTAL WORKFORCE INVSTMNT ACT FD (290)			\$990,000	\$990,000

**General Fund
Recommended Budget Adjustments
2010-2011 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
CAPITAL PROJECTS						
Closed Landfill Compliance			(\$55,000)	(\$55,000)		(\$55,000)
Department Rebalancing Plan - General Services (Employee Garage Build-Out)			(\$175,000)	(\$175,000)		(\$175,000)
Parks and Recreation Bond Projects			(\$42,000)	(\$42,000)		(\$42,000)
Revenue Rebalancing Plan - Central Service Yard Phase I Debt Service			(\$250,000)	(\$250,000)		(\$250,000)
Revenue Rebalancing Plan - Fire Apparatus Replacement			(\$200,000)	(\$200,000)		(\$200,000)
Revenue Rebalancing Plan - Fire Station 37 - Willow Glen			(\$180,000)	(\$180,000)		(\$180,000)
South San José Police Substation FF&E			(\$200,000)	(\$200,000)		(\$200,000)
Watson Site Clean-up and Restoration			(\$102,000)	(\$102,000)		(\$102,000)
CAPITAL PROJECTS Total	\$0	\$0	(\$1,204,000)	(\$1,204,000)	\$0	(\$1,204,000)
CITY ATTORNEY						
Department Rebalancing Plan - City Attorney's Office	\$150,000	(\$150,000)		\$0		\$0
CITY ATTORNEY Total	\$150,000	(\$150,000)	\$0	\$0	\$0	\$0
CITY AUDITOR						
City Auditor's Office Personal Services Reallocation	(\$50,000)			(\$50,000)		(\$50,000)
CITY AUDITOR Total	(\$50,000)	\$0	\$0	(\$50,000)	\$0	(\$50,000)
CITY CLERK						
Clerk's Office Expenditure Savings		(\$500,000)		(\$500,000)		(\$500,000)
CITY CLERK Total	\$0	(\$500,000)	\$0	(\$500,000)	\$0	(\$500,000)

**General Fund
Recommended Budget Adjustments
2010-2011 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
CITY MANAGER						
Department Rebalancing Plan - City Manager's Office	\$70,000	(\$70,000)		\$0		\$0
CITY MANAGER Total	\$70,000	(\$70,000)	\$0	\$0	\$0	\$0

**General Fund
Recommended Budget Adjustments
2010-2011 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
CITY-WIDE EXPENSES						
2010-2011 Next Generation Click It or Ticket Grant/Revenue from State of California			\$21,433	\$21,433	\$21,433	\$0
Alum Rock Youth Center Science Program/Other Revenue			\$3,750	\$3,750	\$3,750	\$0
Bond Project Audits			\$50,000	\$50,000		\$50,000
Bulletproof Vest Partnership Grant/Revenue from Federal Government			\$89,292	\$89,292	\$89,292	\$0
Child Care Portable Debt Service Payments/Revenue from Local Agencies			\$3,228	\$3,228	\$3,228	\$0
Deferred City Facilities Security and Maintenance			(\$20,000)	(\$20,000)		(\$20,000)
Emergency Services Grant Fund			(\$160,000)	(\$160,000)		(\$160,000)
Energy Efficiency Program/Other Revenue			\$50,964	\$50,964	\$50,964	\$0
Existing City Hall Debt Service Payments			(\$432,000)	(\$432,000)		(\$432,000)
FMC Debt Service Payments			(\$500,000)	(\$500,000)		(\$500,000)
FMC Operating Site Costs/Use of Money/Property Revenue			\$200,000	\$200,000	\$200,000	\$0
Fire Self Contained Breathing Apparatus			(\$300,000)	(\$300,000)		(\$300,000)
Healthy Neighborhood Venture Fund - Youth Services			(\$132,000)	(\$132,000)		(\$132,000)
Insurance Premiums			(\$162,000)	(\$162,000)		(\$162,000)
Insurance Premiums			(\$13,201)	(\$13,201)		(\$13,201)
Police Audit Optimization Study			(\$150,000)	(\$150,000)		(\$150,000)
Police Officers' Professional Liability Insurance			(\$52,000)	(\$52,000)		(\$52,000)
Property Tax Administration Fee			(\$213,000)	(\$213,000)		(\$213,000)

**General Fund
Recommended Budget Adjustments
2010-2011 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
CITY-WIDE EXPENSES						
Retirement Prepayment Actuarial Services			\$20,000	\$20,000		\$20,000
Revenue Rebalancing Plan - Pedestrian Bridge Assessment			(\$30,000)	(\$30,000)		(\$30,000)
San José After School - Yr 5 District Contracts/Revenue from Local Agencies			\$725,839	\$725,839	\$725,839	\$0
Storm Fees			(\$51,000)	(\$51,000)		(\$51,000)
Summer Safety Initiative Pilot Program/Revenue from Local Agencies			\$75,000	\$75,000	\$75,000	\$0
Summer Youth Nutrition Grant			(\$124,000)	(\$124,000)		(\$124,000)
Workers' Compensation State License			\$13,201	\$13,201		\$13,201
CITY-WIDE EXPENSES Total	\$0	\$0	(\$1,086,494)	(\$1,086,494)	\$1,169,506	(\$2,256,000)
EARMARKED RESERVES						
2010-2011 Ending Fund Balance			\$8,500,000	\$8,500,000		\$8,500,000
Fish and Game Notice of Determination Fees - Planning Fee Reserve			(\$50,000)	(\$50,000)		(\$50,000)
Revenue Rebalancing Plan - Economic Uncertainty Reserve			(\$4,033,000)	(\$4,033,000)		(\$4,033,000)
Revenue Rebalancing Plan - Wellness Program Reserve			(\$95,000)	(\$95,000)		(\$95,000)
EARMARKED RESERVES Total	\$0	\$0	\$4,322,000	\$4,322,000	\$0	\$4,322,000
ECONOMIC DEVELOPMENT						
Office of Economic Development Department Expenditure Savings	(\$50,000)			(\$50,000)		(\$50,000)
Real Estate Services Staffing				\$0		\$0
ECONOMIC DEVELOPMENT Total	(\$50,000)	\$0	\$0	(\$50,000)	\$0	(\$50,000)

**General Fund
Recommended Budget Adjustments
2010-2011 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
FINANCE						
Finance Department Expenditure Savings	(\$115,000)	(\$85,000)		(\$200,000)		(\$200,000)
FINANCE Total	(\$115,000)	(\$85,000)	\$0	(\$200,000)	\$0	(\$200,000)
FIRE						
Department Rebalancing Plan - Fire	\$100,000	(\$100,000)		\$0		\$0
State Homeland Security Grant/Revenue from State of California	\$173,916	\$33,370		\$207,286	\$207,286	\$0
FIRE Total	\$273,916	(\$66,630)	\$0	\$207,286	\$207,286	\$0
GENERAL SERVICES						
Department Rebalancing Plan - General Services	\$225,000	(\$50,000)		\$175,000		\$175,000
Real Estate Services Staffing				\$0		\$0
GENERAL SERVICES Total	\$225,000	(\$50,000)	\$0	\$175,000	\$0	\$175,000
HUMAN RESOURCES						
Deferred Compensation Insurance Premiums/Transfers and Reimbursements		\$5,650		\$5,650	\$5,650	\$0
Human Resources Department Expenditure Savings	(\$100,000)	(\$25,000)		(\$125,000)		(\$125,000)
HUMAN RESOURCES Total	(\$100,000)	(\$19,350)	\$0	(\$119,350)	\$5,650	(\$125,000)
INFORMATION TECHNOLOGY						
Department Rebalancing Plan - Information Technology	\$200,000	(\$200,000)		\$0		\$0
Information Technology Department Expenditure Savings		(\$150,000)		(\$150,000)		(\$150,000)
INFORMATION TECHNOLOGY Total	\$200,000	(\$350,000)	\$0	(\$150,000)	\$0	(\$150,000)

**General Fund
Recommended Budget Adjustments
2010-2011 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE Revenue	NET COST
	Personal Services	Non-Personal/ Equipment	Other			
LIBRARY						
Library Grants/Revenue from State of California			\$11,653	\$11,653	\$11,653	\$0
Revenue Rebalancing Plan - Library Personal Services and Non-Personal/Equipment Services	(\$1,328,000)	(\$172,000)		(\$1,500,000)		(\$1,500,000)
LIBRARY Total	(\$1,328,000)	(\$172,000)	\$11,653	(\$1,488,347)	\$11,653	(\$1,500,000)
MAYOR & COUNCIL						
Council District #1 Special Event Sponsorship/Other Revenue			\$8,797	\$8,797	\$8,797	\$0
Council District #2 Special Event Sponsorship/Other Revenue			\$4,750	\$4,750	\$4,750	\$0
Council District #4 Special Event Sponsorship/Other Revenue			\$1,000	\$1,000	\$1,000	\$0
Council District #8 Special Event Sponsorship/Other Revenue			\$17,975	\$17,975	\$17,975	\$0
Council District #9 Special Event Sponsorships/Other Revenue			\$2,100	\$2,100	\$2,100	\$0
Office of the Mayor Special Event Sponsorships/Other Revenue			\$3,500	\$3,500	\$3,500	\$0
MAYOR & COUNCIL Total	\$0	\$0	\$38,122	\$38,122	\$38,122	\$0
PARKS, REC AND NEIGH SVCS						
Parks, Recreation and Neighborhood Services Department Expenditure Savings	(\$1,150,000)	(\$500,000)		(\$1,650,000)		(\$1,650,000)
PARKS, REC AND NEIGH SVCS Total	(\$1,150,000)	(\$500,000)	\$0	(\$1,650,000)	\$0	(\$1,650,000)

**General Fund
Recommended Budget Adjustments
2010-2011 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
PLAN, BLDG AND CODE ENF						
Building Fee Program/Licenses and Permits	\$200,000			\$200,000	\$200,000	\$0
Fish and Game Notice of Determination Fees - 2009-2010 and Prior		\$50,000		\$50,000		\$50,000
Fish and Game Notice of Determination Fees - 2010-2011/Departmental Charges		(\$300,000)		(\$300,000)	(\$300,000)	\$0
Local Enforcement Agency Grant/Revenue from State of California		\$28,874		\$28,874	\$28,874	\$0
PLAN, BLDG AND CODE ENF Total	\$200,000	(\$221,126)	\$0	(\$21,126)	(\$71,126)	\$50,000
POLICE						
AFIS Phase I and LiveScan Upgrades/Revenue from Local Agencies		\$845,010		\$845,010	\$845,010	\$0
Airport Passenger Security/Transfers and Reimbursements	\$780,200			\$780,200	\$780,200	\$0
CAD Network Upgrades/Revenue from State of California		\$480,000		\$480,000	\$480,000	\$0
Police Chief Recruitment	(\$100,000)	\$100,000		\$0		\$0
Police Department Expenditure Savings	(\$2,600,000)	(\$500,000)		(\$3,100,000)		(\$3,100,000)
Southbay Shakedown Task Force/Revenue from Federal Government	\$34,404			\$34,404	\$34,404	\$0
POLICE Total	(\$1,885,396)	\$925,010	\$0	(\$960,386)	\$2,139,614	(\$3,100,000)
PUBLIC WORKS						
Public Works Department Expenditure Savings		(\$50,000)		(\$50,000)		(\$50,000)
PUBLIC WORKS Total	\$0	(\$50,000)	\$0	(\$50,000)	\$0	(\$50,000)

**General Fund
Recommended Budget Adjustments
2010-2011 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
REVENUE ADJUSTMENTS						
Revenue Rebalancing Plan - Development Fee Revenue Adjustment				\$0	\$485,000	(\$485,000)
Revenue Rebalancing Plan - Fines, Forfeitures, and Penalties				\$0	\$670,000	(\$670,000)
Revenue Rebalancing Plan - Franchise Fees				\$0	(\$850,000)	\$850,000
Revenue Rebalancing Plan - Licenses and Permits				\$0	(\$4,087,000)	\$4,087,000
Revenue Rebalancing Plan - Revenue from Local Agencies				\$0	(\$540,000)	\$540,000
Revenue Rebalancing Plan - Revenue from State of California				\$0	(\$1,810,000)	\$1,810,000
Revenue Rebalancing Plan - Sales Tax				\$0	\$3,247,000	(\$3,247,000)
Revenue Rebalancing Plan - Transfer from Construction Excise Tax Fund				\$0	\$2,295,000	(\$2,295,000)
Revenue Rebalancing Plan - Transfer from Services for Redevelopment Capital Projects Fund				\$0	\$200,000	(\$200,000)
Revenue Rebalancing Plan - Transfer from the Integrated Waste Management Fund				\$0	\$330,000	(\$330,000)
Revenue Rebalancing Plan - Transfer from the Lake Cunningham Fund				\$0	\$100,000	(\$100,000)
Revenue Rebalancing Plan - Transfer from the Water Utility Fund (Late Fees)				\$0	\$170,000	(\$170,000)
Revenue Rebalancing Plan - Transfers and Reimbursements				\$0		\$0
Revenue Rebalancing Plan - Use of Money and Property				\$0	(\$1,130,000)	\$1,130,000
Revenue Rebalancing Plan - Utility Tax				\$0	(\$5,500,000)	\$5,500,000
REVENUE ADJUSTMENTS Total	\$0	\$0	\$0	\$0	(\$6,420,000)	\$6,420,000

**General Fund
Recommended Budget Adjustments
2010-2011 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	
TRANSFERS						
Revenue Rebalancing Plan - Transfer to the Community Facilities Revenue Fund for Hayes Mansion			(\$132,000)	(\$132,000)		(\$132,000)
TRANSFERS Total	\$0	\$0	(\$132,000)	(\$132,000)	\$0	(\$132,000)
Total General Fund Recommended Budget Adjustments	(\$3,559,480)	(\$1,309,096)	\$1,949,281	(\$2,919,295)	(\$2,919,295)	\$0

