

ANNUAL REPORT

SEPTEMBER 2013

OFFICE OF THE CITY MANAGER

2012-2013 ANNUAL REPORT

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

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

The financial information used in this report represents final, unaudited 2012-2013 year-end closing figures as of June 30, 2013.



**2012-2013
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REPORT

TRANSMITTAL

MEMORANDUM

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Debra Figone

SUBJECT: 2012-2013 ANNUAL REPORT

DATE: September 30, 2013

RECOMMENDATION

It is recommended that the City Council:

1. Accept the 2012-2013 City Manager's Annual Report of the Finances of the City of San José in compliance with City Charter Section 701 (F).
2. Adopt Appropriation Ordinance and Funding Sources Resolution amendments in various operating and capital funds to implement the 2012-2013 Annual Report recommendations, including appropriate technical adjustments, as detailed in Section IV (Recommended Budget Adjustments and Clean-Up Actions).
3. Approve the release of the Successor Agency to the Redevelopment Agency PERS Levy/Water District Levy General Fund Contingency Plan that was included in the 2013-2014 Adopted Budget.

OUTCOME

In accordance with Section 701 (F) of the San José City Charter, the 2012-2013 Annual Report describes the financial status of the City at the end of the 2012-2013 fiscal year. As specified in the City Charter, the focus of the City Manager's Annual Report is a comparison of actual revenue collections and expenditures to projections and appropriations included in the City's budget. This will provide the City Council with the information necessary to review the financial performance of all City funds. In addition, this report provides a comparison of the actual 2012-2013 Ending Fund Balance for each fund to the estimate used in the development of the 2013-2014 Adopted Budget as well as information on the status of the year-end reserve levels for each of the City's budgeted funds.

Approval of the recommended budget actions will implement required fund balance reconciliations as well as necessary rebudget and clean-up adjustments based on the final 2012-2013 financial performance (unaudited). The document also includes actions that are necessary to revise the 2013-2014 budget to align budgeted revenue and expenditures with the most current information, correct technical problems, recognize new or adjust existing grant, reimbursement or fee activity revenues and expenditures, fund a limited number of urgent fiscal/program needs in the General Fund, and reflect changes in project and program allocations based on revised cost

OUTCOME

estimates as well as establish a limited number of new projects and programs in special and capital funds.

The release of the Successor Agency to the Redevelopment Agency (SARA) PERS Levy/Water District Levy General Fund Contingency Plan that was included in the 2013-2014 Adopted Budget is also recommended. This General Fund Contingency Plan, which totals \$13.0 million in 2013-2014 and \$2.7 million ongoing, was developed to address the potential loss of SARA property tax increment funding that the County of Santa Clara has withheld to fund the County employees' retirement plan (PERS Levy) and Water District Levy. Although a tentative ruling by the Superior Court, Sacramento County, was in SARA's favor, the County has appealed and continues to withhold this tax increment. However, with 2013-2014 projected tax increment growth levels, it is anticipated that the Contingency Plan will not be necessary even if withheld tax increment is not received this year. It will, though, be necessary to increase the Successor Agency City Legal Obligations Subsidy by \$2.2 million (from \$850,000 to \$3.1 million) to reflect revised projected cash flow needs resulting from the County's withholding of tax increment revenues and structural deficits in 2013-2014. It is recommended that the Successor Agency Legal Obligations Reserve be adjusted downward by \$2.0 million (from \$10.0 million to \$8.0 million) to offset the majority of this recommended action. The release of this General Fund Contingency Plan will enable projects included in the 2013-2014 Adopted Budget to move forward.

EXECUTIVE SUMMARY

The Administration proactively managed the City's over 110 budgeted funds in 2012-2013. Budget actions were brought forward during the year to ensure that revenues and expenditures remained in alignment with actual performance. Through this careful management, the various City funds generally ended the year with revenues close to the budgeted estimates and expenditures below the budgeted allocations.

The 2012-2013 fiscal year marked a turning point for the City. After a decade of General Fund shortfalls and many painful budget actions to bring the annual budgets into balance, the 2012-2013 Adopted Budget allocated a small General Fund surplus. In 2012-2013, the City avoided additional service cuts and was able to continue services funded on a one-time basis in 2011-2012, open four libraries and one community center constructed with General Obligation Bonds, address the most immediate and critical of the City's unmet and deferred infrastructure needs, address a small number of essential operational needs, and fund a limited number of programs and initiatives identified in the Mayor's March and June Budget Messages. The City's budget has started to stabilize and continued prudent fiscal management is necessary to keep the City on course. Implementation of the remaining elements of the Fiscal Reform Plan, including retirement reform and revenue measures, continue to be important and will allow the City to rebuild services to levels that are more acceptable to our community.

EXECUTIVE SUMMARY

In the General Fund, both the revenues and expenditures ended the year very close to budgeted expectations. At the end of 2012-2013, there was \$2.2 million (0.1% of the 2012-2013 Modified Budget total sources and uses) in additional General Fund 2012-2013 Ending Fund Balance above the level assumed in the development of the 2013-2014 Adopted Budget. These funds, as well as additional resources generated from the proposed budget adjustments, are recommended to be allocated in the 2012-2013 Annual Report as shown below.

Proposed 2013-2014 General Fund Adjustments (\$000s)

Additional 2012-2013 Ending Fund Balance	\$ 2,175
Clean-Up Actions	
Development Fee Programs Reconciliation	(3,991)
Rebudgets/Clean-Up Adjustments	6,662
Sub-total Clean-Up Actions	\$ 2,671
Fund Balance Available After Clean-up Actions	\$ 4,846
Recommended Budget Adjustments	
Required Technical/Rebalancing Actions	3,248
Grants/Reimbursements/Fee Activities (\$2.0 million in net-zero adjustments)	0
Urgent Fiscal/Program Needs	(8,094)
Sub-total Recommended Budget Adjustments	\$ (4,846)
Remaining Balance After Clean-ups/Recommended Adjustments	\$ 0

When bringing forward recommendations for the use of the additional 2012-2013 Ending Fund Balance, clean-up actions associated with the close-out of the 2012-2013 fiscal year are essentially non-discretionary and are the highest priority. These clean-up actions result in a net increase to the available fund balance of \$2.7 million and are broken down into two categories: changes to the Development Fee Programs reserves to reconcile actual 2012-2013 performance (-\$4.0 million); and adjustments to rebudget amounts that were carried over to 2013-2014 to complete projects and technical adjustments to other revenue and expenditure line items (\$6.7 million). After accounting for those clean-up actions, the additional General Fund 2012-2013 Ending Fund Balance was within \$4.8 million (0.2%) of the 2012-2013 Modified Budget (sources and uses). This additional fund balance was generated from slightly higher revenues (\$2.6 million) and net expenditure savings (\$2.6 million), slightly offset by lower than estimated liquidation of prior year encumbrances (\$273,000). The remaining General Fund balance of \$4.8 million, combined with additional net funding generated from various 2013-2014 required technical and rebalancing actions (\$3.3 million) recommended in this document, provide funding to address a small number of recommended urgent fiscal/program needs totaling \$8.1 million. The largest adjustment is a recommended increase of \$6.5 million to the General Liability Claims appropriation based on an analysis of current and potential claims payments.

While the recommended General Fund budget actions address urgent current year needs, insufficient ending fund balance remains to allocate resources per the Operating Budget and Capital Improvement Program City Council Policy (1-18). Under this policy, any additional fund balance after the necessary clean-up adjustments are typically to be allocated 50% to

EXECUTIVE SUMMARY

unmet/deferred infrastructure and maintenance needs and 50% to offset any projected deficit for the following year. When reviewing the results of the last five Annual Reports, ending fund balance was available to be distributed to these uses in two of the five years (2007-2008, and 2010-2011). In the other three years (2008-2009, 2009-2010, and 2011-2012), there was no remaining fund balance to distribute after addressing current year needs that were identified after the adoption of the budget. While no remaining 2012-2013 fund balance is available for the distribution per the City Council policy, it is important to note that the 2013-2014 Adopted Budget includes a 2014-2015 Future Deficit Reserve of \$13.7 million that addresses the preliminary projected deficit in that year as calculated in the February 2013 Five-Year Forecast.

As we move forward, the Administration will continue to monitor and report on the City's financial performance through Bi-Monthly Financial Reports and the Mid-Year Budget Review. The financial results of 2012-2013 will also be factored into the development of the 2015-2019 General Fund Five-Year Forecast that will be released in February 2014.

BACKGROUND

Each year the City issues the Annual Report at the end of September, three months after the close of the fiscal year, as required by the City Charter. Following is a description of the various sections of the Annual Report document.

- **Transmittal Memorandum** – This section provides an overall summary of the 2012-2013 Annual Report.
- **Section I: Financial Performance Summary (All Funds)** – This section provides a comparison of the 2012-2013 budget to actual revenues received and expenditures incurred by fund as well as a discussion of revenue and/or expenditure variances of 5% or greater to the budget. This section also provides a comparison of the year-end actual 2012-2013 Ending Fund Balance by fund to the 2012-2013 Ending Fund Balance/2013-2014 Beginning Fund Balance estimate used in the development of the 2013-2014 Adopted Budget. In addition, a listing of the Earmarked and Contingency Reserves that were available at the end of 2012-2013 by fund is included.
- **Section II: General Fund Financial Performance** – This section provides a summary of the General Fund performance in 2012-2013, including the following: Results of Operations in the General Fund; Revenue Performance; and Expenditure Performance.
- **Section III: Selected Special/Capital Funds Financial Performance** – This section provides financial information on the 2012-2013 year-end performance for selected special and capital funds that represent major City operations. It includes a discussion of variances between actual and budgeted revenues and expenditures as well as a comparison between the actual ending fund balance and the fund balance estimated for 2012-2013 in the development of the 2013-2014 Adopted Budget.

BACKGROUND

- **Section IV: Recommended Budget Adjustments and Clean-Up Actions** – This section provides a description of the recommended budget adjustments and clean-up actions for City Council consideration. The proposed actions generally fall into three categories: (1) adjustments to the 2013-2014 Beginning Fund Balance amounts in various funds, including the General Fund, based on the final reconciliation of 2012-2013; (2) upward and downward adjustments to the rebudget figures to ensure the appropriate amount of unexpended funds are carried over to 2013-2014 to complete projects; and (3) actions based on more recent information that are necessary to revise the 2013-2014 budget to align budgeted revenue and expenditures with the most current information, correct technical problems, recognize new or adjust grant, reimbursement or fee activity revenues and expenditures, fund a limited number of urgent fiscal/program needs in the General Fund, and reflect changes in project and program allocations based on revised cost estimates as well as establish a limited number of new projects and programs in special and capital funds.
- **Section V: Financial Statements** – This section provides the financial results (unaudited), prepared by the Finance Department, for all budgeted fund groups for 2012-2013. It should be noted that audited financial results will be released later in the fall as part of the 2013 Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ended June 30, 2013. Final fund balance reconciliations to the CAFR will be conducted for all funds and, while very few adjustments are typically necessary, any final adjustments will be brought forward for City Council consideration as part of the 2013-2014 Mid-Year Budget Review.
- **Section VI: Appendix** – This section includes the “2012-2013 Fire Department Vacancy and Absence Rates and Their Impact on Overtime” Information Memorandum. This report is prepared annually by the Fire Department in response to the City Auditor’s April 2001 “Audit of the City of San Jose Fire Department’s Overtime Expenditures”. Through 2011-2012, this report was presented to the Public Safety, Finance, and Strategic Support Committee (PSFSS). At the PSFSS Committee meeting on March 21, 2013, the Administration’s recommendation to incorporate the Fire Department’s annual vacancy and absence rates and their impact on overtime into the Annual Report was approved.

ANALYSIS

This Analysis section includes the following:

- an overview of the economic environment;
- a discussion of the 2012-2013 financial performance of all City funds;
- a discussion of the 2012-2013 General Fund financial performance;
- a discussion of the components of the 2012-2013 General Fund ending fund balance;
- an analysis of the impact of the General Fund performance on the 2013-2014 Adopted Budget;
- a discussion of the budget performance of selected special and capital funds; and
- a discussion of the recommended release of the Successor Agency to the Redevelopment Agency PERS Levy/Water District Levy General Fund Contingency Plan that was included in the 2013-2014 Adopted Budget.

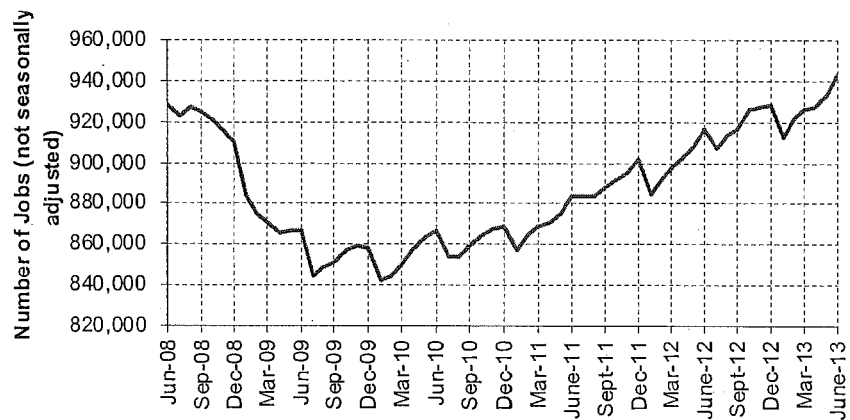
ANALYSIS

Economic Environment

When the 2012-2013 Adopted Budget was developed, it was assumed that the economic recovery would continue in 2012-2013. Economic indicators and actual revenue performance support this assumption, with continued improvement during 2012-2013. Employment indicators, residential and industrial permit activity, median single-family home prices and days on market have all improved.

The June 2013 employment level in the San José – Sunnyvale - Santa Clara Metropolitan Statistical Area (MSA) of 942,900 was 2.8% above the June 2012 level of 917,100. This employment level is now above the pre-recession peak of 930,500 experienced in December 2007.

Monthly Employment - San Jose MSA



The unemployment rate in the San José metropolitan area continued to improve in 2012-2013, dropping from 8.8% in June 2012 to 6.9% in June 2013. These rates remain well below the double digit levels that had been experienced in recent years. The June 2013 unemployment rate in this region is less than the unadjusted rate for the State (8.9%) and the nation (7.8%).

Unemployment Rate (Unadjusted)

	June 2012	May 2013	June 2013
SJ Metropolitan Statistical Area*	8.8%	6.3%	6.9%
State of California	10.7%	8.1%	8.9%
United States	8.4%	7.3%	7.8%

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

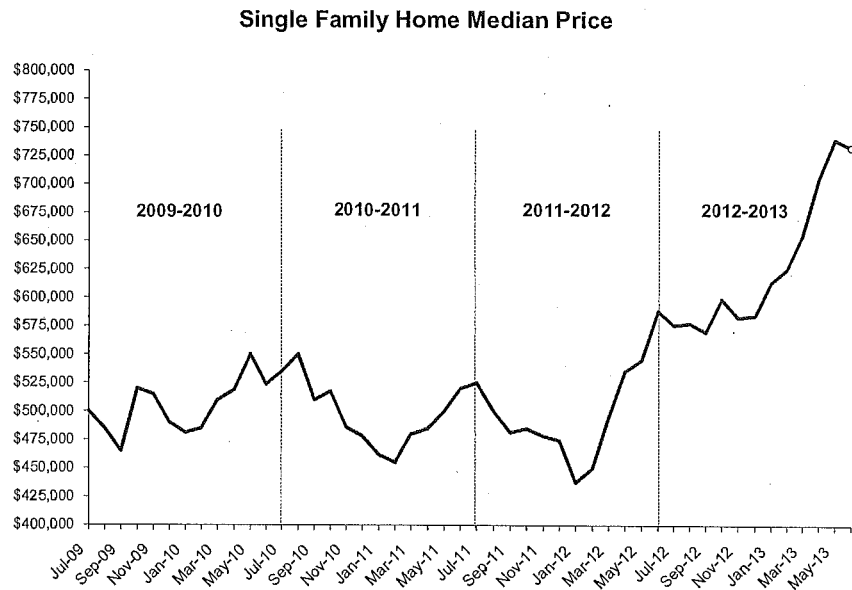
Construction activity was strong in 2012-2013, with total valuation of \$956 million, a 7% increase from the prior year and a decade-plus high. The strongest performance was in the industrial permit activity, with construction valuation of \$247.1 million, which was up 82% from the prior year valuation level. This growth was due to the issuance of building permits for three parking garages for Cisco Systems. The 2,702 residential permits issued through June was below the prior year level of 2,973 by 9.1%, due largely to a high number of permits issued in June 2012 (886 units) for a development in North San José compared to 265 permits issued in June 2013. The total valuation of commercial permits issued of \$211.2 million was 12.8% below the prior year valuation of \$242.1 million. Overall, this permit activity drives the revenue collection in several construction tax categories and is an

ANALYSIS

Economic Environment

indicator of future activity for several other categories, such as the storm and sanitary sewer system fees.

The housing market also continued to show improvement in 2012-2013. The median price for single family homes increased in value, with a median home price in June 2013 of \$732,500, up 24.5% from the June 2012 price of \$588,444. In addition, the amount of time it takes to sell a home (single-family and multi-family dwelling units) has dropped in the past year from 52 days in June 2012 to 22 days in June 2013. The June 2013 figure represents the shortest duration of time



homes have stayed on the market since September 2005 when it took only 21 days to sell a home. The number of home sales (single-family and multi-family dwelling units), however, has decreased slightly over the past year (2.2%) from 8,273 sales in 2011-2012 to 8,091 sales in 2012-2013.

With the continued improvement in the economy, the City's economically sensitive revenues have shown strong growth from the low points in recent years. The following chart shows the performance in some of these revenues, comparing the 2012-2013 actual collections with the peak as well as the recent low points.

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Economic Environment

**Comparative Performance of Economically Sensitive Major Revenues
 (\$ in millions)**

Revenue Source	Recent Peak		Recent Low Point		2012-2013 Actual \$	% Change in 2012-13 from Peak/Low Point	
	Year	Actual \$	Year	Actual \$		Peak	Low Pt.
Property Tax	2008-09	\$215.70	2010-11	\$197.18	\$ 205.02	(5.0%)	4.0%
Sales Tax	2000-01	\$169.22	2009-10	\$127.24	\$163.75	(3.2%)	28.7%
Transient Occupancy Tax	2000-01	\$27.30	2003-04	\$14.13	\$25.25	(7.5%)	78.7%
Development Fee Programs*	2012-13	\$45.55	2009-10	\$26.02	\$45.55	0%	75.1%
Airport Passenger Facility Charges	2005-06	\$22.27	2011-12	\$16.79	\$17.29	(22.4%)	3.0%
Construction and Conveyance Tax	2005-06	\$49.00	2008-09	\$20.47	\$34.41	(29.8%)	68.1%
Construction Excise Tax	2000-01	\$20.74	2009-10	\$8.12	\$17.84	(14.0%)	119.7%
Building and Structure Const. Tax	2000-01	\$17.45	2009-10	\$6.13	\$13.78	(21.0%)	124.8%

* Development Fee Programs include Building, Fire, Planning, and Public Works

2012-2013 Budget Performance (All Funds)

As shown in Section I of this document, City revenues (excluding Beginning Fund Balance) totaled \$2.29 billion in 2012-2013, which was 1.2% (\$28.6 million) below the budgeted estimate of \$2.32 billion. In several funds, grants and expenditure-related reimbursements were not received in 2012-2013 and are now expected to be received in 2013-2014.

In 2012-2013, expenditures (excluding Reserves and Ending Fund Balance) totaled \$2.36 billion, which was \$453.0 million (16.1%) below the modified budget of \$2.81 billion. Unexpended capital funds accounted for 64.2% of the expenditure variance (\$291.1 million) with \$376.8 million of the \$667.9 million modified budget expended. The majority of the unexpended capital funds were rebudgeted to 2013-2014 in the 2013-2014 Adopted Budget and additional funds are recommended to be rebudgeted in this document.

At the end of 2012-2013, the Earmarked and Contingency Reserves for all City funds totaled \$626.0 million, which represented 16.9% of the total modified budget for the City of \$3.71 billion (including Contributions, Loans and Transfers). In the General Fund, Reserves totaled \$158.0 million. All of these General Fund Reserves were rebudgeted to 2013-2014 or assumed as savings in the development of the 2013-2014 Adopted Budget.

The financial performance in 2012-2013 is used as the starting point for 2013-2014. The collective 2012-2013 Ending Fund Balances for all City funds totaled \$1.38 billion, which was \$130.8 million above the 2012-2013 Ending Fund Balance estimates of \$1.25 billion used in the development of the 2013-2014 Adopted Budget. After adjusting for additional rebudgets of \$33.2 million recommended in this document, the adjusted 2012-2013 Ending Fund Balance variance for all funds drops to \$97.6 million. The adjusted fund balance variance totaled \$4.8 million in the General Fund, \$47.7 million in the special funds, and \$45.1 million in the capital funds.

ANALYSIS

2012-2013 General Fund Budget Performance

The City's General Fund ended the 2012-2013 fiscal year within budgeted levels. As shown in the chart below, the General Fund Ending Fund Balance of \$215.2 million was \$2.2 million (0.1% of the 2012-2013 Modified Budget total sources and uses) above the fund balance estimate assumed when the 2013-2014 Adopted Budget was developed. The following table summarizes the General Fund performance in 2012-2013, comparing the actual results to the modified budget and the estimates used to develop the 2013-2014 Adopted Budget.

**Table 1
 General Fund Year-End Status
 For the Year Ended June 30, 2013
 (\$000s)**

	2012-2013 Revised Budget	2012-2013 Year-end Estimate	2012-2013 Budgetary Basis Actual	Actual to Budget Variance	Actual to Estimate Variance
Sources					
<i>Beginning Fund Balance*</i>	168,300	168,300	168,300	-	-
<i>Carryover Encumbrances</i>	16,697	16,697	16,697	-	-
<i>Liquidation of Carry-over Encumbrances</i>	-	4,000	3,727	3,727	(273)
<i>Revenue*</i>	952,504	952,504	943,838	(8,666)	(8,666)
<i>Totals</i>	<u>1,137,501</u>	<u>1,141,501</u>	<u>1,132,562</u>	<u>(4,939)</u>	<u>(8,939)</u>
Uses					
<i>Expenditures*</i>	950,385	899,331	888,219	(62,166)	(11,112)
<i>Transfers</i>	29,164	29,164	29,162	(2)	(2)
<i>Reserves</i>	157,952	-	-	(157,952)	-
<i>Totals</i>	<u>1,137,501</u>	<u>928,495</u>	<u>917,381</u>	<u>(220,120)</u>	<u>(11,114)</u>
<i>Ending Fund Balance</i>	-	213,006	215,181	215,181	2,175

* The General Fund incorporates the Police Department Seized Asset Fund.

In 2012-2013, General Fund revenues of \$943.8 million ended the year \$8.7 million (0.9%) below both the modified budget and the estimate used to develop the 2013-2014 Adopted Budget of \$952.5 million. Other funding sources included the liquidation of prior year carryover encumbrances totaling \$3.7 million, which fell slightly below the estimate of \$4.0 million used to develop the 2013-2014 Adopted Budget. General Fund expenditures and transfers of \$917.4 million were \$62.2 million (6.3%) below the modified budget of \$979.5 million and \$11.1 million (1.2%) below the estimate used to develop the 2013-2014 Adopted Budget. In addition, reserves of \$158.0 million remained unexpended at year-end.

When comparing the actual revenue and expenditure performance to the estimates used to develop the 2013-2014 Adopted Budget, a portion of these variances is related to various grants and reimbursements that were not received in 2012-2013 but are expected to be received in 2013-2014. A total of \$3.7 million of grant and reimbursement revenues and expenditures were

ANALYSIS

2012-2013 General Fund Budget Performance

rebudgeted to 2013-2014 in the 2013-2014 Adopted Budget. This resulted in lower actual revenues and expenditures in 2012-2013, with no net impact to the General Fund. After factoring out the lower revenues and expenditures associated with these grants and reimbursements, the revenue variance to the estimate was a shortfall of \$5.0 million (0.5%) and the expenditures variance totaled \$7.4 million (0.8%).

In this Annual Report document, budget actions are recommended to distribute the additional fund balance of \$2.2 million. Per City Council Policy 1-18, when determining the proposed distribution of these funds, the first priority is to complete clean-up actions associated with the final reconciliation of 2012-2013. Recommended clean-up actions will result in a net increase to the available fund balance of \$2.7 million, reflecting an upward adjustment of \$6.7 million to reconcile reimbursement-related expenditures and to adjust rebudget amounts that were carried over to 2013-2014 to complete projects, partially offset by a downward adjustment of \$4.0 million to reconcile the actual performance of the Development Fee Programs for 2012-2013. After accounting for these clean-up adjustments, the remaining unallocated fund balance in the General Fund is \$4.8 million, representing only 0.2% of the total 2012-2013 Modified Budget (sources and uses). This additional fund balance was generated from slightly higher revenues (\$2.6 million) and net expenditure savings (\$2.6 million), slightly offset by lower than estimated liquidation of prior year encumbrances (\$273,000).

The additional General Fund balance of \$4.8 million, combined with additional net funding generated from various technical and rebalancing actions (\$3.3 million), provide funding to address a small number of recommended urgent fiscal/program needs totaling \$8.1 million. The largest adjustment includes a recommended increase of \$6.5 million to the General Liability Claims appropriation based on an analysis of potential claims payments.

To identify revenue and expenditure trends, the actual 2012-2013 revenues and expenditures are compared to the prior year. Table 2 below compares the City's financial performance in 2012-2013 with the financial performance of the prior year.

ANALYSIS

2012-2013 General Fund Budget Performance

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

	2011-2012 Actuals	2012-2013 Actuals	Change	% Change
Source of Funds				
Beginning Fund Balance	158,470	188,723	30,253	19.1%
Revenues	907,640	943,839	36,199	4.0%
Total Source of Funds	1,066,110	1,132,562	66,452	6.2%
Use of Funds				
Personal Services	572,695	569,877	(2,818)	-0.5%
Non-Personal/Equipment/Other	89,908	100,128	10,220	11.4%
City-Wide Expenses	195,197	210,613	15,416	7.9%
Capital Projects	9,789	7,601	(2,188)	-22.4%
Transfers	30,222	29,162	(1,060)	-3.5%
Reserves	-	-	-	N/A
Total Use of Funds	897,811	917,381	19,570	2.2%

As shown in Table 2, 2012-2013 General Fund revenues of \$943.8 million represent an increase of 4.0% from the 2011-2012 collection level. The categories that experienced the largest increases included: Sales Tax, Other Revenue, Revenue from Local Agencies, Departmental Charges, Business Taxes, and Property Tax categories. The largest declines from the prior year were experienced in the Fines, Forfeitures and Penalties, and Transfers and Reimbursements categories.

General Fund expenditures of \$917.4 million in 2012-2013 were 2.2% above (\$19.6 million) prior year expenditure levels of \$897.8 million. This increase is primarily due to higher City-Wide Expenses (\$15.4 million) and Non-Personal/Equipment/Other (\$10.2 million), offset by lower Personal Services (\$2.8 million) and Capital Contributions (\$2.2 million).

A detailed discussion of the General Fund revenue and expenditure performance is provided in Section I of this document.

ANALYSIS**2012-2013 General Fund Ending Fund Balance**

The current budgeting practice of the City is to use the projected level of fund balance expected to remain in the General Fund at the end of any fiscal year as a funding source for the following year. The Ending Fund Balance estimate always contains two components: the portion of the fund balance that needs to be rebudgeted for completing projects or retaining reserves; and the portion which is undesignated and available as a general funding source in the coming year. In the 2013-2014 Adopted Budget, a total fund balance estimate of \$213.0 million was included as a funding source. As discussed earlier, the 2012-2013 General Fund Ending Fund Balance of \$215.2 million was \$2.2 million above this estimate.

The components of the 2012-2013 General Fund Ending Fund Balance include funding sources, expenditure/transfer savings, and unexpended reserves as described below:

**2012-2013 General Fund
Ending Fund Balance Components**

Fund Balance Component	\$ Amount (\$ in 000s)
Funding Sources	(\$ 4,939)
Expenditure/Transfer Savings	62,168
Unexpended Reserves	157,952
TOTAL	\$ 215,181

The total Sources of Funds ended the year \$4.9 million below the revised budget as a result of lower revenues (-\$8.7 million) that were partially offset by the liquidation of carryover encumbrances (\$3.7 million). As discussed above, the negative revenue variance can be attributed, in part, to various grants and reimbursements (and associated expenditures for a net-zero impact on the General Fund) totaling \$3.7 million that were not expected to be received in 2012-2013 and the revenues and associated expenditures were rebudgeted to 2013-2014 as part of the Adopted Budget. However, the variance is primarily due to the reimbursement from the Successor Agency that was budgeted to be received in 2012-2013 at \$10.5 million but is now expected to be received in 2013-2014 (revised reimbursement amount of \$10.3 million), partially offset by higher Development Fee Program revenues which generated a \$3.2 million surplus. Additional rebudget and clean-up actions are also recommended in the Annual Report, resulting in an adjusted revenue surplus of \$2.6 million (0.3%) of the revised budget.

For the Uses of Funds, expenditure and transfer savings totaled \$62.2 million while unexpended reserves totaled \$158.0 million; this represented the largest component of the 2012-2013 Ending Fund Balance. Of the \$62.2 million in expenditure/transfer savings, almost 90% of these savings (\$54.8 million) was assumed as savings in the development of the 2013-2014 budget or rebudgeted to 2013-2014 to complete projects. Based on actual 2012-2013 expenditures, additional rebudget and clean-up adjustments totaling \$4.8 million are recommended in this

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2012-2013 General Fund Ending Fund Balance

document. After accounting for these adjustments, net expenditure/transfer savings totaled \$2.6 million at year-end, or 0.3% of the revised budget for these expenditures.

General Fund Reserves, totaling \$158.0 million at the end of 2012-2013, include three categories: Earmarked Reserves (\$99.64 million) established to address specific needs per City Council direction; the Ending Fund Balance Reserve (\$29.0 million) established during 2012-2013 from excess revenues and expenditure savings that are programmed for use in the 2013-2014 Adopted Budget, and the Contingency Reserve (\$29.31 million) set at a minimum of 3% of expenditures per City Council policy. The entire \$158.0 million in Reserves was approved for rebudget or assumed as a source of funding in the development of the 2013-2014 Adopted Budget. Following is additional information regarding the three reserve categories.

- ***Earmarked Reserves (\$99.6 million)*** – At the end of 2012-2013, the most significant reserves included the following: Development Fee Program Reserves (\$34.0 million); 2013-2014 Future Deficit Reserve (\$29.4 million); Workers' Compensation/General Liability Catastrophic Reserve (\$15.0 million); Successor Agency City Legal Obligations Reserve (\$7.5 million); Salaries and Benefits Reserve (\$5.0 million); Police Department Overtime Reserve (\$4.0 million); and Retirement Pre-Payment Reserve (\$1.0 million). All of the Earmarked Reserves were approved for rebudget or were assumed as a funding source in the 2013-2014 Adopted Budget.
- ***Ending Fund Balance Reserve (\$29.0 million)*** – Annually, as part of the General Fund Forecast and during the development of the Proposed Budget for the following year, a certain amount of current year unrestricted ending fund balance is estimated to be available at the end of the year as a funding source for the following year's budget. This ending fund balance is expected to be generated from additional revenues above budgeted levels, expenditure savings, and the liquidation of carryover encumbrances during the year. To ensure the 2012-2013 ending fund balance estimate of \$29.0 million was available for use as assumed in the development of the 2013-2014 Adopted Budget, funding was proactively set aside in this reserve as part of the 2012-2013 Mid-Year Budget Review (\$12.0 million) and as part of the 2012-2013 year-end clean-up actions (\$17.0 million). The reserve for 2012-2013 was generated by additional revenue of \$24.6 million combined with expenditure/reserve savings of \$4.4 million.
- ***Contingency Reserve (\$29.3 million)*** – The City Council has established a budget policy of maintaining a minimum 3% Contingency Reserve in the General Fund. This Reserve is in place as a last resort for unexpected critical needs. At the end of 2012-2013, the General Fund Contingency Reserve balance was \$29.3 million. As part of the 2013-2014 Adopted Budget, the entire Contingency Reserve was rebudgeted to 2013-2014. No additional funding is necessary to be added to the Contingency Reserve as part of the 2012-2013 Annual Report in order to meet the minimum 3% Contingency Reserve level. It is important to note,

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2012-2013 General Fund Ending Fund Balance

however, that if this Contingency Reserve is ever needed, it is only sufficient enough to cover General Fund payroll expenditures for approximately two and a half weeks in the event of an emergency. This level of reserve is a very low amount for a city the size of San José.

Impacts on the 2013-2014 General Fund Budget

As discussed above, it was assumed that \$213.0 million would remain at the end of 2012-2013 and would be carried over to 2013-2014 as Beginning Fund Balance as part of the adoption of the 2013-2014 General Fund Operating Budget. These funds, which were expected to be generated from unexpended reserves, unexpended funds that were rebudgeted to 2013-2014, expenditure savings and the liquidation of carryover encumbrances, were programmed for use in the 2013-2014 Adopted Budget. As previously discussed, the actual General Fund Ending Fund Balance was above the estimate used in the 2013-2014 Adopted Budget by \$2.2 million, primarily due to additional expenditure savings.

The following chart details the recommended uses of the \$2.2 million additional fund balance as well as other budget adjustments that are recommended as part of this report. Recommended clean-up actions to close out the 2012-2013 fiscal year result in net additional fund balance of \$2.7 million, bringing the total net available fund balance to \$4.8 million. This additional fund balance, combined with funding of \$3.3 million generated from recommended required technical/rebalancing actions, is proposed to be allocated to address current year fiscal needs of \$8.1 million.

While the urgent current year needs of the General Fund are addressed with these recommended actions, insufficient funds remain to allocate resources to the 2013-2014 Future Deficit Reserve or unmet/deferred infrastructure maintenance needs per City Council Policy I-18.

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Impacts on the 2013-2014 General Fund Budget

PROPOSED 2013-2014 GENERAL FUND ADJUSTMENTS (\$000s)

Additional 2012-2013 Ending Fund Balance	\$ 2,175
Clean-Up Actions	
Development Fee Programs Reconciliation	(3,991)
Rebudgets/Clean-Up Adjustments	6,662
Sub-total Clean-Up Actions	2,671
Fund Balance Available After Clean-up Actions	\$ 4,846
Recommended Budget Adjustments	
Required Technical/Rebalancing Actions	
- General Sales Tax	2,400
- Salaries and Benefits Reserve (Health and Dental Savings)	2,287
- Voluntary Furlough/Reduced Work Week Program (\$150,000 from Depts to Reserve)	32
- Retiree Healthcare Contributions Reconciliation (\$3.9m from Depts to Reserve)	0
- Salary Program (\$3.5m from Reserve to Depts)	0
- City Hall Debt Refunding (\$8.5m to Development Fee Prog./Transfers-Hayes Debt)	0
- Retirement Contributions Reconciliation	(820)
- Airport Maintenance and Operation Fund Overhead Reimbursements	(420)
- Business Incentives (Maxim, Business Cooperation Program, Administration)	(218)
- City Council District Special Events	(13)
Sub-total Required Technical/Rebalancing Actions	\$ 3,248
Grants/Reimbursements/Fee Activities (\$2.0 million in net-zero adjustments)	\$ 0
Urgent Fiscal/Program Needs	
- General Liability Claims	(6,500)
- Successor Agency City Legal Obligations Subsidy	(2,244)
- San Jose Police Officers' Association Employee Compensation Planning Reserve	(1,100)
- Police Department Community Service Officer Vehicles (14 vehicles)	(250)
- Successor Agency City Legal Obligations Reserve	2,000
- Police Department Overtime (\$1.5m Personal Services Reallocation)	0
Sub-total Urgent Fiscal/Program Needs	\$ (8,094)
Total Recommended Budget Adjustments	\$ (4,846)
Remaining Balance After Recommended Adjustments	\$ 0

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

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Impacts on the 2013-2014 General Fund Budget

Clean-Up Actions (\$2.67 Million)

- **Development Fee Programs Reconciliation (\$-3.99 million)** – Consistent with the budget policy enacted several years ago, year-end reconciliations of the revenues and expenditures in the Development Fee Programs are conducted to determine if revenues exceeded or fell below costs. To meet the commitment to the development community that all development fees will be used solely to support development fee activities, any excess revenues and interest earnings above actual costs are placed in Development Fee Program Reserves. Based on 2012-2013 results, \$3.99 million is recommended to be added to the Development Program Fee Reserves (Building, Fire, Planning, and Public Works), preserving any net savings between revenues and expenditures in these programs.
- **Rebudgets/Clean-Up Adjustments (\$6.66 million)** – A series of adjustments are recommended to complete existing projects in 2013-2014 and to reflect any necessary technical budget adjustments. The Annual Report is the point in the budget process where action is required to rebudget unexpended funds from the prior year that were not anticipated when the Adopted Budget was approved, but are required to complete a project in the current year. Also recommended are actions that actually reduce previous rebudgets to reflect instances where expenditures for which rebudgets were approved actually occurred in 2012-2013, therefore, the funds are not available for rebudget to 2013-2014. Other technical adjustments include reconciliation of restricted program funding (e.g. Wellness Program, Public, Education, and Government Access activities) and the repayment of previous contributions for Leland sports fields to the Council District 10 C&C Tax Fund.

Recommended Budget Adjustments (-\$4.85 million)

A number of General Fund budget additions are recommended to address current year funding needs that have emerged since the 2013-2014 budget was approved. These adjustments total \$4.85 million and can be classified under three categories: 1) Required Technical/Rebalancing Actions that generate an additional \$3.3 million in net General Fund resources; 2) Grants/Reimbursement/Fee Activities that include a series of net-zero adjustments totaling \$2.0 million; and 3) Urgent Fiscal/Program Needs with a net cost of \$8.1 million.