**Special/Capital Funds
Recommended Budget Adjustments
2010-2011 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	
AIRPORT CAPITAL IMPVT FUND (520)								
Airport Capital Program								
North Concourse Building/Recovery Act - Federal Revenue			(\$990,000)		(\$990,000)	(\$990,000)		\$0
Taxiway W Improvements/Earned Revenue			\$9,132,000		\$9,132,000	\$9,132,000		\$0
Total AIRPORT CAPITAL IMPVT FUND (520)	\$0	\$0	\$8,142,000	\$0	\$8,142,000	\$8,142,000	\$0	\$0
AIRPORT CUST FAC & TRANS FD (519)								
AIRPORT								
Airport Inter-Terminal and Parking Bus Shuttle Service		(\$408,250)			(\$408,250)			(\$408,250)
Airport Rate Stabilization Reserve			(\$271,981)		(\$271,981)			(\$271,981)
Earned Revenue - Contribution from Rental Car Agencies					\$0	(\$1,864,231)		\$1,864,231
Transfer to Airport Surplus Revenue Fund			(\$1,184,000)		(\$1,184,000)			(\$1,184,000)
Total AIRPORT CUST FAC & TRANS FD (519)	\$0	(\$408,250)	(\$1,455,981)	\$0	(\$1,864,231)	(\$1,864,231)	\$0	\$0
AIRPORT MAINT & OPER FUND (523)								
PLAN, BLDG AND CODE ENF								
Department Rebalancing Plan - PBCE	\$3,000				\$3,000			\$3,000
AIRPORT								
Airport Contingency Reserve			(\$3,000)		(\$3,000)			(\$3,000)
Airport Orange Security Alert			(\$780,200)		(\$780,200)			(\$780,200)
Airport Transfer to the General Fund for Police Services			\$780,200		\$780,200			\$780,200
Total AIRPORT MAINT & OPER FUND (523)	\$3,000	\$0	(\$3,000)	\$0	\$0	\$0	\$0	\$0
AIRPORT RENEW & REPL FUND (527)								
Airport Capital Program								
Equipment, Operating			\$12,000		\$12,000			\$12,000
Shared Use System Replacement			(\$12,000)		(\$12,000)			(\$12,000)

**Special/Capital Funds
Recommended Budget Adjustments
2010-2011 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	
AIRPORT RENEW & REPL FUND (527)								
Total AIRPORT RENEW & REPL FUND (527)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AIRPORT REV BOND IMP FUND (526)								
Airport Capital Program								
Ending Fund Balance Adjustment				(\$9,142,000)	(\$9,142,000)			(\$9,142,000)
Taxiway W Improvements			\$2,145,000		\$2,145,000			\$2,145,000
Terminal Area Improvement, Phase I			\$6,997,000		\$6,997,000			\$6,997,000
Total AIRPORT REV BOND IMP FUND (526)	\$0	\$0	\$9,142,000	(\$9,142,000)	\$0	\$0	\$0	\$0
AIRPORT SURPLUS REV FD (524)								
AIRPORT								
Commercial Paper Interest			(\$5,752,037)		(\$5,752,037)			(\$5,752,037)
Commercial Paper Principal Payment			\$4,568,037		\$4,568,037			\$4,568,037
Transfer from Airport Facility and Transportation Fee Fund					\$0	(\$1,184,000)		\$1,184,000
Total AIRPORT SURPLUS REV FD (524)	\$0	\$0	(\$1,184,000)	\$0	(\$1,184,000)	(\$1,184,000)	\$0	\$0
BENEFIT FUND (160)								
HUMAN RESOURCES								
Employee Assistance Program/Transfers			\$35,000		\$35,000	\$35,000		\$0
Health Premiums/Transfers			\$2,600,000		\$2,600,000	\$2,600,000		\$0
Total BENEFIT FUND (160)	\$0	\$0	\$2,635,000	\$0	\$2,635,000	\$2,635,000	\$0	\$0
BLDG & STRUCT CONST TAX FD (429)								
Traffic Capital Program								
Lighting and Signal Program/Earned Revenue			\$14,000		\$14,000	\$14,000		\$0

**Special/Capital Funds
Recommended Budget Adjustments
2010-2011 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	
BLDG & STRUCT CONST TAX FD (429)								
Total BLDG & STRUCT CONST TAX FD (429)	\$0	\$0	\$14,000	\$0	\$14,000	\$14,000	\$0	\$0
BRANCH LIB BOND PROJECT FD (472)								
Library Capital Program								
Branch Efficiency Projects			\$1,050,000		\$1,050,000			\$1,050,000
Ending Fund Balance Adjustment				(\$1,050,000)	(\$1,050,000)			(\$1,050,000)
Total BRANCH LIB BOND PROJECT FD (472)	\$0	\$0	\$1,050,000	(\$1,050,000)	\$0	\$0	\$0	\$0
CFD #8 COMM HILL FUND (373)								
TRANSPORTATION								
Ending Fund Balance Adjustment				(\$60,000)	(\$60,000)			(\$60,000)
Transportation Department Personal Services	\$60,000				\$60,000			\$60,000
Total CFD #8 COMM HILL FUND (373)	\$60,000	\$0	\$0	(\$60,000)	\$0	\$0	\$0	\$0
CIVIC CENTER IMPVT FUND (473)								
Muni Improvements Capital Program								
In-Building Cellular Reinforcement Project/Earned Revenue			(\$425,000)		(\$425,000)	(\$425,000)		\$0
Total CIVIC CENTER IMPVT FUND (473)	\$0	\$0	(\$425,000)	\$0	(\$425,000)	(\$425,000)	\$0	\$0
COMM DEV BLOCK GRANT FD (441)								
HOUSING								
Ending Fund Balance Adjustment				(\$35,000)	(\$35,000)			(\$35,000)
PLAN, BLDG AND CODE ENF								
CDI - Code Enforcement Operations			\$70,000		\$70,000			\$70,000
Code Enforcement Workers' Compensation			(\$35,000)		(\$35,000)			(\$35,000)

**Special/Capital Funds
Recommended Budget Adjustments
2010-2011 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	Beg Fund Balance	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue		
COMM DEV BLOCK GRANT FD (441)								
Total COMM DEV BLOCK GRANT FD (441)	\$0	\$0	\$35,000	(\$35,000)	\$0	\$0	\$0	\$0
COMMTY FACIL REVENUE FUND (422)								
CITY MANAGER								
Net Operations/Debt Expenses/Transfers			(\$100,000)		(\$100,000)	(\$132,000)		\$32,000
FINANCE								
Ending Fund Balance Adjustment				(\$32,000)	(\$32,000)			(\$32,000)
Hayes Mansion Debt Service Phase III/Earned Revenue			(\$100,000)		(\$100,000)	(\$100,000)		\$0
Total COMMTY FACIL REVENUE FUND (422)	\$0	\$0	(\$200,000)	(\$32,000)	(\$232,000)	(\$232,000)	\$0	\$0
CONST/CONV TAX COMM FUND (397)								
Communications Capital Program								
Civic Center Television Broadcast Equipment Maint & Replacement			\$420,000		\$420,000			\$420,000
Ending Fund Balance Adjustment				(\$420,000)	(\$420,000)			(\$420,000)
Total CONST/CONV TAX COMM FUND (397)	\$0	\$0	\$420,000	(\$420,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX FIRE FUND (392)								
Public Safety Capital Program								
City-wide and Public Works Capital Support			\$35,000		\$35,000			\$35,000
Ending Fund Balance				(\$316,000)	(\$316,000)			(\$316,000)
Fire Apparatus Replacement			\$200,000		\$200,000			\$200,000
Self-Contained Breathing Apparatus (SCBA) Equipment			\$81,000		\$81,000			\$81,000
Transfers to and from the Neighborhood Security Bond Fund/Transfers			\$45,000		\$45,000	\$45,000		\$0
Total CONST/CONV TAX FIRE FUND (392)	\$0	\$0	\$361,000	(\$316,000)	\$45,000	\$45,000	\$0	\$0

**Special/Capital Funds
Recommended Budget Adjustments
2010-2011 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	
CONST/CONV TAX LIBRARY FD (393)								
Library Capital Program								
Ending Fund Balance Adjustment				(\$1,000)	(\$1,000)			(\$1,000)
Vineland Branch Land Acquisition Debt Service			\$1,000		\$1,000			\$1,000
Total CONST/CONV TAX LIBRARY FD (393)	\$0	\$0	\$1,000	(\$1,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX PK CD 4 FUND (381)								
Parks & Comm Fac Dev Capital Program								
Berryessa Community Center Debt Service			\$22,000		\$22,000			\$22,000
Ending Fund Balance Adjustment				(\$22,000)	(\$22,000)			(\$22,000)
Total CONST/CONV TAX PK CD 4 FUND (381)	\$0	\$0	\$22,000	(\$22,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX PK CD 7 FUND (385)								
Parks & Comm Fac Dev Capital Program								
Fair Swim Center Improvement			\$193,000		\$193,000			\$193,000
Reserve: Fair Swim Center Improvement			(\$193,000)		(\$193,000)			(\$193,000)
Total CONST/CONV TAX PK CD 7 FUND (385)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CONST/CONV TAX PK CD 8 FUND (386)								
Parks & Comm Fac Dev Capital Program								
Ending Fund Balance Adjustment				(\$40,000)	(\$40,000)			(\$40,000)
Meadowfair Pavement			\$40,000		\$40,000			\$40,000
Total CONST/CONV TAX PK CD 8 FUND (386)	\$0	\$0	\$40,000	(\$40,000)	\$0	\$0	\$0	\$0

**Special/Capital Funds
Recommended Budget Adjustments
2010-2011 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	
CONST/CONV TAX PKS CW FUND (391)								
Parks & Comm Fac Dev Capital Program								
Alum Rock Park Bridge Repair			\$60,000		\$60,000			\$60,000
Ending Fund Balance Adjustment				(\$90,000)	(\$90,000)			(\$90,000)
Pedestrian Bridge Assessment			\$30,000		\$30,000			\$30,000
Total CONST/CONV TAX PKS CW FUND (391)	\$0	\$0	\$90,000	(\$90,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX SRVC YDS FD (395)								
Service Yards Capital Program								
City-wide and Public Works Capital Support Costs			\$10,000		\$10,000			\$10,000
Debt Service on Phase I Bonds			\$250,000		\$250,000			\$250,000
Ending Fund Balance Adjustment				(\$260,000)	(\$260,000)			(\$260,000)
Total CONST/CONV TAX SRVC YDS FD (395)	\$0	\$0	\$260,000	(\$260,000)	\$0	\$0	\$0	\$0
CONSTRUCTION EXCISE TAX FD (465)								
Traffic Capital Program								
2010 STP Resurfacing and Rehabilitation			\$700,000		\$700,000			\$700,000
BART Project Management/Earned Revenue			\$100,000		\$100,000	\$100,000		\$0
City-wide and Public Works Capital Support Costs			\$213,000		\$213,000			\$213,000
Community Facilities District #14 Feasibility Study Project/Earned Revenue			\$15,000		\$15,000	\$15,000		\$0
Ending Fund Balance Adjustment				(\$898,000)	(\$898,000)			(\$898,000)
Gas Tax - Pavement Maintenance			(\$695,000)		(\$695,000)			(\$695,000)
Hitachi Maintenance Agreement/Earned Revenue			\$51,000		\$51,000	\$36,000		\$15,000
Mechanical Storm Units/Earned Revenue			\$24,000		\$24,000	\$24,000		\$0
Reserve - Evergreen Traffic Impact Fees/Earned Revenue				\$91,307	\$91,307	\$91,307		\$0
Reserve - Federal Transportation Bill				(\$700,000)	(\$700,000)			(\$700,000)
Reserve - North San José Traffic Impact Fees/Earned Revenue				\$2,273,615	\$2,273,615	\$2,273,615		\$0
Reserve - Route 101/Oakland/Mabury Traffic Impact Fees/Earned Revenue				\$303,996	\$303,996	\$303,996		\$0

**Special/Capital Funds
Recommended Budget Adjustments
2010-2011 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	
CONSTRUCTION EXCISE TAX FD (465)								
Traffic Capital Program								
Route 101/Tully Interchange Upgrade			\$500,000		\$500,000			\$500,000
Traffic Congestion Data Management/Earned Revenue			\$5,000		\$5,000	\$5,000		\$0
Traffic Safety Education/Earned Revenue			\$55,000		\$55,000	\$55,000		\$0
Traffic Safety Improvements			\$170,000		\$170,000			\$170,000
Transfer to the General Fund - General Purpose/Earned Revenue			\$1,600,000		\$1,600,000	\$1,600,000		\$0
Transfer to the General Fund - Pavement Maintenance			\$695,000		\$695,000			\$695,000
Total CONSTRUCTION EXCISE TAX FD (465)	\$0	\$0	\$3,433,000	\$1,070,918	\$4,503,918	\$4,503,918	\$0	\$0
EDW BYRNE MEMORIAL JAG FD (474)								
POLICE								
Ending Fund Balance Adjustment				(\$12,525)	(\$12,525)			(\$12,525)
Justice Assistance Grant 2008-2011 Spending Plan			\$436		\$436			\$436
Recovery Act - Justice Assistance Grant Spending Plan			\$12,089		\$12,089			\$12,089
Total EDW BYRNE MEMORIAL JAG FD (474)	\$0	\$0	\$12,525	(\$12,525)	\$0	\$0	\$0	\$0
GENERAL PURPOSE PARKING FD (533)								
INFORMATION TECHNOLOGY								
Information Technology Department Personal Services Overage	\$2,000				\$2,000			\$2,000
TRANSPORTATION								
Ending Fund Balance Adjustment				(\$2,000)	(\$2,000)			(\$2,000)
Total GENERAL PURPOSE PARKING FD (533)	\$2,000	\$0	\$0	(\$2,000)	\$0	\$0	\$0	\$0
GIFT TRUST FUND (139)								
TRANSPORTATION								
Pedestrian Enhancements - International Circle and Hospital Parkway/Ea			\$78,000		\$78,000	\$78,000		\$0

**Special/Capital Funds
Recommended Budget Adjustments
2010-2011 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	
GIFT TRUST FUND (139)								
ECONOMIC DEVELOPMENT								
Art + Technology Program/Earned Revenue			\$50,000		\$50,000	\$50,000		\$0
LIBRARY								
Library - General Gifts/Earned Revenue			\$259,703		\$259,703	\$259,703		\$0
Library - Library Literacy Project/Earned Revenue			\$2,000		\$2,000	\$2,000		\$0
Total GIFT TRUST FUND (139)	\$0	\$0	\$389,703	\$0	\$389,703	\$389,703	\$0	\$0
HOME INVEST PART PROG FUND (445)								
HOUSING								
Neighborhood Housing Services Program/Earned Revenue			(\$40,000)		(\$40,000)	(\$40,000)		\$0
Teacher Housing Program/Earned Revenue			(\$750,000)		(\$750,000)	(\$750,000)		\$0
Total HOME INVEST PART PROG FUND (445)	\$0	\$0	(\$790,000)	\$0	(\$790,000)	(\$790,000)	\$0	\$0
INTEGRATED WASTE MGT FUND (423)								
ENVIRONMENTAL SERVICES								
Earned Revenue - CDDD Revenue					\$0	\$100,000		(\$100,000)
Earned Revenue - City Facilities Garbage Hauler Refund					\$0	\$200,000		(\$200,000)
Ending Fund Balance Adjustment				(\$30,000)	(\$30,000)			(\$30,000)
Transfer to the General Fund			\$330,000		\$330,000			\$330,000
Total INTEGRATED WASTE MGT FUND (423)	\$0	\$0	\$330,000	(\$30,000)	\$300,000	\$300,000	\$0	\$0
INTERIM CITY FAC IMPROV FD (460)								
Muni Improvements Capital Program								
Interim City Facilities Improvements/Earned Revenue			(\$468,000)		(\$468,000)	(\$468,000)		\$0
Total INTERIM CITY FAC IMPROV FD (460)	\$0	\$0	(\$468,000)	\$0	(\$468,000)	(\$468,000)	\$0	\$0