A summary of these adjustments include:

- **Required Technical/Rebalancing Actions (\$3.25 million)**
 - This action increases the estimate for *General Sales Tax* by \$2.4 million increasing the estimate from \$162.1 million to \$164.5 million. When the 2013-2014 Adopted Budget revenue projection was developed, actual 2012-2013 data was available for the first two quarters, and it was assumed that 3% growth would be realized in the last two quarters of

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Impacts on the 2013-2014 General Fund Budget

2012-2013. Actual increases in the last two quarters of 2012-2013 were 7% and 4%, respectively. From this higher revenue base, a 3% growth assumption has been applied which is slightly lower than the 4% growth factor used in the 2013-2014 Adopted Budget, but is consistent with the most recent forecast provided by MuniServices. It is anticipated that a portion of the growth in 2013-2014 (approximately \$400,000) will be generated from the Business Cooperation Program, which is expected to generate additional use tax for the City. The City's Business Cooperation program is a rebate program designed to have local businesses take a proactive approach in allocating use tax to San José on select purchases. With the recommended change to the underlying 2013-2014 growth assumption from the actual 2012-2013 receipts as well as adjustments associated with the true-up payment from 2012-2013, the recommended 2013-2014 modified budget estimate of \$164.5 million reflects an increase of 3.7% from the 2012-2013 year-end figure of \$158.6 million. (\$2.4 million)

- This action decreases the *Salaries and Benefits Reserve* to reflect health (\$2,248,000) and dental (\$39,000) savings based on the actual health and dental rates that are projected to be implemented on January 1, 2014. Based on actual contracted costs negotiated between the Human Resources Department and the City's health and dental providers, only a 1% increase to the City's health contribution rates and no increase to the dental contribution rates are required in 2013-2014. Sufficient departmental vacancy savings are anticipated to be available to cover the 1% increase in City contributions. These actual rate increases compare to budgeted increases of 11% for health and 2% for dental, previously projected by the benefits actuarial consultant and programmed as part of the 2013-2014 Adopted Budget. (\$2.29 million)
- Adjustments to various departments' personal services appropriations reflect implementation of the *Voluntary Furlough/Reduced Work Week Program* in 2013-2014. Savings in the General Fund (\$182,000) will be 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 \$150,000 was assumed in the development of the 2013-2014 Adopted Budget and was temporarily funded from the General Fund Salaries and Benefits Earmarked Reserve. The actions reflected in this report remove the actual savings from the departmental budgets and appropriately restore the funding to the Salaries and Benefits Earmarked Reserve. The remaining savings are recommended to offset other budget actions as described elsewhere in this report. (\$32,000)
- A *Retiree Healthcare Contributions Reconciliation* was completed for both the Federated System and the Police and Fire Retirement Plan in order to ensure that all City funds contain the correct contribution amounts for 2013-2014. In June 2013, agreements were reached with all employee groups representing employees in the Federated City Employees' Retirement System (including Unit 99) to extend, by 18 months, the phase-in to fully fund the annual required contribution for retiree healthcare benefits. As directed

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Impacts on the 2013-2014 General Fund Budget

by the City Council on June 18, 2013, one-time savings of \$7.0 million in all funds (\$3.9 million in the General Fund) is recommended to be allocated to Retiree Healthcare Solutions Earmarked Reserves across many funds in the City, as appropriate. These funds have been set aside to be used as needed for future retiree healthcare costs. This action will bring total retirement costs to \$211.4 million in the General Fund and \$271.2 million in all funds in 2013-2014. (\$0)

- The 2013-2014 **Salary Program** includes net-zero adjustments to various departments and funds to reflect a 2% salary increase that was negotiated and agreed to by the City five bargaining units (Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Maintenance Supervisory Personnel (AMSP), City Association of Management Personnel (CAMP), and Association of Legal Professional of San José (ALP)), effective June 23, 2013. In addition, a 2% salary increase is included for those employees in Unit 99. As part of the development of the 2013-2014 Adopted Budget, Employee Compensation Planning Earmarked Reserves were established in anticipation of modest salary adjustments in 2013-2014. These actions reflected in this report increase funding to the various affected departmental budgets and reduce Employee Compensation Planning Earmarked Reserves across all affected Funds accordingly. It should be noted that the Salary Program adjustments contained in this report total \$3.5 million in the General Fund (\$3.3 million will remain unallocated in the Employee Compensation Planning Earmarked Reserve) and \$5.2 million across all funds. (\$0)
- Due to the spring 2013 **City Hall Debt Refunding** of the bonds issued to construct City Hall and the accompanying parking garage, the City realized a significant savings in 2012-2013 (\$8.4 million) and anticipates additional savings in 2013-2014 (\$3.5 million) for a total of \$11.9 million. Actions recommended in this report include reducing the Transfer to the City Hall Debt Service Fund from the General Fund (\$8.5 million), Special Funds (\$2.3 million), and Capital Funds (\$1.1 million). Excluding the savings owed to the Development Fee Programs, \$7.7 million in net one-time savings from the General Fund is recommended to be transferred to the Community Facilities Revenue Fund to pay down principal on the Hayes Mansion Phase III debt, consistent with City Council approval of the 2013-2014 Adopted Budget. This transaction will allow the City to pay down the Hayes Mansion debt related to the 2008D bonds two years earlier, realize average annual savings of \$345,000 through 2025, and achieve a total savings over the remaining life of the 2008D bonds of \$4.0 million. (\$0)
- Due to the change in methodology for paying the City's annual required contribution to a minimum amount or the amount generated by a rate (2011-2012), a **Retirement Contributions Reconciliation** was completed for both the Federated System and the Police and Fire Retirement Plan in order to ensure that all City funds contain the correct contribution amounts for 2013-2014. This reconciliation is completed annually, consistent with City Council direction as part of the approval of the 2012-2013 Mayor's

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Impacts on the 2013-2014 General Fund Budget

June Budget Message. Based on the final City contribution amounts as determined by the two retirement boards in March and June of 2013 and budget actions approved after the release of the Proposed Budget, the retirement contribution reconciliation results in a net cost of \$825,000 in the General Fund (\$820,000 excluding Development Fee Programs) that is recommended to be funded in this document. This action will bring total retirement costs to \$211.4 million in the General Fund and \$271.2 million in all funds in 2013-2014, representing growth of 13.5% in the General Fund and 12.4% in all funds when compared to 2012-2013 levels. (-\$820,000)

- This action decreases the estimate for Transfers and Reimbursements by \$420,000 to reflect a decrease in *Airport Maintenance and Operations Fund Overhead Reimbursements*. The Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements approved by the City Council in March 2007, requires that should the percentage growth in annual enplanements at the Airport exceed the forecasted growth in annual enplanements nationwide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage. In 2012-2013, the percentage growth in annual enplanements at the Airport was 2.7%, which exceeded the Federal Aviation Administration's projection of 0.0% for national enplanement growth for 2012-2013. Therefore, this action recommends a reduction in the 2013-2014 overhead expenses to the Airport by 2.7% (from the adopted overhead rate of 18.25% to 15.55%). (-\$420,000)
- This action funds *Business Incentives* for Maxim Integrated Products, a Business Cooperation Program, and administrative costs related to the Business Cooperation Program. A Utility User Tax rebate of up to \$600,000 over five years to Maxim Integrated Products was previously approved by the City Council on January 25, 2011. The business incentive rebates 50% of Utility User Tax paid to the City over \$10, back to the business. The incentive was created to incentivize Maxim Integrated Products to relocate their headquarters to San José, CA from Sunnyvale, CA. Municipal Revenue Advisors (MRA) provides technical assistance to participating Business Cooperation companies in identify eligible purchases and the appropriate procedures for allocating tax to the City of San José. As part of the Business Cooperation Program, businesses can receive a rebate of up to 30% of the local portion of the use tax deliberately allocated to San José in the acquisition of equipment and/or construction materials in San José. After the rebate to the participating companies, 20% of the net revenues will be remitted to MRA as contract fees for their services. This initial funding provides a rebate related to the construction of the new Samsung headquarters for the construction contractors participating in the Business Cooperation Program. In 2013-2014, it is anticipated that approximately \$400,000 in additional use tax revenues will be collected by the City from construction contractor participation. Of this amount, 30% (\$120,000) will be a rebate to selected construction contractors working on the Samsung construction project. (-\$218,000)

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Impacts on the 2013-2014 General Fund Budget

- This action increases the Council District #2, #8, and #9 appropriations for *City Council District Special Events*. This action reflects sponsorship funding received in 2012-2013 for reimbursement of costs for various special events co-sponsored with the respective Council Districts. (-\$13,000)
- **Grants/Reimbursements/Fee Activities (\$0)**
 - A series of net-zero adjustments totaling \$2.0 million are recommended to reflect new or updated revenues and expenditures for *Grants, Reimbursements and/or Fee Activities* for the following Departments: Parks, Recreation and Neighborhood Services (\$1.2 million), Police (\$389,000), Public Works (\$210,000), Office of Economic Development (\$105,000), Finance (\$50,000), Mayor and City Council (\$45,000), Planning, Building, and Code Enforcement (\$29,000), and Environmental Services (-\$93,000).
- **Urgent Fiscal/Program Needs (-\$8.10 million)**
 - This action increases the *General Liability Claims* appropriation in 2013-2014 by \$6.5 million (from \$7.9 million to \$14.4 million). As part of the 2013-2014 Adopted Budget, expenditure savings of \$5.9 million were anticipated and rebudgeted as only \$2.0 million in ongoing funding for potential claim awards and litigation settlements is budgeted annually. However, only \$4.2 million was available at the conclusion of 2012-2013. Despite there being insufficient savings to cover the rebudget, not only is a downward adjustment to the appropriation not recommended as would be the usual budget practice, but an increase of \$6.5 million is needed as well to provide sufficient funding for a recent \$4.95 million settlement agreement and \$1.0 million judgment against the City. The remaining funding increase of \$550,000 combined with the remaining appropriation balance of \$7.9 million is needed to ensure sufficient funding for other judgments that have been rendered and other potential claims and litigation settlements against the City that may occur this year. (-\$6.50 million)
 - This action increases the *Successor Agency City Legal Obligations Subsidy* by \$2.2 million (from \$850,000 to \$3.1 million) to reflect revised projected cash flow and structural deficits in 2013-2014. Per a tentative ruling in the Superior Court, Sacramento County, the 2013-2014 Adopted Operating Budget assumed the successful distribution of over \$15 million in tax increment that is currently being withheld from the Successor Agency to the Redevelopment Agency (SARA) by the County of Santa Clara to fund the County employees' retirement plan (the PERS Levy) and the Water District levy. However, the County has appealed this decision and the County continues to withhold this tax increment. The current withholding of the tax increment funding, however, is partially offset by an increase in projected tax increment growth levels per the 2013-2014 property assessment roll as determined by the County Assessors Office. As a result of the combined impact of these actions, it is anticipated that additional funding of \$2.2 million

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Impacts on the 2013-2014 General Fund Budget

is needed by SARA in 2013-2014 to ensure sufficient cash flow for City contractually obligated payments. Additional funding of \$2.2 million will ensure completion of the October 2013 Educational Revenue Augmentation Fund payment as well as the estimated direct administrative costs as outlined in the 2013-2014 Adopted Budget funding level (\$850,000). Per the approved Long-Term Reimbursement Agreement between the City and SARA, a City Advance for this bonded obligation is eligible to be reimbursed should sufficient cash balances remain at the end of 2013-2014 with SARA. Revenues and expenditures will continue to be monitored closely and any adjustments or potential intra-year reimbursements brought forward for consideration as appropriate.

The 2013-2014 Adopted Budget included a contingency plan of \$13.0 million should SARA not prevail in the litigation with the County. Therefore, due to the continued litigation, it is recommended that the Successor Agency Legal Obligations Reserve, a proposal included on the contingency plan, be adjusted downward by \$2.0 million (from \$10.0 million to \$8.0 million) to offset the majority of this recommended action as described elsewhere in this report. The remaining balance of \$244,000 is recommended to be funded by other actions as described in this report. It should be noted that the release of the remaining SARA PERS Levy/Water District Levy General Fund Contingency Plan is recommended elsewhere in this document. (-\$2.24 million)

- This action increases the *San José Police Officers' Association Employee Compensation Planning Reserve* in the amount of \$1.1 million from \$10.0 million to \$11.1 million to ensure that sufficient funds are set aside if a negotiated settlement were to occur. Based on the City's most recent offer in negotiations, included in this reserve is funding equivalent to a 3.0% ongoing general wage increase in 2013-2014 as part of a one-year agreement (total one-year funding of \$6.5 million) or a 2.5% ongoing general wage increase in both 2013-2014 and 2014-2015 as well as a one-time 4.0% non-pensionable retention bonus paid in two installments as part of a two-year agreement (total two year funding of \$15.5 million). (-\$1.1 million)
- This action provides funding of \$250,000 for *Police Department Community Service Officer Vehicles* and will allow for the purchase of 14 additional vehicles for the 21 new Community Service Officers (CSOs) that were added to the Department as part of the 2013-2014 Adopted Budget. The Adopted Budget included funding for seven vehicles based on a patrol deployment model that would have been similar to sworn officers. However, after further analysis, it has been determined that for more effective coverage and service to the community for cases such as stolen vehicles, traffic complaints, and non-injury and minor injury vehicle accidents, the CSOs will now be deployed on a Monday through Friday, eight-hour day schedule that will require each position to have its own vehicle. Because the vehicle purchases and build-up take several months to complete, it is recommended to set aside this additional funding now to ensure the

ANALYSIS

Impacts on the 2013-2014 General Fund Budget

vehicles are available when the CSOs complete their training later this fiscal year. (-\$250,000)

- This action decreases the *Successor Agency Legal Obligations Reserve* by \$2 million (from \$10.0 million to \$8.0 million). This reserve was established and is intended to provide the equivalent principal value of loans made between the City and former Redevelopment Agency as part of the SERAF Loan (\$5.0 million from the Sewage Treatment Plant Connection Fee Fund, \$3.0 million from the Subdivision Park Trust Fund, and \$2.0 million from the Ice Centre Revenue Fund) currently due and payable by June 30, 2015. The Adopted Budget, however, also included a contingency plan of \$13.0 million should the Successor Agency to the Redevelopment Agency (SARA) not prevail in litigation with the County of Santa Clara regarding the distribution of property tax increment to SARA and among other items, this reserve was on the plan. Although SARA did prevail at the trial court level, the County has appealed the decision and continues to withhold the funding until a final decision is rendered, causing a current year cash flow shortage for completion of City contractually obligated payments. Due to higher than estimated tax increment growth in 2013-2014, however, the tax increment shortage has been mitigated somewhat, but a \$2.2 million increase to the General Fund Successor Agency City Legal Obligations Subsidy is still required as discussed in this report. The use of a portion of the SARA Reserve is therefore recommended to offset \$2.0 million of the subsidy increase needed. The remaining balance of \$244,000 is recommended to be funded by other actions described in this report. It is anticipated that to the extent possible the Administration will seek to reinstate the \$2 million to the SARA Reserve at a later date. (\$2.0 million)
- This action increases the *Police Department's Overtime* funding in 2013-2014 by \$2.2 million (from \$15.9 million to \$18.1 million) which is approximately equivalent to the overtime expenditures in 2012-2013. This funding will primarily help expand targeted enforcement of high crime activity through suppression cars, specifically related to gang enforcement, prostitution, graffiti, and high profile investigations. As approved as part of the 2013-2014 Adopted Budget, \$4.0 million in overtime funding was added to the base overtime budget level of \$12.0 million, and additional funding is needed as the Police Department works through filling sworn and non-sworn vacancies. This action reallocates \$1.5 million in anticipated 2013-2014 vacancy savings from the salary and benefits line items to the overtime line item in the Police Department Personal Services appropriation. Additional overtime funding of \$750,000 is also included as a rebudget action recommended elsewhere in this document. (\$0)

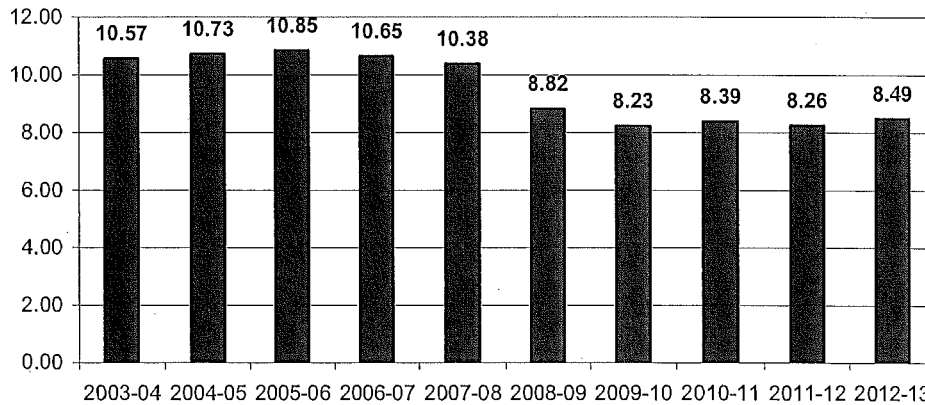
ANALYSIS

2012-2013 Selected Special/Capital Funds Budget Performance

Airport Operating Funds

The Airport served 8.49 million passengers in 2012-2013, which was an overall increase of 2.8% from 2011-2012. Moreover, the percentage growth in annual enplanements at the Airport in 2012-2013 was 2.7%, which exceeded the Federal Aviation Administration’s 2012-2013 projection of 0% for national enplanement growth. This increase in passenger enplanements triggered the activation of the Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by the City Council in March 2007. Under this provision, if the percentage growth in annual enplanements at the Airport exceeds the forecasted growth in annual enplanements nationwide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage. Budget actions are recommended in this document to reduce the 2013-2014 overhead expenses to the Airport Maintenance and Operation Fund by \$420,000 to reflect a reduction of the overhead rate of 2.7% (from the adopted overhead rate of 18.25% to 15.55%). Passenger growth in 2013-2014 is anticipated to increase by 1.5%. Airport activity categories demonstrated growth as compared to last year in parking exits, pounds of mail/freight/cargo, traffic operations, gallons of aviation fuel sold, taxicab operations, and landed weights.

**Mineta San José International Airport
 Annual Passengers (Millions)**



Overall, revenue performance was above the budgeted estimate by \$5.0 million (4.3%). Airline Rates and Charges (combined total of landing fees and terminal rents) and all other operating categories, excluding transfers, ended the year at \$119.5 million, which was slightly above the budgeted estimates of \$114.4 million. Airline terminal rental revenue exceeded budgeted estimates by \$1.1 million (2.9%) reflecting the addition of All Nippon Airways terminal lease and higher than anticipated rental of common use ticket counters and gates. Airfield and landing fee revenues were \$431,000 (2.8%) more than expectations due to increased flights. Parking and Roadways revenue was above the budgeted estimate by \$2.4 million (6.0%), which includes the Rental Car Privilege Fees of \$536,000 (4.3%) above the budgeted estimate.

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2012-2013 Selected Special/Capital Funds Budget Performance

Airport Operating Funds (Cont'd.)

The Airport's two operating funds, Airport Customer Facility and Transportation Fee Fund (Fund 519) and Airport Maintenance and Operation Fund (Fund 523) had a combined year-end expenditure savings of \$11.9 million (13.2%) compared to the budgeted levels of \$90.3 million most of which were anticipated and incorporated into the development of the 2013-2014 Adopted Budget and airline rates and charges. The \$1.0 million in personal services savings was the result of position vacancies experienced during the year. The non-personal/equipment expenditure savings of \$5.2 million resulted from adhering to strict cost controls, prioritizing needs, deferring purchases, use of alternate products or sources, as well as conservative budgeting for the operation and utilities of terminal facilities and the rental car garage.

These savings resulted in a lower than anticipated transfer from the Airport Revenue Fund to the Airport Maintenance and Operation Fund and incrementally higher year-end fund balance in the Airport Revenue Fund. The additional fund balance in the Airport Revenue Fund will contribute toward managing the 2013-2014 Adopted Budget and development of the 2014-2015 budget.

City Hall Debt Service Fund/Community Facilities Revenue Fund

The refunding of Civic Center bonds completed in spring 2013 resulted in debt service savings in 2012-2013 and additional savings in 2013-2014. The combined savings in the City Hall Debt Service Fund total \$11.9 million, of which \$8.5 million is in the General Fund. This additional fund balance, along with reduced City Hall debt service payments in 2013-2014, will result in a decrease to the transfer from the General Fund (\$8.5 million), Special Funds (\$2.3 million) and Capital Funds (\$1.1 million) in 2013-2014. As described in *Section IV – Recommended Budget Adjustments and Clean-Up Actions* section of this document, budget actions are recommended in each of the impacted funds to reflect the reduction in the transfer to the City Hall Debt Service Fund.

In accordance with City Council approval of the 2013-2014 Adopted Budget, General Fund savings from the refunding will be directed toward paying down a portion of the outstanding Hayes Mansion debt. After subtracting out the savings owed to the development fee programs, the remaining General Fund savings of \$7.7 million are recommended to be transferred to the Community Facilities Revenue Fund to pay down a portion of the \$54.0 million in outstanding principal. This transaction will allow the City to pay down the Hayes debt related to the 2008D bonds two years earlier, realize average annual savings of \$345,000 through 2025, and achieve a total savings over the remaining life of the 2008D bonds of \$4.0 million.

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2012-2013 Selected Special/Capital Funds Budget Performance

Convention and Cultural Affairs Fund

The Convention and Cultural Affairs Fund accounts for Team San José's (TSJ) operation of the City's Convention Facilities. In 2012-2013, revenues totaling \$31.3 million consisted primarily of operating revenues from Team San José's operation of the City's convention facilities (\$22.9 million) and transfers from the Transient Occupancy Tax (TOT) Fund (\$7.2 million). Total revenues fell short of the budget estimate by \$10.5 million (25.2%) primarily due to a delay in the need to issue commercial paper related to the Convention Center Expansion/Renovation project (\$10.0 million), which will instead be issued in 2013-2014, combined with a technical accounting adjustment of prior years' accounts receivables related to this fund (\$924,000). Expenditures of \$33.6 million were primarily attributed to costs associated with operating the Convention Center and cultural facilities (\$26.8 million); fixtures, furnishings and equipment (FF&E) to outfit the expanded and remodeled Convention Center (\$1.8 million); and a variety of miscellaneous capital repairs and replacements (\$1.4 million). Total expenditures were \$12.8 million (27.6%) below the modified budget primarily due to commercial paper proceeds (\$10.0 million) that were previously rebudgeted into 2013-2014.

Actions included in this report recommend allocating \$140,000 to the Center for Performing Arts Improvements project to pay for the abatement of unexpected asbestos encountered during the upgrade of the fire protection system. An additional \$140,000 is recommended for Miscellaneous Capital Improvements to fund integration of the heating and cooling system software across several cultural facilities, and the purchase of replacement trash cans. Combined with the original budget of \$250,000 and a recommended rebudget of \$263,000, the budget available for Miscellaneous Capital Improvements in 2013-2014 will total \$653,000.

Transient Occupancy Tax Fund

In 2012-2013, revenues generated from Transient Occupancy Tax (TOT) receipts totaled \$15.2 million in this fund, the highest amount collected since the \$16.4 million peak in 2000-2001. Total TOT revenues ended the year 11.0% above 2011-2012 collections of \$13.7 million and 0.2% above the 2012-2013 modified budget. The strong performance in 2012-2013 is reflected in the average occupancy rate for the City's 14 largest hotels climbing from 61.6% to 66.6% and a \$10 increase in the average room rate for the same set of hotels (from \$129 to \$139).

Capital Fund Major Revenues

A number of taxes and fees levied on construction and property resale (conveyance) activity provide a large source of revenue to the City's Capital program. As reported in Monthly Financial Reports, 2012-2013 collections in nearly all major capital revenue categories were expected to exceed budgeted estimates. The chart below provides a comparison of estimated revenues to actual revenues for these types of revenues, and a discussion regarding the three largest revenue sources follows.

ANALYSIS

2012-2013 Selected Special/Capital Funds Budget Performance

Capital Fund Major Revenues (Cont'd.)

**Construction-Related Capital Program Revenues Comparison
 (\$ in Thousands)**

	2012-2013 Estimate*	2012-2013 Actuals	% Variance
Construction and Conveyance Tax	\$30,000	\$34,405	14.7%
Building and Structure Construction Tax	\$13,000	\$13,777	6.0%
Construction Excise Tax	\$17,000	\$17,838	5.0%
Municipal Water System Fees	\$161	\$210	30.4%
Residential Construction Tax	\$200	\$321	60.5%
Sanitary Sewer Connection Fee	\$650	\$811	24.8%
Storm Drainage Connection Fee	\$200	\$260	30.0%

* Revenue estimate used in the development of the 2013-2014 Adopted Capital Budget.

• **Construction and Conveyance Tax**

Real estate activity (primarily housing re-sales) determines the collection level of one of the major capital revenue sources, the Construction & Conveyance (C&C) Tax. Approximately 99% of C&C Tax is derived from a tax imposed upon each transfer of real property, with the remaining 1% generated from a construction tax levied on most types of construction. C&C Tax revenues, which are a significant source of funds for the Parks and Community Facilities Development, Library, Fire, Service Yards, and Communications capital programs, totaled \$34.4 million in 2012-2013. This collection level was 15% (\$4.4 million) above the budget estimate of \$30.0 million, and represents a 35% (\$9.0 million) increase from 2012-2013 collections of \$25.4 million.

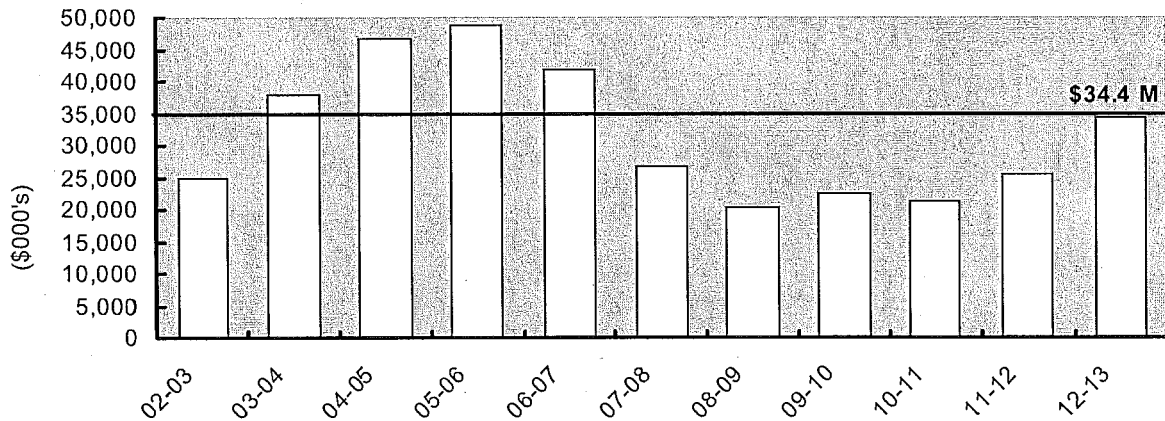
The following graph displays the collection history of Construction and Conveyance Tax receipts.

ANALYSIS

2012-2013 Selected Special/Capital Funds Budget Performance

Capital Fund Major Revenues (Cont'd.)

Construction and Conveyance Tax Revenues



After experiencing sharp declines since the peak collection of \$49 million in 2005-2006, the recovering real estate market is experiencing solid growth, resulting in the 2012-2013 C&C Tax revenues reaching the highest collection level since 2006-2007. Rising prices primarily drove the increased revenue, with the median price for San José single family homes jumping from \$588,444 to \$732,500 between June 2012 and June 2013, an increase of 24.5%. In addition, the amount of time it takes to sell a home (both single family and multi-family dwelling units) dropped by 57.3%, from 52 days in June 2012 to 22 days in June 2013. This increased activity was slightly offset by a 2.2% decrease in the number of property transfers for all types of residences between 2011-2012 and 2012-2013.

Based on the stronger than anticipated revenue collections in 2012-2013, the 2013-2014 Adopted Budget C&C Tax revenue estimate of \$30.0 million now allows for a 13% decrease from actual 2012-2013 collections. Revenue receipts will be carefully monitored over the coming months to determine if this higher collection level is sustainable and to identify any necessary budget adjustments to this revenue category.

ANALYSIS

2012-2013 Selected Special/Capital Funds Budget Performance

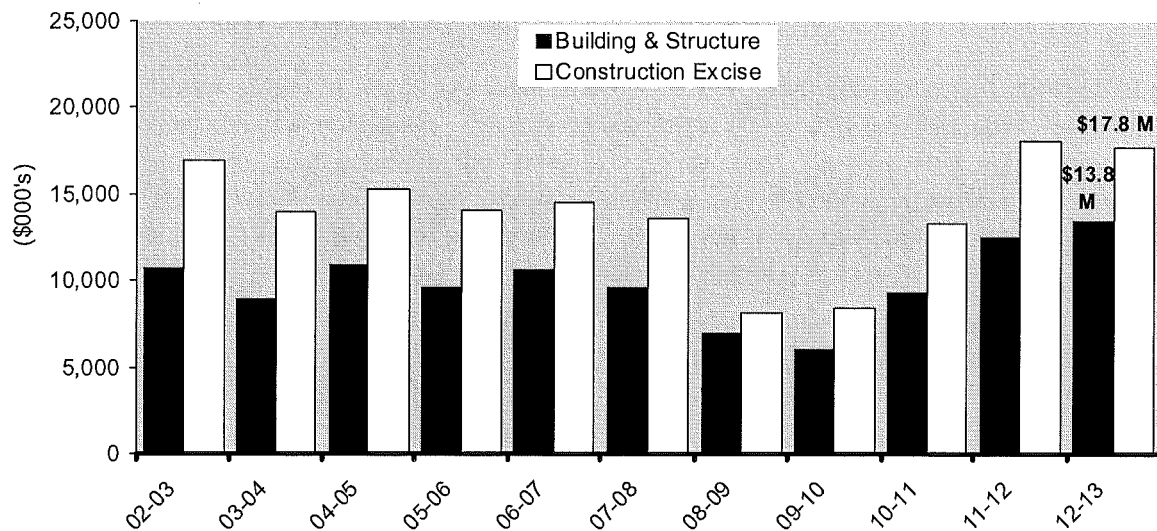
Capital Fund Major Revenues (Cont'd.)

• **Building and Structure Construction Tax and the Construction Excise Tax**

The Building and Structure Construction Tax and the Construction Excise Tax are the primary sources of funding for the Traffic Capital Program. Year-end collections in the Building and Structure Construction Tax category totaled \$13.8 million in 2012-2013. This collection level was 6% (\$770,000) above the budget estimate of \$13.0 million, and represents a 10% (\$1.2 million) increase from 2011-2012 collections of \$12.6 million. Construction Excise Tax receipts for 2012-2013 totaled \$17.8 million, up 5% (\$700,000) over the budget estimate of \$17.0 million, but experienced a small decrease of 1% (\$191,000) from 2011-2012 collections of \$18.0 million.

The graph below displays the collection history of both the Building and Structure and Construction Excise Tax receipts. These revenue sources have recovered from their 2009-2010 low, yet still remain below the 2000-2001 high (not shown) of a combined \$38.2 million. The improved collections in both Building and Structure Construction Tax and Construction Excise Tax revenue are primarily attributable to new multi-family residential construction in the North San José. Growing industrial activity was also a factor in growth of Building and Structure Construction Tax receipts.

Construction Tax Revenues



Compared to the stronger than anticipated revenue collections in 2012-2013, the 2013-2014 Adopted Budget estimate for the Building and Structure Construction Tax allows for a 20% decrease from actual 2012-2013 collections, and the estimate for the Construction Excise Tax now allows for a 21% decrease. Given the volatile nature of these taxes, the sustainability of

ANALYSIS

2012-2013 Selected Special/Capital Funds Budget Performance

Capital Fund Major Revenues (Cont'd.)

the 2012-2013 collection level will be monitored as the year progresses to determine if any upward adjustments are warranted.

Airport Capital Funds

In 2012-2013, the Airport Capital Program incurred expenditures and encumbrances of \$48.4 million. Over half is attributed to transfers to other funds for debt service and close-out of minor commercial paper debt funds (\$26.6 million). Major capital project spending included Taxiway W Improvements (\$8.8 million); Terminal Area Development, Phase I (\$5.3 million); Pavement Maintenance (\$1.5 million); and Clean-Up of Existing Fuel Farm (\$1.0 million).

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

In 2012-2013, a total of \$19.7 million was expended or encumbered in the Library (\$3.0 million), Parks and Community Facilities (\$14.3 million), and Public Safety (\$2.4 million) General Obligation Bond Funds.

In the Library Program, the projects with the largest expenditures and encumbrances in 2012-2013 included Southeast Branch Library (\$1.5 million) and Branch Efficiency Projects (\$1.1 million). The Southeast Branch, the last remaining branch library to enter into a construction contract, is scheduled to begin construction in 2013-2014.

In the Parks and Community Facilities Program, there was only one project with significant 2012-2013 expenditure and encumbrances—Soccer Complex (\$12.3 million). The City continues to pursue potential locations for the Softball Complex, the final Parks and Recreation Bond project.

In the Public Safety Program, the Fire Station 21 – White Road project had expenditures and encumbrances of \$1.1 million as the project readies for a construction contract award in 2013-2014. Fire Station 37 – Willow Glen is the final Public Safety Bond Project.

Traffic Capital Funds

In 2012-2013, a total of \$62.5 million was spent or encumbered for traffic capital projects. The projects with the largest expenditures and encumbrances included Pavement Maintenance projects funded with Federal, State, and City sources (\$23.1 million); Alameda – A Plan for the Beautiful Way (\$4.2 million), Montague Expressway North San José – County Settlement Agreement (\$4.0 million), Route 101/Mabury Road Design (\$1.8 million), American Disability Act Sidewalk Accessibility Program (\$1.7 million), San Carlos Multimodal Streetscape Improvements Phase I (\$1.7 million), and the Autumn Street Extension (\$1.7 million).

ANALYSIS

2012-2013 Selected Special/Capital Funds Budget Performance

San José/Santa Clara Treatment Plant, Sanitary Sewer, Storm Sewer and Water Utility Capital Funds

Taken together, projects within the Environmental and Utility Services capital programs comprised a significant portion of the City's 2012-2013 capital-related expenditures and encumbrances at \$94.6 million: \$42.9 million related to the San José/Santa Clara Regional Wastewater Facility, \$39.2 million related to the Sanitary Sewer System, \$9.2 million related to the Storm Sewer System, and \$3.3 million related to the Water Utility System. The projects with the largest expenditures and encumbrances were within the Treatment Plant and the Sanitary Sewer System, and included the Revised South Bay Action Plan – SBWR Extension (\$5.0 million), Condition Assessment Sewer Repairs (\$4.0 million), Plant Infrastructure Improvements (\$3.6 million), Sanitary Sewer Condition Assessment Phase II (\$3.6 million), Spreckles Sanitary Sewer Force Main Supplement (\$3.4 million), and the Monterey-Riverside Sanitary Sewer, Phase V (\$2.8 million).

Special and Capital Funds Budget Adjustments

Several budget adjustments for both special and capital funds are included in this document, including recognition of grants, net-zero transfers/reallocations, and new allocations for a small number of high priority projects and programs, the most notable of which concerns the Branch Library Bond Projects Fund (Library Bond Fund).

An internal reconciliation of the Library Bond Fund revealed approximately \$4.0 million of expenditures that were originally paid from other funds and reimbursed from the Library Bond Fund. However, since it was determined that these expenses could not be submitted to the bond trustee for reimbursement, this had the effect of creating a negative balance of \$4.0 million in the Library Bond Fund. To begin addressing the situation, recent capital expenditures of approximately \$621,000 that were paid from the Library Construction and Conveyance (C&C) Tax Fund have been deemed to be reimbursable from bond proceeds. Actions included in this report, therefore, transfer \$621,000 to and from the Library C&C Fund and the Library Bond Fund to appropriately align expenditures and to allow for bond reimbursement for these expenses, thereby lowering the outstanding amount of non-reimbursable expenditures to \$3.4 million.

This remaining negative balance will be eliminated within a period no longer than five years by shifting the budgeting for bond-eligible projects from the Library C&C Fund to the Library Bond Fund. Due to higher than anticipated C&C revenues received in 2012-2013, a recommendation is included in the Library C&C Fund to establish an Ineligible Branch Libraries Bond Projects Reserve in the amount of \$625,000 for future transfer to the Library Bond Fund. The 2015-2019 Capital Improvement Program will include a recommendation to transfer funds from the Library C&C Fund to the Library Bond Fund. This transfer will fund the construction of capital projects

ANALYSIS

2012-2013 Selected Special/Capital Funds Budget Performance

Special and Capital Funds Budget Adjustments (Cont'd.)

in the Library Bond Fund that are eligible for reimbursement from bond proceeds. Over the next several years, these transfers will allow for the construction of a variety of bond-eligible improvements at the City's branch libraries, while simultaneously allowing a phased pay down of the outstanding \$3.4 million in Library Bond Fund capital expenditures that have been determined as ineligible to be reimbursed from bond proceeds. It should be noted that transferring C&C funding to the Library Bond Fund limits the ability of the Library Capital Program to fund non-construction activities such as books and materials.

Other notable capital adjustments include the allocation of \$288,000 in the City-wide Parks C&C Fund to replace stolen copper wire at 65 parks and recreation facilities, adding to the \$202,000 spent on copper wire replacement at these facilities in 2012-2013, and the allocation of \$620,000 in the Fire C&C to the Reserve: Facilities Improvements to ensure that funding is available for any critical fire station needs such as mold abatement, roof replacement, and exterior waterproofing that may arise in the future. Lastly, the rebudget of unexpended funds for projects and programs extending into 2013-2014 is recommended in this document. Details of these adjustments can be found in Section IV of this document.

Release of the Successor Agency to the Redevelopment Agency PERS Levy/Water District Levy General Fund Contingency Plan

The release of the Successor Agency to the Redevelopment Agency (SARA) PERS Levy/Water District Levy General Fund Contingency Plan that was included in the 2013-2014 Adopted Budget is recommended. This General Fund Contingency Plan, which totals \$13.0 million in 2013-2014 and \$2.7 million ongoing, was developed to address the potential loss of SARA property tax increment that the County of Santa Clara has withheld to fund the County employees' retirement plan (PERS Levy) and Water District Levy. Per a tentative ruling in the Superior Court, Sacramento County, the 2013-2014 Adopted Operating Budget assumed the successful distribution of over \$15 million in tax increment that is currently being withheld from SARA by the County of Santa Clara. However, the County has appealed this decision and the County continues to withhold this tax increment. With 2013-2014 projected tax increment growth levels per the 2013-2014 property assessment roll as determined by the County Assessors Office, it is anticipated that the Contingency Plan will not be necessary even if the County continues to withhold this tax increment. It will, however, be necessary to increase the Successor Agency City Legal Obligations Subsidy by \$2.2 million (from \$850,000 to \$3.1 million) to reflect revised projected cash flow and structural deficits in 2013-2014. It is recommended that the Successor Agency Legal Obligations Reserve be adjusted downward by \$2.0 million (from \$10.0 million to \$8.0 million) to offset the majority of this recommended action.

ANALYSIS

Successor Agency to the Redevelopment Agency PERS Levy/Water District Levy General Fund Contingency Plan

The release of the SARA PERS Levy/Water District Levy General Fund Contingency Plan will enable projects included in the 2013-2014 Adopted Budget to move forward. Below is the list of items on the Contingency Plan that will now be released for funding. It should be noted that the \$20 million General Fund Contingency Plan associated with the Supplemental Retiree Benefit Reserve (SRBR) elimination and the lowest cost healthcare plan changes remains in effect.

**Successor Agency to the Redevelopment Agency
 PERS Levy/Water District Levy General Fund Contingency Plan**

Proposal	2013-2014	Ongoing
2014-2015 Community Action and Pride Grants Reserve	(100,000)	
2014-2015 Homeless Response Team Reserve	(1,500,000)	
Anti-Graffiti Program	(75,000)	(75,000)
City Attorney's Office Legal Support Staffing		(350,000)
Office of the City Clerk Staffing		(250,000)
City Hall Bamboo Courtyard Renovation (Water Intrusion)	(250,000)	
Computer Server Replacements/Network Upgrades	(250,000)	
Economic Development/Incentive Fund	(250,000)	
Evergreen Community Aquatics Program		(25,000)
Medical Marijuana Program		(1,257,000)
Neighborhood Business Districts		(45,000)
Office of Employee Relations Fiscal Reform Staffing		(208,000)
Operating/Capital Budget System Replacement Reserve	(2,850,000)	
Police Administration Building Unmet/Deferred Infrastructure and Maintenance (chiller, HVAC, waterproofing, firing range lighting)	(1,350,000)	
Police Communication Building Unmet/Deferred Infrastructure and Maintenance (electrical, chiller, waterproofing)	(3,600,000)	
Preventative Maintenance Program	(300,000)	
Radar Speed Display Signs	(100,000)	
Real Estate Services Document Imaging and Records Retention System	(200,000)	
San Jose BEST and Safe Summer Initiative Programs	500,000	(500,000)
Successor Agency Legal Obligations	(2,500,000)	
Street Tree Maintenance	(160,000)	
Total	(12,935,000)	(2,710,000)

NEXT STEPS

The results of the 2012-2013 Annual Report will provide an updated starting point for monitoring 2013-2014 financial performance. The revenue and expenditure trends will be factored into the analysis of the General Fund and the numerous special and capital funds. Information on the City's budget for 2013-2014 will be provided in Bi-Monthly Financial Reports and the 2013-2014 Mid-Year Budget Review. These reports will also provide information on the current economic environment and its impact on the City's revenue collections.

The 2012-2013 Annual Report results will also be factored into the 2014-2015 budget development process. As a reminder, in an effort to better position the City for 2014-2015, the 2013-2014 Adopted Budget includes a 2014-2015 Future Deficit Reserve of \$13.7 million to address the preliminary projected deficit in that year as calculated in the February 2013 Five-Year Forecast. This reserve will provide a strong starting point for the 2014-2015 budget process.

The General Fund Five-Year Forecast is scheduled to be released in late February 2014. The 2014-2015 Proposed Capital and Operating Budgets are scheduled to be released in late April 2013 and May 1, 2014, respectively.

PUBLIC OUTREACH/INTEREST

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

This document is posted on the City's website for the October 8, 2013 Council agenda.

COORDINATION

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

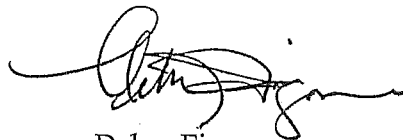
CONCLUSION

Through careful fiscal management, the revenues for the various City funds ended the year close to the estimated levels and expenditures were below the budgeted allocations. When the 2012-2013 Adopted Budget was developed, it was assumed that the economic recovery would continue in 2012-2013. Economic indicators and actual revenue performance supported this general assumption with continued improvement during 2012-2013. A number of revenue categories, such as Sales Tax, Transient Occupancy Tax, Construction and Conveyance Tax, and the development-related fees and taxes, experienced solid growth. Other revenue categories, such as Property Tax, have shown only modest improvement in 2012-2013.

In the General Fund, the additional fund balance at the end of 2012-2013 after considering clean-up adjustments totaled \$4.8 million. This funding, combined with additional net funding from various technical and rebalancing actions (\$3.3 million), provide funding to address urgent fiscal/program needs totaling \$8.1 million.

In this report, the Administration is recommending the release of the Successor Agency to the Redevelopment Agency PERS Levy/Water District Levy General Fund Contingency Plan that was included in the 2013-2014 Adopted Budget. With the 2013-2014 projected property tax increment growth levels, it is anticipated that the Contingency Plan will not be necessary even if the property tax increment that the County of Santa Clara has withheld to fund the County employees' retirement plan (PERS Levy) and Water District Levy is not received this year.

The Administration will continue to monitor and report on the City's financial performance through Bi-Monthly Financial Reports and the Mid-Year Budget Review. The financial results of 2012-2013 as well as the actual performance in 2013-2014 will be factored into the development of the 2014-2015 budget. The 2015-2019 General Fund Five-Year Forecast will be released in February 2014 for budget planning purposes.