**Special/Capital Funds
Recommended Budget Adjustments
2010-2011 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	
LAKE CUNNINGHAM FUND (462)								
Parks & Comm Fac Dev Capital Program								
Ending Fund Balance Adjustment				(\$100,000)	(\$100,000)			(\$100,000)
Lake Cunningham Operating and Maintenance Expenses			\$100,000		\$100,000			\$100,000
Total LAKE CUNNINGHAM FUND (462)	\$0	\$0	\$100,000	(\$100,000)	\$0	\$0	\$0	\$0
LIBRARY PARCEL TAX FUND (418)								
LIBRARY								
Ending Fund Balance Adjustment				(\$1,500,000)	(\$1,500,000)			(\$1,500,000)
Library Parcel Tax Expenditure Shift from Library Department General F	\$1,328,000	\$172,000			\$1,500,000			\$1,500,000
Total LIBRARY PARCEL TAX FUND (418)	\$1,328,000	\$172,000	\$0	(\$1,500,000)	\$0	\$0	\$0	\$0
LIFE INSURANCE FUND (156)								
HUMAN RESOURCES								
Life Insurance Premiums/Earned Revenue			\$25,000		\$25,000	\$25,000		\$0
Total LIFE INSURANCE FUND (156)	\$0	\$0	\$25,000	\$0	\$25,000	\$25,000	\$0	\$0
LOW/MOD INCOME HOUSING FD (443)								
HUMAN RESOURCES								
Workers' Compensation Claims			\$100,000		\$100,000			\$100,000
HOUSING								
Department Rebalancing Plan - Housing	\$150,000	(\$150,000)			\$0			\$0
Ending Fund Balance Adjustment				\$400,000	\$400,000			\$400,000
Homebuyer Loan Program			(\$500,000)		(\$500,000)			(\$500,000)
Total LOW/MOD INCOME HOUSING FD (443)	\$150,000	(\$150,000)	(\$400,000)	\$400,000	\$0	\$0	\$0	\$0

**Special/Capital Funds
Recommended Budget Adjustments
2010-2011 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	
M.D. #15 SILVER CREEK FUND (368)								
HUMAN RESOURCES								
Workers' Compensation Claims			\$15,000		\$15,000			\$15,000
TRANSPORTATION								
Ending Fund Balance Adjustment				(\$15,000)	(\$15,000)			(\$15,000)
Total M.D. #15 SILVER CREEK FUND (368)	\$0	\$0	\$15,000	(\$15,000)	\$0	\$0	\$0	\$0
MAJOR COLLECT & ARTRLS FD (421)								
Traffic Capital Program								
Miscellaneous Street Improvements/Earned Revenue: Major Collectors			(\$100,000)		(\$100,000)	(\$100,000)		\$0
Total MAJOR COLLECT & ARTRLS FD (421)	\$0	\$0	(\$100,000)	\$0	(\$100,000)	(\$100,000)	\$0	\$0
MUNICIPAL GOLF COURSE FUND (518)								
PARKS, REC AND NEIGH SVCS								
Ending Fund Balance Adjustment				(\$407,000)	(\$407,000)			(\$407,000)
Golf Course Earned Revenue					\$0	(\$297,000)		\$297,000
Los Lagos Golf Course			\$30,000		\$30,000			\$30,000
Non-Personal/Equipment		(\$20,000)			(\$20,000)			(\$20,000)
Rancho del Pueblo Golf Course			\$100,000		\$100,000			\$100,000
Total MUNICIPAL GOLF COURSE FUND (518)	\$0	(\$20,000)	\$130,000	(\$407,000)	(\$297,000)	(\$297,000)	\$0	\$0
NEIGHBHD SECURITY BOND FD (475)								
Public Safety Capital Program								
Contingency Reserve			(\$180,000)		(\$180,000)			(\$180,000)
Fire Station 37 - Willow Glen			\$180,000		\$180,000			\$180,000
Transfers to and from the Fire Construction and Conveyance Tax Fund/T			\$45,000		\$45,000	\$45,000		\$0

**Special/Capital Funds
Recommended Budget Adjustments
2010-2011 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	
NEIGHBHD SECURITY BOND FD (475)								
Total NEIGHBHD SECURITY BOND FD (475)	\$0	\$0	\$45,000	\$0	\$45,000	\$45,000	\$0	\$0
PARKS & REC BOND PROJ FD (471)								
Parks & Comm Fac Dev Capital Program								
Reserve: Soccer Complex			(\$400,000)		(\$400,000)			(\$400,000)
Soccer Complex			\$400,000		\$400,000			\$400,000
Total PARKS & REC BOND PROJ FD (471)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
REDEV CAPITAL PROJECT FD (450)								
Muni Improvements Capital Program								
Ending Fund Balance Adjustment				(\$177,744)	(\$177,744)			(\$177,744)
Soft Cost Project Savings Transfer			\$200,000		\$200,000			\$200,000
Parks & Comm Fac Dev Capital Program								
Hillview Park Play Area Improvement Project/Earned Revenue			\$3,000		\$3,000	\$3,000		\$0
Mayfair Community Center			(\$2,415)		(\$2,415)			(\$2,415)
Traffic Capital Program								
24th Street Pedestrian Light Project			\$34,434		\$34,434		\$34,434	\$0
Roundtable Pedestrian Light			(\$19,841)		(\$19,841)			(\$19,841)
Transit Mall Paving Restoration			\$11,460		\$11,460		\$11,460	\$0
Total REDEV CAPITAL PROJECT FD (450)	\$0	\$0	\$226,638	(\$177,744)	\$48,894	\$3,000	\$45,894	\$0
RES CONST TAX FUND (420)								
Developer Assisted Capital Program								
City-wide and Public Works Capital Support Costs			\$3,000		\$3,000			\$3,000
Earned Revenue: Residential Construction Tax Contributions					\$0	\$135,000		(\$135,000)
Ending Fund Balance Adjustment				\$132,000	\$132,000			\$132,000

**Special/Capital Funds
Recommended Budget Adjustments
2010-2011 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	
RES CONST TAX FUND (420)								
Total RES CONST TAX FUND (420)	\$0	\$0	\$3,000	\$132,000	\$135,000	\$135,000	\$0	\$0
SEWER SVC & USE CHARGE FD (541)								
PLAN, BLDG AND CODE ENF								
PBCE - Personal Services	\$2,000				\$2,000			\$2,000
ENVIRONMENTAL SERVICES								
Ending Fund Balance Adjustment				(\$2,000)	(\$2,000)			(\$2,000)
Total SEWER SVC & USE CHARGE FD (541)	\$2,000	\$0	\$0	(\$2,000)	\$0	\$0	\$0	\$0
SJ ARENA ENHANCEMENT FUND (301)								
ECONOMIC DEVELOPMENT								
Earned Revenue: Interest Earnings Adjustment					\$0	(\$12,500)		\$12,500
HP Improvements - Debt Service Adjustment			(\$12,500)		(\$12,500)			(\$12,500)
Total SJ ARENA ENHANCEMENT FUND (301)	\$0	\$0	(\$12,500)	\$0	(\$12,500)	(\$12,500)	\$0	\$0
SJ-SC TRMNT PLANT CAP FUND (512)								
Water Pollution Control Capital Program								
Alternative Disinfection			\$50,000		\$50,000			\$50,000
Dissolved Air Flotation Facility Dissolution Improvements			\$250,000		\$250,000			\$250,000
Earned Revenue: SCVWD Recycled Water Contribution					\$0	\$1,000,000		(\$1,000,000)
Ending Fund Balance Adjustment				\$700,000	\$700,000			\$700,000
Total SJ-SC TRMNT PLANT CAP FUND (512)	\$0	\$0	\$300,000	\$700,000	\$1,000,000	\$1,000,000	\$0	\$0

**Special/Capital Funds
Recommended Budget Adjustments
2010-2011 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	
SJ-SC TRMNT PLANT OPER FUND (513)								
HUMAN RESOURCES								
Department Rebalancing Plan - Human Resources	\$6,000				\$6,000			\$6,000
PLAN, BLDG AND CODE ENF								
Department Rebalancing Plan - PBCE	\$2,000				\$2,000			\$2,000
GENERAL SERVICES								
City Staff Relocations from Old MLK Library			\$94,000		\$94,000			\$94,000
ENVIRONMENTAL SERVICES								
Earned Revenue: SCVWD Recycled Water Contribution					\$0	(\$1,000,000)		\$1,000,000
Ending Fund Balance Adjustment				(\$1,102,000)	(\$1,102,000)			(\$1,102,000)
Total SJ-SC TRMNT PLANT OPER FUND (513)	\$8,000	\$0	\$94,000	(\$1,102,000)	(\$1,000,000)	(\$1,000,000)	\$0	\$0
STORM DRAINAGE FEE FUND (413)								
Storm Sewer Capital Program								
City-wide and Public Works Capital Support Costs			\$1,000		\$1,000			\$1,000
Ending Fund Balance Adjustment				(\$1,000)	(\$1,000)			(\$1,000)
Total STORM DRAINAGE FEE FUND (413)	\$0	\$0	\$1,000	(\$1,000)	\$0	\$0	\$0	\$0
STORM SEWER OPERATING FD (446)								
PUBLIC WORKS								
Ending Fund Balance Adjustment				(\$149,000)	(\$149,000)			(\$149,000)
Permit Requirements	\$49,000	\$100,000			\$149,000			\$149,000
Total STORM SEWER OPERATING FD (446)	\$49,000	\$100,000	\$0	(\$149,000)	\$0	\$0	\$0	\$0

**Special/Capital Funds
Recommended Budget Adjustments
2010-2011 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	
SUBDIVISION PARK TRUST FUND (375)								
Parks & Comm Fac Dev Capital Program								
Fair Swim Center Improvements			\$12,000		\$12,000			\$12,000
Reserve: Fair Swim Center Improvement			(\$12,000)		(\$12,000)			(\$12,000)
Total SUBDIVISION PARK TRUST FUND (375)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUPPL LAW ENF SVCES FUND (414)								
POLICE								
Ending Fund Balance Adjustment				(\$6,167)	(\$6,167)			(\$6,167)
SLES Grant 2007-2009			\$1,628		\$1,628			\$1,628
SLES Grant 2009-2011			\$4,539		\$4,539			\$4,539
Total SUPPL LAW ENF SVCES FUND (414)	\$0	\$0	\$6,167	(\$6,167)	\$0	\$0	\$0	\$0
UNEMPLOYMENT INSUR FD (157)								
HUMAN RESOURCES								
Unemployment Insurance Payment of Claims			\$1,000,000		\$1,000,000			\$1,000,000
Unemployment Insurance Reserve for Claims				(\$1,000,000)	(\$1,000,000)			(\$1,000,000)
Total UNEMPLOYMENT INSUR FD (157)	\$0	\$0	\$1,000,000	(\$1,000,000)	\$0	\$0	\$0	\$0
VEHICLE MAINT & OPER FUND (552)								
GENERAL SERVICES								
Ending Fund Balance Adjustment				(\$285,000)	(\$285,000)			(\$285,000)
Happy Hollow Ride Maintenance and Inspection	\$35,000				\$35,000			\$35,000
Inventory Purchases: Fuel Expenditures			\$250,000		\$250,000			\$250,000
Police Department Vehicle Replacement			(\$200,000)		(\$200,000)			(\$200,000)
Police Vehicle Replacement Transfer					\$0	(\$200,000)		\$200,000
Total VEHICLE MAINT & OPER FUND (552)	\$35,000	\$0	\$50,000	(\$285,000)	(\$200,000)	(\$200,000)	\$0	\$0

**Special/Capital Funds
Recommended Budget Adjustments
2010-2011 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	
WATER UTILITY FUND (515)								
INFORMATION TECHNOLOGY								
Department Rebalancing Plan - Information Technology Non-Personal		(\$2,000)			(\$2,000)			(\$2,000)
Department Rebalancing Plan - Information Technology Personal Services	(\$8,000)				(\$8,000)			(\$8,000)
FINANCE								
Department Rebalancing Plan - Finance	(\$40,000)				(\$40,000)			(\$40,000)
ENVIRONMENTAL SERVICES								
Ending Fund Balance Adjustment				(\$120,000)	(\$120,000)			(\$120,000)
TRANSFERS								
Transfer to the General Fund: Late Fees			\$170,000		\$170,000			\$170,000
Total WATER UTILITY FUND (515)	(\$48,000)	(\$2,000)	\$170,000	(\$120,000)	\$0	\$0	\$0	\$0
WORKFORCE INVSTMNT ACT FD (290)								
ECONOMIC DEVELOPMENT								
BusinessOwnerSpace.com Network/Earned Revenue			\$15,000		\$15,000	\$15,000		\$0
Public Sector Career Transition Assistance Program/Earned Revenue			\$975,000		\$975,000	\$975,000		\$0
Recovery Act - Workforce Adult Program			\$466,785		\$466,785			\$466,785
Recovery Act - Workforce Federal Dislocated Worker Program			(\$466,785)		(\$466,785)			(\$466,785)
Total WORKFORCE INVSTMNT ACT FD (290)	\$0	\$0	\$990,000	\$0	\$990,000	\$990,000	\$0	\$0

**General Fund
Clean-Up Actions
2010-2011 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
CITY ATTORNEY							
Benefits Program	\$26,318			\$26,318			\$26,318
Furlough/Reduced Work Week Program	(\$1,704)			(\$1,704)			(\$1,704)
CITY ATTORNEY Total	\$24,614	\$0	\$0	\$24,614	\$0	\$0	\$24,614
CITY AUDITOR							
Benefits Program	\$5,838			\$5,838			\$5,838
Furlough/Reduced Work Week Program	(\$11,114)			(\$11,114)			(\$11,114)
CITY AUDITOR Total	(\$5,276)	\$0	\$0	(\$5,276)	\$0	\$0	(\$5,276)
CITY CLERK							
Benefits Program	\$7,403			\$7,403			\$7,403
CITY CLERK Total	\$7,403	\$0	\$0	\$7,403	\$0	\$0	\$7,403
CITY MANAGER							
Benefits Program	\$25,106			\$25,106			\$25,106
Furlough/Reduced Work Week Program	(\$7,983)			(\$7,983)			(\$7,983)
CITY MANAGER Total	\$17,123	\$0	\$0	\$17,123	\$0	\$0	\$17,123