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 2013-2014 monies in excess of those heretofore appropriated therefrom:

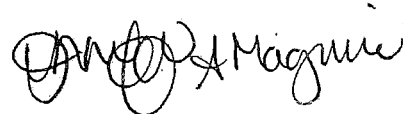
General Fund	\$ 17,000,918
Airport Customer Facility and Transportation Fee	821,776
Airport Fiscal Agent Fund	647,060
Airport Passenger Facility Charge Fund	591,271
Airport Renewal & Replacement	1,152,020
Airport Revenue Bond Improvement Fund	3,641,002
Airport Revenue Fund	5,955,018
Airport Surplus Revenue	458,236
Building & Structures Construction Tax	1,697,606
Branch Library Bond Project Fund	735,554
Business Improvement District	88,467
Cash Reserve Fund	2
Civic Center Construction	46,707
Community Development Block Grant	2,290,893
Community Facilities Revenue	8,575,920
Community Facilities District Fund #1	83,877
Community Facilities District Fund #2 and #3	21,594
Community Facilities District Fund #8	4,969
Community Facilities District Fund #11	16,486
Community Facilities District Fund #12	94,071
Community Facilities District Fund #14	229,837
Construction & Conveyance Tax – Central Fund	1,318,453
Construction & Conveyance Tax – Communications	157,299
Construction & Conveyance Tax – Fire	627,109
Construction & Conveyance Tax – Library	2,348,637
Construction & Conveyance Tax – Council District 1	458,856
Construction & Conveyance Tax – Council District 2	352,539
Construction & Conveyance Tax – Council District 3	165,629
Construction & Conveyance Tax – Council District 5	460,506
Construction & Conveyance Tax – Council District 6	1,598,987
Construction & Conveyance Tax – Council District 7	1,899,989
Construction & Conveyance Tax – Council District 8	226,635
Construction & Conveyance Tax – Council District 9	287,916
Construction & Conveyance Tax – Council District 10	905,983
Construction & Conveyance Tax – City-Wide	4,325,586
Construction & Conveyance Tax – Parks Yards	1,264,518
Construction & Conveyance Tax – Service Yards	537,658
Construction Excise Tax	12,723,542
Convention and Cultural Affairs	1,682,288

CERTIFICATION OF FUNDS

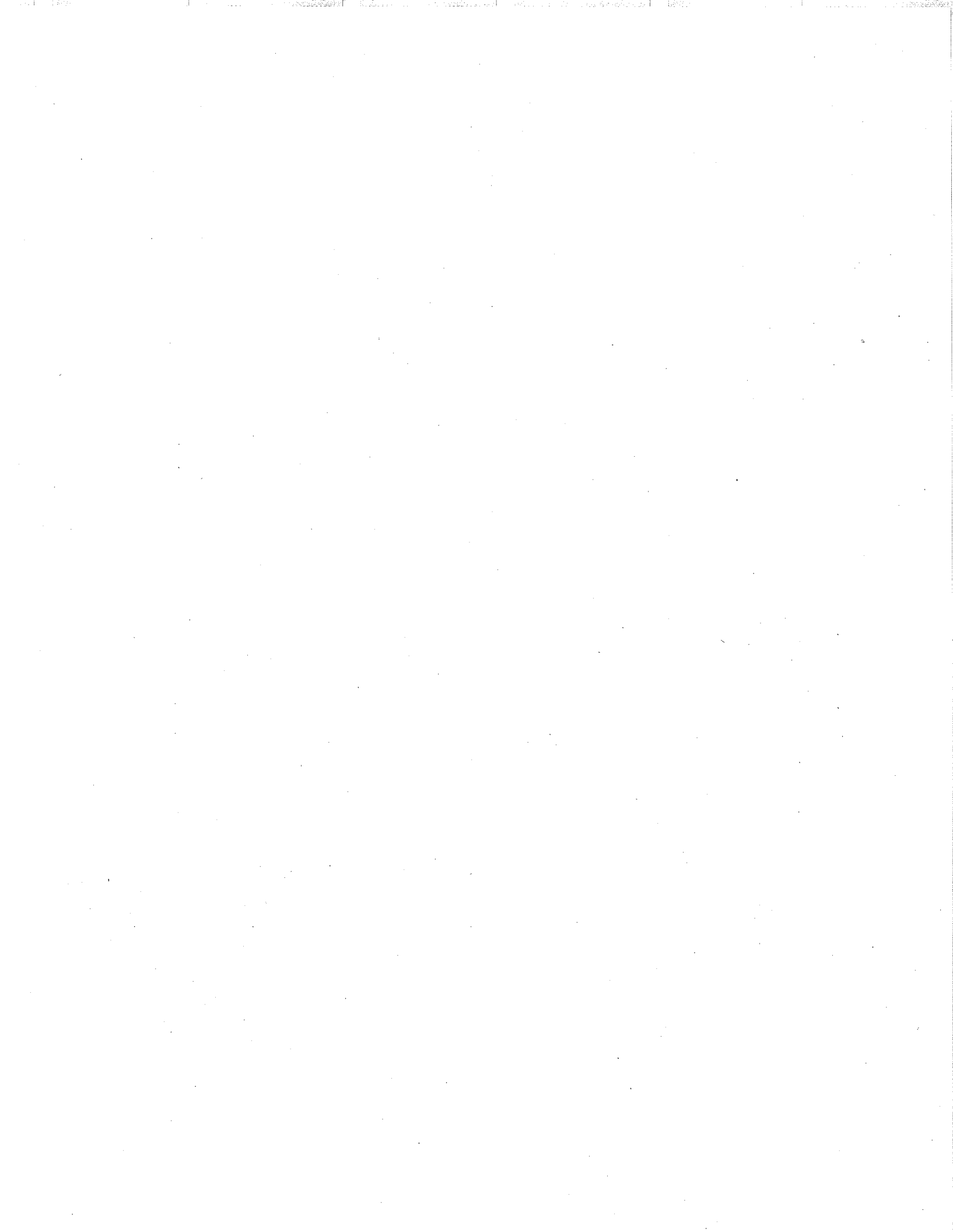
Convention Center Facilities District Revenue	2,013,910
Downtown Property and Business Improvement District	51,879
Economic Development Administration Loan	11,187
Economic Development Enhancement	162
Emma Prusch Memorial Park	41,933
Federal Drug Forfeiture	243,651
General Purpose Parking	1,682,499
Gift Trust	947,759
Home Investment Partnership Program Trust	422,224
Housing Trust	524,929
Ice Centre Revenue	152,200
Integrated Waste Management	2,422,541
Lake Cunningham	151,068
Library Parcel Tax	983,316
Life Insurance	20,759
Low and Moderate Income Housing Asset	6,745,216
Maintenance Assessment District Fund #1	95,520
Maintenance Assessment District Fund #2	21,734
Maintenance Assessment District Fund #8	47,421
Maintenance Assessment District Fund #9	59,153
Maintenance Assessment District Fund #11	12,788
Maintenance Assessment District Fund #13	20,074
Maintenance Assessment District Fund #15	217,293
Maintenance Assessment District Fund #19	28,089
Maintenance Assessment District Fund #20	58,022
Maintenance Assessment District Fund #21	30,337
Maintenance Assessment District Fund #22	24,761
Major Collectors and Arterials	166,070
Multi-Source Housing	94,553
Muni Water Major Facilities Fee	254,456
Municipal Golf Course	120,225
Neighborhood Security Bond	766,365
Parks and Recreation Bond Projects	961,467
Public Works Program Support	346,533
San Jose Arena Capital Reserve	761
San Jose Diridon Development Authority	417,173
Sanitary Sewer Connection Fee	1,449,255
Sewer Service & Use Charge	3,697,198
Sewer Service & Use Charge Capital	11,848,507
SJ-SC Treatment Plant Capital	8,897,142
SJ-SC Treatment Plant Operating	2,519,177

CERTIFICATION OF FUNDS

State Drug Forfeiture	113,086
Stores	176,420
Storm Drainage Fee	103,440
Storm Sewer Capital	3,689,875
Storm Sewer Operating	1,024,973
Subdivision Park Trust	19,507,447
Supplemental Law Enforcement Services	175,091
Transient Occupancy Tax	795,916
Underground Utility	1,496,298
Vehicle Maintenance and Operations	1,244,119
Water Utility Capital	311,378
Water Utility	1,462,146
Workforce Investment Act	4,050,577



Jennifer A. Maguire
Budget Director



2012-2013

ANNUAL

REPORT

DEFINITIONS/

GLOSSARY OF TERMS/

FUND DESCRIPTIONS

DEFINITIONS

- **Actuals vs. Budget/Estimate** – This document includes analyses of department appropriations and funds based on variances between the 2012-2013 actual revenues/expenditures and either the 2012-2013 Modified Budget or 2012-2013 estimates.
 - "Actuals" represent unaudited year-end close figures as of June 30, 2013.
 - "Budget" reflects the original 2012-2013 Adopted Budget plus Council-approved modifications to the Appropriation Ordinance and Funding Sources Resolution. This number represents the year-end budget.
 - "Estimates" are revenue/expenditure projections based on information available prior to June 30, 2013. These estimates were used in projecting the year-end fund balance, and consequently, the 2013-2014 Adopted Budget beginning fund balance.

- **Budgetary Basis vs. GAAP** – The figures used throughout the text of this report are presented in accordance with the budget. The Financial Statements section of this report, however, has been prepared using reports which, in many cases, have been adjusted to report transactions in accordance with generally accepted accounting principles (GAAP). Major differences between the budgetary basis and GAAP basis include:
 - Year-end encumbrances are recognized as the equivalent of expenditures for budgetary purposes. Encumbrances are not recognized as expenditures on a GAAP basis until recorded as actual expenditures. As a result, the expenditures and encumbrances have been combined in the text for a budgetary basis presentation, while the Financial Statements section presents expenditures and encumbrances separately.
 - In Governmental Funds, an amount for the current year's compensated absences is not recognized on a budgetary basis since annual expenditures related to vacation, sick leave, and compensatory time are budgeted as part of departmental personal services.
 - Certain loan transactions and debt service payments are not recognized as expenditures on a GAAP basis since these payments represent a reduction of an existing debt obligation. For budgetary purposes, however, these payments represent a "use of funds" and are budgeted as such.
 - Under the GAAP basis, grant resources that are restricted to capital acquisition or construction in an enterprise fund are identified as contributions of capital and are not recorded as revenue. For budgetary purposes, grant funding, such as this, is recognized as a source of funds.

- **Glossary of Terms** – Definitions of frequently used budgetary and accounting terms are presented on the next page.

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GLOSSARY OF TERMS

Appropriation

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

Base Budget

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

Capital Budget

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

Capital Funds

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

Capital Improvement Program (Five-Year)

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

Carryover

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

Contingency Reserve

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

Contractual Services

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

Debt Service

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

Encumbrance

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

Fiscal Year

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

Fund

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

Fund Balance

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

General Fund

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

Non-Personal/Equipment Expenses

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

Operating Budget

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

Personal Services

Salary and fringe benefit costs of City employees.

Rebudget

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

Reserve

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

Special Funds

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

Transfers

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

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FUND DESCRIPTIONS

Airport Capital Funds

These Enterprise Funds account for the Airport's capital expenditures and revenues and consist of the following funds: Airport Capital Improvement; Airport Revenue Bond Improvement; Airport Renewal and Replacement; and the Airport Passenger Facility Charge Funds.

Airport Operating Funds

These Enterprise Funds account for the operation of the Airport and consist of the following funds: Airport Revenue; Airport Maintenance and Operation; Airport Surplus Revenue; Airport Customer Facility and Transportation Fee; and the Airport Fiscal Agent Funds.

Benefit Funds

These Internal Service Funds account for the provision and financing of benefits to City employees, retirees, and their dependents. It consists of the Dental Insurance Fund, Life Insurance Fund, Unemployment Insurance Fund, and Benefit Fund.

Branch Libraries Bond Projects Fund

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

Building and Structure Construction Tax Fund

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

Business Improvement District Fund

This Special Revenue Fund accounts for assessments involving Business Improvement District activities.

Cash Reserve Fund

In the City's Comprehensive Annual Financial Report, this fund is grouped with the City's General Fund. This accounts for the payment of authorized expenditures for any fiscal year in anticipation of and before the collection of taxes and other revenues, and for payment of authorized expenses for any fiscal year that must be paid prior to the receipt of tax payments and other revenues.

City Hall Debt Service Fund

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

Civic Center Construction Fund

This Capital Fund accounts for the revenues and construction costs related to the construction of City Hall.

FUND DESCRIPTIONS

Community Development Block Grant Fund

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

Community Facilities and Maintenance Districts Funds

These Special Revenue Funds account for the maintenance and administration of assessment districts throughout the City.

Community Facilities Revenue Fund

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

Construction and Conveyance Tax Funds

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

Construction Excise Tax Fund

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

Convention and Cultural Affairs Fund

This Special Revenue Fund accounts for the costs of managing and operating the San José McEnery Convention Center, California Theatre, Center for the Performing Arts (CPA), California Theatre, Civic Auditorium, Montgomery Theatre, Parkside Hall, South Hall and their related facilities and grounds.

Convention Center Facilities District Project Fund

This Special Revenue Fund accounts for the bond proceeds and construction costs related to the expansion and renovation of the San José McEnery Convention Center.

Convention Center Facilities District Revenue Fund

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

FUND DESCRIPTIONS

Downtown Property and Business Improvement District Fund

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

Economic Development Administration Loan Fund

This Special Revenue Fund accounts for federal funds and loan repayments associated with the economic development administration program, which provides loans to small businesses for business expansion, remodeling, working capital, equipment, or other specified uses with the goal of generating additional employment opportunities as a result of such assistance to businesses within the City of San José. This fund is recommended to be closed as part of this report.

Economic Development Enhancement Fund

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

Edward Byrne Memorial Justice Assistance Grant Trust Fund

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

Emergency Reserve Fund

This Special Revenue Fund accounts for reserves established from local revenues to meet public emergencies.

Emma Prusch Memorial Park Fund

This Capital Fund accounts for the development and improvement of the Emma Prusch Memorial Park.

Federal Drug Forfeiture Fund

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

FUND DESCRIPTIONS

Fiber Optics Development Fund

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

Gas Tax Maintenance and Construction Fund

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

General Purpose Parking Fund

This Enterprise Fund accounts for the operation of City parking lot facilities and parking meters as well as financing of the Parking Program capital improvements.

Gift Trust Fund

This Special Revenue Fund accounts for revenues and expenditures related to gifts, donations, and bequests to the City.

Home Investment Partnership Program Trust Fund

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

Housing Trust Fund

This Special Revenue Fund accounts for funding to assist non-profit service providers and organizations by providing one-time grants for housing-related projects.

Ice Centre Revenue Fund

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

Integrated Waste Management Fund

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

Interim City Facilities Improvement Fund

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

FUND DESCRIPTIONS

Lake Cunningham Fund

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

Library Parcel Tax Fund

This Special Revenue Fund accounts for annual parcel tax revenues used for enhancing the City's library services and facilities.

Low and Moderate Income Housing Asset Fund (Affordable Housing Investment Fund)

This Special Revenue Fund accounts for housing assets and functions related to the Low and Moderate Income Housing Program retained by the City. This fund was established on February 1, 2012 with the dissolution of the former Redevelopment Agency through recognition of loan repayments and other sources to provide funding for the administrative costs associated with managing the Successor Housing Agency assets and the continuation of affordable housing programs in the future. This fund was previously named Affordable Housing Investment Fund, but the name was changed, on October 16, 2012, to the Low and Moderate Income Housing Asset Fund.

Major Collectors and Arterial Fund

This Capital Fund accounts for the collection of monies owed by developers for previously completed street improvements.

Major Facilities Fund

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

Multi-Source Housing Fund

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

Municipal Golf Course Fund

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

Neighborhood Security Act Bond Fund

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

FUND DESCRIPTIONS

North San José Traffic Impact Fee Fund

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

Parks and Recreation Bond Projects Fund

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

Public Works Program Support Fund

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

Residential Construction Tax Contribution Fund

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

San José Arena Capital Reserve Fund

This Capital Fund provides funding for repairs and replacements of capital items at the San José Arena, including fixtures, machinery, and equipment. The fund receives revenues from San José Arena Management, the ownership group of the San José Sharks, and a General Fund contribution supported by revenue generated from the Arena. The amount of funding and the eligible capital repair items are specified by agreement between the City of San José and the San José Arena Management.

San José Arena Enhancement Fund

This Special Revenue Fund accounts for the payback of an \$8.25 million loan under the 2007 Amended and Restated San José Arena Management Agreement for capital improvements at the San José Arena (SAP Center).

FUND DESCRIPTIONS

San José Municipal Stadium Capital Fund

This Special Revenue Fund accounts for revenues received pursuant to an agreement with the Baseball Acquisition Company for the use, operation, and management of the Municipal Stadium.

San José-Santa Clara Treatment Plant Capital Fund

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

San José-Santa Clara Treatment Plant Income Fund

This Enterprise Fund accounts for revenues and expenditures not related to the day-to-day operation and maintenance of the WPCP. It contains the City's share of revenue from activities such as land rentals, legal settlements, and purchase of land located at the WPCP.

San José-Santa Clara Treatment Plant Operating Fund

This Enterprise Fund accounts for the revenues and expenditures required for day-to-day operation and maintenance of the WPCP.

Sanitary Sewer Connection Fee Fund

This Capital Fund accounts for connection fees charged to developers for access to the City's sanitary sewer system. Funds are restricted to the construction and reconstruction of the sewer system.

Sewage Treatment Plant Connection Fee Fund

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

Sewer Service and Use Charge Fund

This Enterprise Fund accounts for Sewer Service and Use Charge fees collected from San José property owners to be used for financing, construction, and operation of the City's sewage collection system and the City's share of the WPCP.

Sewer Service and Use Charge Capital Improvement Fund

This Capital Fund accounts for the reconstruction of the sanitary sewer system and is funded primarily by annual transfers from the Sewer Service and Use Charge Fund.

State Drug Forfeiture Fund

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

FUND DESCRIPTIONS

Stores Fund

This Internal Service Fund accounts for the purchase and issuance of materials and supplies consumed by City departments for their general operations. Due to the transition to a vendor direct service delivery model this fund is recommended to be closed as part of this report.

Storm Drainage Fee Fund

This Capital Fund accounts for fees collected from developers as a result of connections to the storm drainage sewer system, which may be used for expansion or capacity improvements of the storm drainage system or land acquisition for the system.

Storm Sewer Capital Fund

This Capital Fund accounts for the construction and reconstruction of the storm drainage system, and is funded primarily by transfers from the Storm Sewer Operating Fund.

Storm Sewer Operating Fund

This Special Revenue Fund accounts for revenues collected from owners of properties that benefit from the storm drainage system. Funds may be used for maintenance and operation of the storm drainage system. Expenditures are focused on non-point source pollution reduction as well as maintenance and operation of the storm drainage system.

Subdivision Park Trust Fund

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

Supplemental Law Enforcement Services Fund

This Special Revenue Fund accounts for revenues received from the State of California (AB 3229) to be used for front line municipal police services.

Transient Occupancy Tax Fund

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

Vehicle Maintenance and Operations Fund

This Internal Services Fund accounts for the operation, maintenance, and replacement of City vehicles and equipment.

FUND DESCRIPTIONS

Water Utility Capital Fund

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

Water Utility Fund

This Enterprise Fund accounts for the operation of five water system districts: North San José, Evergreen, Coyote Valley, Edenvale, and Alviso. The water system provides services to the general public on a continuing basis and is financed through user charges.

Workforce Investment Act Fund

This Special Revenue Fund accounts for the administration of a federal program that provides primary employment and training services to dislocated and low-income residents.

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2012-2013

ANNUAL

REPORT

I. BUDGET

PERFORMANCE

SUMMARY (ALL FUNDS)

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I. BUDGET PERFORMANCE SUMMARY

This section of the Annual Report summarizes 2012-2013 financial performance in the General Fund, Special Funds, and Capital Funds, with the following tables provided for reference.

Comparison of Budget to Actual Revenues and Expenditures – This table, organized by General Fund, Special Funds, and Capital Funds, displays the 2012-2013 Budgeted and Actual revenues as well as the 2012-2013 Budgeted and Actual expenditures, with the dollar and percent variance for each City fund. The revenue figures exclude the Beginning Fund Balance and Reserves and the expenditure figures exclude the Reserves and Ending Fund Balance.

As shown in the Comparison of Budget to Actual Revenues and Expenditures table, actual 2012-2013 revenues across all funds totaled \$2.29 billion, which was 1.2% (\$28.6 million) below the budgeted estimate of \$2.32 billion. In 2012-2013, expenditures totaled \$2.36 billion, which was 16.1% (\$453.0 million) below the modified budget of \$2.81 billion. Approximately 64.2% of the expenditure variance (\$291.1 million) was in the capital funds, which expended \$376.8 million of a \$667.9 million modified budget. The majority of the unexpended capital funds were rebudgeted to 2013-2014 as part of the 2013-2014 Adopted Budget and additional funds are recommended to be rebudgeted in this report. The *Discussion of Significant Variances by Fund* section that follows includes a description of revenue or expenditure variances to the modified budget of greater than both 5.0% and \$25,000 by fund.

Comparison of Estimated to Actual 2012-2013 Ending Fund Balance – This table, organized by General Fund, Special Funds, and Capital Funds, displays the 2012-2013 Modified Budget for each fund, followed by the estimated 2012-2013 Ending Fund Balance that was used in the development of the 2013-2014 Adopted Budget, the Actual 2012-2013 Ending Fund Balance, the variance between the Estimated and Actual Ending Fund Balance, the value of additional rebudgets recommended in this report, and the revised 2012-2013 Ending Fund Balance variance should the recommended rebudgets be approved. The table then displays the percentage of the Modified Budget that the revised Ending Fund Balance represents. It is important to note that the dollar amount for the Modified Budget is not adjusted for transfers, loans, and contributions between funds, and therefore, overstates the total funding that was available between the combined funds.

The financial performance in 2012-2013 is used as the starting point for 2013-2014. The collective 2012-2013 Ending Fund Balances for all City funds totaled \$1.38 billion, which was \$130.8 million above the 2012-2013 Ending Fund Balance estimates of \$1.25 billion used in the development of the 2013-2014 Adopted Budget. After adjusting for additional rebudgets of \$33.2 million recommended in this report, the adjusted 2012-2013 Ending Fund Balance variance for all funds drops to \$97.6 million of the 2012-2013 Modified Budget. The adjusted fund balance variance totaled \$4.8 million in the General Fund, \$47.7 million in the special funds, and \$45.1 million in the capital funds.

2012-2013 ANNUAL REPORT

I. BUDGET PERFORMANCE SUMMARY

For most funds, the Actual 2012-2013 Ending Fund Balance was above the estimate used in the development of the 2013-2014 Adopted Budget. In these instances, the additional fund balance is programmed as part of the 2012-2013 Annual Report actions. For the few funds where the 2012-2013 actual Ending Fund Balance was below the estimate used in the development of the 2013-2014 Adopted Budget, actions are recommended in this report to bring the fund into balance with the lower starting point. In some instances, the variance is the result of the timing of revenues and/or expenditures and the reconciling actions will adjust for those timing differences.

Summary of 2012-2013 Year-End Reserves by Fund – This table, organized by General Fund, Special Funds, and Capital Funds, displays the 2012-2013 Contingency and Earmarked Reserves balances for each fund.

At the end of 2012-2013, the Contingency and Earmarked Reserves for all City funds totaled \$626.0 million, which represented 16.9% of the total 2012-2013 Modified Budget of \$3.7 billion (including interfund transfers, loans, and contributions). In the General Fund, Reserves totaled \$158.0 million. All of these General Fund Reserves were rebudgeted or assumed as savings in the development of the 2013-2014 Adopted Budget.

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COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

Fund	2012-2013		2012-2013		2012-2013		2012-2013	
	Budget Revenues	Actual Revenues	Revenue Variance	% Variance	Budget Expenditures	Actual Expenditures	Expenditure Variance	% Variance
<i>General Fund</i>	952,504,477	943,838,563	(8,665,914)	-0.9%	979,549,306	917,381,233	(62,168,073)	-6.3%
<i>Special Funds</i>								
Airport Customer Facility and Transportation Fee Fund	15,235,957	16,715,325	1,479,368	9.7%	16,272,881	16,017,622	(255,259)	-1.6%
Airport Fiscal Agent Fund	136,224,851	135,807,223	(417,628)	-0.3%	139,717,125	138,447,656	(1,269,469)	-0.9%
Airport Maintenance and Operation Fund	77,199,028	67,554,252	(9,644,776)	-12.5%	74,062,283	62,426,312	(11,635,971)	-15.7%
Airport Revenue Fund	114,931,270	119,882,233	4,950,963	4.3%	135,794,511	125,567,860	(10,226,651)	-7.5%
Airport Surplus Revenue Fund	12,250,091	12,250,090	(1)	0.0%	6,724,091	6,676,135	(47,956)	-0.7%
Benefit Funds	69,553,300	67,191,379	(2,361,921)	-3.4%	71,405,182	68,114,513	(3,290,669)	-4.6%
Business Improvement District Fund	3,559,328	3,185,184	(374,144)	-10.5%	3,559,334	3,086,722	(472,612)	-13.3%
Cash Reserve Fund	18	14	(4)	-22.2%	0	0	0	N/A
City Hall Debt Service Fund	21,663,556	21,662,840	(716)	0.0%	22,221,715	13,846,866	(8,374,849)	-37.7%
Community Development Block Grant Fund	8,793,001	9,248,838	455,837	5.2%	13,487,213	10,384,435	(3,102,778)	-23.0%
Community Facilities Revenue Fund	9,167,543	9,391,585	224,042	2.4%	9,877,043	8,745,340	(1,131,703)	-11.5%
Convention and Cultural Affairs Fund	41,791,426	31,275,276	(10,516,150)	-25.2%	46,373,492	33,581,926	(12,791,566)	-27.6%
Convention Center Facilities District Revenue Fund	9,550,400	9,895,344	344,944	3.6%	8,330,316	6,675,079	(1,655,237)	-19.9%
Downtown Property and Business Improvement District Fund	2,481,228	2,509,675	28,447	1.1%	2,523,397	2,437,539	(85,858)	-3.4%
Economic Development Administration Loan Fund	6,500	10,468	3,968	61.0%	60,000	13,231	(46,769)	-77.9%
Economic Development Enhancement Fund	1,450	1,612	162	11.2%	654,403	654,403	0	0.0%
Edward Byrne Memorial Justice Assistance Grant Trust Fund	211,313	211,397	84	0.0%	551,679	377,216	(174,463)	-31.6%
Emergency Reserve Fund	16,000	8,345	(7,655)	-47.8%	16,000	8,345	(7,655)	-47.8%
Federal Drug Forfeiture Fund	376,201	728,156	351,955	93.6%	152,966	17,050	(135,916)	-88.9%
Fiber Optics Development Fund	2,250,013	2,213,751	(36,262)	-1.6%	2,279,000	2,242,744	(36,256)	-1.6%
Gas Tax Maintenance and Construction Funds	15,380,289	15,106,897	(273,392)	-1.8%	15,380,289	15,106,897	(273,392)	-1.8%
General Purpose Parking Fund	11,583,604	12,145,282	561,678	4.8%	16,053,975	13,221,452	(2,832,523)	-17.6%
Gift Trust Fund	529,101	1,320,985	791,884	149.7%	4,014,744	736,860	(3,277,884)	-81.6%
Home Investment Partnership Program Fund	6,794,509	4,222,835	(2,571,674)	-37.8%	6,968,809	4,097,573	(2,871,236)	-41.2%
Housing Trust Fund	1,569,747	1,917,024	347,277	22.1%	1,963,720	1,825,811	(137,909)	-7.0%
Ice Centre Revenue Fund	2,945,454	2,945,326	(128)	0.0%	2,623,210	2,470,881	(152,329)	-5.8%

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COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

Fund	2012-2013	2012-2013	Revenue Variance	%	2012-2013	2012-2013	Expenditure Variance	%
	Budget Revenues	Actual Revenues			Budget Expenditures	Actual Expenditures		
<i>Special Funds</i>								
Integrated Waste Management Fund	124,979,447	122,533,642	(2,445,805)	-2.0%	130,392,314	126,368,818	(4,023,496)	-3.1%
Library Parcel Tax Fund	7,517,000	7,714,134	197,134	2.6%	8,175,418	6,036,735	(2,138,683)	-26.2%
Low and Moderate Income Housing Asset Fund	14,802,000	20,153,656	5,351,656	36.2%	39,190,229	35,641,960	(3,548,269)	-9.1%
Multi-Source Housing Fund	36,544,853	31,440,579	(5,104,274)	-14.0%	22,804,090	16,817,759	(5,986,331)	-26.3%
Municipal Golf Course Fund	2,374,500	2,366,427	(8,073)	-0.3%	2,387,000	2,282,203	(104,797)	-4.4%
Public Works Program Support Fund	12,822,031	13,518,875	696,844	5.4%	13,323,586	13,144,666	(178,920)	-1.3%
San Jose Arena Enhancement Fund	2,594,427	2,594,871	444	0.0%	2,597,012	2,596,827	(185)	0.0%
San Jose Diridon Development Authority Fund	223,475	294,237	70,762	31.7%	396,666	53,900	(342,766)	-86.4%
San Jose Municipal Stadium Capital Fund	31,065	31,064	(1)	0.0%	31,065	31,064	(1)	0.0%
San Jose/Santa Clara Treatment Plant Operating Funds	208,549,125	214,918,011	6,368,886	3.1%	215,793,440	208,595,198	(7,198,242)	-3.3%
Special Assessment Maintenance District Funds	5,032,829	5,000,405	(32,424)	-0.6%	6,573,373	5,095,382	(1,477,991)	-22.5%
State Drug Forfeiture Fund	6,000	117,146	111,146	1852.4%	734,145	674,705	(59,440)	-8.1%
Stores Fund	16,000	180,313	164,313	1027.0%	298,152	286,043	(12,109)	-4.1%
Storm Sewer Operating Fund	32,111,500	32,504,256	392,756	1.2%	31,464,482	28,567,304	(2,897,178)	-9.2%
Supplemental Law Enforcement Services Fund	1,686,406	1,689,580	3,174	0.2%	3,364,037	2,752,197	(611,840)	-18.2%
Transient Occupancy Tax	15,157,254	15,188,197	30,943	0.2%	16,607,960	14,873,915	(1,734,045)	-10.4%
Vehicle Maintenance and Operations Fund	19,673,509	19,304,824	(368,685)	-1.9%	21,246,086	19,775,663	(1,470,423)	-6.9%
Workforce Investment Act Fund	16,593,580	12,995,375	(3,598,205)	-21.7%	16,373,928	12,939,026	(3,434,902)	-21.0%
Water Utility Fund	29,241,000	31,865,824	2,624,824	9.0%	30,832,997	30,590,917	(242,080)	-0.8%
Sub-Total Special Funds	1,094,021,179	1,081,812,752	(12,208,427)	-1.1%	1,163,653,358	1,063,904,750	(99,748,608)	-8.6%

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COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

Fund	2012-2013	2012-2013	Revenue Variance	%	%	2012-2013	2012-2013	Expenditure Variance	%
	Budget Revenues	Actual Revenues				Budget Expenditures	Actual Expenditures		
<i>Capital Funds</i>									
Airport Capital Funds	30,085,977	28,370,920	(1,715,057)	-5.7%		74,842,350	48,432,318	(26,410,032)	-35.3%
Branch Libraries Bond Projects Fund	7,989,000	2,521,166	(5,467,834)	-68.4%		5,657,625	2,975,612	(2,682,013)	-47.4%
Building and Structure Construction Tax Fund	24,216,000	16,969,015	(7,246,985)	-29.9%		33,670,757	18,902,818	(14,767,939)	-43.9%
Civic Center Construction Fund	510,465	511,471	1,006	0.2%		795,000	677,061	(117,939)	-14.8%
Construction and Conveyance Tax Fund	52,059,500	48,847,517	(3,211,983)	-6.2%		89,285,557	49,249,904	(40,035,653)	-44.8%
Construction Excise Tax Fund	68,346,607	55,291,995	(13,054,612)	-19.1%		72,452,396	43,527,210	(28,925,186)	-39.9%
Convention Center Facilities District Project Fund	0	262,440	262,440	N/A		88,120,996	86,461,123	(1,659,873)	-1.9%
Emma Prusch Park Fund	80,000	79,728	(272)	-0.3%		93,000	50,795	(42,205)	-45.4%
Lake Cunningham Fund	692,000	785,665	93,665	13.5%		696,481	450,597	(245,884)	-35.3%
Major Collectors and Arterials Fund	2,000	61,224	59,224	2961.2%		268,000	109,156	(158,844)	-59.3%
Major Facilities Fund	12,000	325,606	313,606	2613.4%		15,000	(5,850)	(20,850)	-139.0%
Neighborhood Security Act Bond Fund	4,055,000	723,799	(3,331,201)	-82.2%		6,923,790	2,420,433	(4,503,357)	-65.0%
Parks and Recreation Bond Projects Fund	113,000	757,873	644,873	570.7%		16,992,784	14,264,226	(2,728,558)	-16.1%
Residential Construction Tax Contribution Fund	105,000	325,253	220,253	209.8%		859,000	597,692	(261,308)	-30.4%
SJ/SC Treatment Plant Capital Fund	39,703,000	41,826,236	2,123,236	5.3%		96,793,941	42,928,202	(53,865,739)	-55.6%
Sanitary Sewer Connection Fee Fund	1,801,000	1,478,561	(322,439)	-17.9%		8,335,283	3,313,309	(5,021,974)	-60.2%
Sewer Service and Use Charge Capital Improvement Fund	25,167,577	25,312,432	144,855	0.6%		98,044,490	35,935,925	(62,108,565)	-63.3%
Storm Drainage Fee Fund	147,000	266,579	119,579	81.3%		153,500	110,139	(43,361)	-28.2%
Storm Sewer Capital Fund	6,070,872	5,634,885	(435,987)	-7.2%		18,459,716	9,051,014	(9,408,702)	-51.0%
Subdivision Park Trust Fund	4,513,000	27,622,459	23,109,459	512.1%		47,738,717	13,678,498	(34,060,219)	-71.3%
Underground Utility Fund	755,000	663,534	(91,466)	-12.1%		1,951,000	363,236	(1,587,764)	-81.4%
Water Utility Capital Fund	2,781,000	2,827,908	46,908	1.7%		5,746,144	3,299,529	(2,446,615)	-42.6%
Sub-Total Capital Funds	269,204,998	261,466,267	(7,738,731)	-2.9%		667,895,527	376,792,947	(291,102,580)	-43.6%
TOTAL ALL FUNDS	2,315,730,654	2,287,117,581	(28,613,073)	-1.2%		2,811,098,191	2,358,078,930	(453,019,261)	-16.1%

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

GENERAL FUND

General Fund – Total revenues of \$943.8 million were below the 2012-2013 Modified Budget level by \$8.7 million, or 0.9%. This negative variance was partially due to lower collections from various grants and reimbursements that were not received in 2012-2013, but were rebudgeted to 2013-2014 in the 2013-2014 Adopted Budget (\$3.7 million). After adjusting for grant and reimbursement-related revenues not received in 2012-2013 but rebudgeted to 2013-2014, revenues for the over 450 revenue accounts budgeted and monitored annually ended the year \$5.0 million or 0.5% below budgeted estimates. The \$5.0 million shortfall primarily reflects the variance in the reimbursement from the Successor Agency to the Redevelopment Agency that was budgeted to be received in 2012-2013 but is now expected to be received in 2013-2014, partially offset by higher Development Fee Program revenues which generated a \$3.2 million surplus. Once adjusted for the recognition of a \$10.3 million reimbursement from the Successor Agency to the Redevelopment Agency in 2013-2014, the additional revenue of \$3.2 million from the Development Fee Programs must be returned to the Development Fee Program Reserves, as well as other revenue-related adjustments required to close out 2012-2013, there was a net positive revenue variance of \$2.6 million (0.3%) for 2012-2013.

Total expenditures and encumbrances of \$917.4 million were \$62.2 million below (6.3%) the modified budget of \$979.5 million. A majority of this savings was anticipated and assumed as savings or rebudget adjustments in the 2013-2014 Adopted Budget (\$54.8 million). After adjusting for rebudget and clean-up adjustments approved in the 2013-2014 Adopted Budget (including net-zero rebudgets of \$3.7 million), or as recommended in this report (\$4.8 million), the total General Fund expenditure savings total \$2.6 million, or 0.3% below the modified budget. Detailed information on the General Fund revenues and expenditures can be found in *Section II. General Fund Performance*.

SPECIAL REVENUE FUNDS

Airport Customer Facility and Transportation Fee Fund – Total revenues were above budget by \$1.5 million (9.7%) due to higher than anticipated car rental activity at the Airport. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Airport Maintenance and Operation Fund – Total revenues were below budget by \$9.6 million (12.5%) due to the lower than anticipated Transfer from the Airport Revenue Fund. Total expenditures were below budget by \$11.6 million (15.7%) due to lower than anticipated non-personal/equipment expenditures including significant savings in utility costs. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

Airport Revenue Fund – Total expenditures were \$10.2 million (7.5%) below budget due to the lower than anticipated Transfer to the Airport Maintenance and Operation Fund. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Business Improvement District Fund – Total revenues of \$3.2 million were below budget by \$374,000 (10.5%). The variance is primarily due to lower than estimated collections in Hotel (\$306,000) and Willow Glen Community Benefit District (\$62,000) assessments. Total expenditures of \$3.1 million were below the modified budget by \$473,000 (13.3%). The majority of the expenditure savings reflects the methodology of quarterly payments of total cash balance. As a result, the payments for receipts to the Business Improvement Districts during the 4th quarter of 2012-2013 will be disbursed during the 1st quarter of 2013-2014. Quarterly disbursements are paid based on available cash balances, resulting in an expenditure variance that is likely the direct result of the timing and processing of the incoming cash during the 4th quarter.

City Hall Debt Service Fund – Total expenditures of \$13.8 million were below budget by \$8.4 million (37.7%) due to lower debt service payments as a result of the refunding of fixed rate and variable rate bonds issued to finance the construction of City Hall and its associated parking garage. Recommendations included in this report will credit back the various funds that contribute toward City Hall debt service payments. As discussed in the 2013-2014 Adopted Budget, net General Fund savings of \$7.7 million will be redirected to pay down outstanding debt related to Hayes Mansion. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Community Development Block Grant Fund – Total revenues of \$9.2 million were higher than budgeted by \$456,000 (5.2%). The variance is primarily due to higher than anticipated revenues in Miscellaneous Revenue (\$477,000) and Housing Rehabilitation Loan Repayments (\$244,000), offset by lower than anticipated revenues in Developer Payments (\$353,000). Total expenditures were below budget by \$3.1 million (23.0%) primarily due to lower than anticipated expenditures in Housing Rehabilitation Loans and Grants (\$1.1 million), Department of Transportation Neighborhood Infrastructure Improvements (\$464,000), Public Works Neighborhood Infrastructure Improvements (\$403,000), Neighborhood Infrastructure Improvements (\$300,000), Housing Program Development and Monitoring (\$282,000), and Code Enforcement Operations (\$270,000).

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

Community Facilities Revenue Fund – Total expenditures of \$8.7 million were below budget by \$1.1 million (11.5%) primarily due to a lower than expected Hayes Center Debt/Operating subsidy (\$500,000) resulting from higher profitability of the Hayes Center operations and a lower than expected Hayes Center Phase I and III Debt Service payment (\$495,000) due to lower than estimated interest rates for variable rate debt. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Convention and Cultural Affairs Fund – Total revenues of \$31.3 million were below budget by \$10.5 million (25.2%) primarily due to the delay in issuing commercial paper for the Convention Center Expansion and Renovation project. Total expenditures of \$33.6 million were below budget by \$12.8 million (27.6%), also primarily due to a delay in the anticipated expenditures related to the renovation project. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Convention Center Facilities District Revenue Fund – The negative expenditure variance of \$1.7 million (19.9%) is due to debt service savings. Approximately \$1.7 million was budgeted for a lease revenue bond debt service payment; however, instead of using budgeted funds, the payment was made using capitalized interest earnings already held by the bond trustee. The savings from the unused budgeted debt service payment will be added to the fund balance for 2013-2014.

Economic Development Administration Loan Fund – Total expenditure savings of \$47,000 (77.9%) are due to lower activity in awarding small business loans in 2012-2013. The savings were anticipated in the development of the 2013-2014 Adopted Operating Budget and were programmed into the 2013-2014 Beginning Fund Balance.

Edward Byrne Memorial Justice Assistance Grant Trust Fund – The expenditure variance of \$174,000 (31.6%) reflects unexpended grant funding. During the development of the 2013-2014 Adopted Budget, savings of \$234,000 were anticipated in the JAG 2012 Grant (\$201,000), JAG 2011 Grant (\$24,000), and JAG 2010 Grant (\$9,000) and rebudgeted to 2013-2014. Downward adjustments to JAG 2012 Grant (\$57,000) and 2010 JAG (\$5,000) are recommended as part of this report as a result of actual remaining savings at the end of 2012-2013.