**General Fund
Clean-Up Actions
2010-2011 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Tech Adjust: Econ Incentive Fd (Transfer and Reimbursements)			\$751,000	\$751,000	\$691,000		\$60,000
Tech Adjust: Economic Development Pre-Dev Activities			(\$60,000)	(\$60,000)			(\$60,000)
Tech Adjust: Energy Efficiency Fd (1st Year Savings fr Police)			\$2,200	\$2,200			\$2,200
Tech Adjust: Insurance Premiums (from Finance Dept to HR Dept)			(\$670,000)	(\$670,000)			(\$670,000)
Tech Adjust: Insurance Premiums (to HR Dept from Finance Dept)			\$670,000	\$670,000			\$670,000
Tech Adjust: Reclassify Recovery Act - Retrofit California Program			\$374,012	\$374,012			\$374,012
Tech Adjust: Reclassify San Jose - Retrofit California Program			(\$374,012)	(\$374,012)			(\$374,012)
Tech Adjust: STAND Program (from PRNS Personal Services)			\$125,000	\$125,000			\$125,000
Tech Adjust: Summer Youth Nutrition Grant/Rev from Fed Gov't			(\$260,000)	(\$260,000)	(\$260,000)		\$0
Tech Adjust: Technology Center Subsidy (title correction)			(\$1,300,000)	(\$1,300,000)			(\$1,300,000)
Tech Adjust: Technology Museum Subsidy (title correction)			\$1,300,000	\$1,300,000			\$1,300,000
CITY-WIDE EXPENSES Total	\$0	\$0	\$558,200	\$558,200	\$431,000	\$0	\$127,200
EARMARKED RESERVES							
Benefits Program - Salaries and Benefits Reserve			(\$1,669,642)	(\$1,669,642)			(\$1,669,642)
Furlough/Reduced Work Week Program - Salaries and Benefits Res.			\$212,264	\$212,264			\$212,264
EARMARKED RESERVES Total	\$0	\$0	(\$1,457,378)	(\$1,457,378)	\$0	\$0	(\$1,457,378)

**General Fund
Clean-Up Actions
2010-2011 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
ECONOMIC DEVELOPMENT							
Benefits Program	\$6,265			\$6,265			\$6,265
Furlough/Reduced Work Week Program	(\$2,844)			(\$2,844)			(\$2,844)
ECONOMIC DEVELOPMENT Total	\$3,421	\$0	\$0	\$3,421	\$0	\$0	\$3,421
ENVIRONMENTAL SERVICES							
Benefits Program	\$676			\$676			\$676
ENVIRONMENTAL SERVICES Total	\$676	\$0	\$0	\$676	\$0	\$0	\$676
FINANCE							
Benefits Program	\$38,089			\$38,089			\$38,089
Furlough/Reduced Work Week Program	(\$2,283)			(\$2,283)			(\$2,283)
FINANCE Total	\$35,806	\$0	\$0	\$35,806	\$0	\$0	\$35,806
FIRE							
Benefits Program	\$351,688			\$351,688			\$351,688
Furlough/Reduced Work Week Program	(\$4,373)			(\$4,373)			(\$4,373)
FIRE Total	\$347,315	\$0	\$0	\$347,315	\$0	\$0	\$347,315
GENERAL SERVICES							
Benefits Program	\$57,925			\$57,925			\$57,925
Furlough/Reduced Work Week Program	(\$9,162)			(\$9,162)			(\$9,162)
GENERAL SERVICES Total	\$48,763	\$0	\$0	\$48,763	\$0	\$0	\$48,763

**General Fund
Clean-Up Actions
2010-2011 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
HUMAN RESOURCES							
Benefits Program	\$21,249			\$21,249			\$21,249
Furlough/Reduced Work Week Program	(\$16,196)			(\$16,196)			(\$16,196)
HUMAN RESOURCES Total	\$5,053	\$0	\$0	\$5,053	\$0	\$0	\$5,053
INDEPENDENT POLICE AUDITOR							
Benefits Program	\$2,200			\$2,200			\$2,200
INDEPENDENT POLICE AUDITOR Total	\$2,200	\$0	\$0	\$2,200	\$0	\$0	\$2,200
INFORMATION TECHNOLOGY							
Benefits Program	\$32,806			\$32,806			\$32,806
Furlough/Reduced Work Week Program	(\$14,159)			(\$14,159)			(\$14,159)
INFORMATION TECHNOLOGY Total	\$18,647	\$0	\$0	\$18,647	\$0	\$0	\$18,647
LIBRARY							
Benefits Program	\$64,476			\$64,476			\$64,476
Furlough/Reduced Work Week Program	(\$42,482)			(\$42,482)			(\$42,482)
Library - Non-Personal/Equipment		(\$8,796)		(\$8,796)			(\$8,796)
Library Grants			\$8,796	\$8,796			\$8,796
LIBRARY Total	\$21,994	(\$8,796)	\$8,796	\$21,994	\$0	\$0	\$21,994

**General Fund
Clean-Up Actions
2010-2011 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
MAYOR & COUNCIL							
Benefits Program (Council General)			\$7,480	\$7,480			\$7,480
Furlough/Reduced Work Week Program (Council General)			(\$29,363)	(\$29,363)			(\$29,363)
MAYOR & COUNCIL Total	\$0	\$0	(\$21,883)	(\$21,883)	\$0	\$0	(\$21,883)
PARKS, REC AND NEIGH SVCS							
Benefits Program	\$179,428			\$179,428			\$179,428
Furlough/Reduced Work Week Program	(\$29,258)			(\$29,258)			(\$29,258)
Tech Adjust: PRNS Personal Services to City-Wide (STAND Prog)	(\$125,000)			(\$125,000)			(\$125,000)
PARKS, REC AND NEIGH SVCS Total	\$25,170	\$0	\$0	\$25,170	\$0	\$0	\$25,170
PLAN, BLDG AND CODE ENF							
Benefits Program	\$82,546			\$82,546			\$82,546
Furlough/Reduced Work Week Program	(\$6,600)			(\$6,600)			(\$6,600)
PLAN, BLDG AND CODE ENF Total	\$75,946	\$0	\$0	\$75,946	\$0	\$0	\$75,946
POLICE							
Benefits Program	\$667,599			\$667,599			\$667,599
Furlough/Reduced Work Week	(\$10,661)			(\$10,661)			(\$10,661)
Tech Adjust: Energy Efficiency Fd (1st Yr Savings to City-Wide)		(\$2,200)		(\$2,200)			(\$2,200)
POLICE Total	\$656,938	(\$2,200)	\$0	\$654,738	\$0	\$0	\$654,738

**General Fund
Clean-Up Actions
2010-2011 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal Equipment	Other		Revenue	Beg Fund Balance	
PUBLIC WORKS							
Benefits Program	\$5,505			\$5,505			\$5,505
Benefits Program - Development Fee Personal Services			\$9,279	\$9,279			\$9,279
PUBLIC WORKS Total	\$5,505	\$0	\$9,279	\$14,784	\$0	\$0	\$14,784
REVENUE ADJUSTMENTS							
Tech Adjust: Reclassify ARRA Retrofit Ramp-up - Fed Rev-ARRA				\$0	\$374,012		(\$374,012)
Tech Adjust: Reclassify ARRA Retrofit Ramp-up - Local Agencies				\$0	(\$374,012)		\$374,012
Tech Adjust: Reclassify RSVP 38th Year - Federal Revenue				\$0	\$91,920		(\$91,920)
Tech Adjust: Reclassify RSVP 38th Year - Local Agencies				\$0	(\$91,920)		\$91,920
Tech Adjust: Reclassify SVEW Innovator Pilot - Local Agencies				\$0	(\$626,860)		\$626,860
Tech Adjust: Reclassify SVEW Innovator Pilot - Other Revenue				\$0	\$626,860		(\$626,860)
REVENUE ADJUSTMENTS Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TRANSPORTATION							
Benefits Program	\$77,766			\$77,766			\$77,766
Furlough/Reduced Work Week Program	(\$24,082)			(\$24,082)			(\$24,082)
TRANSPORTATION Total	\$53,684	\$0	\$0	\$53,684	\$0	\$0	\$53,684
Total General Fund Clean-Up Actions	\$1,344,982	(\$10,996)	(\$902,986)	\$431,000	\$431,000	\$0	\$0

Special/Capital Fund
 Clean-Up Actions
 2010-2011 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	
AIRPORT MAINT & OPER FUND (523)								
CITY ATTORNEY								
Benefits Program	\$1,095				\$1,095			\$1,095
CITY AUDITOR								
Benefits Program	\$185				\$185			\$185
POLICE								
Benefits Program	\$141				\$141			\$141
PUBLIC WORKS								
Benefits Program	\$1,604				\$1,604			\$1,604
PLAN, BLDG AND CODE ENF								
Benefits Program	\$187				\$187			\$187
PARKS, REC AND NEIGH SVCS								
Benefits Program	\$402				\$402			\$402
AIRPORT								
Benefits Program	\$96,919				\$96,919			\$96,919
Benefits Program - Contingency Reserve			(\$100,533)		(\$100,533)			(\$100,533)
Total AIRPORT MAINT & OPER FUND (523)	\$100,533	\$0	(\$100,533)	\$0	\$0	\$0	\$0	\$0
BENEFIT FUND (160)								
HUMAN RESOURCES								
Benefits Program	\$1,354			(\$1,354)	\$0			\$0
Total BENEFIT FUND (160)	\$1,354	\$0	\$0	(\$1,354)	\$0	\$0	\$0	\$0
BLDG & STRUCT CONST TAX FD (429)								
Traffic Capital Program								
Earned Revenue: Interest Earnings Adjustment				(\$225,000)	(\$225,000)	(\$225,000)		\$0
Total BLDG & STRUCT CONST TAX FD (429)	\$0	\$0	\$0	(\$225,000)	(\$225,000)	(\$225,000)	\$0	\$0

Special/Capital Fund
 Clean-Up Actions
 2010-2011 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	
CASH RESERVE FUND (002)								
FINANCE								
Earned Revenue: Interest Earnings Adjustment				(\$70)	(\$70)	(\$70)		\$0
Total CASH RESERVE FUND (002)				\$0	\$0	\$0	\$0	\$0
COMMTY FACIL REVENUE FUND (422)								
FINANCE								
Earned Revenue: Interest Earnings Adjustment				(\$7,000)	(\$7,000)	(\$7,000)		\$0
Total COMMTY FACIL REVENUE FUND (422)				\$0	\$0	\$0	\$0	\$0
CONST/CONV TAX CENTRAL FD (390)								
Parks & Comm Fac Dev Capital Program								
Transfer to the General Fund/Earned Revenue: Interest Earnings Adjust			(\$370,000)	(\$370,000)	(\$370,000)			\$0
Total CONST/CONV TAX CENTRAL FD (390)				\$0	\$0	(\$370,000)	\$0	\$0
CONST/CONV TAX COMM FUND (397)								
Communications Capital Program								
Transfer to the General Fund/Earned Revenue: Interest Earnings Adjust			(\$27,500)	(\$27,500)	(\$27,500)			\$0
Total CONST/CONV TAX COMM FUND (397)				\$0	\$0	(\$27,500)	\$0	\$0
CONST/CONV TAX LIBRARY FD (393)								
Library Capital Program								
Transfer to the General Fund/Earned Revenue: Interest Earnings Adjust			(\$80,000)	(\$80,000)	(\$80,000)			\$0
Total CONST/CONV TAX LIBRARY FD (393)				\$0	\$0	(\$80,000)	\$0	\$0
CONST/CONV TAX PK YARDS FD (398)								
Parks & Comm Fac Dev Capital Program								
Transfer to the General Fund/Earned Revenue: Interest Earnings Adjust			(\$15,000)	(\$15,000)	(\$15,000)			\$0
Total CONST/CONV TAX PK YARDS FD (398)				\$0	\$0	(\$15,000)	\$0	\$0

Special/Capital Fund
 Clean-Up Actions
 2010-2011 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	
CONST/CONV TAX SRVC YDS FD (395)								
Service Yards Capital Program								
Transfer to the General Fund/Earned Revenue: Interest Earnings Adjust			(\$12,500)		(\$12,500)	(\$12,500)		\$0
Total CONST/CONV TAX SRVC YDS FD (395)	\$0	\$0	(\$12,500)	\$0	(\$12,500)	(\$12,500)	\$0	\$0
CONSTRUCTION EXCISE TAX FD (465)								
Traffic Capital Program								
Earned Revenue: Interest Earnings Adjustment				(\$140,000)	(\$140,000)	(\$140,000)		\$0
Total CONSTRUCTION EXCISE TAX FD (465)	\$0	\$0	\$0	(\$140,000)	(\$140,000)	(\$140,000)	\$0	\$0
CONV/CULTURAL AFFAIRS FUND (536)								
FINANCE								
Fund Balance Reconciliation				\$5,319	\$5,319		\$5,319	\$0
CONVENTION FACILITIES DEPT								
Benefits Program				(\$8,689)	\$0			\$0
Earned Revenue: Interest Earnings Adjustment				(\$20,000)	(\$20,000)	(\$20,000)		\$0
Total CONV/CULTURAL AFFAIRS FUND (536)	\$8,689	\$0	\$0	(\$23,370)	(\$14,681)	(\$20,000)	\$5,319	\$0
CONVENTION CTR FACIL DIST REVENUE FUND								
FINANCE								
Earned Revenue: Interest Earnings Adjustment				(\$24,180)	(\$24,180)	(\$24,180)		\$0
Total CONVENTION CTR FACIL DIST REVENUE FUND	\$0	\$0	\$0	(\$24,180)	(\$24,180)	(\$24,180)	\$0	\$0
E PRUSCH MEM PK IMPR FUND (131)								
Parks & Comm Fac Dev Capital Program								
Earned Revenue: Interest Earnings Adjustment				(\$2,500)	(\$2,500)	(\$2,500)	-	\$0
Total E PRUSCH MEM PK IMPR FUND (131)	\$0	\$0	\$0	(\$2,500)	(\$2,500)	(\$2,500)	\$0	\$0

Special/Capital Fund
 Clean-Up Actions
 2010-2011 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	
ECON DEV ENHANCEMENT FD (439)								
ECONOMIC DEVELOPMENT								
Earned Revenue: Interest Earnings Adjustment				(\$11,500)	(\$11,500)	(\$11,500)		\$0
Tech Adjust: Economic Development Catalyst Program			(\$848,000)		(\$848,000)			(\$848,000)
Tech Adjust: Economic Incentive Fund/Transfer to General Fund			\$691,000		\$691,000			\$691,000
Tech Adjust: Ending Fund Balance				(\$714,894)	(\$714,894)			(\$714,894)
Tech Adjust: Reserve for Outstanding Loans			\$871,894		\$871,894			\$871,894
Total ECON DEV ENHANCEMENT FD (439)	\$0	\$0	\$714,894	(\$726,394)	(\$11,500)	(\$11,500)	\$0	\$0
EMERGENCY RESERVE FUND (406)								
FINANCE								
Transfer to the General Fund/Earned Revenue: Interest Earnings Adjust			(\$70,000)		(\$70,000)	(\$70,000)		\$0
Total EMERGENCY RESERVE FUND (406)	\$0	\$0	(\$70,000)	\$0	(\$70,000)	(\$70,000)	\$0	\$0
FIBER OPTICS DEVELOPMT FD (007)								
FINANCE								
Earned Revenue: Interest Earnings Adjustment				(\$400)	(\$400)	(\$400)		\$0
Total FIBER OPTICS DEVELOPMT FD (007)	\$0	\$0	\$0	(\$400)	(\$400)	(\$400)	\$0	\$0
GENERAL PURPOSE PARKING FD (533)								
TRANSPORTATION								
Benefits Program	\$4,419			(\$4,419)	\$0			\$0
Earned Revenue: Interest Earnings Adjustment				(\$90,000)	(\$90,000)	(\$90,000)		\$0
Total GENERAL PURPOSE PARKING FD (533)	\$4,419	\$0	\$0	(\$94,419)	(\$90,000)	(\$90,000)	\$0	\$0
GIFT TRUST FUND (139)								
LIBRARY								
Tech Adjust: Children's Summer Reading Program			(\$7,949)		(\$7,949)			(\$7,949)
Tech Adjust: Library-General Gifts Children's Summer Reading Prgm			\$7,949		\$7,949			\$7,949

Special/Capital Fund
 Clean-Up Actions
 2010-2011 Mid-Year Budget Review

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	Beg Fund Balance	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue		
GIFT TRUST FUND (139)								
Total GIFT TRUST FUND (139)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ICE CENTRE REVENUE FUND (432)								
FINANCE								
Earned Revenue: Interest Earnings Adjustment				(\$28,000)	(\$28,000)	(\$28,000)		\$0
Total ICE CENTRE REVENUE FUND (432)	\$0	\$0	\$0	(\$28,000)	(\$28,000)	(\$28,000)	\$0	\$0
INTEGRATED WASTE MGT FUND (423)								
INFORMATION TECHNOLOGY								
Benefits Program	\$12,993				\$12,993			\$12,993
FINANCE								
Benefits Program	\$6,142				\$6,142			\$6,142
PLAN, BLDG AND CODE ENF								
Benefits Program	\$1,150				\$1,150			\$1,150
ENVIRONMENTAL SERVICES								
Benefits Program	\$20,196			(\$40,481)	(\$20,285)			(\$20,285)
Earned Revenue: Interest Earnings Adjustment				(\$250,000)	(\$250,000)	(\$250,000)		\$0
Total INTEGRATED WASTE MGT FUND (423)	\$40,481	\$0	\$0	(\$290,481)	(\$250,000)	(\$250,000)	\$0	\$0
LAKE CUNNINGHAM FUND (462)								
Parks & Comm Fac Dev Capital Program								
Earned Revenue: Interest Earnings Adjustment				(\$10,000)	(\$10,000)	(\$10,000)		\$0
Total LAKE CUNNINGHAM FUND (462)	\$0	\$0	\$0	(\$10,000)	(\$10,000)	(\$10,000)	\$0	\$0
LIBRARY PARCEL TAX FUND (418)								
LIBRARY								
Benefits Program	\$9,378			(\$9,378)	\$0			\$0
Earned Revenue: Interest Earnings Adjustment				(\$50,000)	(\$50,000)	(\$50,000)		\$0

Special/Capital Fund
 Clean-Up Actions
 2010-2011 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	
LIBRARY PARCEL TAX FUND (418)								
Total LIBRARY PARCEL TAX FUND (418)	\$9,378	\$0	\$0	(\$59,378)	(\$50,000)	(\$50,000)	\$0	\$0
LOW/MOD INCOME HOUSING FD (443)								
CITY ATTORNEY								
Benefits Program	\$1,688				\$1,688			\$1,688
HOUSING								
Benefits Program	\$23,340			(\$25,028)	(\$1,688)			(\$1,688)
Earned Revenue: Interest Earnings Adjustment				(\$500,000)	(\$500,000)	(\$500,000)		\$0
Total LOW/MOD INCOME HOUSING FD (443)	\$25,028	\$0	\$0	(\$525,028)	(\$500,000)	(\$500,000)	\$0	\$0
MULTI-SOURCE HOUSING FD (448)								
HOUSING								
Benefits Program	\$1,785			(\$1,785)	\$0			\$0
Earned Revenue: Interest Earnings Adjustment				(\$250,000)	(\$250,000)	(\$250,000)		\$0
Total MULTI-SOURCE HOUSING FD (448)	\$1,785	\$0	\$0	(\$251,785)	(\$250,000)	(\$250,000)	\$0	\$0
MUNI WATER MAJ FAC FEE FUND (502)								
Water Utility Sys Capital Program								
Earned Revenue: Interest Earnings Adjustment				(\$20,000)	(\$20,000)	(\$20,000)		\$0
Total MUNI WATER MAJ FAC FEE FUND (502)	\$0	\$0	\$0	(\$20,000)	(\$20,000)	(\$20,000)	\$0	\$0
MUNICIPAL GOLF COURSE FUND (518)								
PARKS, REC AND NEIGH SVCS								
Earned Revenue: Interest Earnings Adjustment				(\$5,000)	(\$5,000)	(\$5,000)		\$0
Total MUNICIPAL GOLF COURSE FUND (518)	\$0	\$0	\$0	(\$5,000)	(\$5,000)	(\$5,000)	\$0	\$0
PUBLIC WKS PRO SUPPORT FD (150)								
INFORMATION TECHNOLOGY								
Benefits Program	\$1,176				\$1,176			\$1,176

Special/Capital Fund
 Clean-Up Actions
 2010-2011 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	
PUBLIC WKS PRO SUPPORT FD (150)								
PUBLIC WORKS								
Benefits Program	\$9,360			(\$10,536)	(\$1,176)			(\$1,176)
Earned Revenue: Interest Earnings Adjustment				(\$64,500)	(\$64,500)	(\$64,500)		\$0
Total PUBLIC WKS PRO SUPPORT FD (150)	\$10,536	\$0	\$0	(\$75,036)	(\$64,500)	(\$64,500)	\$0	\$0
REDEV CAPITAL PROJECT FD (450)								
Muni Improvements Capital Program								
Transfer to the General Fund/Earned Revenue: Interest Earnings Adjust					(\$44,000)	(\$44,000)		\$0
Total REDEV CAPITAL PROJECT FD (450)	\$0	\$0	(\$44,000)	\$0	(\$44,000)	(\$44,000)	\$0	\$0
SANITARY SEWER CONN FEE FD (540)								
Sanitary Sewer Capital Program								
Earned Revenue: Interest Earnings Adjustment				(\$69,000)	(\$69,000)	(\$69,000)		\$0
Total SANITARY SEWER CONN FEE FD (540)	\$0	\$0	\$0	(\$69,000)	(\$69,000)	(\$69,000)	\$0	\$0
SEWER SVC & USE CHARGE FD (541)								
INFORMATION TECHNOLOGY								
Benefits Program	\$1,760				\$1,760			\$1,760
FINANCE								
Benefits Program	\$1,663				\$1,663			\$1,663
TRANSPORTATION								
Benefits Program	\$45,216				\$45,216			\$45,216
PUBLIC WORKS								
Benefits Program	\$5,284				\$5,284			\$5,284
ENVIRONMENTAL SERVICES								
Benefits Program	\$2,705			(\$56,628)	(\$53,923)			(\$53,923)
Earned Revenue: Interest Earnings Adjustment				(\$150,000)	(\$150,000)	(\$150,000)		\$0
Total SEWER SVC & USE CHARGE FD (541)	\$56,628	\$0	\$0	(\$206,628)	(\$150,000)	(\$150,000)	\$0	\$0

Special/Capital Fund
 Clean-Up Actions
 2010-2011 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	Beg Fund Balance	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue		
SEWER SVC & USE CHG CAP FD (545)								
Sanitary Sewer Capital Program								
Earned Revenue: Interest Earnings Adjustment				(\$700,000)	(\$700,000)	(\$700,000)		\$0
Total SEWER SVC & USE CHG CAP FD (545)				\$0	\$0	\$0	\$0	\$0
SJ-SC TRMNT PLANT CAP FUND (512)								
Water Pollution Control Capital Program								
Earned Revenue: Interest Earnings Adjustment				(\$658,000)	(\$658,000)	(\$658,000)		\$0
Total SJ-SC TRMNT PLANT CAP FUND (512)				\$0	\$0	\$0	\$0	\$0
SJ-SC TRMNT PLANT OPER FUND (513)								
ENVIRONMENTAL SERVICES								
Benefits Program				\$161,282	(\$161,282)	\$0		\$0
Earned Revenue: Interest Earnings Adjustment				(\$175,000)	(\$175,000)	(\$175,000)		\$0
Total SJ-SC TRMNT PLANT OPER FUND (513)				\$161,282	\$0	\$0	\$0	\$0
SJ-SC TRMNT PLNT INC FUND (514)								
ENVIRONMENTAL SERVICES								
Earned Revenue: Interest Earnings Adjustment				(\$500)	(\$500)	(\$500)		\$0
Total SJ-SC TRMNT PLNT INC FUND (514)				\$0	\$0	\$0	\$0	\$0
STORES FUND (551)								
FINANCE								
Benefits Program				\$2,619	(\$2,619)	\$0		\$0
Transfer to the General Fund/Earned Revenue: Interest Earnings Adjust					(\$15,000)	(\$15,000)		\$0
Total STORES FUND (551)				\$2,619	\$0	(\$15,000)	\$0	\$0
STORM SEWER CAPITAL FUND (469)								
Storm Sewer Capital Program								
Earned Revenue: Interest Earnings Adjustment				(\$100,000)	(\$100,000)	(\$100,000)		\$0


Special/Capital Fund
 Clean-Up Actions
 2010-2011 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	
STORM SEWER CAPITAL FUND (469)								
Total STORM SEWER CAPITAL FUND (469)	\$0	\$0	\$0	(\$100,000)	(\$100,000)	(\$100,000)	\$0	\$0
STORM SEWER OPERATING FD (446)								
INFORMATION TECHNOLOGY								
Benefits Program	\$1,120				\$1,120			\$1,120
TRANSPORTATION								
Benefits Program	\$26,562				\$26,562			\$26,562
PUBLIC WORKS								
Benefits Program	\$1,245				\$1,245			\$1,245
ENVIRONMENTAL SERVICES								
Benefits Program	\$21,279			(\$50,206)	(\$28,927)			(\$28,927)
Earned Revenue: Interest Earnings Adjustment				(\$147,500)	(\$147,500)	(\$147,500)		\$0
Total STORM SEWER OPERATING FD (446)	\$50,206	\$0	\$0	(\$197,706)	(\$147,500)	(\$147,500)	\$0	\$0
SWG TRMNT PLNT CON FEE FD (539)								
ENVIRONMENTAL SERVICES								
Res for Treatment Plant Exp/Earned Revenue: Interest Earnings Adjust			(\$72,500)		(\$72,500)	(\$72,500)		\$0
Total SWG TRMNT PLNT CON FEE FD (539)	\$0	\$0	(\$72,500)	\$0	(\$72,500)	(\$72,500)	\$0	\$0
TRANSIENT OCCUPANCY TX FD (461)								
FINANCE								
Earned Revenue: Interest Earnings Adjustment				(\$4,000)	(\$4,000)	(\$4,000)		\$0
Total TRANSIENT OCCUPANCY TX FD (461)	\$0	\$0	\$0	(\$4,000)	(\$4,000)	(\$4,000)	\$0	\$0
UNDERGROUND UTILITY FUND (416)								
Developer Assisted Capital Program								
Earned Revenue: Interest Earnings Adjustment				(\$15,000)	(\$15,000)	(\$15,000)		\$0
Total UNDERGROUND UTILITY FUND (416)	\$0	\$0	\$0	(\$15,000)	(\$15,000)	(\$15,000)	\$0	\$0

Special/Capital Fund
 Clean-Up Actions
 2010-2011 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	
VEHICLE MAINT & OPER FUND (552)								
GENERAL SERVICES								
Benefits Program	\$29,116			(\$29,116)	\$0			\$0
Transfer to the General Fund/Earned Revenue: Interest Earnings Adjust			(\$10,000)		(\$10,000)	(\$10,000)		\$0
Total VEHICLE MAINT & OPER FUND (552)	\$29,116	\$0	(\$10,000)	(\$29,116)	(\$10,000)	(\$10,000)	\$0	\$0
WATER UTILITY CAPITAL FUND (500)								
Water Utility Sys Capital Program								
Earned Revenue: Interest Earnings Adjustment				(\$25,000)	(\$25,000)	(\$25,000)		\$0
Total WATER UTILITY CAPITAL FUND (500)	\$0	\$0	\$0	(\$25,000)	(\$25,000)	(\$25,000)	\$0	\$0
WATER UTILITY FUND (515)								
INFORMATION TECHNOLOGY								
Benefits Program	\$1,173				\$1,173			\$1,173
ENVIRONMENTAL SERVICES								
Benefits Program	\$14,178			(\$15,351)	(\$1,173)			(\$1,173)
Earned Revenue: Interest Earnings Adjustment				(\$55,000)	(\$55,000)	(\$55,000)		\$0
Total WATER UTILITY FUND (515)	\$15,351	\$0	\$0	(\$70,351)	(\$55,000)	(\$55,000)	\$0	\$0

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2010-2011

MID-YEAR
BUDGET
REVIEW



SECTION
IV

APPENDICES





FINANCE DEPARTMENT

Monthly Financial Report

Financial Results for the 6 Months Ended December 31, 2010
Fiscal Year 2010-11
(UNAUDITED)

Finance Department, City of San José
Monthly Financial Report
Financial Results for the 6 Months Ended December 31, 2010
Fiscal Year 2010-11
(UNAUDITED)

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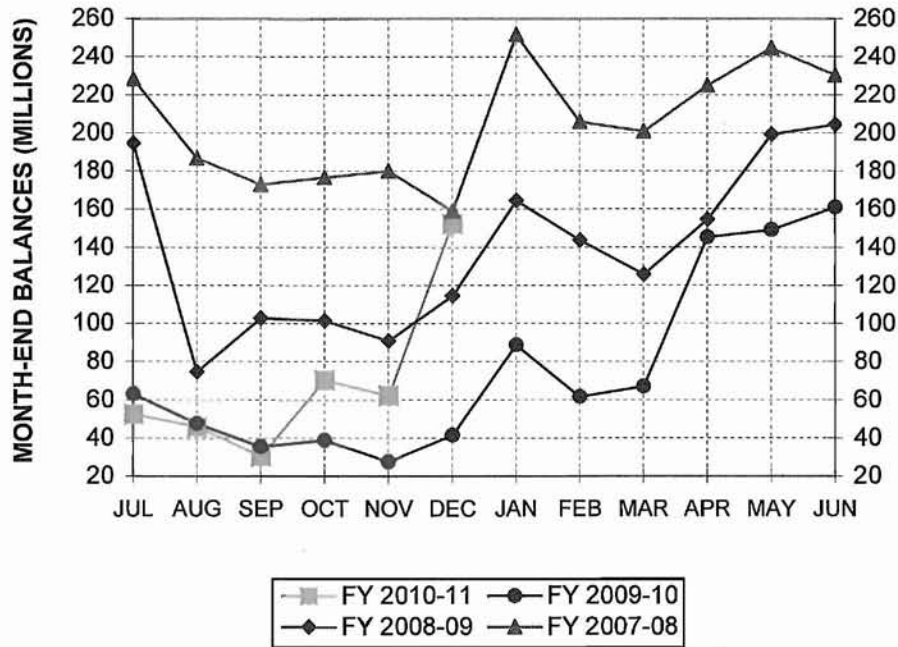
	<i>Page Reference</i>
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Submitted by:



SCOTT P. JOHNSON
Director, Finance Department

GENERAL FUND Comparison of Cash Balances



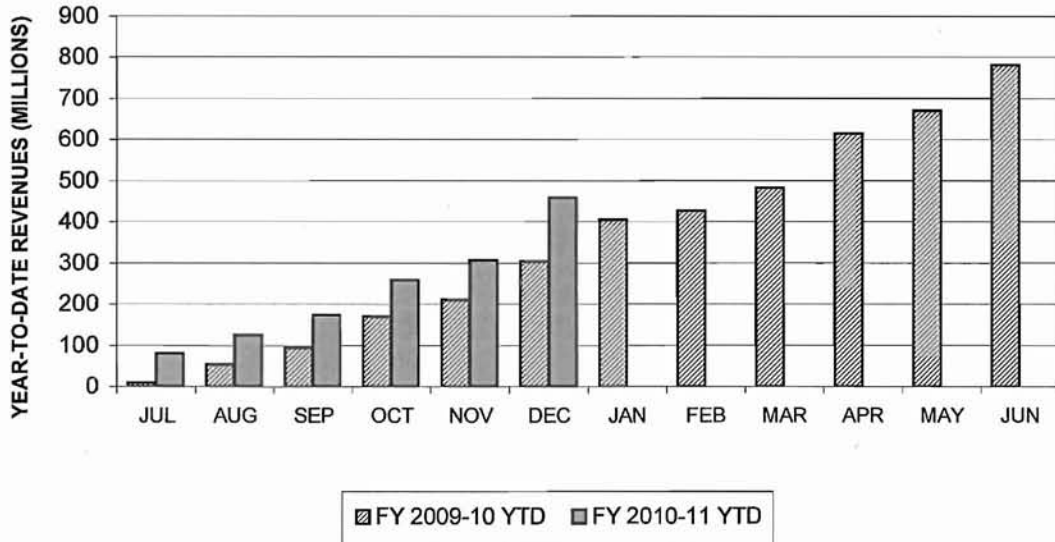
GENERAL FUND MONTHLY CASH BALANCES

MONTH	FY 2010-11	FY 2009-10	FY 2008-09	FY 2007-08
JULY (1)	\$ 52,614,304	\$ 63,344,537	\$ 194,527,843	\$ 228,551,607
AUGUST (1)	45,992,983	47,689,216	74,677,718	186,835,010
SEPTEMBER	30,525,385	35,662,298	102,811,355	173,043,887
OCTOBER	70,246,706	38,946,966	101,433,688	176,617,539
NOVEMBER	62,333,059	27,736,074	90,892,525	180,164,388
DECEMBER (2)	152,493,162	41,491,217	114,535,815	159,164,830
JANUARY		88,749,418	164,539,700	251,792,153
FEBRUARY		61,606,869	143,802,507	205,882,438
MARCH		66,979,823	125,900,953	200,763,696
APRIL		145,213,763	154,701,704	225,008,853
MAY		149,064,276	199,321,150	244,545,422
JUNE		161,013,785	204,474,123	230,556,706

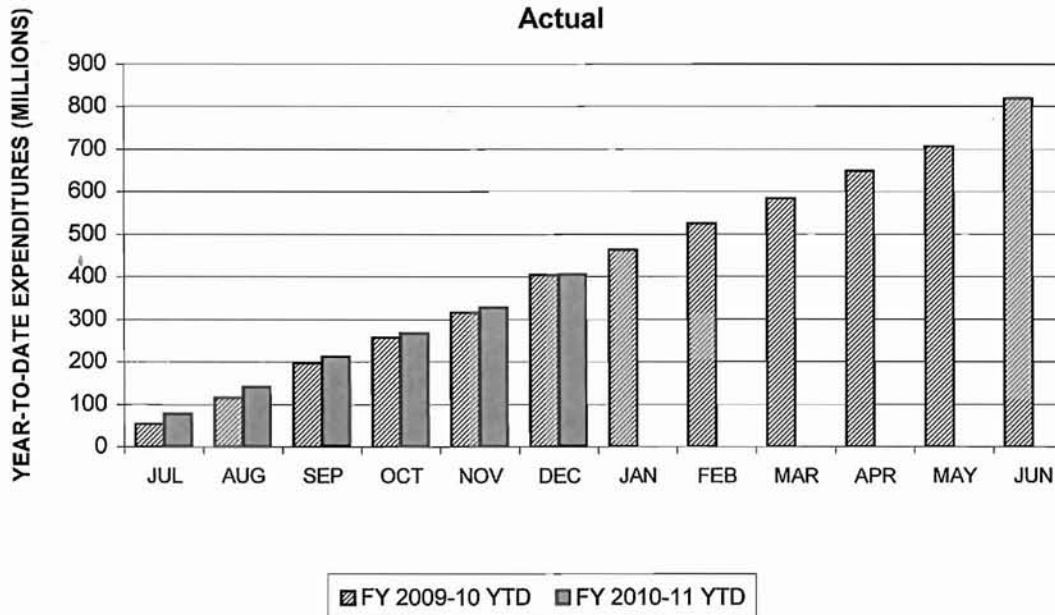
Note: (1) The General Fund cash balance decrease in July 2010 (also in August 2008 and July 2009) was mainly due to the Council's direction to annually pre-fund the employer share of retirement contributions in a lump-sum to achieve budgetary savings to the City.

Note: (2) The General Fund cash balance increase in December 2010 was mainly due to the receipt of \$88.5 million in Property Tax revenue and \$16.7 million in Sales Tax revenue.

**GENERAL FUND
Comparison of YTD Revenues
Actual**

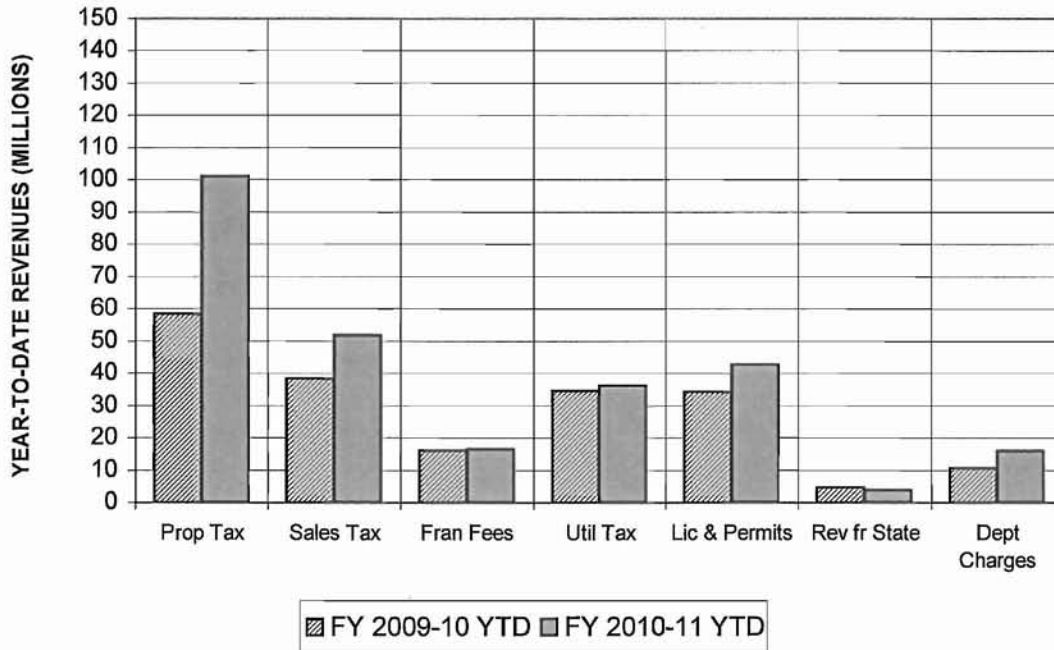


**GENERAL FUND
Comparison of YTD Expenditures
Actual**

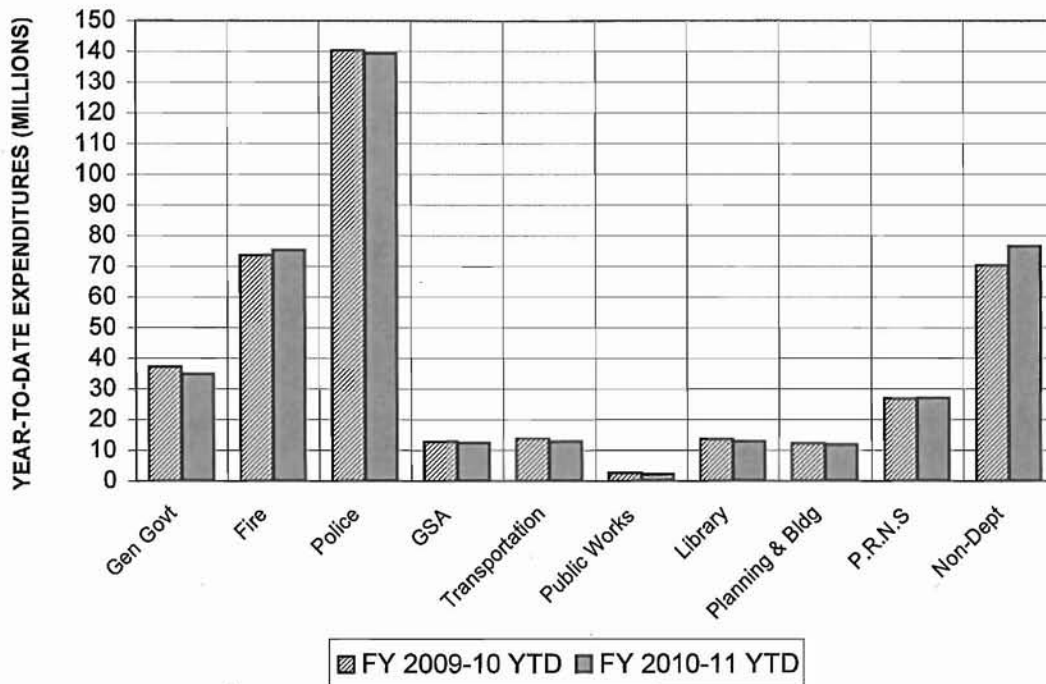


General Fund Revenue includes issuance of Tax and Revenue Anticipation Notes (TRANS) in the amount of \$75 million (\$40 million in July 2010 and \$35 million in October 2010) for cash flow borrowing.

GENERAL FUND MAJOR REVENUES
Comparison of YTD Actual vs. Prior YTD Actual
For the 6 Months Ended December 31, 2010



GENERAL FUND MAJOR EXPENDITURES
Comparison of YTD Actual vs. Prior YTD Actual
For the 6 Months Ended December 31, 2010



CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS
FOR THE 6 MONTHS ENDED DECEMBER 31, 2010
(UNAUDITED)
(\$000's)

	ADOPTED FY 2010-11 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2010-11 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
Fund Balance											
Prior Year Encumbrances	\$ -	-	16,344	16,344	16,344	100.00%	24,729	110.29%	22,422	(8,385)	-33.91%
Liquidation of c/o Encumbrance	-	-	-	-	-	-	-	-	-	-	-
Available Balance	134,807	6,591	-	141,398	141,398	100.00%	173,213	100.00%	173,213	(31,815)	-18.37%
Total Fund Balance	134,807	6,591	16,344	157,742	157,742	100.00%	197,942	101.18%	195,635	(40,200)	-20.31%
General Revenues											
Property Tax	199,052	(4,143)	-	194,909	101,021	51.83%	58,436	28.90%	202,186	42,585	72.87%
Sales Tax (Note 1)	127,232	4,200	-	131,432	51,780	39.40%	38,473	30.24%	127,238	13,307	34.59%
Telephone Line Tax	20,525	-	-	20,525	8,512	41.47%	7,567	36.91%	20,500	945	12.49%
Transient Occupancy Tax	6,684	-	-	6,684	2,710	40.54%	2,425	35.14%	6,900	285	11.75%
Franchise Fees	43,121	-	-	43,121	16,445	38.14%	16,276	42.37%	38,410	169	1.04%
Utility Tax	92,932	-	-	92,932	36,105	38.85%	34,600	39.47%	87,651	1,505	4.35%
Licenses and Permits	71,727	(127)	-	71,600	42,688	59.62%	34,304	51.99%	65,985	8,384	24.44%
Fines, Forfeits and Penalties	17,130	120	-	17,250	8,574	49.70%	6,855	42.85%	15,998	1,719	25.08%
Use of Money and Property	3,050	547	-	3,597	1,368	38.03%	1,614	50.58%	3,191	(246)	-15.24%
Revenue from Local Agencies	45,613	(32)	-	45,581	21,838	47.91%	22,154	46.09%	48,067	(316)	-1.43%
Revenue from State of Cal.	19,190	789	-	19,979	3,851	19.28%	4,716	40.14%	11,749	(865)	-18.34%
Revenue from Federal Government	15,438	4,500	-	19,938	3,107	15.58%	683	12.43%	5,493	2,424	354.90%
Departmental Charges (Note 2)	29,581	329	-	29,910	15,910	53.19%	10,785	39.53%	27,282	5,125	47.52%
Other Revenues	13,420	75,726	-	89,146	82,953	93.05%	9,645	35.69%	27,023	73,308	760.06%
Total General Revenues	704,695	81,909	-	786,604	396,862	50.45%	248,533	36.14%	687,673	148,329	59.68%
Transfers & Reimbursements											
Overhead Reimbursements	33,868	-	-	33,868	27,193	80.29%	30,900	76.24%	40,530	(3,707)	-12.00%
Transfers from Other Funds	37,553	(2)	-	37,551	30,711	81.78%	19,710	52.55%	37,504	11,001	55.81%
Reimbursements for Services	17,348	-	-	17,348	3,702	21.34%	4,366	25.81%	16,916	(664)	-15.21%
Total Transfers & Reimburse	88,769	(2)	-	88,767	61,606	69.40%	54,976	57.90%	94,950	6,630	12.06%
Total Sources	\$ 928,271	88,498	16,344	1,033,113	616,210	59.65%	501,451	51.26%	978,258	114,759	22.89%

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 2010-2011 impact through December 2010 is approximately \$8.5 million.

Note 2 - See Supplemental Schedule on Page 7.

**CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE 6 MONTHS ENDED DECEMBER 31, 2010
(UNAUDITED)
(\$000's)**

	ADOPTED FY 2010-11 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2010-11 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
General Government												
Mayor and Council	\$ 10,222	(90)	105	10,237	3,656	101	35.71%	3,612	46.61%	7,749	44	1.22%
City Attorney	11,545	(449)	295	11,391	5,569	276	48.89%	6,338	48.44%	13,083	(769)	-12.13%
City Auditor	1,961	-	4	1,965	907	15	46.16%	1,187	56.10%	2,116	(280)	-23.59%
City Clerk (2)	4,750	(251)	10	4,509	1,813	55	40.21%	1,009	48.93%	2,062	804	79.68%
City Manager	10,391	111	506	11,008	4,954	852	45.00%	5,245	48.63%	10,785	(291)	-5.55%
Finance	11,435	81	304	11,820	5,206	657	44.04%	5,457	48.49%	11,255	(251)	-4.60%
Information Technology	15,301	300	681	16,282	6,879	894	42.25%	7,533	48.61%	15,496	(654)	-8.68%
Human Resources	7,335	(40)	56	7,351	3,411	439	46.40%	3,691	47.94%	7,699	(280)	-7.59%
Redevelopment Agency	1,707	(157)	-	1,550	738	-	47.61%	971	51.21%	1,896	(233)	-24.00%
Independent Police Auditor	831	38	-	869	384	2	44.19%	320	46.11%	694	64	20.00%
Office of Economic Development	2,968	-	144	3,112	1,311	119	42.13%	1,962	53.83%	3,645	(651)	-33.18%
Total General Government	78,446	(457)	2,105	80,094	34,828	3,410	43.48%	37,325	48.80%	76,480	(2,497)	-6.69%
Public Safety												
Fire	153,332	28	294	153,654	75,265	1,100	48.98%	73,790	48.36%	152,579	1,475	2.00%
Police	297,499	(388)	1,499	298,610	139,091	3,350	46.58%	140,354	48.45%	289,709	(1,263)	-0.90%
Total Public Safety	450,831	(360)	1,793	452,264	214,356	4,450	47.40%	214,144	48.42%	442,288	212	0.10%
Capital Maintenance												
General Services	25,596	(228)	425	25,793	12,256	2,063	47.52%	12,934	48.64%	26,593	(678)	-5.24%
Transportation	28,227	-	649	28,876	12,732	1,763	44.09%	13,953	47.43%	29,418	(1,221)	-8.75%
Public Works	5,091	-	-	5,091	2,149	11	42.21%	2,775	58.20%	4,768	(626)	-22.56%
Total Capital Maintenance	58,914	(228)	1,074	59,760	27,137	3,837	45.41%	29,662	48.80%	60,779	(2,525)	-8.51%

(1) Does not include encumbrance balance.

(2) Mainly due to \$903,000 Elections expenditures posted in July 2010 (for cost of Election for June 8, 2010).

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE 6 MONTHS ENDED DECEMBER 31, 2010
(UNAUDITED)
(\$000's)

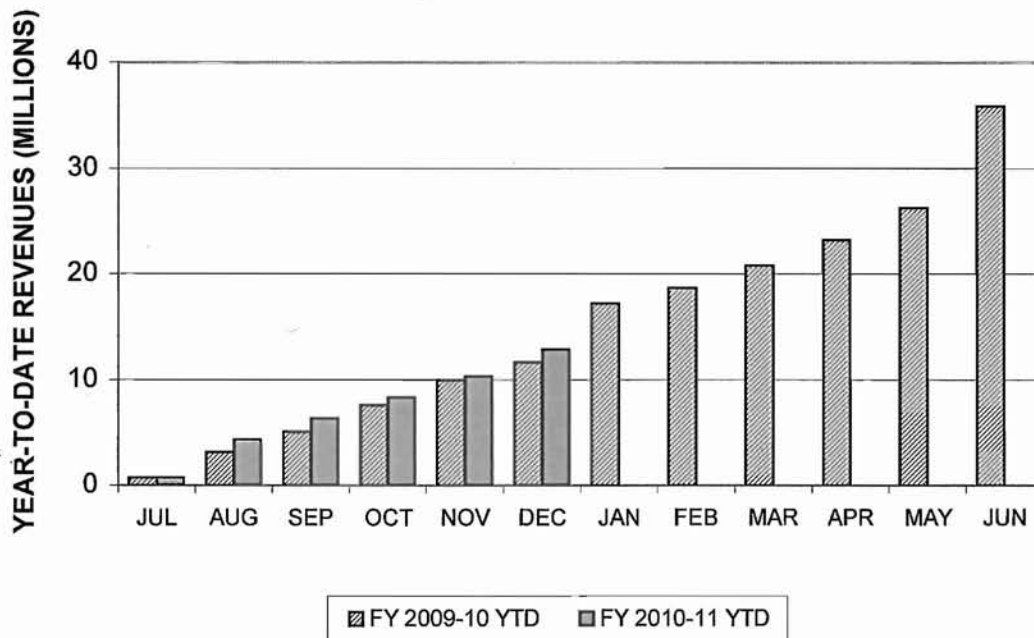
	ADOPTED	YTD	C/O ENCUMBR	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END	CUR YTD LESS PRIOR YTD ACTUAL(1)	% CHANGE
	FY 2010-11	BUDGET		FY 2010-11	ACTUAL	ENCUMBR	ACTUAL %	YTD	OF PRIOR	BUDGETARY		CUR YTD ACTUAL
	BUDGET	AMENDMENTS		BUDGET			OF BUDGET	ACTUAL(1)	YEAR-END	BASIS		LESS PRIOR YTD
Community Service												
Library	26,258	474	92	26,824	12,669	257	47.23%	13,837	46.35%	29,851	(1,168)	-8.44%
Planning, Bldg & Code Enf.	25,476	40	183	25,699	11,662	384	45.38%	12,342	52.35%	23,575	(680)	-5.51%
Park, Rec & Neigh Svcs	57,735	279	413	58,427	26,877	4,518	46.00%	26,785	48.05%	55,749	92	0.34%
Environmental Services	610	67	39	716	255	139	35.61%	301	49.83%	604	(46)	-15.28%
Total Community Services	110,079	860	727	111,666	51,463	5,298	46.09%	53,265	48.52%	109,779	(1,802)	-3.38%
Total Dept. Expenditures	\$ 698,270	(185)	5,699	703,784	327,784	16,995	46.57%	334,396	48.51%	689,326	(6,612)	-1.98%
Non-Dept Expenditures												
City-wide Expenditures:												
Econ & Neighborhood Develop.	\$ 24,914	244	1,344	26,502	16,553	2,420	62.46%	16,107	64.52%	24,966	446	2.77%
Environmental & Utility Services	11,588	1,515	-	13,103	1,938	1,693	14.79%	959	65.24%	1,470	979	102.09%
Public Safety	21,731	5,077	659	27,467	9,598	389	34.94%	8,418	46.13%	18,248	1,180	14.02%
Recreation & Cultural Services	13,910	(280)	878	14,508	5,998	5,338	41.34%	5,104	43.74%	11,670	894	17.52%
Transportation Services	4,512	459	338	5,309	1,699	458	32.00%	1,359	33.82%	4,018	340	25.02%
Strategic Support	42,250	80,055	1,895	124,200	9,480	2,424	7.63%	8,976	28.12%	31,915	504	5.61%
Total City-wide Expenditures	118,905	87,070	5,114	211,089	45,266	12,722	21.44%	40,923	44.34%	92,287	4,343	10.61%
Capital Contributions	8,935	490	5,531	14,956	2,654	4,768	17.75%	5,867	46.61%	12,588	(3,213)	-54.76%
Transfers to Other Funds	29,039	(373)	-	28,666	28,616	-	99.83%	23,593	92.79%	25,425	5,023	21.29%
Total Non-Dept Expenditures	156,879	87,187	10,645	254,711	76,536	17,490	30.05%	70,383	54.02%	130,300	6,153	8.74%
Reserves												
Contingency Reserves	29,309	-	-	29,309	-	-	0.00%	-	0.00%	-	-	0.00%
Earmarked Reserves	43,813	1,496	-	45,309	-	-	0.00%	-	0.00%	-	-	0.00%
Total Reserves	73,122	1,496	-	74,618	-	-	0.00%	-	0.00%	-	-	0.00%
Total Uses	\$ 928,271	88,498	16,344	1,033,113	404,320	34,485	39.14%	404,779	49.39%	819,626	(459)	-0.11%

(1) Does not include encumbrance balance.

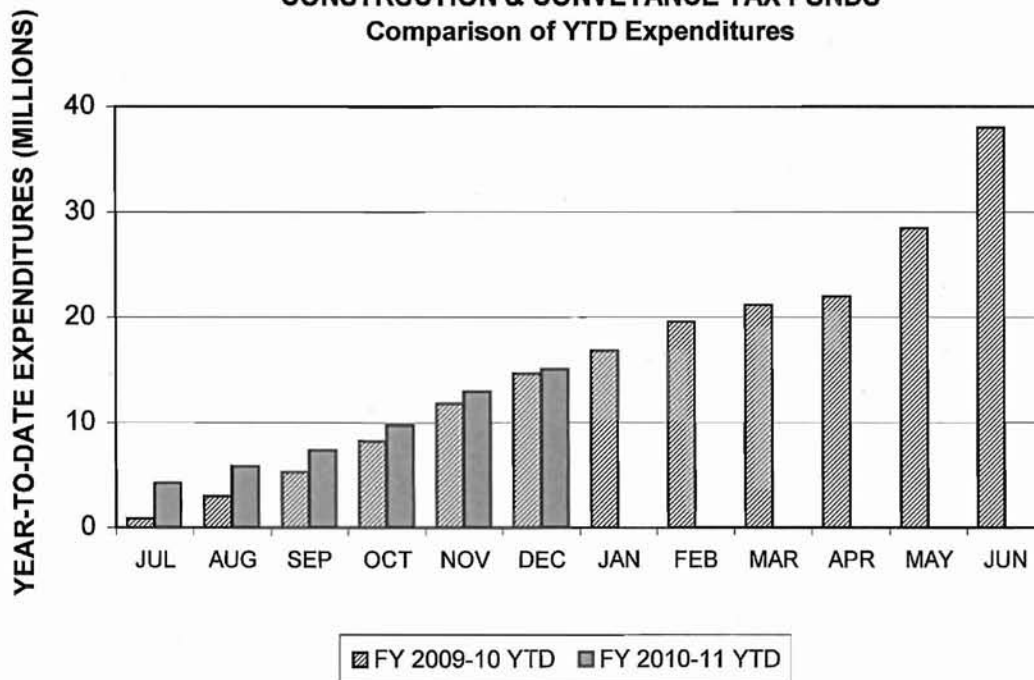
CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FOR THE 6 MONTHS ENDED DECEMBER 31, 2010
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES
(UNAUDITED)
(\$000's)

	ADOPTED FY 2010-11 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2010-11 BUDGET	CUR YTD ACTUAL	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Police	\$ 1,921	-	-	1,921	842	43.83%	920	47.35%	1,943	(78)	-8.48%
Public Works	4,325	-	-	4,325	2,672	61.78%	1,583	37.47%	4,225	1,089	68.79%
Transportation	739	40	-	779	584	74.97%	344	34.71%	991	240	69.77%
Library	1,916	-	-	1,916	524	27.35%	468	29.01%	1,613	56	11.97%
Planning, Bldg & Code Enf	2,500	(112)	-	2,388	1,228	51.42%	1,228	45.18%	2,718	-	0.00%
Parks Rec & Neigh Svcs	12,685	421	-	13,106	7,512	57.32%	4,222	38.25%	11,039	3,290	77.93%
Miscellaneous Dept Charges	5,495	(20)	-	5,475	2,548	46.54%	2,020	42.50%	4,753	528	26.14%
Total Departmental Revenues \$	29,581	329	-	29,910	15,910	53.19%	10,785	39.53%	27,282	5,125	47.52%

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



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



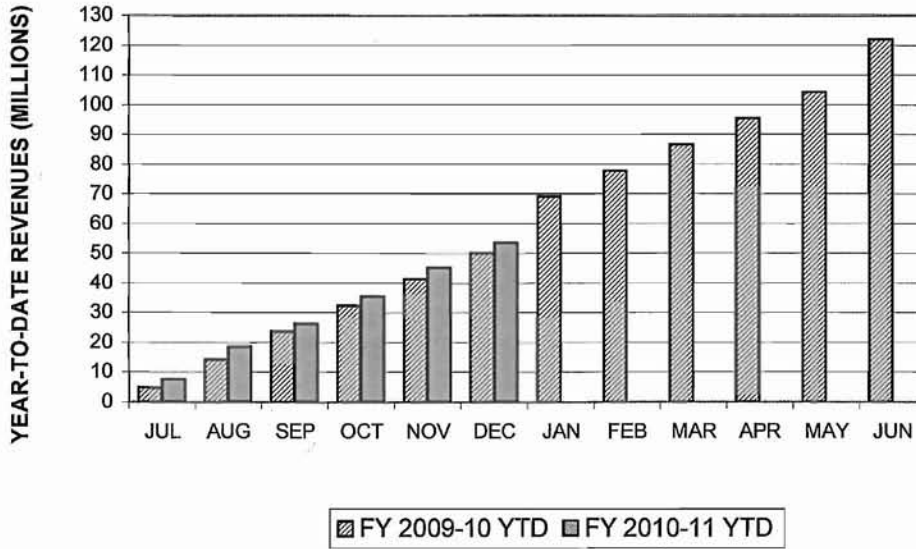
**CITY OF SAN JOSE
SPECIAL REVENUE FUNDS
SOURCE AND USE OF FUNDS
FOR THE 6 MONTHS ENDED DECEMBER 31, 2010
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2010-11	BUDGET		FY 2010-11	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Construction/Conveyance Tax							
Prior Year Encumbrance	\$ -	-	8,270	8,270	8,270	N/A	7,847
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	62,292	14,574	-	76,866	76,866	N/A	80,099
Revenues	31,261	1,279	-	32,540	12,782	N/A	11,679
Total Sources	93,553	15,853	8,270	117,676	97,918	N/A	99,625
Total Uses	93,553	15,853	8,270	117,676	14,989	10,600	14,641
Gas Tax							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	-	-	-	-	-	N/A	-
Revenues	16,626	-	-	16,626	3,604	N/A	4,260
Total Sources	16,626	-	-	16,626	3,604	N/A	4,260
Total Uses	16,626	-	-	16,626	3,604	0	4,260
Building and Structures							
Prior Year Encumbrance	-	-	5,071	5,071	5,071	N/A	3,768
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	6,385	4,125	-	10,510	10,510	N/A	15,589
Revenues	22,997	2,504	-	25,501	9,199	N/A	4,626
Total Sources	29,382	6,629	5,071	41,082	24,780	N/A	23,983
Total Uses	29,382	6,629	5,071	41,082	6,158	5,390	8,257
Residential Construction							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	311	648	-	959	959	N/A	1,310
Revenues	65	-	-	65	180	N/A	20
Total Sources	376	648	-	1,024	1,139	N/A	1,330
Total Uses	\$ 376	648	-	1,024	26	0	19