Federal Drug Forfeiture Fund – The revenue variance of \$352,000 (93.6%) is the result of higher than budgeted Federal Drug Forfeiture receipts. The expenditure savings of \$136,000 (88.9%) are the result of unexpended funds for non-personal/equipment and personal services.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

General Purpose Parking Fund – The expenditure variance of \$2.8 million (17.6%) primarily reflects savings in the Parking Capital Program (\$2.6 million) and Department of Transportation Non-Personal/Equipment (\$68,000) appropriations. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Gift Trust Fund – The positive revenue variance of \$792,000 (149.7%) is due to the receipt of unanticipated gifts and the accumulation of unbudgeted interest earnings. The negative expenditure variance of \$3.3 million (81.6%) reflects unspent gifts. The five largest unspent gifts, with savings of over \$100,000 each, were River Oaks Park Maintenance (\$660,000), Library General Gifts (\$536,700), Newhall Park Maintenance (\$396,000), Nicolas Prush Swimming (\$353,000), and Art and Technology (\$159,000) gifts.

Home Investment Partnership Program Trust Fund – Total revenues of \$4.2 million were lower than budgeted by \$2.6 million (37.8%). The variance is primarily the result of lower than anticipated revenues from loan repayments. Total expenditure savings of \$2.9 million (41.2%) are primarily due to lower than budgeted project expenditures in Housing Loans and Grants (\$2.2 million) and Tenant Based Rental Assistance (\$412,000). Generally, variances in revenues and expenditures are due to delays in projects that qualified for federal grants and the timing of receiving reimbursements.

Housing Trust Fund – Total revenues of \$1.9 million were higher than budgeted by \$347,000 (22.1%). The variance is primarily due to higher than anticipated revenues in miscellaneous revenues (\$218,000) and bond administration fees (\$126,000). The negative expenditure variance of \$138,000 (7.0%) is due primarily to lower than anticipated activity in the Housing and Homeless projects appropriation.

Ice Centre Revenue Fund – Total expenditures of \$2.5 million ended the year \$152,000 (5.8%) below budget due to a lower than expected Ice Centre – Debt Service and Bond Expenses payment resulting from lower than estimated interest rates for variable rate debt.

Library Parcel Tax Fund – The negative expenditure variance of \$2.1 million (26.2%) reflects lower than anticipated expenditures in the Library Department Personal Services appropriation (\$861,000) due to a high number of vacancies, Automation Projects appropriation (\$611,000) due to procurement delays, and Acquisition of Materials appropriation (\$388,000) due to the acquisition priority being placed on new branch collections rather than system acquisitions.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

Low and Moderate Income Housing Asset Fund – Total revenues of \$20.2 million were higher than budgeted by \$5.4 million (36.2%). The variance is primarily due to higher than anticipated revenues in loan repayments (\$5.2 million). The negative expenditure variance of \$3.5 million (9.1%) is primarily due to lower than anticipated expenditures in Housing Loans and Grants (\$2.5 million), Housing Department Personal Services (\$198,000), Loan Management (\$183,000), Hazard Mitigation Grant Match (\$177,000), Housing Department Non-Personal/Equipment (\$136,000), and Workers' Compensation Claims (\$135,000).

Special Assessment Maintenance District Funds – The combined negative expenditure variance of \$1.5 million (22.5%) is primarily a result of lower than budgeted expenditures in Maintenance District #15 (Silver Creek Valley) of \$345,000, Community Facilities District #14 (Raleigh - Charlotte) of \$193,000, Community Facilities District #12 (Basking Ridge) of \$136,000, Maintenance District #1 (Los Paseos) of \$90,000, Community Facilities District #13 (Guadalupe Mines) of \$85,000, and Community Facilities District #1 (Capital Auto Mall) of \$84,000. The remaining savings of \$544,000 were generated in the other Special Assessment Maintenance District Funds, all with variances below \$70,000. Expenditure variances were primarily the result of delays in the planned rehabilitation work due to competing workload demands and contractual award delays.

Multi-Source Housing Fund – Total revenues of \$31.4 million were lower than budgeted by \$5.1 million (14.0%). The variance is primarily due to lower than budgeted federal and State grant reimbursements (\$5.5 million) and loan repayments (\$3.9 million), partially offset by an unanticipated bond repayment of \$4.8 million. Since grant reimbursements are received in this fund as expenditures are incurred, total expenditure savings of \$6.0 million (26.3%) were realized. The majority of these savings was anticipated in the development of the 2013-2014 Adopted Operating Budget and programmed into the 2013-2014 Beginning Fund Balance.

Public Works Program Support Fund – The revenue variance of \$697,000 (5.4%) is a result of higher than budgeted Transfers for Public Works Program Support (\$423,000), Compensated Absence (\$181,000), and Capital Program Support (\$96,000), partially offset by lower than anticipated interest earnings (\$3,000). Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

San José Diridon Development Authority Fund – Total revenues of \$294,000 were higher than budgeted by \$71,000 (31.7%). The variance is primarily the result of higher than anticipated parking facilities revenue of \$71,000. Expenditure savings of \$343,000 (86.4%) were primarily due to savings in the Building Demolition appropriation as a result of the decision not to demolish the KNTV building.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

State Drug Forfeiture Fund – The positive revenue variance of \$111,000 (1,852.4%) is the result of higher than estimated State Drug Forfeiture revenues. The negative expenditure variance of \$59,000 (8.1%) is the result of sworn Police vacancies in COPS Grant funded positions, therefore expenditures were less than budgeted.

Stores Fund – The positive revenue variance of \$164,000 (1,027.0%) is due to the sale of all remaining inventory, including postage, in order to close out this fund. The liquidation of inventory was consistent with the warehouse service delivery model change approved as part of the 2012-2013 Adopted Budget. A \$176,000 transfer is recommended in this report to transfer the final remaining balance to the General Fund.

Storm Sewer Operating Fund – The negative expenditure variance of \$2.9 million (9.2%) is primarily due to Environmental Services Department (ESD) personal services (\$1.1 million) vacancy savings, and Transportation (\$733,000) and ESD (\$729,000) non-personal/equipment savings. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Supplemental Law Enforcement Services Fund – The negative expenditure variance of \$612,000 (18.2%) reflects unexpended grant funding. During the development of the 2013-2014 Adopted Budget, expected savings of \$617,000 were rebudgeted to 2013-2014. In addition, a net downward adjustment of \$239,000 is recommended in this report to reflect actual remaining savings at year-end.

Transient Occupancy Tax Fund – The negative expenditure variance of \$1.7 million (10.4%) is due to savings in the Cultural Development appropriations. The majority of these funds are recommended to be rebudgeted to 2013-2014 as part of this report. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Vehicle Maintenance and Operations Fund – The expenditure variance of \$1.5 million (6.9%) reflects unexpended project funds, primarily the General Fleet Replacement appropriation (Police) (\$1.1 million) due to the timing of vehicle purchases. A rebudget of \$717,000 is recommended as part of this report.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

SPECIAL REVENUE FUNDS

Workforce Investment Act Fund – The negative revenue and expenditure variances of \$3.6 million (21.7%) and \$3.4 million (21.0%), respectively, primarily reflect the timing disparity in expense and revenue recognition of grants from the State of California. Each annual grant allocation is available for a two-year period after which unspent allocations are forfeited. Under the current Workforce Investment Act contract with the State, expenses will only be reimbursed when funds are spent, perpetuating an expected negative variance in revenue when expected reimbursement for expenditures are not received in the same fiscal year. The expenditure variance is primarily a result of lower than budgeted expenditures in the Dislocated Workers Program (\$2.5 million), Youth Workers Program (\$771,000), and Administration (\$47,000).

Water Utility Fund – The positive revenue variance of \$2.6 million (9.0%) is primarily due to higher than expected wholesale purchases of potable water. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

CAPITAL FUNDS

Airport Capital Funds – The negative revenue variance of \$1.7 million (5.7%) reflects lower than anticipated grant revenues partially offset by higher than anticipated Passenger Facility Charges. The negative expenditure variance of \$26.4 million (35.3%) was due primarily to project delays. Several projects had unexpended funds remaining at year-end, including Terminal Area Improvement Program (\$17.7 million), Terminal Building Modifications (\$253,000), and Land Improvements projects (\$55,000). Additional information on the Airport Capital Funds can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Branch Libraries Bond Projects Fund – The negative revenue variance of \$5.5 million (68.4%) is primarily due to budgeted Branch Libraries Bond Projects Fund bond proceeds of nearly \$5.9 million that were not issued in 2012-2013. It is currently estimated that remaining bond proceeds will be issued in 2013-2014. Expenditure savings of \$2.7 million (47.4%) primarily reflect expenditure savings in the Branch Efficiency Projects appropriation (\$2.0 million) due to a delay in awarding the contract for purchase and installation of automated check-in and sorting machines. In addition, \$173,000 in expenditure savings for the Southeast Branch reflects lower than budgeted project expenditures. Expenditure savings in this appropriation were anticipated during the development of the 2013-2014 Adopted Capital Budget and were rebudgeted to 2013-2014.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS

Building and Structure Construction Tax Fund – The negative revenue variance of \$7.2 million (29.9%) was primarily due to lower than budgeted receipts of federal grants (\$8.6 million) as a result of project delays, which were partially offset by higher than budgeted receipts of Building and Structure Construction Tax receipts (\$777,000). The negative expenditure variance of \$14.8 million (43.9%) is due to savings primarily attributable to minor scope changes, competing workload demands, and unexpected complications in the design/construction process. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Civic Center Construction Fund – The negative expenditure variance of \$118,000 (14.8%) reflects savings from unexpended project funds for the City Hall Construction Close-Out project. A majority of the expenditure savings was rebudgeted as part of the 2013-2014 Adopted Capital Budget (\$72,000).

Construction and Conveyance Tax Funds – The negative revenue variance of \$3.2 million (6.2%) is primarily due to lower than anticipated transfers between funds (\$5.6 million) and grants (\$1.8 million), partially offset by higher than anticipated Construction and Conveyance Tax revenue (\$4.4 million). The expenditure variance of \$40.0 million (44.8%) reflects unexpended project funds, including City-wide FMC Property Loan Repayment (\$8.0 million), Materials Handling Technology (\$2.6 million), Allen at Steinbeck School Soccer Field (\$2.2 million), Roberto Antonio Balermino Park (\$2.3 million), West Evergreen Park (\$1.6 million), TRAIL: Lower Guadalupe River (Gold Street to Highway 880) (\$1.3 million), TRAIL: Lower Silver Creek Reach 4/5 A (Alum Rock Avenue to Highway 680) (\$1.3 million), and Coy Park Playground Renovation (\$600,000). Additional information on these funds can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Construction Excise Tax Fund – The negative revenue variance of \$13.1 million (19.1%) was primarily due to lower than budgeted receipts of federal grants (\$9.5 million) and State grants (\$4.9 million) as a result of project delays, which was partially offset by higher than budgeted receipts of miscellaneous revenue (\$1.5 million) and Construction Excise Tax receipts (\$838,000). The negative expenditure variance of \$28.9 million (39.9%) was primarily attributable to the following projects: Pavement Maintenance - State Route Relinquishment (\$5.8 million), Pavement Maintenance - State Gas Tax (\$4.5 million), Pavement Maintenance - City (\$3.5 million), Pavement Maintenance - Federal (\$2.3 million), Bicycle and Pedestrian Facilities (\$1.6 million), Recovery Act - Street Resurfacing and Rehabilitation (\$1.5 million), Prop 1B Pavement Maintenance (\$1.2 million), Autumn Street Extension (\$1.0 million), Route 101/Mabury Road Land Acquisition (\$1.0 million), Pavement Maintenance - Measure B (\$616,000), and Coyote Creek Trail (\$500,000). Additional detail on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS

Convention Center Facilities District Project Fund – The positive revenue variance of \$262,440 is a result of unbudgeted interest earnings.

Emma Prusch Park Fund – The negative expenditure variance of \$42,000 (45.4%) reflects unexpended project funds. Projects with significant variances include the LeFevre House Improvements project (\$22,000) and the Emma Prusch Park Service Yard Fixtures, Furnishings, and Equipment project (\$20,000). A recommendation is included in this report to rebudget the savings for both of these projects to 2013-2014.

Lake Cunningham Fund – The positive revenue variance of \$94,000 (13.5%) is primarily due to higher than anticipated parking revenue (\$106,000) and lease concessions (\$7,000), partially offset by lower than anticipated inspection reimbursements from Raging Waters (\$20,000). The expenditure variance of \$246,000 (35.3%) reflects unexpended project funds. Projects with significant variances include the Lake Water Management Plan project (\$130,000) and the Lake Cunningham Bike Park project (\$100,000). A portion of these savings was anticipated and rebudgeted as part of the 2013-2014 Adopted Capital Budget (\$100,000). No additional rebudgets are recommended as part of this report.

Major Collectors and Arterial Fund – The positive revenue variance of \$59,000 is due to higher than budgeted Developer Reimbursements (\$58,000) and interest earnings (\$1,000). The negative expenditure variance of \$159,000 (59.3%) is primarily due to lower than budgeted expenditures in the Miscellaneous Street Improvements (\$109,000) project. A recommendation is included in this report to rebudget \$100,000 in savings to 2013-2014.

Major Facilities Fund – The positive revenue variance of \$314,000 (2,613.4%) is primarily due to the collection of Major Facilities Developer Fees (\$317,000), offset by lower interest earnings (\$3,000). Major facilities fees are budgeted as actual collections occur due to the volatile nature of these revenues. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Neighborhood Security Bond Fund – The negative revenue variance of \$3.3 million (82.2%) is the result of lower than budgeted Bond Proceeds revenue. The expenditure savings of \$4.5 million (65.0%) is primarily a result of a delay in the construction contract award for Fire Station 21 - Relocation. The majority of these savings (\$4.4 million) were anticipated and rebudgeted as part of the 2013-2014 Adopted Budget.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS

Parks and Recreation Bond Projects Fund – The positive revenue variance of \$645,000 (570.7%) is primarily the result of higher than anticipated grant revenue received from the State related to the Guadalupe River Trail (Woz Way to Virginia Street) project (\$652,000), partially offset by lower than anticipated interest earnings (\$7,000). The negative expenditure variance of \$2.7 million (16.1%) reflects unexpended project funds. Projects with significant variances include the Soccer Complex project (\$2.0 million) and the Happy Hollow Park and Zoo Renovations and Improvements project (\$543,000). A large portion of the expenditure savings were anticipated and were rebudgeted as part of the 2013-2014 Adopted Capital Budget (\$1.9 million). In addition, this report includes recommendations to rebudget an additional \$263,000 of the expenditure savings to 2013-2014.

Residential Construction Tax Contribution Fund – The positive revenue variance of \$220,000 (209.8%) reflects higher than budgeted Residential Construction Tax collections for residential development in North San José. The expenditure savings of \$261,000 (30.4%) primarily reflects unexpended project funds. Projects with significant variances include Reimbursements to Developers for Landscaping (\$133,000) and Reimbursements to Developers for Center Strip Paving (\$95,000).

San José/Santa Clara Treatment Plant Capital Fund – The positive revenue variance of \$2.1 million (5.3%) is primarily due to higher U.S. Bureau of Reclamation Grant revenue (\$6.4 million), partially offset by lower revenues from the tributary agencies for Plant projects (\$4.4 million). The negative expenditure variance of approximately \$53.9 million (55.6%) is primarily due to project delays and lower expenditures in numerous projects. The largest savings were in the Digester Rehabilitation (\$12.5 million), Headworks No. 2 Enhancement (\$6.7 million), Revised South Bay Action Plan - SBWR Extension (\$3.7 million), Secondary & Nitrification Clarifier Rehabilitation (\$3.2 million), Combined Heat & Power Technology Evaluation (\$2.5 million), and Plant Infrastructure Improvements (\$2.2 million). Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Sanitary Sewer Connection Fee Fund – The negative revenue variance of \$322,000 (17.9%) is primarily due to lower joint participation revenue (\$465,000), primarily offset by higher connection fees (\$140,000). The negative expenditure variance of \$5.0 million (60.2%) is primarily due to project delays and savings in numerous projects. The largest savings were in the Mackey Avenue Sanitary Sewer Rehabilitation (\$1.1 million), Monterey Riverside Relief (\$1.1 million), and Miscellaneous Projects (\$769,000). Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS

Sewer Service and Use Charge Capital Improvement Fund – The negative expenditure variance of \$62.1 million (63.3%) is primarily due to project delays and savings in numerous projects. The largest savings were in the 60" Brick Interceptor, Phase VIA & VIB (\$26.0 million), Almaden Expressway Sanitary Sewer (\$3.9 million), Coleman Road Sanitary Sewer Improvement (\$2.9 million), Rehabilitation of Sanitary Sewer Pump Stations (\$2.4 million), Husted-Richland Sanitary Sewer Improvements (\$2.4 million), Monterey-Riverside Relief Sanitary Sewer (\$2.2 million), Almaden Road Supplement Sewer Rehabilitation (\$2.0 million), and Fourth Major Interceptor, and Phase IIB (\$1.9 million) projects. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Storm Drainage Fee Fund – The positive revenue variance of \$120,000 (81.3%) is primarily due to the collection of higher storm drainage fees from developers. The negative expenditure variance of \$43,000 (28.2%) is primarily due to delays in the Urgent Flood Prevention and Repair Projects (\$42,000). Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Storm Sewer Capital Fund – The negative revenue variance of \$436,000 is primarily due to a budgeted transfer from the Alviso Ring Levee Fund that did not occur in 2012-2013 that is now expected to occur in 2013-2014. The negative expenditure variance of \$9.4 million (51.0%) is primarily due to project delays and savings in several projects. The largest savings were in Master Planning (\$2.2 million), Miscellaneous Projects (\$1.5 million), Minor Neighborhood Storm Drainage Improvements (\$969,000), and Gold Street Pump Station Force Main (\$908,000). Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

Subdivision Park Trust Fund – The positive revenue variance of \$23.1 million (512.1%) is mainly attributed to higher than anticipated in-lieu fees (\$21.1 million). Due to the uncertainty of when in-lieu fees are paid by the developer, historically these funds are not included in the budget for the Park Trust Fund until they are received. The negative expenditure variance of \$34.1 million (71.3%) reflects unexpended project funds. Projects with significant variances include the Transfer to the Parks City-Wide Construction and Conveyance Tax Fund (FMC Property) (\$8.0 million) as the interfund loan associated with the FMS property was not necessary in 2012-2013, Del Monte Park (\$3.4 million), Vista Montana Turnkey Park (\$2.8 million), TRAIL: Los Gatos Creek Reach V B/C Design (\$1.6 million), Guadalupe River Park Rotary Play Garden (\$1.4 million), TRAIL: Three Creeks Interim Improvements and Trestle Bridge (\$1.1 million), Santana Park Development (\$1.0 million), and Penitencia Creek Park Playground Renovation (\$967,000).

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DISCUSSION OF SIGNIFICANT VARIANCES BY FUND

CAPITAL FUNDS

Underground Utility Fund – The negative revenue variance of \$91,000 (12.1%) is the result of lower than anticipated Residential Construction Tax Receipts (\$92,000), offset by slightly higher than anticipated interest earnings (\$600). The expenditure savings of \$1.6 million (81.4%) primarily reflects unexpended project funds including Underground Utility Program (\$1.4 million), Underground Utility Program (20A) (\$146,000), and Capital Program and Public Works Department Support Services Costs (\$18,000).

Water Utility Capital Fund – The negative expenditure variance of \$2.4 million (42.6%) is primarily due to project delays and savings in several projects. The largest savings were in the Nortech & Trimble Reservoir Rehabilitation (\$1.1 million), Bon Bon Drive Main Replacement (\$505,000), and Infrastructure Replacement (\$316,000) projects. Savings of \$375,000 were anticipated during the development of the 2013-2014 Adopted Capital Budget and were rebudgeted to 2013-2014. Additional information on this fund can be found in *Section III. Selected Special/Capital Funds Budget Performance*.

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COMPARISON OF ESTIMATED TO ACTUAL 2012-2013 ENDING FUND BALANCE

Fund	2012-2013 Modified Budget	2012-2013 Est. Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments*	Revised Variance (incl. Rebudget Adjustments)	Revised Variance As % of Mod Budget
<i>General Fund</i>	1,137,500,961	213,005,681	215,180,741	2,175,060	2,670,591	4,845,651	0.4%
<i>Special Funds</i>							
Airport Customer Facility and Transportation Fee Fund	21,195,644	5,842,263	6,664,039	821,776	0	821,776	3.9%
Airport Fiscal Agent Fund	226,584,174	87,071,830	87,718,890	647,060	0	647,060	0.3%
Airport Maintenance and Operation Fund	101,212,448	29,782,051	29,638,766	(143,285)	0	(143,285)	-0.1%
Airport Revenue Fund	176,988,336	50,462,559	56,371,439	5,908,880	0	5,908,880	3.3%
Airport Surplus Revenue Fund	16,354,893	9,630,802	9,684,513	53,711	0	53,711	0.3%
Benefit Funds	84,883,972	14,488,799	14,415,432	(73,367)	0	(73,367)	-0.1%
Business Improvement District Fund	4,508,448	949,114	1,047,581	98,467	0	98,467	2.2%
Cash Reserve Fund	5,567	5,561	5,563	2	0	2	0.0%
City Hall Debt Service Fund	23,607,846	1,393,381	9,760,264	8,366,883	0	8,366,883	35.4%
Community Development Block Grant Fund	16,715,373	5,441,343	7,011,628	1,570,285	(39,811)	1,530,474	9.2%
Community Facilities Revenue Fund	11,151,883	1,764,600	2,631,381	866,781	(69,247)	797,534	7.2%
Convention and Cultural Affairs Fund	50,685,339	4,850,079	6,606,243	1,756,164	(1,575,537)	180,627	0.4%
Convention Center Facilities District Revenue Fund	29,034,492	20,682,842	22,696,752	2,013,910	0	2,013,910	6.9%
Downtown Property and Business Improvement District Fund	3,499,589	1,022,618	1,090,497	67,879	0	67,879	1.9%
Economic Development Administration Loan Fund	77,827	57,377	68,564	11,187	0	11,187	14.4%
Economic Development Enhancement Fund	654,403	0	162	162	0	162	0.0%
Edward Byrne Memorial Justice Assistance Grant Trust Fund	552,495	235,230	175,362	(59,868)	60,768	900	0.2%
Emergency Reserve Fund	3,397,532	3,381,532	3,381,532	0	0	0	0.0%
Federal Drug Forfeiture Fund	2,910,643	3,001,897	3,245,548	243,651	0	243,651	8.4%
Fiber Optics Development Fund	2,279,006	0	0	0	0	0	0.0%
Gas Tax Maintenance and Construction Funds	0	0	0	0	0	0	N/A
General Purpose Parking Fund	25,489,708	12,043,734	13,066,233	1,022,499	0	1,022,499	4.0%
Gift Trust Fund	4,014,744	3,204,583	4,115,179	910,596	(910,596)	0	0.0%
Home Investment Partnership Program Fund	7,498,168	408,832	831,056	422,224	0	422,224	5.6%
Housing Trust Fund	3,613,891	1,664,918	2,189,847	524,929	0	524,929	14.5%
Ice Centre Revenue Fund	6,622,450	3,999,241	4,151,441	152,200	0	152,200	2.3%
Integrated Waste Management Fund	134,264,328	7,477,522	7,786,954	309,432	4,957,727	5,267,159	3.9%
Library Parcel Tax Fund	14,504,283	7,685,301	8,668,617	983,316	(300,000)	683,316	4.7%

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COMPARISON OF ESTIMATED TO ACTUAL 2012-2013 ENDING FUND BALANCE

Fund	2012-2013 Modified Budget	2012-2013 Est. Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments*	Revised Variance (incl. Rebudget Adjustments)	Revised Variance As % of Mod Budget
<i>Special Funds</i>							
Low and Moderate Income Housing Asset Fund	47,857,700	13,938,104	20,683,320	6,745,216	0	6,745,216	14.1%
Multi-Source Housing Fund	38,929,299	18,358,713	18,360,826	2,113	0	2,113	0.0%
Municipal Golf Course Fund	2,749,982	339,482	459,707	120,225	0	120,225	4.4%
Public Works Program Support Fund	13,928,864	504,562	1,503,246	998,684	0	998,684	7.2%
San José Arena Enhancement Fund	2,597,012	3,000	629	(2,371)	0	(2,371)	-0.1%
San José Diridon Development Authority Fund	396,666	0	417,173	417,173	0	417,173	105.2%
San José Municipal Stadium Capital Fund	31,065	0	0	0	0	0	0.0%
San José/Santa Clara Treatment Plant Operating Funds	284,847,389	80,284,631	86,767,120	6,482,489	0	6,482,489	2.3%
Special Assessment Maintenance District Funds	21,555,888	15,433,282	16,419,641	986,359	0	986,359	4.6%
State Drug Forfeiture Fund	1,577,711	901,066	1,014,152	113,086	0	113,086	7.2%
Stores Fund	298,152	0	176,420	176,420	0	176,420	59.2%
Storm Sewer Operating Fund	52,466,865	23,647,021	24,671,994	1,024,973	0	1,024,973	2.0%
Supplemental Law Enforcement Services Fund	3,691,089	1,176,691	942,066	(234,625)	239,457	4,832	0.1%
Transient Occupancy Tax	3,080,799	4,049,871	4,848,998	799,127	(764,973)	34,154	1.1%
Vehicle Maintenance and Operations Fund	21,565,141	438,089	1,432,208	994,119	(592,520)	401,599	1.9%
Water Utility Fund	36,963,692	7,707,695	9,169,841	1,462,146	0	1,462,146	4.0%
Workforce Investment Act Fund	17,533,288	982,909	1,084,846	101,937	0	101,937	0.6%
Sub-Total Special Funds	1,522,378,084	444,313,125	490,975,670	46,662,545	1,005,268	47,667,813	3.1%

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COMPARISON OF ESTIMATED TO ACTUAL 2012-2013 ENDING FUND BALANCE

Fund	2012-2013 Modified Budget	2012-2013 Est. Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments*	Revised Variance (incl. Rebudget Adjustments)	Revised Variance As % of Mod Budget
<i>Capital Funds</i>							
Airport Capital Funds	189,330,022	137,646,824	141,456,166	3,809,342	476,000	4,285,342	2.3%
Branch Libraries Bond Projects Fund	19,177,371	10,766,424	10,880,978	114,554	119,000	233,554	1.2%
Building and Structure Construction Tax Fund	41,856,525	14,516,032	16,214,638	1,698,606	(350,000)	1,348,606	3.2%
Civic Center Construction Fund	795,000	72,238	118,945	46,707	(45,640)	1,067	0.1%
Construction and Conveyance Tax Fund	130,609,023	62,029,301	78,699,414	16,670,113	(9,061,000)	7,609,113	5.8%
Construction Excise Tax Fund	116,875,674	50,772,817	61,383,359	10,610,542	(6,948,000)	3,662,542	3.1%
Convention Center Facilities District Project Fund	88,541,877	2,829,244	2,351,557	(477,687)	740,127	262,440	0.3%
Emma Prusch Park Fund	409,726	316,726	358,659	41,933	(42,000)	(67)	0.0%
Lake Cunningham Fund	1,495,933	987,934	1,139,002	151,068	0	151,068	10.1%
Major Collectors and Arterials Fund	1,077,930	862,402	1,028,471	166,069	(100,000)	66,069	6.1%
Major Facilities Fund	3,464,443	3,531,755	3,786,211	254,456	0	254,456	7.3%
Neighborhood Security Act Bond Fund	12,279,790	5,710,474	6,546,835	836,361	(102,000)	734,361	6.0%
Parks and Recreation Bond Projects Fund	34,467,753	19,454,610	20,959,257	1,504,647	(806,000)	698,647	2.0%
Residential Construction Tax Contribution Fund	1,362,944	1,420,944	985,505	(435,439)	559,000	123,561	9.1%
San José/Santa Clara Treatment Plant Capital Fund	167,244,984	118,373,157	127,270,299	8,897,142	(1,193,000)	7,704,142	4.6%
Sanitary Sewer Connection Fee Fund	15,882,378	10,839,728	12,288,983	1,449,255	(1,318,000)	131,255	0.8%
Sewer Service and Use Charge Capital Improvement Fund	115,121,481	68,491,397	79,862,904	11,371,507	(7,060,000)	4,311,507	3.7%
Storm Drainage Fee Fund	523,232	429,232	532,672	103,440	0	103,440	19.8%
Storm Sewer Capital Fund	19,838,279	6,700,597	10,390,472	3,689,875	(3,103,000)	586,875	3.0%
Subdivision Park Trust Fund	78,219,298	68,255,705	87,763,152	19,507,447	(8,665,000)	10,842,447	13.9%
Underground Utility Fund	3,102,203	1,151,203	2,647,501	1,496,298	0	1,496,298	48.2%
Water Utility Capital Fund	8,367,074	5,031,974	5,468,352	436,378	59,000	495,378	5.9%
Sub-Total Capital Funds	1,050,042,940	590,190,718	672,133,332	81,942,614	(36,840,513)	45,102,101	7.8%
TOTAL ALL FUNDS	3,709,921,985	1,247,509,524	1,378,289,743	130,780,219	(33,164,654)	97,615,565	3.5%

* Although not included as a recommendation in this report, the amount listed also includes \$1.3 million in early rebudgets that were approved by the City Council on August 27, 2013

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SUMMARY OF 2012-2013 YEAR-END RESERVES BY FUND

Fund	2012-2013 Contingency and Earmarked Reserves Balance
General Fund	\$157,951,655
Special Funds	
Airport Customer Facility and Transportation Fee Fund	4,922,763
Airport Fiscal Agent Fund	86,867,049
Airport Maintenance and Operation Fund	27,150,165
Airport Revenue Fund	41,193,825
Airport Surplus Revenue Fund	9,630,802
Benefit Funds	8,579,264
City Hall Debt Service Fund	1,021,315
Community Development Block Grant Fund	1,980,093
Convention and Cultural Affairs Fund	1,846,936
Convention Center Facilities District Revenue Fund	20,704,176
General Purpose Parking Fund	9,234,084
Home Investment Partnership Program Fund	1,220
Integrated Waste Management Fund	3,768,625
Library Parcel Tax Fund	1,013,507
Low and Moderate Income Housing Asset Fund	5,558,220
Multi-Source Housing Fund	67,160
Public Works Program Support Fund	26,020
San Jose/Santa Clara Treatment Plant Operating Funds	61,864,034
Special Assessment Maintenance District Funds	3,863
State Drug Forfeiture Fund	500,000
Storm Sewer Operating Fund	19,327,759
Transient Occupancy Tax	1,500,000
Vehicle Maintenance and Operations Fund	46,653
Water Utility Fund	5,884,059
Workforce Investment Act Fund	1,202,123
Sub-Total Special Funds	\$313,893,715
Capital Funds	
Branch Libraries Bond Projects Fund	2,484,671
Building and Structure Construction Tax Fund	4,848,000
Construction and Conveyance Tax Funds	8,375,000
Construction Excise Tax Fund	38,588,825
Emma Prusch Park Fund	29,000
Lake Cunningham Fund	534,000
Major Facilities Fund	1,600,000
Neighborhood Security Act Bond Fund	4,637,000
Parks and Recreation Bond Projects Fund	17,173,969
San Jose/Santa Clara Treatment Plant Capital Fund	41,000,000
Sewer Service and Use Charge Capital Improvement Fund	2,500,000
Subdivision Park Trust Fund	30,480,581
Water Utility Capital Fund	1,892,000
Sub-Total Capital Funds	\$154,143,046
TOTAL ALL FUNDS	\$625,988,416

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II. GENERAL FUND

BUDGET

PERFORMANCE

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II. GENERAL FUND BUDGET PERFORMANCE

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

General Fund Year-End Performance – This section provides data on the overall status of the General Fund at the end of 2012-2013. It includes a chart that compares the General Fund modified budget and actuals for sources, uses, and available fund balance as well as a chart that compares the General Fund actuals to the estimates used in developing the 2013-2014 Adopted Budget.

General Fund Revenue Performance – This section provides detail on the actual 2012-2013 General Fund revenue collections. This section includes a chart that compares the 2012-2013 modified budget to the actuals for each of the General Fund revenue categories. This chart is followed by a discussion of the performance in each category that includes an explanation of variances from the modified budget, any resulting current year implications for revenue estimates, and a comparison of the actual revenues to prior year collections to indicate collection trends and provide a historical perspective.

General Fund Expenditure Performance – This section provides detail on the actual 2012-2013 General Fund expenditures. This section includes charts that compare the 2012-2013 modified budget to actuals as well as the 2012-2013 year-end estimates to actuals for the major expenditure categories. The review of the General Fund expenditure performance also includes a chart that provides additional detail on the 2012-2013 modified budget, any resulting current year implications for expenditure estimates, and a comparison of the actual expenditures to prior year levels by individual department and the non-departmental categories. In addition, this section includes a discussion of significant departmental variances and highlights of non-departmental expenditures and variances.

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GENERAL FUND YEAR-END PERFORMANCE

The General Fund ended the year with a final available ending fund balance (unaudited) of \$215.2 million, as reflected in the following table:

GENERAL FUND BUDGET TO ACTUAL COMPARISON FOR THE YEAR ENDED JUNE 30, 2013 (\$000s)

	Modified Budget	Budgetary Basis Actual	Variance
Sources			
Beginning Fund Balance	168,300	168,300	-
Carryover Encumbrances	16,697	16,697	-
Liquidated			
Carryover Encumbrances		3,727	3,727
<i>Subtotal</i>	<i>184,997</i>	<i>188,724</i>	<i>3,727</i>
Revenues	952,504	943,838	(8,666)
Total Sources	1,137,501	1,132,562	(4,939)
Uses			
Personal Services	579,794	569,877	(9,917)
Non-Personal/Equipment/Other	109,518	100,128	(9,390)
City-Wide Expenses	240,157	210,613	(29,544)
Capital Contributions	20,916	7,601	(13,315)
Transfers	29,164	29,162	(2)
Reserves	157,952	-	(157,952)
Total Uses	1,137,501	917,381	(220,120)
Available Ending Fund Balance		215,181	215,181

Note: In the chart above, the General Fund includes the Police Department Seized Asset Fund and excludes the Emergency Reserve Fund and Cash Reserve Fund, which are budgeted as separate funds and reflected separately in this document. In the 2012-2013 Comprehensive Financial Report (CAFR), the Emergency Reserve Fund and Cash Reserve Fund will be displayed as part of the General Fund to comply with GASB 54 reporting requirements.

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GENERAL FUND YEAR-END PERFORMANCE

The actual ending fund balance of \$215.2 million slightly exceeded the estimated ending fund balance level used in the development of the 2013-2014 Adopted Budget by \$2.2 million (0.1% of the 2012-2013 Modified Budget total sources and uses). However, once adjusted for clean-up actions recommended in this report associated with the close-out of 2012-2013, a true ending fund balance of \$4.8 million (0.2% of the 2012-2013 Modified Budget total sources and uses) remains in 2012-2013 and is available for allocation. The elements of the Ending Fund Balance variance are illustrated in the following estimate to actual comparison chart.

2012-2013 GENERAL FUND ENDING FUND BALANCE ANALYSIS (\$000s)

Sources	Estimate	Budgetary Basis Actual	Variance
Beginning Fund Balance	168,300	168,300	-
Carryover Encumbrances	16,697	16,697	-
Liquidated			
Carryover Encumbrances	4,000	3,727	(273)
<i>Subtotal</i>	<i>188,997</i>	<i>188,724</i>	<i>(273)</i>
Revenues	952,504	943,838	(8,666) ¹
Total Sources	1,141,501	1,132,562	(8,939)
Uses			
Expenditures	899,331	888,219	11,112 ¹
Transfers	29,164	29,162	2
Reserves	-	-	-
Total Uses	928,495	917,381	11,114
Available Ending Fund Balance	213,006	215,181	2,175

¹ In 2012-2013, \$3.7 million in grant and reimbursement revenues and expenditures were not expected to be received in 2012-2013 and were rebudgeted to 2013-2014 (\$3.5 million for City-Wide Expenses and \$231,000 for Departmental expenditures). This resulted in lower actual revenues and expenditures in 2012-2013, with no net impact to the General Fund. After factoring out the lower revenues and expenditures associated with these grants and reimbursements, the revenue variance resulted in a shortfall of \$5.0 million (0.5%) and the expenditures variance actually totaled \$7.4 million (0.8%) compared to the 2012-2013 Modified Budget.

Note: In the chart above, the General Fund includes the Police Department Seized Asset Fund and excludes the Emergency Reserve Fund and Cash Reserve Fund, which is budgeted as a separate fund and reflected separately in this document. In the 2012-2013 Comprehensive Financial Report (CAFR), the Emergency Reserve Fund and Cash Reserve Fund will be displayed as part of the General Fund to comply with GASB 54 reporting requirements.

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GENERAL FUND YEAR-END PERFORMANCE

A detailed analysis of the significant variances between estimates and actuals for revenues, expenditures, transfers, and reserves is provided in the following section. The actual 2012-2013 liquidation of carryover encumbrances was \$3.7 million and reflects encumbered appropriations liquidated by the Finance Department during the period between the release of audited 2011-2012 financial statements and the end of the 2012-2013 fiscal year. Liquidation of prior year encumbrances results in a reduction in the obligations against the fund balance. These funds then become available for reappropriation. The estimate to actual variance of \$273,000 represents carryover encumbrance liquidations that occurred slightly below the level originally anticipated when the fund balance was estimated.

As noted on the chart on the previous page, after adjusting for \$3.7 million in grants and reimbursements that were not received or expended, the final General Fund ending fund balance represents a positive variance of \$2.2 million (0.1% of the 2012-2013 Modified Budget total sources and uses), which includes \$7.4 million of expenditure savings, a shortfall of \$5.0 million in revenues collected, and a \$273,000 shortfall from the liquidation of carryover encumbrances when compared to year-end estimated levels. Additional clean-up actions are recommended in this Annual Report. The largest adjustments include: recognizing \$10.3 million in reimbursement from the Successor Agency that was budgeted to be received in 2012-2013, but is now expected to be received in 2013-2014; and allocating the additional revenue and expenditure savings from the Development Fee Programs (\$4.0 million) to the Development Fee Program Reserves. After accounting for these actions and other revenue and expenditure adjustments, including required expenditure rebudgets to close-out 2012-2013, \$4.8 million (0.2%) in additional ending fund balance is available. The \$4.8 million positive fund balance variance is comprised of net additional revenues of \$2.6 million (0.3%), net expenditure savings of \$2.6 million (0.5%), slightly offset by lower than estimated liquidation of prior year encumbrances \$273,000. Recommendations for the allocation of these additional funds are provided elsewhere in this document.

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GENERAL FUND REVENUE PERFORMANCE

The following table details actual 2012-2013 General Fund revenue collections as compared with the modified budget estimates:

TABLE A
2012-2013 GENERAL FUND REVENUE SUMMARY
COMPARISON OF BUDGET TO ACTUAL
(\$000s)

Category	Modified Budget	Budgetary Basis Actual	Variance	%
				Variance
Property Tax	\$ 205,830	\$ 205,016	\$ (814)	-0.4%
Sales Tax	161,990	163,751	1,761	1.1%
Telephone Tax	20,700	20,641	(59)	-0.3%
Transient Occupancy Tax	10,100	10,103	3	0.0%
Franchise Fees	43,585	43,741	156	0.4%
Utility Tax	90,973	91,109	136	0.1%
Licenses and Permits	44,394	46,606	2,212	5.0%
Business Taxes	43,350	45,140	1,790	4.1%
Fines, Forfeitures, and Penalties	14,917	14,555	(362)	-2.4%
Use of Money and Property	3,603	3,891	288	8.0%
Revenue from Local Agencies	46,850	34,779	(12,071)	-25.8%
Revenue from the State of California	17,159	16,857	(302)	-1.8%
Rev. from State Govt. - Recovery Act	9	15	6	66.7%
Revenue from Federal Government	21,183	15,993	(5,190)	-24.5%
Rev. from Fed. Govt. - Recovery Act	3,502	3,518	16	0.5%
Departmental Charges	35,865	38,798	2,933	8.2%
Other Revenue	122,080	121,878	(202)	-0.2%
Subtotal	886,090	876,391	(9,699)	-1.1%
Overhead Reimbursements	31,968	32,223	255	0.8%
Transfers	19,261	19,487	226	1.2%
Reimbursements for Services	15,185	15,737	552	3.6%
Subtotal	66,414	67,447	1,033	1.6%
TOTALS¹	\$ 952,504	\$ 943,838	\$ (8,666)	2 -0.9%

¹ Excludes Beginning Fund Balance.

² After adjusting for \$3.7 million in grant and reimbursement-related revenues not received in 2012-2013 but rebudgeted to 2013-2014 as part of the 2013-2014 Adopted Budget, the revenue variance resulted in a shortfall of \$5.0 million (0.5%). For these grant revenues, corresponding General Fund expenditure savings were also realized in 2012-2013, resulting in a net zero impact on the General Fund Ending Fund Balance.

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GENERAL FUND REVENUE PERFORMANCE

The General Fund revenue performance for 2012-2013 is discussed in detail in this section. The 2012-2013 actual revenue receipts for each of the major revenue categories are compared to the modified budgets and any significant variances and resulting implications for current year revenue estimates are described. In addition, comparisons with prior fiscal year collection levels are included to indicate collection trends and to provide a historical perspective.

As shown in Table A, total revenue received in the General Fund in 2012-2013 was \$943.8 million. This collection level fell below the 2012-2013 Modified Budget level by \$8.7 million, (0.9%). This negative variance was partially due to lower collections from various grants and reimbursements that were not received in 2012-2013, but were rebudgeted to 2013-2014 in the 2013-2014 Adopted Budget (\$3.7 million). After adjusting for grant and reimbursement-related revenues not received in 2012-2013 but rebudgeted to 2013-2014, revenues for the over 450 revenue accounts budgeted and monitored annually ended the year \$5.0 million or 0.5% below budgeted estimates. The \$5.0 million shortfall primarily reflects the variance in the reimbursement from the Successor Agency that was budgeted to be received in 2012-2013 but is now expected to be received in 2013-2014, partially offset by higher Development Fee Program revenues which generated a \$3.2 million surplus. Once adjusted for the recognition of a \$10.3 million reimbursement from the Successor Agency in 2013-2014, the Development Fee Programs additional revenue of \$3.2 million which must be returned to the Development Fee Program Reserves, as well as other revenue-related adjustments required to close out 2012-2013, there was a net positive revenue variance of \$2.6 million (0.3%) for 2012-2013.

The 2012-2013 collection level of \$943.8 million was up \$36.2 million (4.0%) from the actual 2011-2012 collections (\$907.6 million). The categories that experienced the largest increases included: Sales Tax, Other Revenue, Revenue from Local Agencies, Departmental Charges, Business Taxes, and Property Tax categories. The largest declines from the prior year were experienced in the Fines, Forfeitures and Penalties, and Transfers and Reimbursements categories.

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

Property Tax

The Property Tax revenue category includes Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax, and Homeowner's Property Tax Relief. Property Tax receipts for the 2012-2013 fiscal year totaled \$205.0 million. This collection level was \$814,000 (0.4%) below the budgeted estimate of \$205.8 million, but represented an increase of 1.6% from 2011-2012 actuals of \$201.7 million. This is the second year of positive growth in this category after two years of declines (2009-2010 and 2010-2011). Collections, however, remain below the most recent peak of \$215.7 million in 2008-2009.

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GENERAL FUND REVENUE PERFORMANCE

Property Tax

- **Secured Property Tax** – Receipts in this category of \$186.2 million were 0.1% (\$265,000) below the 2012-2013 Modified Budget estimate of \$186.5 million. Collections reflected continued modest growth of 1.2% compared to the 1.3% growth seen in 2011-2012 after two years of declines in this category (2.2% decline in 2010-2011 and a 3.4% decline in 2009-2010). Growth of 1.2% was slightly below the growth rate assumed in the 2012-2013 Modified Budget of 1.4%. Receipts in 2012-2013 were based on the property tax roll as of January 1, 2012, with tax roll corrections incorporated into final collection totals. During 2012-2013, tax roll corrections resulted in a net reduction to the tax levy of approximately \$43 million county-wide (compared to \$60 million in 2011-2012) of which approximately 5% is attributed to the City of San José. Under Proposition 13, which was approved by the voters in 1978, assessed values of all real property adjust with the California Consumer Price Index (CCPI), with a 2% limit, unless there is a change in ownership, new construction, or the value of the property falls below the assessed value. The CCPI adjustment for the 2012-2013 tax roll was an increase of 2.0%.

In the 2013-2014 Adopted Budget, Secured Property Tax receipts are estimated at \$201.4 million, based on the assumption that collections would increase approximately 8% in 2013-2014. This projected increase was anticipated primarily due to two factors: the net increase in residential and commercial valuation primarily due to the full or partial restoration of property values that were previously temporarily reassessed downwards under proposition 8 due to the declining market values; and the change in the CCPI. The CCPI adjustment for the 2013-2014 tax roll is an increase of 2.0%. With improvements in the real estate market, the assessed value for a large number of properties that had previously received a Proposition 8 reduction will be fully or partially restored to the factored base year value in 2013-2014. Because collections in 2012-2013 fell slightly below expectations, growth of 8.1% is needed to meet the 2013-2014 budgeted estimate. The very preliminary estimate from the County of Santa Clara is consistent with assumptions used in the development of the 2013-2014 Adopted Budget, reflecting growth of approximately 8%, which includes estimated tax roll corrections of \$50.0 million County-wide. This figure will be adjusted during the year based on actual experience. If necessary, any adjustment to the Secured Property Tax estimate will be brought forward in 2013-2014.

- **SB 813 Property Tax** – The SB 813 Property Tax component represents the retroactive taxes on reassessed property valuation from the period of resale to the time that the Assessor formally revalues the property. From 2008-2009 through 2010-2011, collections in this category fell significantly due, in part, to a substantial number of returns that were owed to property owners as a result of declining home values. In 2011-2012, growth of 12.9% was experienced with receipts of \$3.27 million. In 2012-2013, however, revenue in this category of \$3.05 million fell \$216,000 from 2011-2012 levels (-6.6%). With the improvement in the real estate market, moderate growth in this category would typically be expected. However, collections are expected to be impacted as the County continues to completely resolve the

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GENERAL FUND REVENUE PERFORMANCE

Property Tax

backlog of refunds. The 2013-2014 Adopted Budget assumed collections of \$3.6 million, requiring growth of 18.1% from actual 2012-2013 collections. This figure will be adjusted during the year based on actual experience. It should be noted that collections remain well below the peak of \$10.1 million in 2005-2006 and below levels seen in recent years (e.g., \$8.0 million in 2006-2007 and \$7.9 million in 2007-2008).

- **Unsecured Property Tax** – This tax is assessed on major business equipment items and is subject to annual depreciation adjustments. Current and Prior Unsecured Property Tax receipts of \$12.6 million in 2012-2013 were consistent with the 2012-2013 Modified Budget. This collection level was \$1.4 million (12.6%) above collection levels in 2011-2012 (\$11.2 million) and exceeded the 2009-2010 peak level of \$12.3 million. Revenues in this category have proven to be continually volatile over the last decade with annual growth or declines reaching double-digit levels. Growth in this category is dependant primarily on increases in the value of personal property and based primarily on the strength of the local business sector. In the 2013-2014 Adopted Budget, the revenue estimate assumed collection levels would remain flat at \$12.6 million; however, the most recent projection from the County of Santa Clara for 2013-2014 is slightly below this estimate.
- **Aircraft Property Tax** – Receipts in 2012-2013 of \$2.1 million are consistent with the budgeted estimate, but 4.0% below the 2011-2012 receipts of \$2.2 million. In 2013-2014, the budgeted estimate of \$2.2 million requires growth of 5.6%. The current County of Santa Clara Assessor's Office estimate falls below the 2013-2014 budgeted level; however, this estimate is preliminary and will continue to be monitored.
- **Homeowner's Exemption Subvention** – This category represents the recovery of tax loss resulting from the per-household exemption granted by current State law. Receipts of \$1.04 million were at the budgeted estimate but slightly below the 2011-2012 actual collections of \$1.07 million. Collections are expected to remain at approximately the same level in 2013-2014, which is consistent with the most current estimates provided from the County of Santa Clara.

The City's Property Tax performance will be closely monitored in 2013-2014 to determine if any adjustments to the budgeted estimate are necessary. As part of that monitoring activity, staff will continue to regularly meet with representatives from the offices of the County Assessor, the County Controller-Treasurer, and the County Tax Collector to ensure that the City's budget appropriately reflects the most recent information available.

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GENERAL FUND REVENUE PERFORMANCE

Sales Tax

The Sales Tax category includes General Sales Tax and Proposition 172 Sales Tax. Overall, Sales Tax collections for 2012-2013 of \$163.8 million were 1.1% (\$1.8 million) above the 2012-2013 Modified Budget, and represent a 6.3% increase from collections in 2011-2012 (\$154.0 million). Following is a discussion of the two Sales Tax components:

- **General Sales Tax** – In the General Sales Tax category, collections of \$158.6 million were 6.2% above the 2011-2012 collection level of \$149.4 million. This marks the third year of growth in this category, with receipts now exceeding pre-recession levels of \$149.5 million that was collected in 2007-2008. Receipts in 2012-2013 were also \$1.8 million (1.2%) above the modified budget estimate of \$156.8 million due to higher than budgeted growth in the 3rd quarter (received in June 2013).

The 2012-2013 actual General Sales Tax figure of \$158.6 million reflects actual performance for the first three quarters of 2012-2013, during which growth of 6.4% (1st quarter), 4.9% (2nd quarter) and 7.0% (3rd quarter) was experienced, as well as estimated growth of 3.0% for the 4th quarter and prior year State triple flip true-up adjustments. Because a three-month lag exists between the period of sales activity and when the City receives its quarterly Sales Tax allocation, the fourth quarter (April through June) was accrued to 2013-2014 based on a 3.0% growth projection. Since the accrual was processed, preliminary Sales Tax results for the fourth quarter have become available and show an actual increase of 4.0%. While details by economic sector for the last quarter's performance are not yet available, this higher growth rate generated an additional \$300,000 in revenue.

The City's Sales Tax consultant, MuniServices, LLC, has provided economic performance data for the four quarters ending March 2013, as displayed in the following chart. This analysis measures sales tax receipts, excluding State and county pools, and adjusts for anomalies, payments to prior periods, and late payments. During this period, economic growth of 5.0% was realized.

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GENERAL FUND REVENUE PERFORMANCE

Sales Tax

Sales Tax Revenue Economic Performance April 2012 – March 2013

Economic Sector	% of Total Revenue	% Change from April 2012 – March 2013
General Retail	27.0%	4.4%
Transportation	24.5%	7.1%
Business-to-Business	22.5%	2.7%
Food Products	15.4%	4.3%
Construction	9.8%	7.5%
Miscellaneous	0.7%	7.7%
Total	100.0%	5.0%

Based on higher actual 2012-2013 receipts, the 2012-2013 state triple flip true-up payment that will be received in 2013-2014, and revised 2013-2014 growth assumptions, an increase to the 2013-2014 General Sales Tax budget estimate of \$2.4 million is recommended as part of the 2012-2013 Annual Report actions, increasing the estimate from \$162.1 million to \$164.5 million. When the 2013-2014 Adopted Budget revenue projection was developed, actual 2012-2013 data was available for the first two quarters, and it was assumed that 3% growth would be realized in the last two quarters of 2012-2013 when compared to the same quarters in the prior year, followed by a 4.0% growth in 2013-2014. However, as discussed above, actual increases in the last two quarters of 2012-2013 were 7.0% and 4.0%, respectively. From this higher base, a downward revision to the 2013-2014 growth assumption from 4% to 3% is recommended. This revised growth assumption is consistent with the most recent forecast provided by MuniServices. It is anticipated that a portion of the growth in 2013-2014 (approximately \$400,000) will be generated from the Business Cooperation Program, which is expected to generate additional use tax for the City. The City's Business Cooperation program is a rebate program designed to have local businesses take a proactive approach in allocating use tax to San José on select purchases. With the recommended change to the underlying 2013-2014 growth assumption from the actual 2012-2013 receipts as well as adjustments associated with the true-up payment from 2012-2013, the recommended 2013-2014 modified budget estimate of \$164.5 million reflects an increase of 3.7% from the 2012-2013 year-end figure of \$158.6 million. Additional adjustments may be brought forward during 2013-2014 based on actual performance. Data for the first quarter of 2013-2014 (July – September activity) will not be available until December 2013.

- **Proposition 172 Half-Cent Sales Tax** – Receipts of \$5.15 million were slightly below (0.9%) the budgeted estimate of \$5.2 million and were up 10.3% when compared to the 2011-2012 collection level of \$4.7 million. This increase reflects the overall Sales Tax performance throughout the State and the relative share that is attributed to San José.

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GENERAL FUND REVENUE PERFORMANCE

Telephone Line Tax

In 2012-2013, Telephone Line Tax collections of \$20.6 million were \$60,000 (0.3%) below the budgeted estimate of \$20.7 million and slightly above the 2011-2012 collection level of \$20.5 million.

Transient Occupancy Tax

In 2012-2013, receipts of \$10.1 million for the General Fund's portion (4.0%) of the City's Transient Occupancy Tax (TOT) were consistent with the 2012-2013 Modified Budget estimate, and were up 12.5% from the 2011-2012 collection level of \$9.0 million. TOT revenues have exceeded the most recent peak of \$9.6 million in 2007-2008 and are trending to approach the historical peak of \$10.9 million that was achieved in 2000-2001. The higher tax levels are attributable to increased hotel occupancy and room rates. In 2012-2013, the average occupancy rate for the City's 14 largest hotels climbed from 61.6% to 66.6%, and the average room rate for these same hotels increased by \$10 (from \$129 to \$139). The 2013-2014 Adopted Budget of \$10.6 million assumes continued annual growth in TOT collections of 5%, which is in line with the average annual growth seen over the last 10 years.

Franchise Fees

Franchise Fee collections of \$43.7 million were slightly above (0.4%) the 2012-2013 Modified Budget level of \$43.6 million and were \$2.0 million, or 4.9%, above the 2011-2012 collection level of \$41.7 million. Following is a discussion of the major Franchise Fee components:

- *Electric and Gas Franchise Fees* – For 2012-2013, collections were based on activity that occurred during calendar year 2012. Electric Franchise Fee collections of \$18.3 million were at the 2012-2013 Modified Budget level and 0.8% above the 2011-2012 collection level of \$18.2 million. Gas Franchise Fees of \$4.2 million ended the year at the budgeted estimate but were 4.8% below the 2011-2012 collection level of \$4.4 million. Combined the Gas and Electric Franchise Fees collections of \$22.5 million were at the budgeted estimate.

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GENERAL FUND REVENUE PERFORMANCE

Franchise Fees

- **Commercial Solid Waste Franchise Fee (CSW)** – Collections of \$11.05 million ended the year at the budgeted estimate of \$11.0 million and 15.2% above the prior year collection level of \$9.6 million. This category experienced declines from \$12.5 million in 2006-2007 to \$9.6 million in 2011-2012. The declining revenue during these five years was attributed to an increase in recycling as well as the impacts from the steep economic downturn. In the 2012-2013 Adopted Budget, the CSW fee methodology changed to a fee for franchises based on geographic collection districts rather than volume. The new fee is set at \$5.0 million per year for each of two geographic collection districts plus a supplemental fee of \$1.0 million for the right to conduct CSW services in both the North District and the South District. This revised structure includes a provision for an annual increase based on the percentage change in the annual consumer price index (CPI) rate during the prior two calendar years, subject to City Council approval. The 2013-2014 Adopted Budget estimate of \$11.0 million does not incorporate a CPI adjustment.
- **Cable Television Franchise Fees** – Actual 2012-2013 collections of \$9.0 million ended the year slightly above the 2012-2013 modified budget (\$47,000 or 0.5%) and were 6.2% above the 2011-2012 collection level of \$8.5 million. The 2013-2014 Adopted Budget estimate of \$9.1 million requires growth of 1.4% from 2012-2013 actual collections.
- **City-Generated Tow, Water, and Nitrogen Gas Pipeline Franchise Fees** – Receipts in these categories were relatively consistent with the budgeted estimates and reflected growth from 2011-2012 collection levels. City-Generated Tow Franchise Fee receipts of \$873,000 slightly exceeded the budget estimate of \$815,000 by 7.1% (\$58,000) and were 13.4% above the prior year collection level of \$770,000. This collection level, however, remains below historical levels ranging between \$1.0 million to \$1.8 million. Water Franchise Fee collections of \$250,000 were 2.0% above the budget estimate of \$245,000, and 10.3% above the prior year collection level of \$227,000. Nitrogen Gas Pipeline Franchise Fee receipts of \$56,000 were slightly above the budgeted estimate of \$55,000 but slightly below the 2011-2012 collection level of \$57,000.

Utility Tax

The City assesses utility user taxes on four utilities: Electricity, Gas, Water, and Telephone. Overall, Utility Tax receipts of \$91.1 million were 0.1% above the 2012-2013 Modified Budget level of \$91.0 million and 0.8% (\$726,000) above the 2011-2012 actual level of \$90.4 million. However, receipts in 2011-2012 include a one-time \$1.56 million payment as a result of a final settlement agreement between the City and PG&E. Once adjusted for this, 2012-2013 collections are 2.6% above the adjusted 2011-2012 collection levels \$88.8 million.

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Utility Tax

- **Electricity and Gas Utility Tax** – Electricity Utility Tax receipts of \$39.3 million were approximately 0.3% above the modified budget estimate of \$39.2 million though 3.3% below the 2011-2012 level of \$40.7 million. However, as discussed above, the 2011-2012 actual collections included a one-time settlement payment of \$1.56 million from Pacific Gas and Electric. Excluding this one-time payment, 2012-2013 collections were 0.5%, or \$217,000, above the adjusted 2011-2012 collection level of \$39.1 million. Gas Utility Tax collections of \$8.4 million were slightly below (1.3%) the 2012-2013 Modified Budget estimate of \$8.5 million and 4.6% (\$401,000) below the 2011-2012 collection level of \$8.8 million.
- **Water Utility Tax** – Receipts in this category of \$10.5 million were 1.3% below the modified budget level of \$10.7 million but 10.3% above the 2011-2012 collection level of \$9.5 million primarily due to approved rate increases.
- **Telephone Utility Tax** – Collections of \$32.9 million in this category were 1.0% above the 2012-2013 Modified Budget level of \$32.6 million and 4.7% above the prior year collection level of \$31.4 million. The increase over 2011-2012 collection levels is primarily due to increased collections in landline and VoIP receipts. In 2013-2014, the budgeted estimate of \$32.6 million is conservatively estimated to allow a slight decline, as this category has fluctuated in recent years. Collection levels will continue to be monitored and adjustments will be brought forward as necessary during the year.

Business Taxes

Revenues in this category include the Cardroom Tax, Business Tax, Disposal Facility Tax, and Marijuana Business Tax. Overall, Business Tax collections of \$45.1 million were 4.1% above the 2012-2013 Modified Budget estimate of \$43.4 million and 9.7% above (\$4.0 million) the 2011-2012 collection level of \$41.1 million. The increase over the prior year is primarily the result of economic growth and increased General Business Tax receipts generated through the current Business Tax Amnesty Program. Following is a discussion of the major Business Tax components:

- **Cardroom Tax** – Collections in this category reflect the gross receipts tax collected from the two cardrooms located in San José. Receipts of \$16.3 million ended the year 0.9% above the modified budget estimate of \$16.2 million and 9.2% above (\$1.4 million) the prior year actual level of \$14.9 million. The increase from the prior year reflects general economic growth, as well as a spike in activity resulting from the opening of Casino M8trix in August 2012. As a result of these two factors, revenues marginally exceeded the budget estimate.

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Business Taxes

- **Business Tax** – Collections of \$13.9 million in this category are 12.8% above (\$1.6 million) the modified budget estimate of \$12.3 million and 22.9% above (\$2.6 million) the 2011-2012 collection level. The growth in Business Tax receipts for 2012-2013 reflects the gradual economic recovery as well as efforts by the Finance Department to maximize the receipt of this tax. On October 23, 2012 the City Council approved a Business Tax Amnesty Program, which has been the main contributor to the increased receipts in this category. The City Council approved an extension of the Business Tax Amnesty Program on June 11, 2013 and additional program revenues resulting from the extension will be incorporated into the 2013-2014 budget as appropriate upon the conclusion of this program.
- **Disposal Facility Tax** – Collections of \$10.7 million ended the year at the budgeted estimate of \$10.7 million and 4.1% below the 2011-2012 collection level of \$11.2 million. Collections in this category have experienced significant decline from \$14.7 million in 2006-2007 to \$10.7 million in 2012-2013. Revenue from the Disposal Facility Tax is impacted by the economy, waste exports, and waste diversion activities from San José and other municipalities and members of the public that use landfills within the City. The 2013-2014 Adopted Budget estimate of \$10.0 million reflects the expected decline in DFT collections due to improvements in the processing of waste for the commercial program in San José and increased recycling in neighboring jurisdictions. This decrease will be slightly offset by an improving economy.
- **Marijuana Business Tax** – On November 2, 2010 San José voters approved Measure U, which permits the City to impose a gross receipts business tax of 7% on all marijuana businesses in the City. Collections of \$4.2 million were slightly above the 2012-2013 Modified Budget level of \$4.17 million (1.4%) and above the 2011-2012 receipts of \$3.7 million (13.4%). In 2013-2014, estimated collections of \$5.4 million reflect the anticipated increase in receipts due to an increase in the tax rate from 7% to 10% of gross receipts. There continues to be uncertainty regarding this program and the potential impacts from any federal actions, therefore, this revenue category will continue to be closely monitored.

Licenses and Permits

Revenues in this category include the Fire Permits, Building Permits, and various other health and public safety permits and licenses. Overall, Licenses and Permits collections of \$46.6 million were 5.0% (\$2.2 million) above the 2012-2013 Modified Budget level of \$44.4 million and 6.3% above (\$2.8 million) the 2011-2012 collection level of \$43.8 million. The significant increase over the prior year is a result of substantial growth in the Building Permits category. Following is a discussion of the major Licenses and Permits components:

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GENERAL FUND REVENUE PERFORMANCE

Licenses and Permits

- **Fire Permits** – Fire Fee receipts of \$10.1 million were 1.8% below the estimate of \$10.3 million, but 6.6% above the prior year level of \$9.5 million. The 2012-2013 Adopted Budget estimate of \$9.3 million was built assuming a slight increase of activity levels from the previous year. During 2012-2013, an upward adjustment of \$1.0 million to the Development revenue estimate was approved to address an increase in development activity, which is anticipated to continue in 2013-2014. While the Development revenues exceeded the modified budget estimate, the Non-Development revenues fell slightly below the budget.

Development revenues from Architectural Plan Check and Inspection, Engineering Systems (Alarms and Sprinklers) Permits and Inspections, and miscellaneous revenues ended the year at \$6.4 million, which was slightly above the 2012-2013 Modified Budget estimate of \$6.2 million. Because year-end collections exceeded the modified budget estimate, an increase to the Fire Fee Reserve of \$163,000 is recommended as part of this document. When combined with the Fire Department Fee Program expenditure savings (\$595,000), City Hall Debt Service Bond Refunding (\$178,000), retirement contributions reconciliation (\$65,000), and interest earnings (\$11,000), the Fire Development Fee Program Earmarked Reserve is recommended to be increased by a total of \$1.0 million. This action will increase the reserve from \$4.6 million to \$5.6 million.

Non-Development revenue of \$3.7 million from Annual Renewable Permits, Non-Renewable Permits and Inspections, and other miscellaneous activities were below estimated levels of \$4.1 million. Annual renewable permits revenue of \$3.2 million was \$579,000 (15.5%) lower than estimated and \$223,000 (6.6%) lower than the collections in the prior year. This variance was largely due to write-offs of prior year accounts. Combined revenues of \$575,000 from non-renewable permit and inspection activities (such as after hours inspections for fire regulatory enforcement and hazardous materials) and permits for pyrotechnics, tents, canopies, and temporary membrane structures were \$247,000 (75.3%) higher than budgeted levels and \$126,000 (28.1%) higher than prior year's year-end revenue of \$449,000.

- **Building Permits** – Receipts of \$27.1 million ended the year 7.6% (\$1.9 million) above the modified budget estimate of \$25.2 million, and 8.7% (\$2.2 million) above the prior year level of \$24.9 million. As identified in Bi-Monthly Financial Reports and the Mid-Year Budget Review, Building Permit revenue throughout 2012-2013 was well above anticipated levels, necessitating additional staffing resources to meet the plan check and inspection service demands. In order to keep pace with the increased demand, budget actions to increase revenues and staffing resources were brought forward for City Council approval on January 29, 2013. These actions included the addition of ten positions and non-personal/equipment funding for the Building Development Fee Program, offset by additional revenues of \$915,000. Further information on the approved actions can be found at <http://ca-sanjose.civicplus.com/DocumentCenter/View/11261>. In recognition of increased permit

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Licenses and Permits

revenues, the budget estimate was increased by an additional \$4.5 million at the end of 2012-2013. Even with adjustments to the budget estimate, actual collections ended the year \$1.9 million over the revised estimate as a result of strong permit activity in June 2013.

The total valuation of projects submitted in 2012-2013 was \$955.8 million, 19.5% above the revised estimate of \$800.0 million and 6.9% above the \$893.8 million valuation of projects that were received in 2011-2012. Total construction valuation in two of the three land use categories, residential and industrial, ended the year above estimates, while total construction valuation in commercial land use ended the year slightly below estimates. A total of 2,702 new residential units received permits in 2012-2013 compared to an estimate of 2,250 units and 2011-2012 actuals of 2,973 units. Residential valuation of \$497.5 million in 2012-2013 was slightly below the 2011-2012 level of \$515.7 million but exceeded the estimate of \$375.0 million. Industrial valuation of \$247.1 million also tracked above the estimate of \$200.0 million and was well above the prior year level (\$135.9 million). However, commercial activity was 6.1% below forecasted levels at approximately \$211.2 million and was 14.7% below last year's level (\$242.1 million). The number of projects requiring plan check was 9,000 in 2012-2013, an increase of approximately 47.5% from 6,100 from the prior year. The total number of building inspections conducted in 2012-2013 was 183,000, increasing approximately 29.7% from 141,097 inspections during the previous year.

A recommendation to increase the Building Development Fee Program Earmarked Reserve by \$2.9 million from \$12.3 million to \$15.3 million is included as part of this document. This funding was derived from a combination of a revenue surplus of \$1.9 million, a lower transfer of \$518,000 for City Hall Debt Service, lower retirement contributions of \$385,000, expenditure savings of \$120,000, and interest earnings attributed to the program of \$68,000. These increases to the Reserve are partially offset by increased staffing costs of \$39,000 for an Assistant to the City Manager position in the Office of Economic Development that provides business outreach services to developers.

- *Miscellaneous Other Licenses and Permits* – Collection of \$9.5 million were 5.5% (\$489,000) above the 2012-2013 Modified Budget and slightly (\$38,000 or 0.4%) above the prior year collections of \$9.4 million. The positive variance from the 2012-2013 modified budget was primarily due to higher collections in the cardroom permits, off-sale alcohol enforcement, multiple housing permits, and vacant/dangerous buildings permits. This category includes Animal Care and Services collections that totaled \$1.28 million in 2012-2013, which was 12.0% below the modified budget estimate of \$1.5 million and 8.0% below prior year collections of \$1.4 million. Overall, combined collections for Animal Care and Services fees, as reflected in the Licenses and Permits, Revenue from Local Agencies, and Departmental Fees and Charges categories totaled \$2.87 million, which is 0.3% above the modified budget estimate of \$2.86 million but 0.7% below prior year collections of \$2.89 million.

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Fines, Forfeitures and Penalties

The primary sources of revenue in this category are Parking, Vehicle Code, and Municipal Code Fines, and Business and Cardroom Tax Penalties. Collections of \$14.6 million in this category were 2.4% below the 2012-2013 modified budget estimate of \$14.9 million and down 20.7% (\$3.8 million) from the prior year collection level of \$18.4 million.

Parking fines, the largest component of this revenue category, ended the year at \$9.4 million. This collection level fell below the modified estimate of \$9.75 million (\$312,000 or 3.2%) and reflected a significant decline from 2011-2012 collection levels of \$11.8 million (\$2.3 million or 19.9%). When the 2012-2013 budget was developed, it was assumed that the parking fine revenues would decline as a result of the transition of parking compliance officers that were transferred from the Airport Department to the Department of Transportation. The actual reduction was larger than anticipated due to more significant impacts of training and transition, a reduction in activity in neighborhoods around the SAP Center (formerly HP Pavilion) due to the delayed hockey season, and a higher level of staff absences. The 2013-2014 Adopted Budget estimate of \$11.0 million assumes that revenue collections will improve but will remain below historical levels (\$11.3 million in 2010-2011 and \$11.8 million in 2011-2012). In addition, collections of \$373,000 were received from the City's participation in a program under which the State of California Franchise Tax Board collects past-due parking fines on behalf of the City. This collection level was 35.8% (\$98,000) above the 2012-2013 modified budget and 11.0% above prior year levels (\$336,000).

Vehicle Code and Municipal Code Fines ended the year at \$2.5 million, which was 2.8% below the modified budget estimate of \$2.6 million, but was 27.2% below the 2011-2012 collections of \$3.5 million. The City also received \$1.0 million from Business Tax Penalties which was 21.4% above the modified budget estimate of \$850,000 and 3.0% above the prior year collections of \$1.0 million. Receipts were estimated to decrease due to the Business Tax Amnesty Program discussed in the Business Taxes section; however, collections were consistent with historical tracking. False Alarm fines of \$295,000 tracked below the modified budget estimate of \$370,000, reflecting the impacts of the Police Department verified response model.

Revenue from Use of Money and Property

The Use of Money and Property category includes interest income earned in the General Fund, rental income from various City properties, and subrogation revenues. Collections of \$3.9 million ended the year slightly above the modified budget level of \$3.6 million (8.0%), and significantly above (16.9%) the prior year collection level of \$3.3 million. Below is a discussion of major components.

Use of Property revenues, including rental income (\$2.5 million) was above the budgeted estimate of \$2.3 million and prior year collections of \$2.1 million. Subrogation revenues of

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GENERAL FUND REVENUE PERFORMANCE

Revenue from Use of Money and Property

\$281,000 were slightly above (\$6,000) the budgeted estimate of \$275,000; however, they were below the prior year collection level of \$451,000 by 37.6% due to lower property related subrogation in 2012-2013.

Interest income of \$396,000 was above budgeted levels (\$323,000), but tracked below the prior year (\$490,000). The positive variance from the modified budget was primarily due to higher general interest earnings for the General Fund. The drop from the prior year was due to lower Property Tax Interest earnings.

This category also includes revenue of \$750,000 from three senior staff home loan repayments.

Revenue from Local Agencies

This revenue category contains revenue received from a variety of other local government agencies. The largest sources of revenue are the reimbursement from the former San Jose Redevelopment Agency (SJRA) for payment of the Convention Center debt service, from the Central Fire District for fire services provided to County residents by the San José Fire Department, and payment from the County for the City's Paramedic Program.

Revenue collections of \$34.8 million ended the year \$12.1 million (25.8%) below the budgeted estimate of \$46.9 million. However, this collection level was \$4.6 million (15.2%) above the 2011-2012 collections of \$30.2 million. The positive variance from prior year primarily reflects a one-time payment of \$6.9 million from the County of Santa Clara for the recalculation of prior year Property Tax Administration Fees (PTAF) received in 2012-2013. The City of Alhambra et al. had successfully sued the County of Los Angeles regarding the calculation of these fees. The Cities argued that SB 1096 Triple Flip and Motor Vehicle License Fee revenues, which are now incorporated into Property Tax, should be excluded from the calculation of SB 2557 PTAF. The Supreme Court of California denied a rehearing of the City of Alhambra et al. v. County of Los Angeles, therefore upholding the prior ruling on the recalculation of these fees. On January 25, 2013, the County notified the City that it was prepared to remit the disputed PTAF for the affected years from 2004-2005 through 2011-2012 totaling \$6.9 million, \$6.7 million in PTAF adjustments and earned interest of \$223,000. Collections fell below the prior year in a number of categories, including the reimbursement from the former San Jose Redevelopment Agency and the County payment for the Paramedic Program.

The significant variance to the budgeted estimate is primarily due to lower reimbursement from the Successor Agency, or former San Jose Redevelopment Agency. The 2012-2013 Modified Budget included reimbursement of \$25.8 million from the Successor Agency. Actual receipts, however, totaled \$15.3 million and reflected the Convention Center debt service payment reimbursement only. The 2012-2013 reimbursement fell below the budgeted estimate due to a

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GENERAL FUND REVENUE PERFORMANCE

Revenue from Local Agencies

\$10.5 million reimbursement from the Successor Agency that was budgeted to be received in 2012-2013, but is now expected to be received in 2013-2014. As part of the 2012-2013 reimbursement agreement between the Successor Agency and the City, intra-year loans, or cash flow loans, are outlined with an \$11 million cap for 2012-2013. Through this mechanism, it was estimated that the City would be reimbursed from remaining 2012-2013 Successor Agency year end balances for a portion of the cash flow subsidy the City advanced in 2012-2013. The 2012-2013 reimbursement is now anticipated to be received in 2013-2014 and a corresponding increase in this category of \$10.3 million is recommended to reflect the revised estimated reimbursement amount.

In 2012-2013, the Central Fire District payment of \$4.9 million was 3.9% above the modified budget estimate of \$4.7 million and 6.1% above the prior year collection level of \$4.6 million. These payments represent property taxes collected by the Central Fire District for areas of the County served by the San José Fire Department. The higher level of payments is due to the change in Property Tax valuation in those areas. In 2013-2014, receipts are expected to continue to increase with the current 2013-2014 Adopted Budget Estimate of \$5.0 million, requiring growth of 2.5% from 2012-2013 levels.

The payment of \$1.6 million from the County of Santa Clara for the City's Paramedic Program was below the budgeted estimate of \$2.3 million, as it reflects only three of the four quarterly payments. The fourth quarter payment has not yet been received as of late September. Due to the recent uncertainty surrounding the paramedic provider for emergency medical response, the fourth and final payment was not recognized.

Lastly, the CAL-ID program and Automated Finger Information System reimbursements of \$2.2 million fell \$758,000 below the budget estimate of \$2.9 million. The CAL-ID program, as well as the associated reimbursement from other agencies, has now been transferred back to the Santa Clara County's Sheriff's Office as part of the 2013-2014 Adopted Budget. The City will, however, retain a Latent Print Identification Unit that will focus on cases that occur in San José.

Rebudget actions to adjust revenues and expenditure budgets for various grants based on actual 2012-2013 performance are recommended as well as budget actions to recognize new grants and reimbursements, as described in Section IV of this report.

Revenue from the State of California

The major State revenues include the Tobacco Settlement Revenue and State Grants. Revenue from the State of California of \$16.9 million ended the year 1.8% below the 2012-2013 Modified Budget estimate of \$17.2 million, but 19.9% above the prior year actual level of \$14.1 million. The negative variance from the modified budget estimate was due primarily to lower than

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GENERAL FUND REVENUE PERFORMANCE

Revenue from the State of California

estimated revenues from various grants, partially offset by higher than estimated abandoned vehicle and auto theft reimbursements. The growth in this category from the prior year was primarily the result of higher Tobacco Settlement revenues (up \$4.7 million), partially offset by lower Vehicle License Collections in Excess revenues (down \$2.1 million).

The Tobacco Settlement revenues of \$13.9 million were at the 2012-2013 Modified Budget estimate and 45.7% or \$4.7 million, above prior year collections. An upward adjustment to this revenue estimate was brought forward in 2012-2013 based on actual performance in this category. The increase in 2012-2013 primarily reflects a one-time settlement (collectively \$186.8 million for all California counties and eligible cities) of a multi-year dispute related to the Non-Participating Manufacturers Adjustment (a provision in the Tobacco Master Settlement Agreement) for claims of sales between 2003 and 2012. The City of San José's portion of this settlement was \$4.7 million; therefore, without this one-time adjustment, receipts of approximately \$9.2 million would have been received, which is consistent with 2011-2012 receipts.

Vehicle License Collections In Excess payments totaled \$524,000, which tracked at the modified budget level, but were 79.9% below the prior year collection level of \$2.6 million. The 2012-2013 figure reflected an annual amount for this category, while the 2011-2012 collections included a one-time true-up payment that accounted for underpayments in prior years (2006-2007 through 2009-2010).

State grants and reimbursements totaled \$2.5 million, which was \$302,000, or 10.9%, below the modified budget estimate of \$2.8 million. This was the result of many grants (and their associated expenditures) falling below the budgeted estimates (down \$687,000), partially offset by slightly higher reimbursements (\$385,000). In the grants category, the largest variances include no reimbursement for the San Jose BEST Program- California Emergency Management Agency grant (\$426,000) and lower California Gang Reduction, Intervention and Prevention (CALGRIP) grant revenues of \$90,000 compared to a budgeted estimate of \$250,000. Included in the 2013-2014 Adopted Budget were the rebudget of a portion of these and other revenues and associated expenditures for various State grants in the amount of \$597,000 to account for the anticipated receipt in 2013-2014 of revenues that were not received in 2012-2013. Included in this report are recommendations to adjust previous rebudgets based on actual year-end performance, as described in Section IV of this report.

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GENERAL FUND REVENUE PERFORMANCE

Revenue from the State of California – American Recovery and Reinvestment Act (ARRA)

This category accounts for the revenue associated with the American Recovery and Reinvestment Act of 2009 (ARRA) that is recorded in the General Fund. The revenue in this category is generated by various State grants and reimbursements. In 2012-2013, ARRA Revenue from the State of California of \$15,000 was only \$6,000 above the modified budget estimate of \$9,000 due to slightly higher than anticipated revenues associated with the Human Trafficking grant. The 2012-2013 receipts were below the 2011-2012 collection level of \$364,000, reflecting the wind down of the ARRA projects. No rebudget adjustments are recommended in this report and no new grant funds are anticipated in 2013-2014.

Revenue from the Federal Government

The revenue in this category is generated by various federal grants and reimbursements. In 2012-2013, Revenue from the Federal Government of \$16.0 million was 24.5% below the modified budget estimate of \$21.2 million, but 5.1% above the 2011-2012 collection level of \$15.2 million. This negative variance from the prior year was the result of many grants (and their associated expenditures) falling below the budgeted estimates (down \$5.2 million). A portion of these grants (\$1.3 million) was rebudgeted to 2013-2014 as part of 2013-2014 Adopted Budget. In the 2013-2014 Adopted Budget, it was also assumed that \$2.3 million from the SAFER 2010 Grant would be received in 2013-2014 as a result of the approved extension of the time period to expend the grant funds by the Federal Emergency Management Agency/Department of Homeland Security. Additional adjustments are recommended in this report to adjust revenue and corresponding expenditure budgets for various grants based on actual performance, as described in Section IV of this report.

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

This category accounts for the revenue associated with the American Recovery and Reinvestment Act of 2009 (ARRA) that is recorded in the General Fund. The revenue in this category is generated by various federal grants and reimbursements. In 2012-2013, ARRA Revenue from the Federal Government of \$3.5 million was at the modified budget level. The 2012-2013 receipts, however, were below the 2011-2012 collection level of \$4.5 million, reflecting the wind down of the ARRA projects. As part of the 2013-2014 Adopted Budget, \$10,000 in ARRA funds were rebudgeted to 2013-2014. No additional adjustments are recommended as part of this document.

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GENERAL FUND REVENUE PERFORMANCE

Departmental Charges

This category includes the fees and charges levied to recover all or partial costs of services provided by various City departments per City Council approved cost-recovery levels. Collections of \$38.8 million for Departmental Charges were 8.2% above the 2012-2013 Modified Budget estimate of \$35.9 million and were above the 2011-2012 collection level of \$34.3 million (13.2%). A brief description of the performance in each of the departmental fee categories is provided below.

- ***Library Departmental Fees*** – Collections of \$1.0 million ended the year 4.3% above the modified budget estimate of \$971,000, but 13.7% below the 2011-2012 receipts of \$1.2 million. Fine revenues accounted for \$889,000 of the total receipts for 2012-2013 and were down from \$975,000 in the prior year. The lower collections are primarily related to a 7% reduction in circulation experienced in 2012-2013. In addition, with the suspension of the California Libraries Services Act (CLSA) and Transition Based Reimbursements program in 2012-2013, no revenues were received in this category that had generated \$20,000 in 2011-2012. The CLSA program supported reimbursement of local libraries for a portion of the costs they incur when they extend lending services beyond their normal clientele.
- ***Parks, Recreation, and Neighborhood Services (PRNS) Departmental Fees*** – Collections of \$15.7 million ended the year 4.0% above the modified budget estimate of \$15.1 million. This collection level was also 7.7% above the prior year level of \$14.6 million. Rentals and reservations (facility rentals, picnic and sports fields' reservations) revenues are significantly up from the prior year levels, reflecting an increase of 61.6% over the 2012-2013 modified budget estimate of \$1.2 million. In addition, the Fee Activities, Parking and Lake Cunningham Skate Park fee categories also exceeded their budgeted estimates. The higher receipts in these categories were partially offset by lower than estimated collections in a number of categories, including Family Camp, Aquatics and Park Permit fees.
- ***Planning Departmental Fees*** – Collections of \$3.9 million ended the year 13.8% above the modified budget estimate of \$3.4 million and 35.1% above the prior year level of \$2.9 million. As identified in the Bi-Monthly Financial Reports and the Mid-Year Budget Review, Planning Fee revenues throughout 2012-2013 were above anticipated levels. In recognition of increased revenues, the budget estimate was increased by \$800,000 at year-end. Actual receipts, however, were above the revised budget estimate as a result of permits that were issued at the end of the year. Higher actual collections were experienced in the following fee categories: Non-Residential and Residential Conditional Use Permits, Non-Residential Private Development Rezoning/Rezoning Permits, Miscellaneous Planning Permits, Non-Residential Private Development Permits, Public Noticing Permits, Non-Residential Site Development Permits, and Non-Residential Environmental Clearance Permits.

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GENERAL FUND REVENUE PERFORMANCE

Departmental Charges

This document includes a recommendation to increase the Planning Development Fee Program Earmarked Reserve from \$701,000 to \$1.4 million. This funding was derived from a combination of a revenue surplus of \$469,000, expenditure savings of \$112,000, lower transfer of \$68,000 for City Hall Debt Service, lower retirement contributions of \$50,000, and interest earnings attributed to the program of \$5,000.