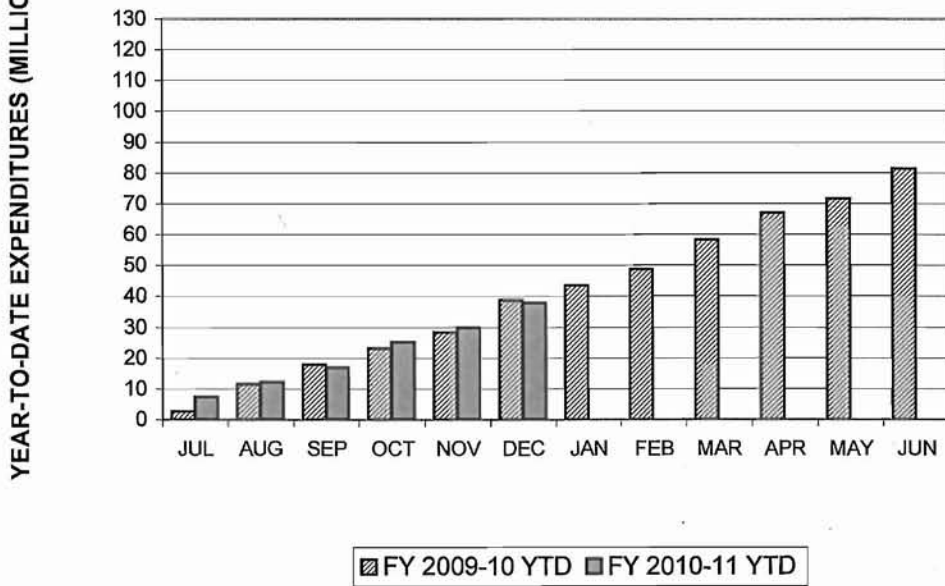
**CITY OF SAN JOSE
SPECIAL REVENUE FUNDS
SOURCE AND USE OF FUNDS
FOR THE 6 MONTHS ENDED DECEMBER 31, 2010
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2010-11	BUDGET		FY 2010-11	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Transient Occupancy Tax							
Prior Year Encumbrance	\$ -	-	197	197	197	N/A	314
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	2,737	629	-	3,366	3,366	N/A	1,417
Revenues	10,034	-	-	10,034	4,141	N/A	3,701
Total Sources	12,771	629	197	13,597	7,704	N/A	5,432
Total Uses	12,771	629	197	13,597	5,751	485	5,533
Conventions, Arts & Entertainment							
Prior Year Encumbrance	-	-	510	510	510	N/A	346
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	6,130	191	-	6,321	6,321	N/A	9,891
Revenues	19,195	261	-	19,456	9,709	N/A	8,322
Total Sources	25,325	452	510	26,287	16,540	N/A	18,559
Total Uses	25,325	452	510	26,287	12,405	807	13,236
Golf							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	817	257	-	1,074	1,074	N/A	1,188
Revenues	1,940	-	-	1,940	1,306	N/A	1,553
Total Sources	2,757	257	-	3,014	2,380	N/A	2,741
Total Uses	2,757	257	-	3,014	1,473	7	1,300
Other Funds							
Prior Year Encumbrance	-	-	57,618	57,618	57,618	N/A	55,362
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	187,195	25,775	-	212,970	212,970	N/A	223,045
Revenues	444,012	18,841	-	462,853	205,794	N/A	181,338
Total Sources	631,207	44,616	57,618	733,441	476,382	N/A	459,745
Total Uses	\$ 631,207	44,616	57,618	733,441	204,536	137,855	188,077

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

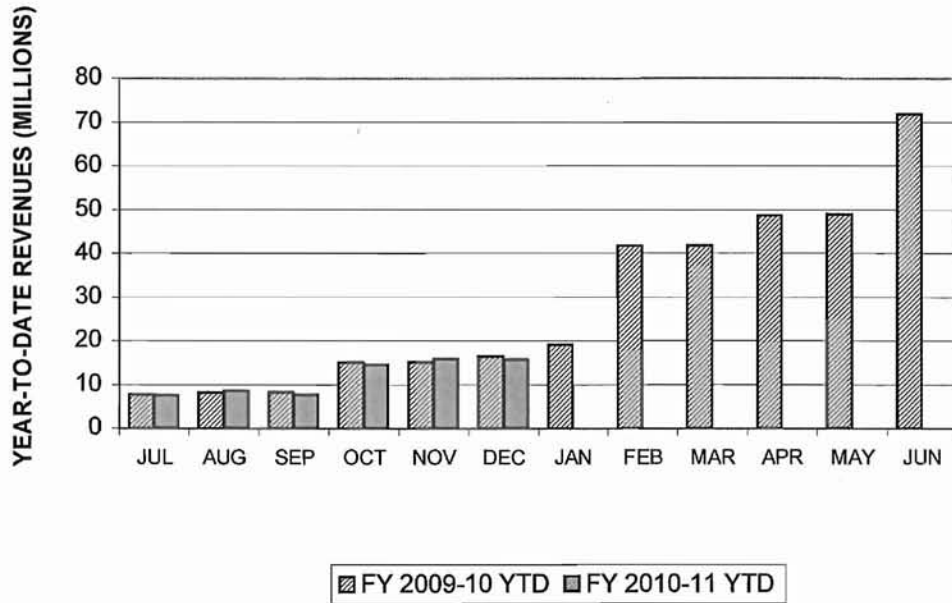


**AIRPORT MAINTENANCE & OPERATING FUND 523
Comparison of YTD Expenditures**

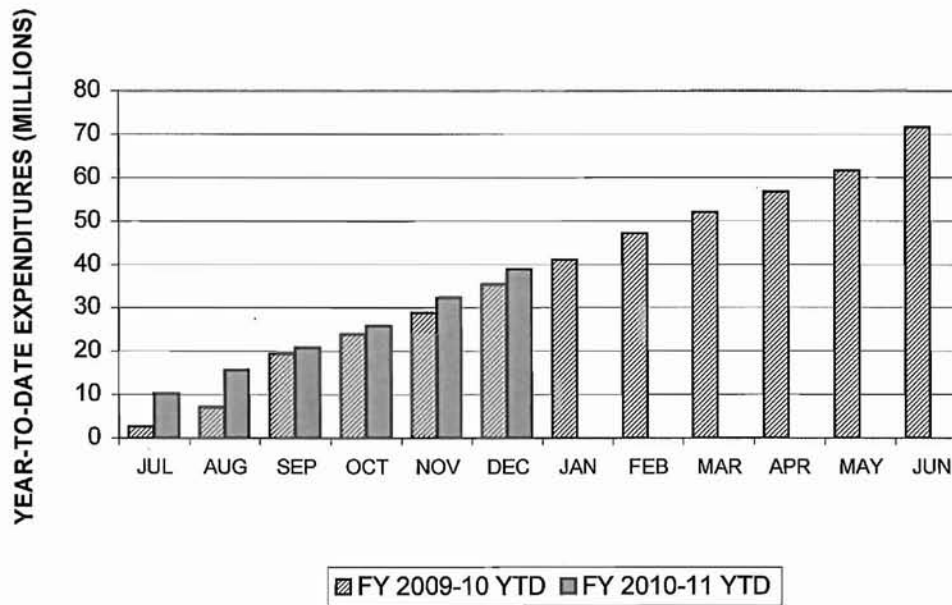


Note: The graphs above include the airport revenue fund (521) and operating fund (523) only.

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

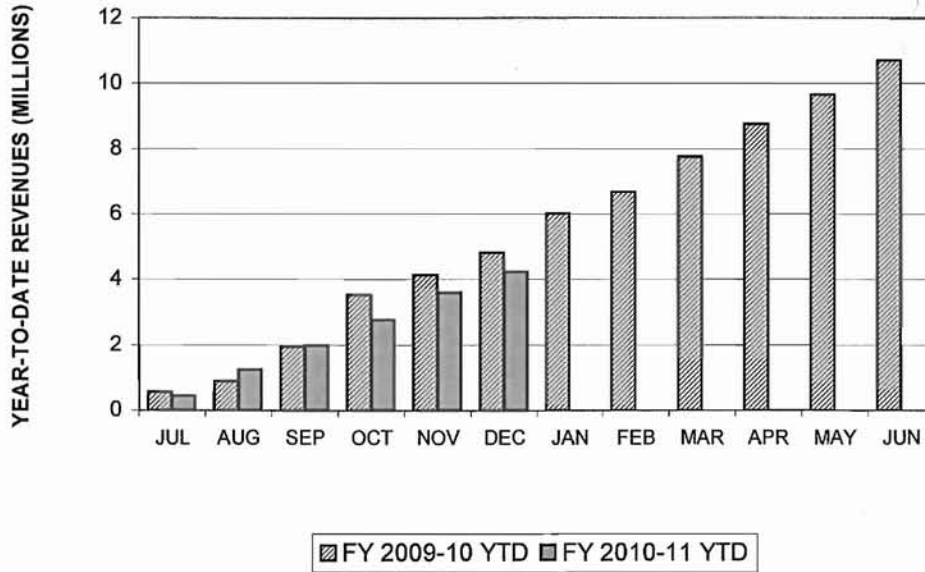


**WPCP OPERATING FUND 513
Comparison of YTD Expenditures**

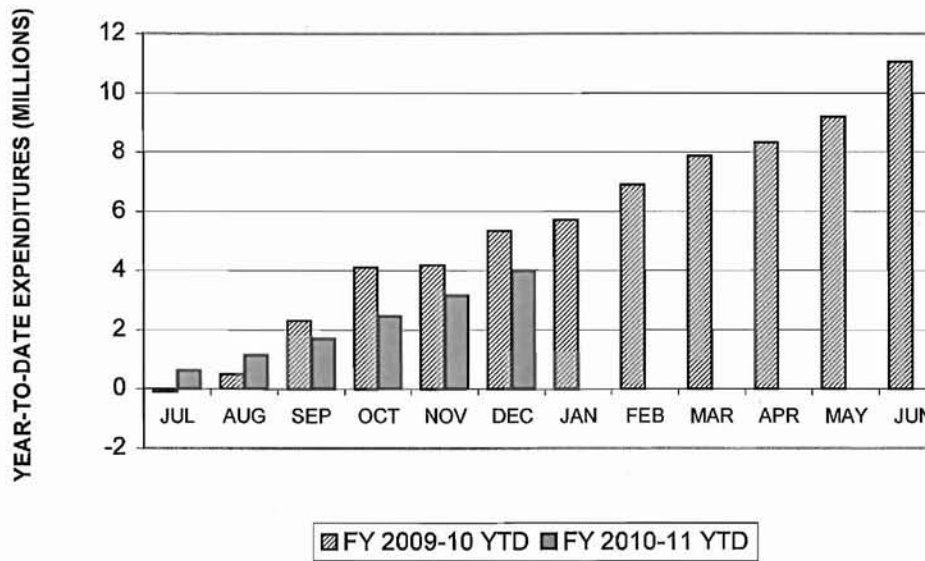


Note: Graphs above are only for WPCP operating fund (513).

**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, 2010
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2010-11	BUDGET		FY 2010-11	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Airport							
Prior Year Encumbrance	\$ -	-	87,365	87,365	87,365	N/A	331,972
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	403,901	66,778	-	470,679	470,679	N/A	485,127
Revenues	341,905	2,016	-	343,921	157,970	N/A	195,152
Total Sources	745,806	68,794	87,365	901,965	716,014	N/A	1,012,251
Total Uses	745,833	68,767	87,365	901,965	177,969	101,525	248,398
(Note 1)							
Waste Water Treatment							
Prior Year Encumbrance	-	-	45,360	45,360	45,360	N/A	43,564
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	193,589	24,070	-	217,659	217,659	N/A	207,045
Revenues	274,220	43	-	274,263	169,180	N/A	168,902
Total Sources	467,809	24,113	45,360	537,282	432,199	N/A	419,511
Total Uses	467,810	24,111	45,360	537,281	100,311	46,769	99,181
(Note 2)							
Municipal Water							
Prior Year Encumbrance	-	-	770	770	770	N/A	899
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	11,265	2,032	-	13,297	13,297	N/A	11,088
Revenues	30,793	-	-	30,793	18,101	N/A	17,145
Total Sources	42,058	2,032	770	44,860	32,168	N/A	29,132
Total Uses	42,058	2,032	770	44,860	12,875	1,566	13,043
Parking							
Prior Year Encumbrance	-	-	730	730	730	N/A	1,507
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	11,391	1,730	-	13,121	13,121	N/A	14,220
Revenues	8,658	-	-	8,658	4,218	N/A	4,831
Total Sources	20,049	1,730	730	22,509	18,069	N/A	20,558
Total Uses	\$ 20,049	1,729	730	22,508	3,986	1,318	5,338

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, 2010
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2010-11	BUDGET		FY 2010-11	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
Construction Excise							
Prior Year Encumbrance	\$ -	-	7,270	7,270	7,270	N/A	5,805
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	10,949	7,850	-	18,799	18,799	N/A	20,238
Revenues	36,754	5,664	-	42,418	18,331	N/A	6,604
Total Sources	47,703	13,514	7,270	68,487	44,400	N/A	32,647
Total Uses	49,964	7,076	7,270	64,310	26,362	3,589	16,222
Redevelopment Projects							
Prior Year Encumbrance	-	-	2,756	2,756	2,756	N/A	4,431
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	2,172	1,007	-	3,179	3,179	N/A	9,446
Revenues	88	116	-	204	416	N/A	646
Total Sources	2,260	1,123	2,756	6,139	6,351	N/A	14,523
Total Uses	2,260	1,123	2,756	6,139	3,364	1,186	2,359
Other							
Prior Year Encumbrance	-	-	21,361	21,361	21,361	N/A	60,232
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	65,312	2,549	-	67,861	67,861	N/A	107,102
Revenues	14,787	768	-	15,555	1,803	N/A	1,985
Total Sources	80,099	3,317	21,361	104,777	91,025	N/A	169,319
Total Uses	\$ 80,099	3,316	21,361	104,776	14,309	13,352	38,749

**CITY OF SAN JOSE
OTHER FUND TYPES
SOURCE AND USE OF FUNDS
FOR THE 6 MONTHS ENDED DECEMBER 31, 2010
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2010-11	BUDGET		FY 2010-11	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Trust and Agency							
Prior Year Encumbrance	\$ -	-	18	18	18	N/A	3
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	2,257	154	-	2,411	2,411	N/A	2,301
Revenues	114	180	-	294	202	N/A	165
Total Sources	<u>2,371</u>	<u>334</u>	<u>18</u>	<u>2,723</u>	<u>2,631</u>	<u>N/A</u>	<u>2,469</u>
Total Uses	<u>\$ 2,371</u>	<u>334</u>	<u>18</u>	<u>2,723</u>	<u>292</u>	<u>30</u>	<u>197</u>