- **Police Departmental Fees** – Collections of \$1.2 million were 2.2% (\$28,000) below the modified budget estimate and 20.7% (\$313,000) below actual collections of \$1.5 million in 2011-2012. The variance from the prior year is primarily due to lower collections of Vehicle Impound Fees (down \$93,000 from \$674,000 in 2011-2012 to \$581,000 in 2012-2013) and Police Officer Standards Training (POST) reimbursement (down \$86,000 from \$225,000 in 2011-2012 to \$139,000 in 2012-2013). Vehicle Impound Fees have been dropping since the January 2011 change in the tow policy that reduced the number of vehicles being towed and impounded. The lower POST revenue is due in large part to a lower reimbursement for driving simulator courses.
- **Public Works Departmental Fees** – Collections of \$8.5 million ended the year 9.8% above the modified budget estimate of \$7.7 million and 16.9% above the \$7.3 million collected in 2011-2012. The 2012-2013 collections are comprised of \$8.3 million from the Development and Utility Fee Programs and \$225,000 from special assessment collections. With the strong residential demand in the region, development activity improved substantially this year. Previously entitled mixed use projects in the North San José area contributed significantly to this upward trend. This positive development trend is anticipated to continue in 2013-2014.

Revenues in utility excavations, residential and non-residential engineering and inspection, residential underground service alert locating, utilities, erosion and sediment control, residential and non-residential streetlight and signal design and inspection, private streets engineering, geological control applications fees, planned development rezoning, traffic reports, site development review, and grading permit categories all performed at higher than estimated levels. The revenue surplus of \$531,000 in 2012-2013 in the Public Works Fee Program combined with the expenditure savings of \$49,000, lower transfer to the City Hall Debt Service Fund of \$54,000, savings of \$125,000 from retirement contributions reconciliation, and interest earnings attributed to the program of \$13,000 results in a recommendation in this report to increase the Public Works Development Fee Program Earmarked Reserve by \$772,000 from \$4.7 million to \$5.5 million.

- **Transportation Departmental Fees** – Collections of \$1.4 million ended the year \$146,000 or 9.3% below the modified budget estimate of \$1.6 million and 9.6% (\$124,000) above the \$1.3 million collected in 2011-2012. Collections tracked below the modified level due primarily to lower than budgeted collection of development fees (down \$166,000) and sidewalk repair fees (down \$69,000). However, miscellaneous neighborhood traffic repairs

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GENERAL FUND REVENUE PERFORMANCE

Departmental Charges

(up \$59,000) and miscellaneous fees and charges (up \$25,000) exceeded the modified level. Other categories ended the year with slight positive or negative variances.

- **Miscellaneous Departmental Fees and Charges** – Collections of \$7.1 million ended the year 21.2% above the modified budget estimate of \$5.8 million and 27.3% above the prior year actual level of \$5.5 million. The Solid Waste Enforcement fee, which is the largest component of this category, ended the year at \$4.5 million, which was 19.1% above the modified budget estimate (\$3.8 million) and 23.6% above the prior year collection level of \$3.7 million.

Other Revenue

The Other Revenue category contains a number of unrelated revenue sources. Other Revenue receipts of \$121.9 million were 0.2% (\$438,000) below the budgeted estimate of \$122.1 million, but 5.0% (\$5.8 million) above the 2011-2012 collection level of \$116.1 million. The increase from 2011-2012 is due primarily to receipt of proceeds of \$5.0 million from the sale of 14.5 acres to the Earthquakes, LLC with a corresponding increase in expenditures to pay off a portion of the HUD 108 loan associated with this property.

Included in the 2013-2014 Adopted Budget was the rebudget of a portion of these and other revenues and associated expenditures for various grants and reimbursements in the amount of \$1.5 million to account for the anticipated receipt in 2013-2014 of revenues that were not received in 2012-2013. Budget actions are recommended in this report to adjust revenue and corresponding expenditure budgets for various grants and reimbursements based on actual performance and to recognize additional grants and reimbursements expected to be received in 2013-2014. Details on these actions are described in Section IV of this report.

Transfers and Reimbursements

This category includes overhead reimbursements, transfers to the General Fund, and reimbursements for services. Overall, collections of \$67.4 million ended the year 1.6%, or \$1.0 million, above the 2012-2013 budgeted estimate of \$66.4 million. The positive variance is due to higher than expected overhead reimbursements (\$245,000), transfers (\$235,000), and reimbursements for services (\$552,000). The 2012-2013 collection level of \$67.4 million was \$1.6 million below the prior year due primarily to lower budgeted transfers from other funds (down \$1.7 million).

- **Overhead Reimbursements** – Payments from other funds for overhead costs of \$32.2 million ended the year \$245,000 (0.8%) above the modified budget estimate of \$32.0 million. This variance represents the net result of a series of over- and under-budgeted performances from

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GENERAL FUND REVENUE PERFORMANCE

Transfers and Reimbursements

over 45 special and capital funds that reimburse the General Fund. In this document, a downward adjustment to the Airport Maintenance and Operation Fund overhead reimbursement of \$420,000 is recommended to comply with a provision of the Airline-Airport Lease and Operating Agreements. In 2012-2013, passenger enplanements increased by 2.7%, exceeding the national growth in enplanements. The increase in passenger enplanements triggered the activation of the Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by the City Council on March 2007. Under this provision, if the percentage growth in annual enplanements at the Airport exceeds the growth in annual enplanements nationwide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage. In 2013-2014, the overhead expenses to the Airport will be reduced by 2.7% (from the adopted overhead rate of 18.25% to 15.55%) or \$420,000.

- **Transfers** – Revenue from the Transfers category of \$19.5 million ended the year \$235,000 (1.2%) above the modified budget level of \$19.3 million. The transfer from the Construction and Conveyance Tax Fund to the General Fund of \$3.4 million was \$361,000 higher than estimated based on slightly higher Construction and Conveyance (C&C) Tax receipts. The General Fund receives 15% of the Parks C&C Tax receipts to support parks maintenance activities. In addition, there were a number of smaller positive and negative variances in this category. In this report, budget actions are recommended to reflect the transfer of funds associated with the close-out of the Stores Fund and the Economic Development Enhancement Fund as well as a slight clean-up adjustment associated with the transfer of funds for the Child Care Portable debt service payment. Additional details on these actions are described in Section IV of this document.
- **Reimbursement for Services** – Collections of \$15.7 million in the Reimbursement for Services category were 3.6%, or \$552,000, above the modified budget level of \$15.2 million. The positive variance is due to higher than estimated Gas Tax reimbursements of \$15.1 million that exceeded the budgeted estimate of \$14.5 million by \$607,000. In the 2013-2014 Adopted Budget, the Gas Tax revenue estimate of \$14.5 million allows for a 4.0% decline in reimbursements compared to the actual 2012-2013 collections. Deferred Compensation Program reimbursements of \$487,000 fell below the budgeted estimate of \$550,000, and this lower collection level was offset by expenditure savings in the Human Resources Department. Reimbursements will be monitored and adjustments brought forward as appropriate.

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GENERAL FUND REVENUE PERFORMANCE

Summary

In 2012-2013, total revenues received by the General Fund of \$943.8 million were lower than the modified budget level by \$8.7 million (0.9%). After adjusting for \$3.7 million in grant and reimbursement-related revenues not received in 2012-2013, but rebudgeted to 2013-2014 as part of the 2013-2014 Adopted Budget, revenues actually ended the year \$5.0 million (0.5%) below the budgeted estimate.

The 2012-2013 collection level of \$943.8 million was up \$36.2 million (4.0%) from the actual 2011-2012 collections (\$907.6 million). The categories that experienced the largest increases included: Sales Tax, Other Revenue, Revenue from Local Agencies, Departmental Charges, Business Taxes, and Property Tax categories. The largest declines from the prior year were experienced in the Fines, Forfeitures and Penalties, and Transfers and Reimbursements categories.

This is an extremely small variance given the diversity of the over 450 City revenues and the overall size of the General Fund. The \$5.0 million shortfall primarily reflects the variance in the reimbursement from the Successor Agency that was budgeted to be received in 2012-2013 but is now expected to be received in 2013-2014. The Development Fee Programs generated a surplus of \$3.2 million and these funds are recommended to be allocated to the Development Fee Program Reserves. Once adjusted for the recognition of a \$10.3 million reimbursement from the Successor Agency in 2013-2014, the Development Fee Programs additional revenue of \$3.2 million that must be allocated to the Development Fee Programs, and other revenue-related adjustments required to close out 2012-2013, there was a net positive revenue variance of \$2.6 million (0.3%) for 2012-2013. This variance is attributed to higher than estimated growth in Sales Tax in the 3rd quarter (data received in June 2013) as well as additional Business Tax generated from the Business Tax Amnesty Program.

The 2012-2013 revenue estimates were built on the assumption that the modest economic recovery would continue. Actual performance in 2012-2013 was consistent and in some areas exceeded this general assumption. A number of revenue categories, such as Sales Tax, Transient Occupancy Tax, and the development-related fees and taxes, continue to experience solid growth from the low collection levels experienced in recent years. Other revenue categories, such as Utility Tax and Telephone Line Tax, have shown only modest increases and are expected to experience slow growth moving forward.

Continued economic growth was factored into the 2013-2014 revenue estimates, with strong growth in the Property Tax category based on updated information from the County of Santa Clara on the 2013-2013 property tax roll. The Administration will actively monitor economic indicators and revenues in 2013-2014 through the Bi-Monthly Financial Report and the Mid-Year Budget Review process, and return to the Mayor and City Council with recommendations for any revisions as necessary.

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GENERAL FUND EXPENDITURE PERFORMANCE

The General Fund expenditure performance for 2012-2013 is discussed in detail in this section. This includes an overview of the General Fund expenditure performance, a discussion of significant departmental variances, and highlights of the non-departmental expenditures.

Overview

The following table details actual 2012-2013 General Fund expenditures as compared with the modified budget estimates:

TABLE B
2012-2013 GENERAL FUND EXPENDITURE SUMMARY
COMPARISON OF BUDGET TO ACTUAL
(In \$000s)

Category	Modified Budget*	Actual**	Variance	% Variance
Personal Services	\$ 579,794	\$ 569,877	\$ (9,917)	(1.7%)
Non-Personal/Equipment/Other	109,518	100,128	(9,390)	(8.6%)
City-Wide Expenses	240,157	210,613	(29,544)	(12.3%)
Capital Contributions	20,916	7,601	(13,315)	(63.7%)
Transfers	29,164	29,162	(2)	(0.0%)
Reserves	157,952	-	(157,952)	(100.0%)
TOTAL GENERAL FUND	\$ 1,137,501	\$ 917,381	\$ (220,120)	(19.4%)

* 2012-2013 appropriations as modified by Council through June 30, 2013, plus 2011-2012 carryover encumbrances

** Actual 2012-2013 expenses plus encumbrances

General Fund expenditures and encumbrances through June 30, 2013 of \$917.4 million were \$220.1 million below (19.4%) the modified budget total of \$1.1 billion. Approximately 70% of this savings was generated from unspent reserves (\$158.0 million), with the remaining savings generated from expenditure appropriations. Total 2012-2013 expenditures and encumbrances were \$19.6 million were 2.2% above the June 2012 level of \$897.8 million. This increase is primarily due to higher City-Wide Expenses (\$15.4 million) and Non-Personal/Equipment/Other (\$10.2 million), partially offset by lower Personal Services (\$2.8 million) and Capital Contributions (\$2.2 million).

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GENERAL FUND EXPENDITURE PERFORMANCE

Overview

As shown in Table C, the actual General Fund expenditures, transfers, and reserves of \$917.4 million were approximately \$11.1 million below (1.2%) the estimate used in the development of the 2013-2014 Adopted Budget. A portion of these savings (\$3.7 million) was carried over to 2013-2014 with the accompanying revenue for grant or reimbursement-related projects and programs. Clean-up expenditure actions of \$4.8 million are recommended in this document to reconcile the Development Fee Programs for 2012-2013 (\$838,000) and to adjust various rebudget amounts and clean up appropriations (\$4.0 million). After accounting for these technical adjustments, the remaining General Fund expenditures and transfer savings totaled \$2.6 million, or 0.2% of the modified budget.

These net expenditure savings, when combined with net variances associated with the General Fund revenues and the liquidation of prior year encumbrances, represent the additional ending fund balance that is available for allocation. Specifically, as discussed earlier in this report, in 2013-2014, a total of \$4.8 million in additional fund balance is available from net expenditure savings (\$2.6 million) and higher net funding sources (\$2.6 million) slightly offset by lower than estimated liquidation of prior year encumbrances (\$273,000). Recommendations on the allocation of these additional funds are provided elsewhere in this document.

**TABLE C
2012-2013 EXPENDITURE ESTIMATE TO ACTUAL VARIANCES
(In \$000s)**

Category	Estimate	Actual	Variance	% Variance
Expenditures	\$ 899,331	\$ 888,219	\$ (11,112)	(1.2%)
Transfers	29,164	29,162	\$ (2)	(0.0%)
Reserves	-	-	-	100.0%
TOTAL	\$ 928,495	\$ 917,381	\$ (11,114)	(1.2%)

Following is a review of the General Fund expenditure categories, including a discussion of variances to the modified budget as well as the estimate used in the development of the 2013-2014 budget.

Personal Services expenditures of \$569.9 million ended the year \$9.9 million (1.7%) below the budgeted level (\$579.8 million) and \$2.8 million (0.5%) below 2011-2012 expenditure levels (\$572.7 million). When compared to the budget, the personal services savings are at levels typically experienced in the recent past. Over the past decade, expenditure savings compared to budgeted levels have ranged from a high of 2.5% savings in 2006-2007 to a low of 0.8% savings in 2003-2004. The personal services savings were slightly higher than the level assumed when the 2012-2013 year-end clean-up adjustments were developed. This small variance is primarily the result of vacancies throughout the organization as well as savings from various grants,

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GENERAL FUND EXPENDITURE PERFORMANCE

Overview

primarily the Staffing for Adequate Fire and Emergency Response (SAFER) grant in the Fire Department.

The majority of personal services savings were generated by vacant positions in the following departments: Police (\$3.8 million); Fire (\$1.4 million); and Planning, Building and Code Enforcement (\$786,000, including the Development Fee Program \$144,000 savings), Information Technology (\$744,000); City Attorney's Office (\$681,000); and Department of Transportation (\$681,000). The remaining personal services savings of \$1.8 million in various other departments were primarily generated from vacant positions. Of the \$9.9 million in personal services savings, \$3.9 million was rebudgeted to 2013-2014 as part of the Adopted Budget (including rebudgeted funds offset by revenue).

General Fund Non-Personal/Equipment/Other¹ expenditures and encumbrances ended the year at \$100.1 million, generating savings from the budgeted level of approximately \$9.4 million (8.6%). The majority of savings in this category was generated by the following departments: Police (\$2.1 million); Mayor and City Council (\$2.5 million); Planning, Building and Code Enforcement (\$1.9 million, or \$1.2 million excluding the Development Fee Programs); and Information Technology (\$713,000). Of the \$9.4 million in savings, \$6.6 million was rebudgeted to 2013-2014 in the Adopted Budget.

After adjusting for 2012-2013 rebudgets, clean-ups, and expenditure savings assumed in the 2013-2014 Adopted Budget, including net zero adjustments between revenues and expenditures, departmental expenditures resulted in net savings of \$5.6 million. Rebudget and cleanup actions of \$3.2 million are recommended in this report (including \$838,000 of Development Fee Program savings) and result in net savings of \$2.3 million in these categories (0.3%).

In the City-Wide Expenses category, expenditures and encumbrances of \$210.6 million ended the year \$29.5 million below the budgeted level of \$240.2 million. Of this amount, \$29.2 million was assumed as savings in 2012-2013 and rebudgeted to 2013-2014 in the Adopted Budget, including \$3.5 million that was offset by revenue sources. Of the remaining balance of \$300,000, rebudget and clean-up adjustments totaling \$153,000 are recommended in this document, and would result in net savings of \$147,000 in this category, a 0.06% variance from the budgeted level.

In the Capital Contributions category, expenditures of \$7.6 million ended the year \$13.3 million below the budgeted level of \$20.9 million. Of this amount, \$11.8 million was assumed as savings in 2012-2013 and rebudgeted to 2013-2014 in the Adopted Budget. An additional \$1.4 million is recommended to be rebudgeted in this document. With these rebudgets, the adjusted

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

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GENERAL FUND EXPENDITURE PERFORMANCE

Overview

General Fund Capital savings totaled \$115,000 (0.6%) at year-end. The Transfers category expenditures of \$29.2 million fell below budgeted amounts by \$2,000 at year end.

The largest single category of remaining funding available in 2012-2013, as planned, is the Reserves category (\$158 million). The 2013-2014 Adopted Budget assumed the entire \$158.0 million balance carried over to 2013-2014, with reserves either re-established or used as a funding source as part of the 2013-2014 Adopted Budget. Of this amount, \$99.6 million represented Earmarked Reserves, the largest of which were the Development Fee Program Reserves (\$34.0 million); 2013-2014 Future Deficit Reserve (\$29.4 million); Workers' Compensation/General Liability Catastrophic Reserve (\$15.0 million); Successor Agency City Legal Obligations Reserve (\$7.5 million); Salaries and Benefits Reserve (\$5.0 million); Police Department Overtime Reserve (\$4.0 million); and Retiree Pre-Payment Reserve (\$1.0 million). The remainder of the Reserves category is comprised of the Contingency Reserve (\$29.3 million) and the 2012-2013 Ending Fund Balance Reserve (\$29.0 million).

Review of General Fund Expenditure Performance

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

Departmental costs (\$670.0 million) represented 73.0% of total 2012-2013 General Fund expenditures. As can be seen in Table D on the following page, all departments remained within their total budget allocation and expended a cumulative 97.2% of their budgets, generating overall savings of 2.8%, or \$19.3 million.

Of the 19 City departments/offices, ten had expenditure savings of less than 5.0%. These ten departments, which included the Police and Fire Departments, generated \$11.0 million (56.9%) of the departmental savings. Seven departments had expenditure savings between 5.0% – 10% and generated \$5.7 million (29.7%) of the savings. The remaining two departments had expenditure savings over 10% and generated \$2.6 million (13.4%) of the savings.

In 2012-2013, the following six departments/offices had expenditure savings in excess of \$1 million: Police; Fire; Planning, Building and Code Enforcement; Information Technology; Transportation; and Mayor and City Council. Of the \$15.7 million in savings generated from these departments/offices, \$11.4 million was previously rebudgeted or recognized as savings as part of the Adopted Budget, and an additional \$3.3 million is being recommended to be rebudgeted or allocated to the Development Fee Program reserves as part of this document.

Those departments with General Fund expenditure variances over 5.0% are discussed in detail in the following section. The year-end status of expenditures for both the Police and Fire Departments is also summarized.

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GENERAL FUND EXPENDITURE PERFORMANCE

Review of General Fund Expenditure Performance

Non-departmental expenditures totaled \$247.4 million, or 27.0% of the total 2012-2013 General Fund expenditures. In this category, 85.2% of the amount budgeted (excluding reserves) was expended. Reserves of \$158.0 million represent the largest portion of the unexpended funds and were carried over or used in 2013-2014 as planned. It is also important to note that almost all of savings in the City-Wide Expenses and Capital Contributions categories also have been or are recommended in this document to be rebudgeted to 2013-2014 for their originally intended uses.

**TABLE D
TOTAL GENERAL FUND EXPENDITURES**

Departmental	2012-2013 Modified Budget	2012-2013 Expenditures	Variance	%Variance
City Attorney	\$ 12,229,286	\$ 11,478,890	\$ (750,396)	(6.1%)
City Auditor	2,003,171	1,855,384	(147,787)	(7.4%)
City Clerk	2,067,904	1,866,876	(201,028)	(9.7%)
City Manager	10,525,321	10,271,335	(253,986)	(2.4%)
Economic Development	5,554,979	5,287,029	(267,950)	(4.8%)
Environmental Services	576,411	460,940	(115,471)	(20.0%)
Finance	12,873,115	12,308,891	(564,224)	(4.4%)
Fire	154,796,371	152,848,955	(1,947,416)	(1.3%)
Housing	253,677	241,634	(12,043)	(4.7%)
Human Resources	5,923,323	5,459,725	(463,598)	(7.8%)
Independent Police Auditor	1,065,908	997,944	(67,964)	(6.4%)
Information Technology	14,949,592	13,492,678	(1,456,914)	(9.7%)
Library	24,116,751	23,898,113	(218,638)	(0.9%)
Mayor and City Council	10,864,814	8,386,289	(2,478,525)	(22.8%)
Parks, Recreation & Neighborhood Services	50,287,389	49,802,988	(484,401)	(1.0%)
Planning, Building & Code Enforcement	32,346,432	29,702,464	(2,643,968)	(8.2%)
Police	291,085,436	285,218,408	(5,867,028)	(2.0%)
Public Works	31,121,664	31,022,856	(98,808)	(0.3%)
Transportation	26,670,709	25,403,934	(1,266,775)	(4.7%)
Subtotal	689,312,253	670,005,333	(19,306,920)	(2.8%)
<hr/>				
Non-Departmental				
City-Wide Expenses	240,157,367	210,612,936	(29,544,431)	(12.3%)
Capital Contributions	20,915,717	7,600,605	(13,315,112)	(63.7%)
Transfers	29,163,968	29,162,358	(1,610)	(0.0%)
Earmarked Reserves	99,642,655	-	(99,642,655)	(100.0%)
Contingency Reserve	29,309,000	-	(29,309,000)	(100.0%)
Ending Fund Balance Reserve	29,000,000	-	(29,000,000)	(100.0%)
Subtotal	448,188,707	247,375,899	(200,812,808)	(44.8%)
TOTALS	\$ 1,137,500,960	\$ 917,381,232	\$ (220,119,728)	(19.4%)

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

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

- *City Attorney*

With 2012-2013 expenditures of \$11.5 million, the Office of the City Attorney expended 93.9% of its \$12.2 million General Fund budget, with resulting savings of \$750,000. The majority of this variance (\$681,000) was due to personal services expenditure savings, which ended the year 6.1% below the modified budget as a result of position vacancies. In anticipation of year-end personal services savings, a rebudget of \$100,000 was included in the 2013-2014 Adopted Budget to mitigate staff turnover by providing training and oversight for new litigation staff. Non-personal/equipment expenditures ended the year 6.5% (\$70,000) below budgeted levels of \$1.1 million. The majority of these savings was realized in computer data processing, and print and advertising services. As part of the 2013-2014 Adopted Budget, non-personal/equipment expenditure savings of \$300,000 were anticipated and rebudgeted for outside counsel and litigation costs. However, only \$70,000 was available due to unanticipated litigation related non-personal/equipment expenditures at the conclusion of 2012-2013. Despite there being insufficient non-personal/equipment expenditure savings to cover the rebudget, a downward adjustment to the non-personal/equipment appropriation is not recommended since the rebudgeted funding for outside counsel and litigation costs continues to be needed in 2013-2014 and the Office realized personal services expenditure savings above anticipated levels.

- *City Auditor*

With 2012-2013 expenditures of \$1.9 million, the Office of the City Auditor expended 92.6% of its \$2.0 million General Fund budget, with resulting savings of \$148,000. The majority of this variance is related to personal services expenditures, which were 7.1% (\$136,000) below the modified budget as a result of a vacant Program Performance Auditor II position. Non-personal/equipment expenditures ended the year 15.4% (\$12,000) below budgeted levels due to lower than estimated expenditures in areas such as computer data processing, professional and consultant services.

- *City Clerk*

With 2012-2013 expenditures of \$1.9 million, the Office of the City Clerk expended 90.3% of its \$2.1 million General Fund budget, with resulting savings of \$200,000. The majority of this variance is related to non-personal/equipment expenditures, which were 40.2% (\$186,000) below the modified budget levels of \$463,000. The majority of these savings was

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

City Clerk

realized in equipment and vehicle rentals, and training. As part of the 2013-2014 Adopted Budget, non-personal/equipment expenditure savings of \$200,000 were anticipated and rebudgeted for consulting services to recommend and implement an electronic document management system to act as a self-service file storage system. However, as noted above, only \$186,000 in savings was available at the conclusion of the fiscal year, therefore, a downward non-personal/equipment adjustment of \$14,000 is recommended in this report.

- *Environmental Services*

The Environmental Services Department expended 80.0% of its modified budget of \$576,000 with resulting savings of \$115,000. Personal services expenditures were 10.0% (\$29,000) below budgeted levels. Of this balance, \$20,000 was rebudgeted in the 2013-2014 Adopted Budget to pay for Silicon Valley Energy Watch Program staffing. The Silicon Valley Energy Watch Program focuses on promoting energy efficiency through activities that include outreach and education, training, and local government policy coordination. A negative rebudget of \$1,172 for Silicon Valley Energy Watch activities is recommended as part of this document due to higher than anticipated actual 2012-2013 expenditures.

The Department's non-personal/equipment expenditures ended the year 30.0% (\$87,000) below the modified budget. Of this balance, \$50,000 was rebudgeted in the 2013-2014 Adopted Budget to pay for Silicon Valley Energy Watch activities. Consistent with personal services, a negative rebudget of \$43,227 for Silicon Valley Energy Watch activities is recommended as part of this document due to higher than anticipated actual 2012-2013 expenditures.

- *Fire*

Overall, the Fire Department expended or encumbered 98.7% of its total 2012-2013 Modified Budget of \$154.8 million, resulting in savings of \$1.9 million. Of these savings, \$829,000 was either rebudgeted to 2013-2014 (\$360,000) or is recommended to be reallocated to the Fire Fee Reserve (\$469,000), leaving \$1.1 million in net savings, primarily reflecting savings from the Staffing for Adequate Fire and Emergency Response (SAFER) grant.

The Personal Services appropriation of \$146.6 million was 99.0% expended, with savings of \$1.4 million that were primarily due to a delay in hiring SAFER 2011 Fire Fighters (\$760,000). In addition, as part of the 2013-2014 Adopted Budget, personal services saving

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Discussion of Significant Departmental Variances and Other Issues

Fire

of \$200,000 were anticipated and, therefore, rebudgeted for continuation of technical/workforce development training and to support the completion of the baseline exercises for provisional Fire Engineers. In reconciling the Development Fee Program budget with year-end personal services expenditures, savings in the program of approximately \$595,000, including \$441,000 in personal services savings, \$126,000 in overhead savings, and \$28,000 in non-personal/equipment savings are recommended to be transferred to the Fire Fee Reserve. Combined with City Hall Debt Service Bond Refunding (\$178,000), higher than estimated revenue collections (\$163,000), retirement contributions reconciliation (\$65,000), and interest earnings (\$11,000), the Fire Development Fee Program Earmarked Reserve is recommended to be increased by a total of \$1.0 million. This action will increase the reserve from \$4.6 million to \$5.6 million.

Fire's overtime expenditures of \$6.93 million ended the year slightly above (\$10,500) the modified budget level of \$6.92 million. A combination of full-time staff and overtime is used to address the Fire Department's minimum staffing requirements. The Fire Department managed and monitored daily absences and staffing to minimize the impact of brown-outs to the community, while minimizing overtime expenditures. The Department's annual vacancy and absence rates and their impact on overtime report for 2012-2013 has been included as part of this document and includes an analysis of the balance between relief personnel and the overtime allocation for minimum staffing. Previously, this report was presented to the Public Safety, Finance, and Strategic Support Council Committee.

The Fire Department ended 2012-2013 with a total of 180 filled paramedics (170 front-line, 5 Supervisors, and 5 support) compared to the 171 front-line Fire Fighter Paramedics that are necessary to fully staff all apparatus. The Department does not anticipate any issues in maintaining the target staffing level of 171 front-line Fire Fighter Paramedics in 2013-2014. As part of the City Council's approval of Department Absence and Vacancy Rates (March 2010), it should be noted that the number of sworn administrative staff in the Department at the end of 2012-2013 was 30, which is within the authorized number of 33.

The Department's non-personal/equipment budget was 93.7% expended or encumbered, with year-end savings of \$511,000. Funding of \$160,000 was estimated to be available for targeted projects and was approved for rebudget in the 2013-2014 Adopted Budget for technical/workforce development training and the performance data improvement project. A rebudget of \$135,000 is recommended in this document to complete the purchase of self-contained breathing apparatus in 2013-2014.

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Discussion of Significant Departmental Variances and Other Issues

- *Human Resources*

With expenditures and encumbrances of \$5.5 million, the Human Resources Department expended 92.2% of its \$5.9 million General Fund modified budget with year-end savings of \$464,000. Personal services expenditures were 7.7% (\$336,000) below modified budget levels because of vacancy savings.

Non-personal/equipment expenditures ended the year 8.1% (\$127,000) below the budgeted level of \$1.6 million. As part of the 2013-2014 Adopted Budget, \$80,000 of the \$127,000 balance was rebudgeted to provide temporary staffing during the Workers' Compensation transition to a Third Party Administrator. After this adjustment the net non-personal/equipment savings totaled \$47,000, or 3.0% of the 2012-2013 Modified Budget for this appropriation.

- *Independent Police Auditor*

Overall, the Independent Police Auditor's (IPA) Office expended 93.6% of its total modified budget of \$1.1 million with savings of \$68,000 through year-end. Approximately \$55,000 of the savings was in personal services due to a position vacancy.

The Office's Non-Personal/Equipment budget was 58.8% expended and encumbered, with savings of \$12,000. Savings in supplies and materials (\$6,000) and printing (\$3,500) generated Non-Personal/Equipment savings. A portion (\$6,200) of these savings were rebudgeted during the 2013-2014 Adopted Budget for Outreach Advertising on local public transportation to provide the community with information about the Independent Police Auditor's Office and the services it administers. Additional anticipated savings (\$5,000) were rebudgeted to print the fourth edition of the Student Guide to Police Practices to distribute at youth outreach presentations and to high school students throughout San José.

- *Information Technology*

With expenditures and encumbrances of \$13.5 million, the Information Technology Department (ITD) expended 90.3% of its \$14.9 million General Fund modified budget yielding year end savings of \$1.5 million. Personal Services expenditures were 9.4% (or \$744,000) below modified budget levels as a result of vacancy savings throughout the department.

Non-personal/equipment expenditures were 10.2% (or \$712,000) below budgeted levels, due to project delays. Of the \$712,000 remaining balance, \$525,000 was rebudgeted in the 2013-

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Discussion of Significant Departmental Variances and Other Issues

Information Technology

2014 Adopted Budget for Windows Server Licensing, Software Centralization and Security Compliance. This document recommends an additional rebudget of \$185,000 for various actions related to the Customer Contact Center's converged network, including installation of hardware and software, implementation of services, and customer relationship management. After these adjustments, the net non-personal/equipment savings total \$2,800, or less than 0.1% of the 2012-2013 Modified Budget:

- *Mayor and City Council*

With total expenditures of \$8.4 million, the Mayor's Office, the City Council Offices, and Council General expended 77.2% of their total modified budget of \$10.9 million, resulting in savings of \$2.5 million at year-end. Of this amount, \$713,000 of the savings was in the Mayor's Office, \$476,000 was in the City Council Offices, and \$1.3 million was in Council General as outlined below:

2012-2013 Actual Expenditure Performance

	2012-2013 Modified Budget	2012-2013 Actuals	Variance
Council District 1	\$ 256,689	\$ 224,804	\$ 31,885
Council District 2	322,388	313,982	8,406
Council District 3	281,524	280,184	1,340
Council District 4	288,004	283,927	4,077
Council District 5	350,497	264,502	85,995
Council District 6	317,843	258,400	59,443
Council District 7	368,578	281,316	87,262
Council District 8	328,180	307,421	20,759
Council District 9	381,783	246,122	135,661
Council District 10	344,320	303,249	41,071
Mayor's Office	1,807,697	1,094,344	713,353
Council General	5,817,311	4,528,038	1,289,274
Total	\$ 10,864,814	\$ 8,386,289	\$ 2,478,525

In the 2013-2014 Adopted Budget, anticipated 2012-2013 savings of \$1.8 million (\$493,000 in the City Council Offices, \$525,000 in the Mayor's Office, and \$494,000 in Council General) was rebudgeted and an additional \$305,000 was committed for other uses. Actual year-end savings, however, exceeded these estimates. As a result, a net increase to the

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Discussion of Significant Departmental Variances and Other Issues

Mayor and City Council

rebudgeted amount of \$668,000 is recommended in this document in order to align the City Council Offices' year-end balances, taking into account total prior rebudgeted funds as approved by the City Council as part of the Mayor's June Budget Message for Fiscal Year 2013-2014. Below is a chart outlining the revised 2013-2014 budgets by office as recommended in this document:

2013-2014 Adopted Budget Modifications

	2013-2014 Adopted Budget	2012-2013 Constituent Outreach (Reconciliation)	2012-2013 Rebudget (Reconciliation)	2013-2014 Modified Budget
Council District 1	\$ 260,403	\$ (2,500)	\$ -	\$ 257,903
Council District 2	277,703	-	(11,394)	266,309
Council District 3	265,303	-	(6,060)	259,243
Council District 4	273,103	-	(11,123)	261,980
Council District 5	344,103	(689)	484	343,898
Council District 6	326,903	-	(9,557)	317,346
Council District 7	337,903	-	7,262	345,165
Council District 8	298,803	(4,323)	(15,818)	278,662
Council District 9	395,303	(1,566)	(173)	393,564
Council District 10	292,803	-	6,171	298,974
Mayor's Office	1,938,317	27,290	151,063	2,116,670
Council General	6,094,253	-	539,273	6,633,526
Total	\$ 11,104,900	\$ 18,212	\$ 650,128	\$ 11,773,240

- *Planning, Building and Code Enforcement*

The Planning, Building and Code Enforcement Department (PBCE) expended 91.8% of its General Fund budget, with resulting savings of \$2.6 million. Personal services expenditures were 3.9% below budgeted levels (\$786,000) and non-personal/equipment expenditures were 38.5% below budgeted levels (\$1.9 million).

Total personal services savings of \$786,000 resulted from vacant positions in Long Range Planning and Community Code Enforcement (Non-Development Fee Programs) with \$642,000 of savings and in the Building and Planning Development Fee Program (Development Fee Programs) with \$144,000 of savings. As part of the 2013-2014 Adopted Budget, personal services savings of \$413,000 were anticipated and therefore rebudgeted for

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Discussion of Significant Departmental Variances and Other Issues

Planning, Building and Code Enforcement

staff support for the continued implementation of the Envision San José 2040 General Plan, development of the Alameda Urban Village Master Plan and Zoning revisions, implementation of the Alum Rock Main Street District Rezoning, and work on the revised scope of work with the Bay Area Air Quality Management District. After these rebudgets, the net personal services savings total \$373,000, or 1.4% of the modified budget.

Non-personal/equipment expenditure savings of \$1.9 million (\$1.2 million in Non-Development Fee Programs, \$687,000 in Building Development Fee Program, and \$3,000 in Planning Development Fee Program) were primarily due to project savings, project delays, and cost efficiencies. As part of the 2013-2014 Adopted Budget, non-personal/equipment savings of \$627,000 in the Non-Development Fee Programs was anticipated and rebudgeted to continue the implementation of the Envision San José 2040 General Plan and the Alum Rock Main Street District Rezoning. In addition, the following rebudgets are recommended in this report: \$110,000 for Code Enforcement Programming Services, \$100,000 for Multiple Housing and Solid Waste Inspection Modules, and \$15,000 for the purchase of replacement laptops for General Code and Solid Waste Code Inspectors. Other non-personal/equipment savings achieved (\$628,000) were primarily in the Building Development Fee Program and rebudgeted as part of the 2013-2014 Adopted Budget for consulting services to recommend and implement a solution for development services document storage needs. The remaining savings are primarily due to savings in contractual services, cost efficiencies in supplies and materials, lower printing costs due to brochures and maps being posted online, and reduced travel costs. After these rebudgets, the net non-personal/equipment expenditure savings total \$378,000, or 7.8% of the modified budget.

Overall, the Development Fee Programs had total savings of \$834,000 and the Non-Development Fee Programs had total savings of \$1.8 million. After adjusting for anticipated savings which were rebudgeted to 2013-2014 as part of the 2013-2014 Adopted Budget and the recommended rebudgets included in this report, savings of \$751,000 remained (\$544,000 non-development; \$207,000 development). As a result of expenditure savings combined with higher than estimated revenues, increases in both the Building Development Fee Program Reserve of \$2.9 million (from \$12.4 million to \$15.3 million) and Planning Development Fee Program of \$704,000 (from \$701,000 to \$1.4 million) are recommended in this report.

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Discussion of Significant Departmental Variances and Other Issues

- *Police*

Overall, the Police Department expenditures totaled \$285.2 million, or 98.0% of the modified budget of \$291.1 million, resulting in savings of \$5.9 million at year-end. Approximately \$3.8 million of the savings was in the Personal Services category with \$4.4 million in total salary and benefit savings, partially offset by higher than budgeted overtime expenditures of \$660,000.

Overtime expenditures of \$18.6 million were 3.3% above the modified budget of \$18 million. The increased overtime was primarily used to backfill for vacant patrol positions and expand targeted enforcement of high crime activity through suppression cars, specifically related to gang enforcement, prostitution, and graffiti, conduct high profile investigations, and backfill for civilian vacancies as needed. Of the \$3.8 million in personal services savings, a \$3.0 million 2014-2015 Police Sworn Hire Ahead Earmarked Reserve was approved as part of the 2013-2014 Adopted Budget. The reserve will allow the Department to place a number of recruits in an academy above the available vacancies, in order to have street-ready sworn officers available soon after an actual vacancy occurs. Two actions are recommended in this report to increase the Department's overtime funding in 2013-2014 by \$2.2 million (from \$15.9 million to \$18.1 million) to continue to backfill for vacant sworn and civilian positions, and continue the expanded targeted enforcement levels for high crime activity. Due to recent increases in crime activity, anticipated savings related to sworn vacancies in 2013-2014 (\$1.5 million) are recommended to be reallocated from personal services salary and benefits line items to the overtime line item to ensure the Department has sufficient overtime resources in 2013-2014. In addition, \$750,000 is recommended to be rebudgeted for overtime expenditures from 2012-2013 personal services savings.

As of September 2013, the Department had 1,109 authorized sworn staff of which 70 were vacant (6.3%) and 994 were street ready (this number includes sworn employees on disability leave). In order to fill the vacant sworn positions and put more Police Officers back on patrol, the Department continues to hold two Police Recruit Academies per year with the most recent one held in April 2013. This Academy graduated 40 Recruits on September 27, 2013 who will move to the Field Training Officer (FTO) Program in October 2013. The Department is budgeted to conduct two more academies beginning in October 2013 and April 2014. At this time, the Department is anticipating 60 recruits in the October 2013 Academy and 60 recruits in the April 2014 Academy. However, with current attrition projections, the Department's full street ready sworn staffing level is not anticipated to change this year.

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GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

Police

The compensatory time balance at the end of 2012-2013 for sworn personnel was 171,422 hours. This balance represents a 4.1% increase compared to the 2011-2012 total sworn compensatory time balance of 164,538. The primary reason for this slight increase in total compensatory time is due to the reduction in overall staffing levels. In accordance with the Memorandum of Agreement (MOA) with the Police Officers Association, sworn personnel are able to maintain 240 hours of compensatory time. Sworn personnel with compensatory time balances that exceed 240 hours at the end of the last pay-period of the calendar year are required to reduce those balances to within the 240-hour limit within 150 days. While the overall compensatory time balance increased 4.1%, the compensatory time balance in excess of the 240-hour threshold also increased to 29,612 hours spread among 277 sworn staff, up from 23,969 hours spread among 244 sworn staff in June 2012. Sworn staff continues to work overtime hours due to workload demands as a result of department vacancies, making it difficult for staff to further reduce the compensatory time balances below the 240 hour threshold. Active management of the overtime budget and earned compensatory time is necessary to ensure overall personal services expenditures remain within budgeted levels.

The Department's non-personal/equipment budget was 91.3% expended and encumbered, with savings of \$2.1 million. Police data processing services savings (\$1.4 million) contributed to a significant portion of the overall non-personal/equipment savings. The savings in data processing services is primarily the result of upgrades to the Automated Fingerprint Identification System (AFIS) Phase 1 (\$808,080), upgrades to the Computer Aided Dispatch (CAD) System (\$300,000) and the replacement of wiring within the 9-1-1 call center (\$405,291) which were scheduled but not completed in 2012-2013. These projected savings were anticipated and rebudgeted in the 2013-2014 Adopted Operating Budget. Additional non-personal/equipment savings was also rebudgeted in the 2013-2014 Adopted Operating Budget (\$180,000 for Bulletproof Vests and \$60,000 for the Child Interview Center). Included in this report are recommended rebudgets for the remaining \$315,000 in savings for fixed cameras (\$100,000); bulletproof vests (\$100,000); Crime Prevention Education (\$70,000), and Sworn Recruitment Activities (\$45,000).

New Funding of \$250,000 is recommended to purchase 14 additional vehicles for the 21 new Community Service Officers (CSOs) that were added to the Department as part of the 2013-2014 Adopted Budget. The Adopted Budget included funding for seven vehicles based on a patrol deployment model that would have been similar to sworn officers. However, after further analysis, it has been determined that for more effective coverage and service to the community for cases such as stolen vehicles, traffic complaints, and non-injury and minor injury vehicle accidents, the CSOs will now be deployed on a Monday through Friday, eight-

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Discussion of Significant Departmental Variances and Other Issues

Police

hour day schedule that will require each position to have its own vehicle. Because the vehicle purchases and equipment outfitting takes several months to complete, it is recommended to set aside this additional funding now to ensure the vehicles are available when the CSOs complete their training later in 2013-2014.

Highlights of Non-Departmental Expenditures and Variances

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

TABLE E
2012-2013
NON-DEPARTMENTAL GENERAL FUND EXPENDITURES
(In \$000s)

Category	Modified Budget	Actual	Variance	% Variance
City-Wide Expenses	\$ 240,157	\$ 210,613	\$ (29,544)	(12.3%)
Capital Contributions	20,916	7,601	(13,315)	(63.7%)
Transfers	29,164	29,162	(2)	(0.0%)
Earmarked Reserves	99,643	-	(99,643)	(100.0%)
Contingency Reserve	29,309	-	(29,309)	(100.0%)
Ending Fund Balance Reserve	29,000	-	(29,000)	(100.0%)
TOTAL	\$ 448,189	\$ 247,376	\$ (200,813)	(44.8%)

- *City-Wide Expenses*

The City-Wide Expenses category consists of funding that is related to more than one department or that is not directly associated with a department's ongoing operations. Expenditures in this category total \$210.6 million, or 87.7%, of the modified budget, resulting in a savings level of \$29.5 million. As part of the 2013-2014 Adopted Budget, \$29.2 million was rebudgeted or assumed as savings, leaving an overall balance of \$300,000. Some of the major 2012-2013 expenditures in this category are listed below:

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

City-Wide Expenses

- TRANs Debt service payment of \$100.6 million was completed to repay a short-term note that was issued for cash flow purposes necessitated by the pre-funding of employer retirement contributions.
- Workers' Compensation Claims payments of \$18.1 million were \$1.1 million, or 6.6%, below the 2012-2013 Modified Budget (\$19.2 million). Total expenditures were \$1.8 million, or 10.9%, higher than 2011-2012 actual expenses (\$16.3 million).
- Convention Center Lease Payments of \$15.3 million ended the year at 2012-2013 budgeted levels. The Convention Center Lease Payment is the largest of the City's contractually obligated Successor Agency to the Redevelopment Agency Obligations.
- General Liability claims of \$7.5 million were \$4.2 million below the 2012-2013 Modified Budget estimate (\$11.7 million), but \$1.4 million, or 23.8%, above 2011-2012 actual expenses. Savings from this appropriation were rebudgeted to provide funding for large pending claims. As part of the 2013-2014 Adopted Budget, expenditure savings of \$5.9 million were anticipated and rebudgeted, however, only \$4.2 million was available at the conclusion of 2012-2013. Despite there being insufficient savings to cover the rebudget, not only is a downward adjustment to the appropriation not recommended as would be the usual budget practice, but an increase of \$6.5 million (from \$7.9 million to \$14.4 million) is recommended elsewhere in this document to ensure sufficient funding for judgments that have been rendered and other potential claims and litigation settlements against the City that may occur this year.
- Sick Leave Payments upon Retirement expenditures of \$3.9 million ended the year \$5.1 million below the 2012-2013 budget level (\$9.0 million) and \$1.8 million below the 2011-2012 actual payments of \$5.8 million. A portion of this savings (\$4.5 million) was rebudgeted to 2013-2014 as part of the Adopted Budget in anticipation of expenditures for eligible employees occurring in 2013-2014.

Included in this report are additional rebudgets, downward adjustments to those appropriations that did not generate the amount of savings required to support rebudgets already approved, and revenue-related increases. Details of those appropriation adjustments are reflected in *Section IV. Recommended Budget Adjustments and Clean-Up Actions* of this document. After accounting for actions already approved in the 2013-2014 Adopted Budget and rebudgets recommended in this document, there are \$147,000 in net savings in the City-Wide Expenses category.

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

City-Wide Expenses

Community and Economic Development – Included in this program is funding for various facility operating subsidies, lease payments, and economic development activities. The more significant expenditures in 2012-2013 included: Convention Center Lease Payments (\$15.3 million); Tech Museum of Innovation (\$1.1 million); History San José (\$784,000); and the Economic Development/Incentive Fund (\$560,000).

In 2012-2013, expenditures in this category totaled \$20.7 million and were \$2.2 million below the modified budget. Approved in the 2013-2014 Adopted Budget were \$2.0 million in rebudgets from 2012-2013 planned project savings of which the largest included: Historic Preservation (\$598,000); Cultural Affairs Special Projects (\$572,000); and the Economic Incentive/Development Fund (\$379,000).

Additional net adjustments as outlined in *Section IV. Recommended Budget Adjustments and Clean-Up Actions* totaling \$39,000 are recommended in this document including additional rebudgets, downward adjustments to those appropriations that did not generate the amount of savings required to support rebudgets already approved, and revenue-related increases. After accounting for actions already approved in the 2013-2014 Adopted Budget and rebudgets recommended in this document, this program ended the year below budgeted levels with net savings totaling \$126,000.

In addition, augmentations of \$203,000 for Business Cooperation Program Administration, \$56,000 for Business Cooperation Program, \$105,000 to Cirque de Soleil, and \$42,000 for Business Incentive – Maxim are also recommended in *Section IV* of this report.

Environmental and Utility Services – Funding for various environmental initiatives through policy development, program design, and reliable utility services are included in this program. Significant projects in 2012-2013 included: the Recovery Act Energy Efficiency and Conservation Block Grant (\$3.0 million), Energy Efficiency Program (\$450,000), City-Building Energy Projects Program (\$438,000), and Clean Creeks Healthy Communities (\$339,000).

Expenditures in this program totaled \$4.9 million in 2012-2013 and were \$1.7 million below the modified budget. The 2013-2014 Adopted Budget incorporated rebudgets totaling \$1.8 million, including but not limited to: City-Building Energy Projects Program (\$1.1 million); Silicon Valley Energy Watch Innovator Pilots (\$317,000); and Clean Creeks Healthy Communities (\$200,000).

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

City-Wide Expenses

Additional net clean-up adjustments as outlined in *Section IV. Recommended Budget Adjustments and Clean-Up Actions* totaling \$290,000 are recommended in this document including additional rebudgets, downward adjustments to those appropriations that did not generate the amount of savings required to support rebudgets already approved, and revenue-related increases. Additionally, there is a technical correction to reduce the funding for Clean Creeks Healthy Communities (\$93,000) to reconcile the actual funding received for the program. After accounting for actions already approved in the 2013-2014 Adopted Budget and rebudgets recommended in this document, this program ended the year below budgeted levels with net savings totaling \$138,000.

Neighborhood Services – Included in the Neighborhood Services program is funding for community activities, providing healthy neighborhoods, and providing access for learning opportunities. Major expenditures in 2012-2013 included but are not limited to: San José BEST and Safe Summer Initiative Programs (\$4.6 million); Children’s Health Initiative (\$2.1 million); Workers’ Compensation Claims – PRNS (\$1.0 million); and After School Education and Safety Programs (\$602,000).

In 2012-2013, expenditures in this program totaled \$9.6 million, and were \$900,000 below the modified budget. The 2013-2014 Adopted Budget included rebudgets totaling \$1.5 million, the largest of which were San José BEST Program (\$755,000), Maddie Lifesaving Grant (\$250,000), and California Gang Reduction, Intervention, and Prevention Grant (\$131,000).

Additional net adjustments as outlined in *Section IV. Recommended Budget Adjustments and Clean-Up Actions* totaling \$367,000 are recommended in this document including additional rebudgets, downward adjustments to those appropriations that did not generate the amount of savings required to support rebudgets already approved, and revenue-related increases. After accounting for actions already approved in the 2013-2014 Adopted Budget including a \$500,000 liquidation of the San José BEST Program Earmarked Reserve, and rebudgets recommended in this document, this program ended the year below budgeted levels with net savings totaling \$216,000.

In addition, augmentations to the After School Education and Safety Program (\$315,000), Maddie Lifesaving Grant (\$147,000), Summer Youth Nutrition Program (\$30,000), and Pacific Gas and Electric (PG&E) Summer Cooling Shelter Program Grant (\$7,000) are recommended in this report.

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

City-Wide Expenses

Public Safety – Included in this program are a number of grants and programs which continue to assist in providing prevention and emergency response services, although program expenditures are primarily comprised of workers' compensation claims for the Fire and Police Departments (\$15.0 million total, 57.8% of the 2012-2013 Modified Budget for this program). Major 2012-2013 expenditures included: Workers' Compensation Claims – Police (\$8.0 million); Workers' Compensation Claims – Fire (\$6.9 million); Cardiac Monitors/Defibrillators for the Fire Department (\$1.6 million); Urban Area Security Initiative – Police 2011 (\$962,000); Urban Area Security Initiative – Police 2010 (\$820,000); and Urban Area Security Initiative – Police 2012 (\$620,000).

Total expenditures of \$22.5 million were \$3.3 million below the modified budget. Rebudgets totaling \$2.4 million were approved in the 2013-2014 Adopted Budget, including: Workers' Compensation Claims – Fire (\$250,000), Automated Fingerprint Identification System (\$239,000), Metropolitan Medical Response System Grant 2011 (\$232,000), and Urban Area Security Initiative – Fire 2011 (\$187,000).

Additional net adjustments as outlined in *Section IV. Recommended Budget Adjustments and Clean-Up Actions* totaling \$251,000 are recommended in this document including additional rebudgets, downward adjustments to those appropriations that did not generate the amount of savings required to support rebudgets already approved, and revenue-related increases. After accounting for actions already approved in the 2013-2014 Adopted Budget and rebudgets recommended in this document, this program ended the year below budgeted levels with net savings totaling \$693,000. Of this total, Workers' Compensation Claims – Fire had savings of \$564,000 after year-end adjustments to its budget to ensure sufficient funding for expected claims.

Recommended augmentations for new grants and new grant cycles of \$276,000 are recommended in *Section IV.* of this document and include Selective Traffic Enforcement Program 2013-2014 (\$184,000) and the Sobriety Checkpoint Grant Program 2013-2014 (\$92,000).

Transportation and Aviation Services – Included in this program is funding for surface infrastructure improvements and repairs, ensuring transportation systems that support livability, and processing fees for parking citations and courthouse fees. Major 2012-2013 expenditures in this category included: Parking Citations/Jail Courthouse Fees (\$2.1 million); Parking Citations Processing (\$950,000); Workers' Compensation Claims – Transportation (\$726,000); and Sidewalk Repairs (\$699,000).

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

City-Wide Expenses

In 2012-2013, expenditures in this category totaled \$5.2 million, and were \$2.8 million below the modified budget. Rebudgets approved as part of the 2013-2014 Adopted Budget include, but are not limited to, Sidewalk Repairs (\$900,000), Street Tree Maintenance (\$500,000), and Raised Reflective Markers and Arterial Street Striping (\$250,000).

Additional net adjustments as outlined in *Section IV. Recommended Budget Adjustments and Clean-Up Actions* totaling \$504,000 are recommended in this document including additional rebudgets, downward adjustments to those appropriations that did not generate the amount of savings required to support rebudgets already approved, and revenue-related increases. After accounting for actions already approved in the 2013-2014 Adopted Budget and rebudgets recommended in this document, this program ended the year with net savings totaling \$493,000.

Strategic Support – This program includes numerous allocations to manage and safeguard the City's fiscal, physical, technological, and personnel resources in order to effectively deliver City services and projects. Included in this category are funds for the 2012 TRANs debt payment, insurance premiums, general liability claims, sick leave payouts, debt service payments, workers' compensation claims, and financial payments.

In 2012-2013 major expenditures included: the TRANs Debt Service payment (\$100.6 million) as discussed previously in this document; Successor Agency City Legal Obligations Subsidy (\$12.3 million); General Liability Claims (\$7.5 million); HUD Section 108 Loan Repayment (\$5.0 million); Sick Leave Payments Upon Retirement (\$3.9 million); FMC Debt Service Payments (\$2.9 million); Fiscal Reform Plan Outside Legal Counsel (\$2.2 million); Property Tax Administration Fee (\$1.6 million); Public, Educational, and Government (PEG) Access (\$1.5 million); Elections and Ballot Measures (\$1.2 million); Workers' Compensation Claims – Other (\$1.1 million); Banking Services (\$1.1 million); and Revenue Enhancement Consulting Services (\$966,000).

In 2012-2013 expenditures in this category totaled \$147.7 million and were \$18.6 million below the modified budget. Included in the 2013-2014 Adopted Budget was \$19.4 million in rebudgeted funds from 2012-2013 to 2013-2014. Included in this amount were significant rebudgets such as: General Liability Claims (\$5.9 million), Sick Leave Payments Upon Retirement (\$4.5 million), Watson Park Settlement (\$1.3 million), Human Resources/Payroll System Upgrade (\$2.5 million), and Business Tax System Replacement (\$1.8 million).

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances
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City-Wide Expenses

Additional net adjustments as outlined in *Section IV. Recommended Budget Adjustments and Clean-Up Actions* totaling \$15,500 are recommended in this document including additional rebudgets, downward adjustments to those appropriations that did not generate the amount of savings required to support rebudgets already approved, and revenue-related increases. After accounting for actions already approved in the 2013-2014 Adopted Budget and rebudgets recommended in this document, this program exceeded budgeted levels by \$768,000 as a result of higher than anticipated expenses in the General Liability Claims appropriation. The primary variance in this category reflects insufficient year end savings in the General Liability Claims appropriation to meet rebudget levels approved in the 2013-2014 Adopted Operating Budget (\$1.7 million). Despite there being insufficient savings to cover the rebudget, not only is a downward adjustment to the appropriation not recommended as would be the usual budget practice, but an increase of \$6.5 million is recommended to ensure sufficient funding during 2013-2014 as referenced below.

Recommended augmentations in this program category totaling \$8.5 million are outlined in *Section IV* of this document, primarily reflecting a recommended increase in General Liability Claims (\$6.5 million) and the Successor Agency City Legal Obligation Subsidy (\$2.2 million).

- *Capital Projects*

In 2012-2013, the General Fund provided funding totaling \$20.9 million for capital projects. Of this amount, approximately \$13.3 million was unexpended at year-end. The projects with the largest unexpended balances included:

Capital Projects	(\$000s)
Fire Apparatus Replacement	\$ 6,835
Police Communications Uninterrupted Power Supply	\$ 3,743
South San José Police Substation FF&E	888
Police Administration Building Security Upgrades	680
Police Administration Building/Emergency	
Communications Center Backup Generator Replacements	466
Arena Repairs	386
All Other Projects	317
Total Unexpended Capital Projects	13,315

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

Capital Projects

Rebudgets of \$11.8 million were included as part of the 2013-2014 Adopted Budget, and an additional \$1.4 million is recommended for rebudget as part of this report. After adjusting for these changes, the net savings in the General Fund Capital category was \$115,000.

- *Transfers*

In the Transfers category, expenditures of \$29.2 million fell below budgeted amount by \$2,000 at year end.

A net reduction in Transfers of \$762,000 reflects the net impact of the increase in the Transfer to the Community Facilities Revenue Fund (\$7.7 million) and the establishment of a Transfer to the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #10 – Leland Sports Field Repayment (\$56,000), offset by a reduction in the Transfer to the City Hall Debt Service Fund for the refunding of City Hall Debt (\$8.5 million.) A description of these actions can be found in *Section IV. Recommended Budget Adjustments and Clean-Up Actions*.

- *Reserves*

General Fund Reserve categories include Earmarked Reserves, the Contingency Reserve, and the Ending Fund Balance Reserve. On June 30, 2013, the total Reserve balance was \$158.0 million.

Of this amount, \$99.6 million represented Earmarked Reserves, the largest of which were the Development Fee Program Reserves (\$34.0 million); 2013-2014 Future Deficit Reserve (\$29.4 million); Workers' Compensation/General Liability Catastrophic Reserve (\$15.0 million); Successor Agency City Legal Obligations Reserve (\$7.5 million); Salaries and Benefits Reserve (\$5.0 million); Police Department Overtime Reserve (\$4.0 million); and Retiree Pre-Payment Reserve (\$1.0 million). All of the Earmarked Reserves were approved for rebudget or were used as a funding source in the 2013-2014 Adopted Budget.

The remainder of the Reserves category is comprised of the Contingency Reserve (\$29.3 million) and the 2012-2013 Ending Fund Balance Reserve (\$29.0 million). Funding for the Ending Fund Balance Reserve (\$29.0 million) was set aside as part of the 2012-2013 Mid-Year Budget Review (\$12.0 million) and as part of 2012-2013 year-end clean-up actions (\$17.0 million). Annually, as part of the General Fund Forecast and during the development of the Proposed Budget for the following year, a certain amount of current year unrestricted

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GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

Reserves

ending fund balance is estimated to be available at the end of the year as a funding source for the following year's budget. This ending fund balance is expected to be generated from additional revenues above budgeted levels, expenditure savings, and the liquidation of carryover encumbrances during the year. To ensure the 2012-2013 ending fund balance estimate of \$29.0 million was available for use as assumed in the development of the 2013-2014 Adopted Budget, funding was proactively set aside during 2012-2013.

At the end of the year, the General Fund Contingency Reserve balance was \$29.3 million. As part of the 2013-2014 Adopted Budget, the full Contingency Reserve was rebudgeted. No additional funding is necessary to be added to the Contingency Reserve in 2013-2014 in order to comply with the Council Policy of maintaining a minimum 3.0% Contingency Reserve in the General Fund. It is important to note, however, that if this Contingency Reserve is ever needed, it is only sufficient enough to cover General Fund payroll expenditures for approximately two and a half weeks in the event of an emergency. This level of reserve is a very low amount for a city the size of San José.

Included in this document are recommendations to increase Earmarked Reserves by \$2.8 million to increase Development Fee Program Reserves (\$5.5 million), the San José Police Officers' Association Employee Compensation Planning Reserve (\$1.1 million), and to establish the Retiree Healthcare Solutions Reserve (\$3.9 million) partially offset by the liquidation of a portion of the Employee Compensation Planning Reserve (\$3.5 million). Detailed descriptions of these actions can be found in *Section IV. Recommended Budget Adjustments and Clean-Up Actions*.

Recommended General Fund Expenditure Adjustments

Recommended expenditure adjustments and clean-up actions can be found in *Section IV. Recommended Budget Adjustments and Clean-Up Actions* of this document. Adjustments are in the following categories: Required Technical/Rebalancing Actions, Grants/Reimbursements/Fees, and Urgent Fiscal/Program Needs and are described in detail in the General Fund Recommended Budget Adjustments Summary. In addition, clean-up actions can also be found in this section with a detailed description of recommended actions found in the introduction of that section.

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

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III. SELECTED SPECIAL/CAPITAL FUNDS BUDGET PERFORMANCE

This section provides financial information on the 2012-2013 year-end performance for selected special and capital funds that represent major City operations. Specifically, it includes discussions regarding the funds' revenue, expenditure, and ending fund balance performance. The funds are discussed in alphabetical order.

The Revenue and Expenditure Performance chart displays 2012-2013 Modified Budget and Actual revenues and expenditures, with the dollar and percent variance for each. The revenue figures exclude the Beginning Fund Balance and Reserves while the expenditure figures include encumbrances, but exclude the Ending Fund Balance and other reserves. The Ending Fund Balance Performance chart displays the 2012-2013 Modified Budget, which includes fund balance and reserves. The 2012-2013 Estimated Ending Fund Balance and Actual Ending Fund Balance also includes reserves, with the exception of the reserve for encumbrances. The dollar variance compares the Estimated Ending Fund Balance used to develop the 2013-2014 Adopted Budget with the Actual Ending Fund Balance. The Recommended Rebudget Adjustments Impact shows the value of additional rebudgets recommended in this report and calculates the revised variance should recommended rebudgets be approved.

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

Expenditure Performance: This discussion identifies the amount of expenditures and major expenditure categories; provides context regarding the variance of year-end expenditure performance from the modified budget; discusses significant capital improvement project variances relative to the size of the capital fund; lists related 2013-2014 budget actions (such as rebudgets); calculates the revised expenditure variance due to rebudgets approved as part of the 2013-2014 Adopted Budget or as recommended in this report; and compares expenditures to the prior year performance.

Ending Fund Balance Performance: This discussion provides the actual Ending Fund Balance and the estimated Ending Fund Balance used in the development of the 2013-2014 Adopted Budget; discusses variances between these two amounts; and identifies any impact on the 2013-2014 budget related to recommended actions included in this report.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

AIRPORT CAPITAL FUNDS

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$30,086	\$28,371	(\$1,715)	(5.7%)
Expenditures	\$74,842	\$48,432	(\$26,410)	(35.3%)

Revenue Performance

In 2012-2013, capital revenues totaled \$28.4 million, which were \$1.7 million or 5.7% below the budgeted estimate. Actual revenues received in 2012-2013 consisted of the following: Passenger Facility Charges (PFCs) (\$17.3 million), Grant income (\$7.0 million), Transfers from other Airport funds (\$4.1 million), and interest earnings (\$142,000). PFCs ended the year slightly above the modified budget estimate (3.6%) due to higher than anticipated passenger levels. Grant revenue, however, ended the year below the modified budget estimate (23.0%) due to lower 2012-2013 project costs that resulted in lower reimbursements for the Taxiway W Improvements project, as well as the deferral to 2013-2014 of grant-contingent projects such as Airfield Sign Program, Airport Property and Exhibit A Maps (previously Title Search and Property Map Development), and Taxiway A/B Part 139 Separation.

Expenditure Performance

In 2012-2013, expenditures totaled \$48.4 million and were \$26.4 million (35.3%) below budgeted levels. The majority of expenditures were primarily attributed to transfers to other funds for debt service and minor close-out of commercial paper debt funds (\$26.7 million); Taxiway W Improvements (\$8.8 million); Terminal Area Development, Phase I (\$5.3 million); Pavement Maintenance (\$1.5 million); and Clean-Up of Existing Fuel Farm (\$1.0 million). The year-end variance of \$26.4 million primarily reflects the anticipated close-out of many of the Terminal Area Improvement Program projects, as well as savings in the Taxiway W Improvements appropriation and the Clean-Up of Existing Fuel Farm appropriation. Expenditure savings were also generated from the deferral of grant-contingent projects as discussed above and annual capital programs, such as Advanced Planning, Airfield Improvements, and Airport Technology Services. A total of \$20.7 million in Airport capital project funding was approved for rebudget as part of the 2013-2014 Adopted Capital Budget, and a net negative rebudget of \$476,000 is recommended as part of this document. After the rebudget adjustments that were included in the 2013-2014 Adopted Capital Budget and the rebudget adjustments recommended in this report are considered, the expenditure variance totals \$6.2 million, or 8.3%.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

AIRPORT CAPITAL FUNDS

Expenditure Performance

The expenditure variance (\$26.4 million) was due to lower than budgeted project expenditures. The following is a list of the major unexpended projects totaling \$22.7 million:

- The Terminal Area Improvement, Phase I project variance (\$17.7 million) results primarily from the pending close out of the owner controlled insurance program (OCIP) and continued work on the ongoing design-build project components. Funding of \$14.2 million was rebudgeted as part of the 2013-2014 Adopted Capital Budget to complete ongoing improvements in the northeast area (formerly the rental car fueling and wash site) and in the Terminals, as well as for the Airport's OCIP. The northeast area will provide for a fuel truck maintenance facility, shuttle bus staging and storage, and adjacent employee parking. Projects in the Terminals include the construction of Terminal A bag system ceiling protection, and the relocation of the Transportation Security Administration Information Technology Department Room on the second floor. An additional \$283,000 is recommended for rebudget as part of this report to ensure sufficient funding to complete these projects.
- The Taxiway W Improvements project variance (\$3.1 million) reflects savings from the completion of portions of Phase III and Phase IV in 2012-2013. Funding of \$3.4 million was rebudgeted as part of the 2013-2014 Adopted Capital Budget to complete Phase III and Phase IV. A negative rebudget of \$298,000 is recommended as part of this report based on the higher than anticipated expenditures in 2012-2013. In July 2013, the Airport received a grant from the Federal Aviation Administration (FAA) for the construction of Phase V (to extend a portion of Taxiway W from Taxiway D to G) based on bids received in May 2013. As a result, an additional reduction of \$1.2 million is recommended to reflect the actual grant award for the final phase of the project.
- The Clean-Up of Existing Fuel Farm project variance (\$843,000) results from lower than anticipated project costs in 2012-2013. Funding of \$1.9 million was rebudgeted as part of the 2013-2014 Adopted Capital Budget to complete contamination clean-up of soil, pipelines, and equipment that remain on the City-owned portion of the old aviation fuel facility. A negative rebudget of \$1.0 million is recommended as part of this report based on higher than anticipated expenditures in 2012-2013.
- The Taxiway A/B Part 139 Separation project variance (\$580,000) results from the deferral of this project until 2013-2014. The completion of this project is contingent upon the timing and availability of FAA grant funding.
- The Airport Property and Exhibit A Maps project variance (\$500,000) results from the deferral of this project until 2013-2014. The completion of this project is contingent upon the timing and availability of FAA grant funding.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

AIRPORT CAPITAL FUNDS

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$189,330	\$137,647	\$141,456	\$3,809	\$476	\$4,285	2.3%

The 2012-2013 combined Ending Fund Balance of \$141.5 million was \$3.8 million above the estimate used to develop the 2013-2014 Adopted Capital Budget. This positive variance is a result of lower than budgeted expenditures offset slightly by lower than anticipated revenues. A net negative rebudget of \$476,000 is recommended in this report to align the rebudgeted amounts with actual year-end savings, bringing the revised Ending Fund Balance variance to \$4.3 million. The remaining fund balance of \$4.3 million is recommended to be allocated to the 2013-2014 Ending Fund Balance for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

**AIRPORT OPERATING FUNDS - AIRPORT REVENUE FUND AND AIRPORT
MAINTENANCE AND OPERATION FUND**

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$114,931	\$119,882	4,951	4.3%
Expenditures	\$74,062	\$62,426	(\$11,636)	(15.7%)

Revenue Performance

In 2012-2013, operating revenues in the Airport Revenue Fund totaled \$119.9 million, or 4.3% above the budgeted estimate. The major operating revenue categories include Parking and Roadways (\$41.8 million), Airline Terminal Rental (\$38.3 million), Terminal Building (\$15.1 million), Landing Fees (\$12.9 million), Miscellaneous Revenue (\$8.5 million), and Airfield Area (\$3.0 million). Additionally, funding of \$346,000 was transferred from the Airport Fiscal Agent Fund.

The positive revenue variance of \$5.0 million resulted from higher than budgeted revenue for the following categories: Parking and Roadways (\$2.4 million) due to increased parking revenue and rental car concession fees; Airline Terminal Rental (\$1.1 million) due to the addition of All Nippon Airways terminal lease, higher usage of common ticket counters and common gates; and Miscellaneous Revenue (\$1.3 million) specifically in petroleum products due to increased sale of compressed natural gas and jet flowage fees.

Expenditure Performance

The Airport Maintenance and Operation Fund provides for all general Airport operating expenses including Police, Fire, and interdepartmental services. For 2012-2013, expenditures of \$62.4 million were \$11.6 million (15.7%) below budgeted levels primarily due to expenditure savings in personal services (\$1.0 million) and in non-personal/equipment (\$5.2 million). Personal services expenditure savings were due to position vacancies. Non-personal/equipment expenditure savings were due to lower than budgeted utility expenditures to operate both terminals and the Consolidated Rental Car Facility; lower parking program expenses due to the installation of automated pay-on-foot stations as well as the continued testing for a new Parking Revenue Control System; lower shuttle bus program expenses due to reduced frequency of service and a new compensation model for the parking operator; and lower than budgeted expenditures in Letter of Credit fees for the Commercial Paper Program.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

**AIRPORT OPERATING FUNDS - AIRPORT REVENUE FUND AND AIRPORT
MAINTENANCE AND OPERATION FUND**

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$278,201	\$80,245	\$86,010	5,765	\$0	\$5,765	2.1%

The 2012-2013 combined Ending Fund Balance of \$86.0 million was \$5.8 million above the budgeted estimate used to develop the 2013-2014 Adopted Operating Budget. The positive variance of \$5.9 million in the Airport Revenue Fund resulted from expenditure savings in the Airport Maintenance and Operation Fund. The negative variance of \$143,000 in the Airport Maintenance and Operation Fund resulted from an increase in the Airport's share of the other post-employment benefits (OPEB) liability expense for 2012-2013.

In 2012-2013, passenger activity increased by 2.8% from the 2011-2012 level of 8.26 million passengers to 8.49 million passengers. Moreover, the percentage growth in annual enplanements at the Airport in 2012-2013 was 2.7%, which exceeded the Federal Aviation Administration's projection of 0.0% for national enplanement growth for 2012-2013. This increase in passenger enplanements triggered the activation of the Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by the City Council in March 2007. Under this provision, if the percentage growth in annual enplanements at the Airport exceeds the growth in annual enplanements nationwide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage. Budget actions are recommended in this document to reduce the 2013-2014 overhead expenses to the Airport Maintenance and Operation Fund by \$420,000 to reflect a reduction of the overhead rate of 2.7% (from the adopted overhead rate of 18.25% to 15.55%). Passenger growth in 2013-2014 is anticipated to increase by 1.5%.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

**AIRPORT OPERATING FUND - AIRPORT CUSTOMER FACILITY AND
TRANSPORTATION FEE FUND**

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$15,236	\$16,715	\$1,479	9.7%
Expenditures	\$16,273	\$16,018	(\$255)	(1.6%)

Revenue Performance

Revenue collections in the Airport Customer Facility and Transportation Fee Fund include the Rental Car Customer Facility Charge (CFC) Fees and the Rental Car Contributions. In 2012-2013, revenues totaled \$16.7 million and were \$1.5 million (9.7%) above the budgeted estimate. Actual revenues received consist of CFCs (\$13.4 million), contributions from rental car agencies (\$3.3 million), and interest earning (\$10,000). CFCs ended the year above the modified budget estimate (12.3%) due to higher than anticipated passenger levels, as well as increased car rental activities.

Expenditure Performance

In 2012-2013, expenditures of \$16.0 million were \$255,000 (1.6%) below budgeted levels. Expenditures were primarily attributed to transfers to other Airport funds (\$13.7 million); non-personal/equipment (\$2.3 million); and CFCs audit costs (\$24,000). The remaining balance of \$255,000 reflects non-personal/equipment expenditure savings due to lower than anticipated utility costs related to the operation of the compressed natural gas station, as well as reduced shuttle bus operation costs due to lower costs for shuttle bus drivers, shuttle bus maintenance, and fuel usage.

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$21,196	\$5,842	\$6,664	\$822	\$0	\$822	3.9%

The 2012-2013 Ending Fund Balance of \$6.6 million was \$822,000 above the budgeted estimate used to develop the 2013-2014 Adopted Budget. This positive variance is a result of higher than anticipated revenues and slightly lower expenditures.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$24,216	\$16,969	(\$7,247)	(29.9%)
Expenditures	\$33,671	\$18,903	(\$14,768)	(43.9%)

Revenue Performance

In 2012-2013, revenues totaled \$17.0 million and were primarily generated from Building and Structure Construction Tax (\$13.8 million); receipts from federal grants (\$1.7 million) for implementation of the Transportation Incident Management Center (TiMC), pedestrian corridor improvement projects, and the East Santa Clara Street Bridge at Coyote Creek project; and receipts from state grants (\$1.2 million) for projects including traffic signal communications/synchronization, pedestrian-oriented improvements, and couplet conversion. The 2012-2013 revenues were lower than the budget by approximately \$7.2 million, primarily due to lower than budgeted receipts of federal grants (\$7.7 million) and State grants (\$709,000), partially offset by higher than anticipated Building and Structure Construction Tax receipts (\$777,000) and higher miscellaneous revenue/developer contributions (\$306,000). Grant-related revenues, which were not received in 2012-2013 due to project delays, were anticipated and rebudgeted in the development of the 2013-2014 Adopted Budget.

The 2012-2013 collection level was \$2.1 million lower (11.0%) than the 2011-2012 level of \$19.1 million primarily as a result of decreased State and federal grant receipts (\$3.6 million), partially offset by increased Building and Structure Construction Tax receipts (\$1.2 million) and miscellaneous revenue (\$255,000).

At \$13.8 million, Building and Structure Construction Tax receipts in 2012-2013 were 9.4% higher than 2011-2012 collections (\$12.6 million); however, collection remain well below the 2001-2002 peak level of \$17.5 million. The improved collections in Building and Structure Construction Tax revenue is primarily attributable to increased issuances of residential permits, primarily for multi-family residences, as well as increased commercial and industrial alteration activity. The 2013-2014 Adopted Budget estimate of \$11.0 million allows for a decrease of 20.0%. The sustainability of the 2012-2013 collection level will be monitored as the year progresses, and an upward adjustment to the 2013-2014 budgeted revenue estimate may be brought forward for City Council consideration if warranted based on actual 2013-2014 collection trends.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

Expenditure Performance

In 2012-2013, expenditures of \$18.9 million were primarily attributed to the following projects: The Alameda – A Plan for the Beautiful Way (\$4.2 million), Route 101/Mabury Road Design (\$1.8 million), Autumn Street Extension (\$1.7 million), San Carlos Multimodal Streetscape Improvements Phase I (\$1.7 million), ITS: Traffic Incident Management Center (\$1.6 million), Traffic Signal Communications and Synchronization (\$1.5 million), Traffic Signal and Lighting Program (\$661,000), Safety – Pedestrian Improvements (\$561,000), and Underground Utilities – City Conversions (\$526,000).

The 2012-2013 expenditure level was \$14.8 million (43.9%) below the modified budget. Of this variance, \$12.3 million was rebudgeted as part of the 2013-2014 Adopted Capital Budget, and an additional \$1.6 million was anticipated and redistributed to other projects as part of the 2013-2014 Adopted Capital Budget. Net expenditure rebudgets of \$371,000 are recommended as part of this report to ensure sufficient funding for projects in 2013-2014.

The \$14.8 million variance between budgeted and actual expenditures was caused primarily by the following projects: ITS: Transportation Incident Management Center (\$4.7 million), Autumn Street Extension (\$3.6 million), East Santa Clara Street Bridge at Coyote Creek (\$1.0 million), The Alameda – A Plan for the Beautiful Way (\$940,000), Jackson Street: Light Rail Train to Japantown Pedestrian Corridor (\$754,000), Underground Utilities – City Conversions (\$630,000), and several other projects with total savings less than \$500,000. The savings in these projects were primarily attributable to various delays in project delivery, such as minor scope changes, competing workload demands, and unexpected complications in the design/construction process.

The 2012-2013 expenditures of \$18.9 million were \$3.4 million (15.2%) below the 2011-2012 expenditures of \$22.3 million primarily due to lower costs for Traffic Signal Communications and Synchronization (\$4.8 million) and Route 101/Tully Interchange (\$4.2 million) that were closed out in 2011-2012, offset by higher expenditures in 2012-2013 for the Alameda – A Plan for the Beautiful Way (\$3.5 million) that started in 2012-2013 and Route 101/Mabury Road Project Development (\$1.8 million) that had been delayed from 2011-2012.

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$41,857	\$14,516	\$16,215	\$1,699	(\$350)	\$1,349	3.2%

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

The 2012-2013 Ending Fund Balance of \$16.2 million was \$1.7 million above the estimate used to develop the 2013-2014 Adopted Capital Budget. This variance was due to higher than estimated revenues (\$860,000) and lower than estimated expenditures (\$838,000).

As described in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this report, it is recommended that a portion of the additional fund balance (\$371,000) be allocated for net rebudget adjustments for various capital projects. Funds would be rebudgeted for several projects, including the Safety – Pedestrian Improvements (\$339,000), Bridge Mitigation Monitoring (\$104,000), Underground Utilities – City Conversions (\$100,000), Branham Lane/Monterey Highway Rail Grade Separation (\$66,000), and various other projects totaling less than \$50,000. These rebudgets will be partially offset by downward adjustments of \$377,000 that are recommended since several projects did not achieve the 2012-2013 assumed savings. This report also includes the rebudget of \$2,000 in both the Traffic Signal Communications and Synchronization revenue and expenditures to fund staff charges for project close out. As a 2012-2013 reconciling item, this report includes downward revenue adjustments to account for revenue that was received in 2012-2013 and no longer expected to be received in 2013-2014 for the Transportation, Community and System Preservation Grant – Branham Lane/Monterey Highway Rail (\$12,000), Housing Incentive Program Grant – SJSU Japantown Pedestrian Corridor (\$10,000), and Metropolitan Transportation Commission: The Alameda – A Plan for the Beautiful Way (\$1,000).

In addition, this report includes recommendations to increase the Valley Transportation Authority revenue estimate by \$20,000 and to allocate those funds to the Route 280/880/Stevens Creek Boulevard project to reroute existing fiber optic communications systems on Stevens Creek Boulevard and facilitate construction of the I-880/Stevens Creek Interchange. This report recommends increasing the San Carlos Street Multimodal Streetscape Improvement – Phase II appropriation by \$23,000 to re-establish project funding that had been eliminated due to the liquidation of a prior year carryover encumbrance that occurred in 2013-2014 and increasing the Safety – Pedestrian Improvements appropriation by \$15,000 for the pedestrian beacon project on Great Oaks Boulevard. After accounting for all recommended rebudgets and adjustments, approximately \$1.3 million will be added to the Ending Fund Balance for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CITY HALL DEBT SERVICE FUND

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$21,664	\$21,663	(\$1)	0.0%
Expenditures	\$22,222	\$13,847	(\$8,375)	(37.7%)

Revenue Performance

In 2012-2013, nearly all of the \$21.7 million received in the City Hall Debt Service Fund were transfers from the General Fund (\$15.3 million), Special Funds (\$4.6 million), and Capital Funds (\$1.7 million). These revenues are used to pay debt service on bonds issued for the construction of City Hall and the accompanying parking garage.

Expenditure Performance

The refunding of bonds associated with the construction of City Hall and the accompanying parking garage completed in spring 2013 resulted in debt service savings in 2012-2013 of \$8.4 million (37.7%). The refunding will also result in estimated savings of an additional \$3.5 million in 2013-2014.

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$23,608	\$1,393	\$9,760	\$8,367	(\$0)	\$8,367	35.44%

The 2012-2013 Ending Fund Balance of \$9.8 million was \$8.4 million above the estimate used to develop the 2013-2014 Adopted Budget. As described above, this increase was due to the spring 2013 refunding of the bonds issued to construct City Hall and the accompanying parking garage. This additional fund balance, along with reduced City Hall debt service payments in 2013-2014, will result in a decrease to the transfers from the General Fund (\$8.5 million), Special Funds (\$2.3 million) and Capital Funds (\$1.1 million) in 2013-2014. As described in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, budget actions are recommended in each of the impacted funds to reflect the reduction in the transfer to the City Hall Debt Service Fund.

In accordance with approved actions included in the 2013-2014 Adopted Budget, net General Fund savings of \$7.7 million from the refunding (\$8.5 million less \$0.8 million associated with the Development Fee Programs) will be directed toward paying down existing debt related to the variable rate 2008D Lease Revenue Bonds issued for Hayes Mansion improvements (Phase III Debt). For additional information, please refer to the Community Facilities Revenue Fund discussion contained elsewhere within this section of the Annual Report.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

COMMUNITY FACILITIES REVENUE FUND

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$9,168	\$9,392	\$224	2.4%
Expenditures	\$9,877	\$8,745	(\$1,132)	(11.5%)

Revenue Performance

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 debt service/operating shortfalls.

In 2012-2013, revenues totaling \$9.4 million were generated from the operation of Hayes Mansion as managed by Dolce (\$4.9 million), transfers from the General Fund (\$4.5 million) and interest earnings (\$15,000). The 2012-2013 revenues exceeded the budget estimate by \$224,000 due to stronger than expected Hayes Mansion operating revenues.

The 2012-2013 revenue level for this fund was \$904,000, or 8.8%, lower than the 2011-2012 level of \$10.3 million due to a decrease in the transfer from the General Fund (\$1.0 million), partially offset by an increase in gross operating revenues (\$96,000). The Transfer from the General Fund (\$4.5 million) was reduced from the 2011-2012 amount due to expectations that the variable rate debt payments would be lower and that the profitability of Hayes Mansion would increase. The increase in gross operating revenues is attributable to an increase in both the average occupancy rate and the average room rate.

Expenditure Performance

In 2012-2013, expenditures of \$8.7 million were primarily attributed to the Hayes Center Debt/Operating Subsidy (\$4.7 million), the Hayes Center Phase I and III Debt Service payments (\$3.4 million), and Hayes Repair and Improvements (\$391,000). Overall, expenditures were \$1.1 million (11.5%) below the modified budget due primarily to a lower Hayes Center – Debt/Operating Subsidy (\$500,000) as a result of higher profitability of Hayes Center operations and lower than expected expenditures for Hayes Center – Phase I and III Debt Service (\$495,000) due to lower interest rates on the variable rate debt.

Expenditures in this fund were \$737,000, or 7.7%, lower than 2011-2012 due primarily to the factors mentioned above. Compared to 2011-2012, costs in 2012-2013 were lower for Phase I Debt Service expenses (down \$615,000 from 2011-2012), Debt/Operating Subsidy (down \$350,000 from 2011-2012), and Hayes Repair and Improvement (down \$142,000 from 2011-2012), partially offset by an increase in the Phase III Debt Service expenses (\$331,000).

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

COMMUNITY FACILITIES REVENUE FUND

Expenditure Performance

A portion of the unspent funds for Hayes Repair and Improvements was rebudgeted as part of the 2013-2014 Adopted Budget. The remainder of the savings (\$69,000) is recommended to be rebudgeted in this document. The Repair and Improvements appropriation is calculated as a percentage of the gross revenues of Hayes facilities, and any unspent funds are rebudgeted to the next year on an annual basis to ensure adequate funding for repairs.

Actions recommended in this report include increasing the transfer from the General Fund by \$7.7 million, which will in turn be used to pay down existing debt related to the variable rate 2008D Lease Revenue Bonds issued for Hayes Mansion improvements (Phase III Debt). The refunding of bonds associated with the construction of City Hall and the accompanying parking garage completed in spring 2013 resulted in debt service savings in 2012-2013 and additional savings estimated for 2013-2014. The combined debt service savings total \$11.9 million, of which \$8.5 million will be realized in the General Fund. In accordance with the actions approved in the 2013-2014 Adopted Budget, General Fund savings from the refunding will be directed toward paying down a portion of the outstanding Hayes Mansion debt. After subtracting out the savings owed to the various fee programs, the remaining General Fund savings of \$7.7 million are recommended to be transferred to the Community Facility Revenue Fund to pay down a portion of the \$54.0 million in outstanding principal. This transaction will allow the City to pay down the Hayes debt related to the 2008D bonds two years earlier, realize average annual savings of \$345,000 through 2025, and achieve a total savings over the remaining life of the 2008D bonds of \$4.0 million. For additional information, please refer to the City Hall Debt Service Fund discussion in this section of the Annual Report.

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustment Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$11,152	\$1,765	\$2,631	\$866	(\$69)	\$797	7.2%

The 2012-2013 Ending Fund Balance of \$2.6 million was \$866,000 above the estimate used to develop the 2013-2014 Adopted Budget. This variance between the year-end estimate and the actual revenues and expenses was due to the combination of higher than projected revenues (\$205,000) and greater expenditure savings of \$661,000. As discussed above, it is recommended that \$69,000 of the Ending Fund Balance be allocated to rebudget the unspent Hayes Repair and Improvement funds. The remaining fund balance of \$797,000 is recommended to be allocated to the 2013-2014 Ending Fund Balance for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$52,060	\$48,848	(\$3,212)	(6.2%)
Expenditures	\$89,286	\$49,250	(\$40,036)	(44.8%)

Revenue Performance

Revenues generated in the Construction and Conveyance (C&C) Tax Funds in 2012-2013 totaled \$48.8 million and were comprised of Construction and Conveyance tax receipts (\$34.4 million), transfers between funds (\$13.9 million), miscellaneous revenues (\$312,000), interest earnings (\$201,000), and State and federal grants (\$2,000). This revenue level is \$3.2 million lower than the budgeted estimate of \$52.1 million. This negative revenue variance is primarily due to lower than anticipated transfers between funds (\$5.6 million) and grants (\$1.8 million), partially offset by higher than anticipated Construction and Conveyance Tax revenue (\$4.4 million).

Construction and Conveyance Tax revenue collections in 2012-2013, which were almost entirely generated from property transfers, totaled \$34.4 million, an increase of \$9.0 million from the 2011-2012 collection level of \$25.4 million. The 2012-2013 tax receipts represent the highest collection level since the peak years of 2004-2005 to 2006-2007 (when collections exceeded \$40.0 million annually). The increased C&C Tax collections in 2012-2013 are consistent with the increase in property transfers for all types of residences between 2011-2012 and 2012-2013. This positive difference in revenue collections is also reflected in the median home price for single family homes within the City between June 2012 and June 2013. The median price for single family homes increased in value, with a median home price in June 2013 of \$732,500, up approximately 24.5% from the June 2012 price of \$588,444. In addition, the amount of time it takes to sell a home (single-family and multi-family dwelling units) has dropped in the past year from 52 days in June 2012 to 22 days in June 2013. The June 2013 figure represents the shortest duration of time homes have stayed on the market since September 2005 when it took only 21 days to sell a home. The number of home sales (single-family and multi-family dwelling units), however, has decreased slightly over the past year (2.2%) from 8,273 sales in 2011-2012 to 8,091 sales in 2012-2013.

When the 2012-2013 revenue estimate was developed, it was assumed that receipts would increase to \$30.0 million, which was an 18.1% increase from the 2011-2012 collection level of \$25.4 million. However, due to stronger than anticipated collections, the revenue exceeded budgeted levels. Therefore, as part of this document, adjustments are recommended in each Construction and Conveyance Tax fund Ending Fund Balance to reflect the higher than anticipated tax revenue.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

Revenue Performance

The negative variance for transfers between funds (\$5.6 million) was primarily due to a budgeted transfer from the Subdivision Park Trust Fund to the Parks City-Wide Construction and Conveyance Tax Fund (\$8.0 million) that did not occur in 2012-2013. As detailed in the June 19, 2012 City Council memorandum (Item 5.2), an interfund loan from the Subdivision Parks Trust Fund to the Parks City-Wide Construction and Conveyance Tax Fund of up to \$8.0 million was approved to fund the shortfall in the amount required for the defeasance of the 2008F Lease Revenue Bonds if the FMC property sale was completed. The Administration has requested that HUD amend the HUD Loan agreement to allow the City to use a portion of the proceeds of the sale of the Airport West Property financed with the HUD loan for the repayment of \$8.0 million of the 2008F Bonds. If approved, the \$8.0 million in debt under the HUD loan would remain outstanding. The City would pay debt service on the outstanding \$8.0 million HUD loan using the revenue generated from soccer field operations of approximately \$500,000 per year for 16 years. The interfund loan was to take effect only if the property was sold and the City Manager determined that negotiations with HUD would not allow for the amendments to the HUD loan in order to allow for the repayment of the Series 2008F Lease Revenue Bonds. Because the FMC property sale was not completed in 2012-2013, the repayment of the Series 2008F Lease Revenue Bonds and the loan from the Subdivision Park Trust Fund were not necessary in 2012-2013. As the developer has the option to purchase the FMC property until 2015, a loan may need to be reestablished in the future if the sale proceeds are not sufficient to pay off the 2008F Lease Revenue Bonds and the HUD loan is not amended. This report does not include a recommendation to rebudget this interfund loan transfer to 2013-2014. If the interfund loan transfer is needed, actions will be brought forward as part of a City Council memorandum or as part of a future budget process for City Council consideration. The negative revenue variance related to this transfer (\$8.0 million) is partially offset by the higher than anticipated C&C Tax collections, which positively impacted the transfer category because of the methodology used to distribute the tax revenue to individual Construction and Conveyance Tax funds.

Grant revenue fell below anticipated levels by \$1.8 million as many of the grants are paid on a reimbursement basis and the work on the eligible projects has not yet been completed. A significant portion of this grant revenue was rebudgeted as part of the 2013-2014 Adopted Capital Budget (\$1.1 million), with an additional \$100,000 recommended to be rebudgeted to 2013-2014 as part of this report. In addition, a federal grant related to the Lower Guadalupe River Trail (Gold Street to Highway 880) project (\$427,000) was inadvertently budgeted in 2012-2013 to the Council District 4 Construction and Conveyance Tax Fund, however, the funding was returned to the Subdivision Park Trust Fund, as that fund was the primary fronting source for the project.

The 2012-2013 revenues of \$48.8 million were \$11.8 million above the 2011-2012 level of \$37.0 million primarily due to stronger Construction and Conveyance Tax receipts (\$9.0 million) and higher transfers (\$4.0 million), partially offset by lower miscellaneous contributions (\$933,000) and grant revenue (\$225,000).

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

Expenditure Performance

In 2012-2013, transfers to other funds and capital project expenditures totaled \$49.3 million across the 17 Construction and Conveyance Tax funds (Council Districts 1-10, Parks City-Wide, Parks Central, Park Yards, Fire, Library, Service Yards, and Communications). This expenditure level is \$40.0 million (44.8%) below the budgeted expenditure level of \$89.3 million, and is primarily the result of unexpended capital project funds. A portion of these expenditure savings were anticipated and the funds were rebudgeted as part of the 2013-2014 Adopted Capital Budget (\$14.1 million) or are recommended to be rebudgeted as part of this report to complete the projects (\$8.6 million). After the rebudget adjustments that were included in the 2013-2014 Adopted Capital Budget and the rebudgets as recommended in this report are considered, the expenditure variance will be \$17.3 million or 19.4%.

The following is a list of projects in which unexpended balances in 2012-2013 exceeded \$500,000:

		<u>(\$000s)</u>
Council District 1:	Mise Park Sports Field Development	\$ 822
Council District 4:	TRAIL: Lower Guadalupe River (Gold Street to Highway 880)	1,819
	TRAIL: Bay Trail Reach 9B Design	550
Council District 5:	TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680)	1,295
Council District 7:	Roberto Antonio Balermino Park	2,288
	West Evergreen Park	1,562
Council District 10:	Allen at Steinbeck School Soccer Field	2,166
City-Wide:	City-wide FMC Property Loan Repayment	8,000
	Coleman Soccer Fields	2,339
	Coy Park Playground Renovation	600
Library:	Materials Handling Technology	2,600
	Branch Libraries FF&E	648
	Acquisition of Materials	637
Total		\$25,326

Explanations for projects with significant variances are summarized below and organized by each Construction and Conveyance Tax Fund.

- o The Mise Park Sports Field Development project had an expenditure variance of \$822,000 due to a favorable bid environment resulting in the bids received being significantly lower than the engineer's estimate. As part of the 2013-2014 budget process, a total of \$775,000 was reallocated from the project budget to a corresponding reserve, which can be used for future needs at Mise Park Sports Field.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

Expenditure Performance

- The TRAIL: Lower Guadalupe River (Gold Street to Highway 880) project had an expenditure variance of \$1.8 million due to the construction contract award being lower than estimated, resulting in project savings. Funding was rebudgeted as part of the 2013-2014 Adopted Capital Budget, but as the project is complete and funds are no longer needed, this report includes a recommendation to eliminate the funding in 2013-2014.
- The TRAIL: Bay Trail Reach 9B Design project had an expenditure variance of \$550,000 due to the third-party review and approval of the project's environmental documents taking longer than anticipated. The necessary review process extended the schedule and has delayed further work on preparation of construction documents. It is anticipated for work to resume on the construction documents in 2013. This expenditure variance was anticipated and rebudgeted as part of the 2013-2014 budget process.
- The TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680) project had an expenditure variance of \$1.3 million due to the project being delayed as a result of a new consultant hired to address a more complex set of project issues than had been initially anticipated. This expenditure variance was anticipated and rebudgeted as part of the 2013-2014 Adopted Capital Budget.
- The Roberto Antonio Balermino Park had an expenditure variance of \$2.3 million due to a delay in completing the construction documents for the project. The project design was altered to create a more visually dynamic space and to enhance the play experiences at the park. An expenditure variance of \$2.5 million was anticipated and rebudgeted as part of the 2013-2014 budget process. An additional budget adjustment is recommended as part of this report to reduce the project (\$174,000) as part of the rebudget true-up adjustments.
- The West Evergreen Park project had an expenditure variance of \$1.6 million due to a delay in the project beginning construction. The project is currently anticipated to begin construction in December 2013 and complete in August 2014. A recommendation is included in this report to rebudget the unexpended funds to 2013-2014.
- The Allen at Steinbeck School Soccer Field project had an expenditure variance of \$2.2 million due to a delay related to a change in the project scope to add an additional soccer field. The construction drawings for this project are currently with the Department of State Architect for review. Construction of the soccer fields is anticipated to begin in spring 2014 and be completed in fall 2014. A recommendation is included in this report to rebudget the unexpended funds to 2013-2014.

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CONSTRUCTION AND CONVEYANCE TAX FUNDS

Expenditure Performance

- The City-wide FMC Property Repayment project had an expenditure variance of \$8.0 million as this appropriation, which had been established to repay a portion of the loan associated with the FMC Property, was not necessary in 2012-2013. As described in the Revenue Performance section, this funding was not needed in 2012-2013 because the FMC property was not sold, and this funding is not recommended to be rebudgeted to 2013-2014 as part of this report. However, if this appropriation and the associated interfund loan transfer from the Subdivision Park Trust Fund are needed, actions will be brought forward as part of a City Council memorandum or as part of a future budget process for City Council consideration.
- The Coleman Soccer Fields project had an expenditure variance of \$2.3 million due to a delay in beginning the construction phase of the soccer fields. Issues related to storm water, environmental, grading, and drainage at the site took longer than anticipated. However, it is currently anticipated that construction will begin soon, and the project will be completed by summer 2014. A recommendation is included in this report to rebudget the unexpended funds to 2013-2014.
- The Coy Park Playground Renovation had expenditure variance of \$600,000 due to the design phase for the project being funded from the Park Trust Fund. The construction phase of the project (which will be funded from the Parks City-Wide C&C Tax Fund) is currently anticipated to begin in fall 2013 and be completed in summer 2014. This expenditure variance was anticipated and rebudgeted as part of the 2013-2014 Adopted Capital Budget.
- The Materials Handling Technology project to improve the efficiency of the checkout and check-in process at branch libraries has been delayed as the Library administration continues to research the current Radio Frequency Identification technology and assess if the efficiencies created would be cost effective and to ensure that this project aligns with the strategic priorities of the Library Department. This expenditure variance (\$2.6 million) was anticipated and rebudgeted as part of the 2013-2014 budget process.
- The Branch Libraries Fixtures, Furnishings and Equipment (FF&E) allocation provides funding to purchase the necessary fixtures, furnishings, and equipment for new and remodeled General Obligation Bond-funded libraries. This project had an expenditure variance of \$648,000 in 2012-2013, of which \$200,000 was anticipated and rebudgeted as part of the 2013-2014 Adopted Capital Budget. The remaining unexpended funds (\$448,000) are recommended to be rebudgeted to 2013-2014 as part of this report.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

Expenditure Performance

- The Acquisition of Materials allocation provides funding for new materials at all library facilities to adequately provide new and popular materials to meet the demands and needs of the community. This project had an expenditure variance of \$637,000, of which \$550,000 was anticipated and rebudgeted as part of the 2013-2014 Adopted Capital Budget.

The 2012-2013 expenditure level of \$49.3 million was \$8.0 million above the 2011-2012 expenditure level of \$41.3 million. This variance is primarily the result of a higher C&C Tax collection level in 2012-2013 compared to 2011-2012, which resulted in higher expenditure transfers from the Parks Central C&C Tax Fund to the ten Council Districts and Parks City-Wide C&C Tax Funds. In addition, a one-time transfer from the Council District 4 C&C Tax Fund to the Subdivision Park Trust Fund occurred in 2012-2013 (\$845,000). Funding was received from Pacific Gas and Electric (PG&E) for an expanded easement on City-owned property. However, since this property was donated to the City from a developer in lieu of parkland fees, revenue received from the easement is required to be allocated in the Subdivision Park Trust Fund for future land acquisition costs in the surrounding area.

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact*	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$130,609	\$62,029	\$78,699	\$16,670	(\$9,061)	\$7,609	6.2%

* Although not included as a recommendation in this report, the amount listed also includes early rebudgets that were approved by the City Council on August 27, 2013.

The 2012-2013 Ending Fund Balance of \$78.7 million was \$16.7 million above the estimate used to develop the 2013-2014 Adopted Capital Budget. This variance was due primarily to lower than anticipated project expenditures (\$18.6 million) and higher than anticipated Construction and Conveyance Tax revenue (\$4.4 million), partially offset by lower than anticipated transfers between funds (\$5.6 million) and grant revenue (\$562,000). A significant portion of expenditure savings are recommended for rebudget as part of this report (\$8.6 million), which in conjunction with the \$495,000 rebudgeted as part of the City Council memorandum approved on August 27, 2013, brings the revised Ending Fund Balance variance to \$7.6 million.

As described in more detail in the General Obligation Bond Funds discussion contained elsewhere within this section of the Annual Report, an internal reconciliation of the Branch Library Bond Projects Fund revealed approximately \$4.0 million of expenditures that occurred in prior years that are not eligible for reimbursement from bond proceeds. Since these expenses could not be submitted to the bond trustee for reimbursement, this had the effect of creating a negative balance of \$4.0 million in the Library Bond Fund. Recent capital expenditures of approximately \$621,000 that were paid from the

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CONSTRUCTION AND CONVEYANCE TAX FUNDS

Library C&C Fund have been deemed to be reimbursable from bond proceeds. Actions included in this report, therefore, transfer \$621,000 to and from the Library C&C Fund and the Branch Library Bond Projects Fund to appropriately align expenditures and to allow for bond reimbursement for these expenses, thereby lowering the outstanding amount of non-reimbursable expenditures to \$3.4 million.

Further, due to higher than anticipated C&C revenues received in 2012-2013, a recommendation is also included to establish an Ineligible Branch Libraries Bond Projects Reserve in the amount of \$625,000 for future transfer to the Library Bond Fund. The 2015-2019 Capital Improvement Program will include a recommendation to transfer funds from the Library C&C Fund to the Library Bond Fund. This transfer will fund the construction of capital projects in the Library Bond Fund that are eligible for reimbursement from bond proceeds. Over the next several years, these transfers will allow for the construction of a variety of bond-eligible improvements at the City's branch libraries, while simultaneously allowing a phased pay down of the outstanding \$3.4 million in Library Bond Fund capital expenditures that have been determined as ineligible to be reimbursed from bond proceeds. It should be noted that transferring C&C funding to the Library Bond Fund limits the ability of the Library Capital Program to fund non-construction activities such as books and materials.

This report also includes recommended adjustments totaling \$1.7 million in several Construction and Conveyance Tax funds to allocate new funding to various projects, including the Reserve: Facilities Improvements (Fire Construction and Conveyance Tax Fund - \$620,000), Rancho del Pueblo Netting Replacement (Parks City-Wide Construction and Conveyance Tax Fund - \$319,000), Copper Wire Replacement (Parks City-Wide Construction and Conveyance Tax Fund - \$288,000), Happy Hollow Park and Zoo Minor Renovations (Parks City-Wide Construction and Conveyance Tax Fund - \$197,000), TRAIL: Three Creeks Interim Improvements and Trestle Bridge (Parks City-Wide Construction and Conveyance Tax Fund - \$188,000), Calabazas Basketball Court Renovation (Council District 1 Construction and Conveyance Tax Fund - \$70,000), Facilities Improvements (Fire Construction and Conveyance Tax Fund - \$32,000), and the Family Camp Master Plan (Parks City-Wide Construction and Conveyance Tax Fund - \$30,000). Information on these adjustments can be found in Section IV of this report, Recommended Budget Adjustments and Clean-up Actions. The remaining fund balance is recommended to be allocated to the respective funds' 2013-2014 Ending Fund Balance for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$68,347	\$55,292	(\$13,055)	(19.1%)
Expenditures	\$72,452	\$43,527	(\$28,925)	(39.9%)

Revenue Performance

In 2012-2013, revenues totaled \$55.3 million and were generated primarily from the following: Construction Excise Tax (\$17.8 million), miscellaneous revenue (including Traffic Impact Fees) (\$15.0 million), State grants (\$9.3 million), federal grants (\$5.8 million), other agencies receipts (\$5.6 million), and Valley Transportation Authority (\$1.6 million). The 2012-2013 revenues were lower than the modified budget by \$13.1 million primarily due to lower receipts of federal grants (\$9.5 million) and State grants (\$4.9 million), partially offset by higher than estimated receipts of miscellaneous revenue (\$1.5 million) and Construction Excise Tax (\$838,000).

While revenue from the Federal Government came in \$9.5 million lower than budgeted, this variance was largely assumed in the development of the 2013-2014 Adopted Capital Budget. Of this variance, Pavement Maintenance – State Route Relinquishment (\$5.8 million) was rebudgeted to 2013-2014 and Pavement Maintenance – Federal (\$1.7 million) was assumed to be received in 2014-2015 in the 2014-2018 Capital Improvement Program (CIP). State grants came in lower than budgeted (\$4.9 million) due primarily to decreased State Gas Tax receipts.

Construction Excise Tax collections exceeded the budgeted level by \$838,000 due to higher than estimated issuances of residential multi-unit permits, as well as commercial valuation. At \$17.8 million, 2012-2013 Construction Excise Tax receipts were slightly below (1.1%) the strong collection level of \$18.0 million in 2011-2012. The 2013-2014 Adopted Budget estimate of \$14.0 million does not assume a continuation of such high collection levels and allows for a decrease of 21% from 2012-2013 actual tax receipts. However, the sustainability of the 2012-2013 collection level will be monitored as the year progresses, and an upwards adjustment to the 2013-2014 budgeted revenue estimate may be brought forward for City Council consideration based on actual 2013-2014 performance.

Miscellaneous revenues of \$15.0 million were \$1.5 million higher than budgeted primarily due to Route 101/Oakland Mabury Traffic Impact Fee collections (\$868,000) and a Transfer from the Economic Development Enhancement Fund (\$450,000). The Traffic Impact Fee revenue is only budgeted after it is received, and its use is restricted to the areas for which the fees are collected. With the close out of the Economic Development Enhancement Fund in 2012-2013, \$450,000 that was included in the Construction Taxes Incentive Program Reserve was transferred to the Construction Excise Tax Fund. These funds were originally set aside to reduce the impact to the Traffic Capital Improvement Fund of suspending the collection of construction taxes on tenant improvements and equipment installations for

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CONSTRUCTION EXCISE TAX FUND

Revenue Performance

research and development uses, data center uses, and installation of solar photovoltaic systems as approved by the City Council on January 31, 2012.

The 2012-2013 collection level of \$55.3 million was \$12.2 million (28.4%) higher than the 2011-2012 level of \$43.1 million primarily due to higher miscellaneous revenue (\$7.3 million), other agencies (\$5.5 million), and federal grants (\$4.3 million), partially offset by lower collections in State grants (\$4.5 million) and developer contributions (\$392,000).

Expenditure Performance

In 2012-2013, expenditures of \$43.5 million were primarily attributed to Pavement Maintenance – State Gas Tax (\$13.6 million), Pavement Maintenance – Federal (\$4.9 million), Pavement Maintenance – Measure B (\$4.4 million), Montague Expressway North San José – County Settlement Agreement (\$4.0 million), transfers to the General Fund for general purpose and pavement maintenance activities (\$2.8 million), American Disability Act Sidewalk Accessibility Program (\$1.7 million), Montague Expressway Improvements (\$1.6 million), BART Design and Construction (\$839,000), Prop 111 Congestion Management (\$784,000), City-Wide and Public Works Capital Support Costs (\$760,000), Santa Clara/Alum Rock Bus Rapid Transit (\$675,000), Traffic Flow Management and Signal Retiming (\$500,000), and numerous other projects with total expenditures less than \$500,000.

The 2012-2013 expenditure level of \$43.5 million was \$28.9 million (39.9%) below the modified budget. This variance was primarily attributable to the following projects: Pavement Maintenance - State Route Relinquishment (\$5.8 million), Pavement Maintenance – State Gas Tax (\$4.5 million), Pavement Maintenance - City (\$3.5 million), Pavement Maintenance – Federal (\$2.3 million), Bicycle and Pedestrian Facilities (\$1.6 million), Recovery Act – Street Resurfacing and Rehabilitation (\$1.5 million), Prop 1B Street Maintenance (\$1.2 million), Route 101/Mabury Land Acquisition, and Autumn Street Extension (\$1.0 million), Pavement Maintenance – Measure B (\$616,000), Coyote Creek Trail (\$500,000), and other projects totaling \$6.4 million all with variances below \$500,000. These expenditure variances were primarily due to delays in projects. The delays resulted from several factors including issues with granting agencies, competing workload demands, unexpected complications in the design/construction process, and procurement issues. Of the \$28.9 million in expenditure savings, \$14.3 million was rebudgeted and an additional \$3.8 million was anticipated and redistributed to other projects as part of the 2013-2014 Adopted Capital Budget. A total of \$8.7 million is recommended for rebudget in this report offset by ending fund balance and revenue, to ensure sufficient funding for existing projects in 2013-2014.

The 2012-2013 expenditure level of \$43.5 million was \$10.8 million (33.0%) higher than the 2011-2012 level of \$32.7 million primarily due to higher Pavement Maintenance – Measure B (\$4.4 million),

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CONSTRUCTION EXCISE TAX FUND

Expenditure Performance

Pavement Maintenance – Federal (\$4.2 million), Montague Expressway NSJ – County Settlement Agreement (\$4.0 million), Pavement Maintenance – State Gas Tax (\$2.4 million), ADA Sidewalk Accessibility Program (\$1.5 million), Montague Expressway Improvements (\$1.1 million), partially offset by lower expenditures for Prop 1B – Pavement Maintenance (\$2.9 million), Capitol Expressway: Story Road and Aborn Road Improvements (\$1.3 million), Bicycle and Pedestrian Facilities (\$819,000), Automated Transit Network (\$694,000), and Pavement Maintenance – City (\$590,000).

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$116,876	\$50,773	\$61,383	\$10,610	(\$6,948)	\$3,662	3.1%

The 2012-2013 Ending Fund Balance of \$61.4 million was \$10.6 million above the estimate used to develop the 2013-2014 Adopted Capital Budget. This variance was due to expenditure savings (\$13.0 million), partially offset by lower revenues (\$2.4 million).

It is recommended that a portion of the additional fund balance be allocated to rebudget funds for various capital projects (\$7.1 million) to ensure sufficient funding for project continuation in 2013-2014 including Pavement Maintenance – Federal (\$2.3 million), Pavement Maintenance – City (\$1.5 million), Pavement Maintenance – State Gas Tax (\$1.4 million), Pavement Maintenance – Measure B (\$1.0 million), Bicycle and Pedestrian Facilities (\$779,000), Capitol Expressway – Story and Aborn Improvements (\$296,000), and \$1.6 million in various other projects totaling less than \$250,000. Downward adjustments of \$172,000, including Prop 1B – Pavement Maintenance (\$120,000), Safety – Signs and Markings (\$28,000), Walk n Roll (\$13,000), Diridon Station Planning (\$11,000) are recommended since several projects did not achieve the 2012-2013 assumed savings. Revenue supported rebudgets totaling \$1.8 million are also recommended primarily attributable to One Bay Area Grant – Pavement Maintenance – Federal (\$1.7 million) for the STP project originally scheduled to be completed in 2012-2013 and delayed due to weather. This project is scheduled to be completed in 2013-2014.

In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes recommendations to: increase the Safe Access San José Revenue by \$186,000 and appropriate these funds to the Safe Access San José project to award the Leigh and Dry Creek intersection improvements in 2013-2014; and increase the Earned Revenue for the State of California by \$150,000 and appropriate these funds to the Street Tree Inventory project to complete the project. This report also includes recommendations to increase the Reserve – Route

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CONSTRUCTION EXCISE TAX FUND

101/Oakland Mabury Traffic Impact Fees by \$868,000 to recognize traffic impact fees collected in May 2013 from developers and increase the North San José Deficiency Plan Improvements appropriation by \$94,000 for sidewalks, bus shelters, bike lanes, and other improvements in North San José. After accounting for all recommended rebudgets and adjustments, approximately \$2.7 million will be added to the Ending Fund Balance for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONVENTION AND CULTURAL AFFAIRS FUND

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$41,791	\$31,275	(\$10,516)	(25.2%)
Expenditures	\$46,392	\$33,582	(\$12,810)	(27.6%)

Revenue Performance

In 2012-2013, revenues totaling \$31.3 million were generated from operating revenues from the City's convention facilities (\$22.9 million) as managed by Team San José, transfers from the Transient Occupancy Tax (TOT) Fund (\$7.2 million), proceeds from City National Bank for naming rights to the Civic Auditorium and Center for the Performing Arts (\$1.2 million), and interest earnings (\$9,000). The 2012-2013 revenues fell short of the budget estimate by \$10.5 million (25.2%) primarily due to a delay in the need to issue commercial paper related to the Convention Center Expansion/Renovation project (\$10.0 million), which will instead be issued in 2013-2014, combined with a technical accounting adjustment of prior year accounts receivables related to this fund (\$924,000).

The 2012-2013 revenues tracked 21.1% (\$5.4 million) above the 2011-2012 level of \$25.8 million due to increases in operating revenues from the City's convention facilities (\$3.5 million), naming rights revenue from City National Bank (\$1.2 million), and the transfer from the TOT Fund (\$774,000).

TOT receipts recognized in the TOT Fund are allocated according to the Council-approved distribution formula to three program categories (San Jose Convention and Visitors Bureau, Cultural Development, and Convention Facilities Operation Subsidy through a transfer to the Convention and Cultural Affairs Fund). As actual TOT receipts ended 2012-2013 approximately \$30,000 above budgeted levels, a recommendation is included in this document, according to the Council-approved distribution formula, to increase the 2013-2014 transfer from the TOT Fund to the Convention and Cultural Affairs Fund by \$14,900. For more information on the 2012-2013 performance of the TOT Fund, please refer to the TOT Fund in this section of the document.

Expenditure Performance

In 2012-2013, expenditures of \$33.6 million were primarily attributed to costs associated with operating the Convention Center and cultural facilities (\$26.8 million); fixtures, furnishings and equipment (FF&E) to outfit the expanded and remodeled Convention Center (\$1.8 million); a variety of miscellaneous capital repairs and replacements (\$1.4 million); and a Transfer to the General Fund (\$1.2 million) for Team San José contract oversight, City overhead, cultural facility cost-sharing, and Mexican Heritage Plaza support. Total expenditures were \$12.8 million (27.6%) below the modified budget primarily because commercial paper proceeds (\$10.0 million) were not yet required to pay the contractor

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONVENTION AND CULTURAL AFFAIRS FUND

Expenditure Performance

for work on the Convention Center Expansion/Renovation project. Other significant savings included Civic Auditorium/Center for the Performing Arts Marketing and Capital Improvement (\$870,000), FF&E (\$754,000), Miscellaneous Improvements & Repairs (\$263,000), and Commercial Paper Debt Service (\$222,000). A portion of the \$12.8 million in expenditure savings was anticipated and rebudgeted as part of the development of the 2013-2014 Adopted Budget (\$10.5 million); additional rebudgets of \$1.6 million are recommended and discussed further below.

Expenditures in this fund were 28.1% above the 2011-2012 level of \$26.2 million due primarily to higher Convention Facilities Operations expenses (\$4.6 million) based on the higher activity level, FF&E (\$1.6 million), and Miscellaneous Improvements & Repairs (\$800,000).

When the 2012-2013 Budget was developed, it was assumed that revenues and expenditures would be negatively impacted by the Convention Center Expansion/Renovation project. However, due to an improving economy and Team San José's ability to grow labor and food and beverage revenue and generate short-term bookings, activity at the Convention Center greatly outperformed original expectations. With the grand opening of the Convention Center occurring in fall 2013, activity is expected to remain high in 2013-2014.

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustment Impact*	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$50,685	\$4,850	\$6,606	\$1,756	(\$1,576)	\$180	0.4%

* Although not included as a recommendation in this report, the amount listed also includes early rebudgets that were approved by the City Council on August 27, 2013.

The 2012-2013 Ending Fund Balance of \$6.6 million was \$1.8 million above the estimate used to develop the 2013-2014 Adopted Budget. This variance was due to facility revenues that were higher than the estimates used in the development of the 2013-2014 Budget (\$1.4 million) and lower than anticipated expenditures (\$376,000).

It is recommended that unexpended funds for Fixtures, Furnishing and Equipment (\$754,000), Civic Auditorium/Center for the Performing Arts Marketing and Capital Improvement (\$470,000), and Miscellaneous Improvements & Repairs (\$263,000) be rebudgeted as part of the actions included in this report. Combined with the early rebudget of \$89,000 for Center for Performing Arts improvements, the total amount of unexpended funds recommended for rebudget into 2013-2014 is \$1.6 million.

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CONVENTION AND CULTURAL AFFAIRS FUND

Actions also included in this report recommend allocating \$140,000 of remaining fund balance to the Center for Performing Arts Improvements to pay for the abatement of unexpected asbestos encountered during the upgrade of the fire protection system. An additional \$140,000 is recommended for Miscellaneous Improvements & Repairs to fund integration of the heating and cooling system software across several cultural facilities, and the purchase of replacement trash cans. The \$140,000 adjustment is recommended to be funded from the remaining additional fund balance (\$40,000) and the Capital Reserve (\$100,000). Combined with the original budget of \$250,000 and the recommended rebudget of \$263,000, the budget available for Miscellaneous Repairs and Improvements in 2013-2014 will total \$653,000. The 2013-2014 remaining fund balance would remain relatively unchanged at \$1.1 million.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

GENERAL OBLIGATION BOND FUNDS

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$12,157	\$4,003	(\$8,154)	(67.1%)
Expenditures	\$29,575	\$19,660	(\$9,914)	(33.5%)

Revenue Performance

The General Obligation Bond (G.O. Bond) Funds consist of the Branch Libraries Bond Projects Fund, Neighborhood Security Act Bond Fund, and Parks and Recreation Bond Projects Fund. All G.O. Bond proceeds have already been issued for the Parks and Recreation Bond Projects Fund; however, \$5.9 million remains to be issued for the Branch Library Bond Projects Fund and \$3.3 million remains to be issued for the Neighborhood Security Act Bond Fund. It is currently anticipated that the remaining G.O. Bond proceeds will be issued in 2013-2014. In 2012-2013, revenues totaled \$4.0 million and were generated primarily from miscellaneous revenues (\$2.5 million), transfers from the General Fund and the Construction and Conveyance Tax Fund (\$690,000), two grants from the State of California related to the Guadalupe River Trail (\$652,000) and interest earnings (\$187,000). The negative revenue variance of \$8.2 million (67.1%) primarily represents lower than estimated Library bond proceeds (\$5.9 million) and Public Safety bond proceeds (\$3.4 million). Library Bond Fund miscellaneous revenues of \$2.5 million were higher than the budgeted revenue by \$469,000. The variance is directly related to the revenue from the sale of the original Bascom Branch land site of \$2.5 million that was higher than budgeted estimate by \$469,000 (23%).

The 2012-2013 revenue of \$4.0 million was \$1.9 million above the 2011-2012 total of \$2.1 million. This increase is primarily due to the sale of the original Bascom Branch land site, partially offset by lower transfers and interest earnings.

Expenditure Performance

Expenditures in the G.O. Bond Funds totaled \$19.7 million and were broken down as follows: Public Branch Libraries Bond Projects Fund (\$3.0 million); Neighborhood Security Act Bond Fund (\$2.4 million); and Parks and Recreation Bond Projects Fund (\$14.3 million). Expenditures in 2012-2013 were \$9.9 million (33.5%) below the modified budget due primarily to unexpended capital project funds. Of the \$9.9 million expenditure variance, \$6.0 million was attributable to savings in the Fire Station 21 Relocation (\$4.0) and Soccer Complex (\$2.0 million) appropriations. Construction of Fire Station 21 was expected to begin in 2012-2013, but it has experienced delays in the design process; the construction is now scheduled for award this winter. The Soccer Complex project variance is due to project delays as a result of design changes that differed from the original bid. The project is currently scheduled to be completed by the end of 2014.

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GENERAL OBLIGATION BOND FUNDS

Expenditure Performance

The majority of the savings in the Bond Funds were anticipated and either rebudgeted to 2013-2014 as part of the 2013-2014 Adopted Capital Budget or redistributed to other projects. Additional budget adjustments are recommended in this report to reduce projects as part of rebudget true-up adjustments and to rebudget savings to 2013-2014 to allow for completion of projects. After the rebudget adjustments that were included in the 2013-2014 Adopted Capital Budget and the rebudget adjustments recommended in this report are considered, the expenditure variance will total \$3.0 million (10.3%).

Expenditures in the G.O. Bond Funds in 2012-2013 were \$6.4 million higher than expenditures in 2011-2012. This increase in expenditures is primarily the result of several projects having significant expenditures in 2012-2013, including Fire Station 21 Relocation, Soccer Complex, and Southeast Branch.

An internal reconciliation of the Branch Library Bond Projects Fund revealed approximately \$4.0 million of expenditures that occurred in prior years that are not eligible for reimbursement from bond proceeds: \$2.3 million resulting from a clerical error related to the Alum Rock land purchase, \$1.4 million in past program management costs, and \$350,000 for Public Works capital program support. These expenses were originally paid from other funds and reimbursed from the Library Bond Fund. However, since these expenses could not be submitted to the bond trustee for reimbursement, this had the effect of creating a negative balance of \$4.0 million in the Library Bond Fund. Recent capital expenditures of approximately \$621,000 that were paid from the Library Construction and Conveyance (C&C) Tax Fund have been deemed to be reimbursable from bond proceeds. Actions included in this report, therefore, transfer \$621,000 to and from the Library C&C Fund and the Branch Library Bond Projects Fund to appropriately align expenditures and to allow for bond reimbursement for these expenses, thereby lowering the outstanding amount of non-reimbursable expenditures to \$3.4 million.

This remaining negative balance will be eliminated within a period no longer than five years by shifting the budgeting for bond-eligible projects from the Library C&C Fund to the Library Bond Fund. Due to higher than anticipated C&C revenues received in 2012-2013, a recommendation is included in the Library C&C Fund to establish an Ineligible Branch Libraries Bond Projects Reserve in the amount of \$625,000 for future transfer to the Library Bond Fund. The 2015-2019 Capital Improvement Program will include a recommendation to transfer funds from the Library C&C Fund to the Library Bond Fund. This transfer will fund the construction of capital projects in the Library Bond Fund that are eligible for reimbursement from bond proceeds. Over the next several years, these transfers will allow for the construction of a variety of bond-eligible improvements at the City's branch libraries, while simultaneously allowing a phased pay down of the outstanding \$3.4 million in Library Bond Fund capital expenditures that have been determined as ineligible to be reimbursed from bond proceeds. It should be noted that transferring C&C funding to the Library Bond Fund limits the ability of the Library Capital Program to fund non-construction activities such as books and materials. For additional

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GENERAL OBLIGATION BOND FUNDS

Expenditure Performance

information, please refer to the Construction and Conveyance Tax Funds discussion contained elsewhere within this section of the Annual Report.

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact*	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$65,925	\$35,932	\$38,387	\$2,455	(\$789)	\$1,666	2.5%

* Although not included as a recommendation in this report, the amount listed also includes early rebudgets that were approved by the City Council on August 27, 2013.

The 2012-2013 Ending Fund Balance of \$38.4 million was \$2.5 million above the estimate used to develop the 2013-2014 Adopted Capital Budget. This variance was primarily due to lower than anticipated project expenditures (\$1.8 million) and higher than anticipated grant revenue (\$624,000). A portion of expenditure savings are recommended for rebudget as part of this report (\$176,000), which in conjunction with the \$613,000 rebudgeted as part of the City Council memorandum approved on August 27, 2013, brings the revised Ending Fund Balance variance to \$1.7 million (2.5%).

In addition to other budget adjustment actions, this report also recommends increasing the Fire Station 21 Relocation appropriation by \$765,000. A construction award for this project was initially expected to occur in spring 2013, with a corresponding budget increase to align the project budget with the construction cost estimate. With the project now expected to be awarded in the winter, a budget adjustment is recommended in this report to align with the estimated project cost.

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GENERAL PURPOSE PARKING FUND

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$11,584	\$12,145	\$562	4.8%
Expenditures	\$16,054	\$13,221	(\$2,832)	(17.6%)

Revenue Performance

In 2012-2013, revenues of \$12.1 million were generated from parking garages and lots (\$9.6 million), parking meters (\$2.4 million), miscellaneous revenue (\$48,000), interest earnings (\$34,000), and a transfer from the Parking Capital Development Revenue Fund (\$19,000). The 2012-2013 revenues exceeded the 2012-2013 budget by approximately \$562,000 (4.8%), primarily due to higher than budgeted revenues from parking garages and lots (\$398,000) and parking meters (\$141,000).

The revenue generated from parking activity in 2012-2013 was \$374,000 (3.2%) above the 2011-2012 revenues of \$11.8 million primarily due to higher revenue from parking garages and lots (\$565,000) and parking meters (\$269,000), offset by lower revenue from San José Redevelopment Agency facilities (\$374,000) and a lower transfer from the Parking Capital Development Fund (\$134,000). The increase is partially attributable to additional revenue generated at the Market Street/San Pedro Garage (\$264,000) associated with increased activity at this facility and the Convention Center Garage (\$72,400), as this facility was impacted less by the Convention Center Renovation and Expansion project than originally anticipated.

Expenditure Performance

In 2012-2013, expenditures of \$13.2 million were primarily attributed to Department of Transportation (DOT) non-personal/equipment (\$5.1 million), debt service payments for the 4th and San Fernando garage (\$3.4 million), DOT personal services (\$1.9 million), garage elevator updates (\$694,000), and transfers to the General Fund (\$497,000). Expenditures were \$2.8 million (17.6%) below the modified budget, with the variance primarily due to savings in various capital projects (\$2.6 million), DOT non-personal/equipment (\$68,000), Public Works Department personal services (\$43,000), and DOT personal services (\$38,000). Savings in the Parking Capital Program were primarily due to various timing delays and \$2.3 million of these savings were rebudgeted to 2013-2014 as part of the 2013-2014 Adopted Capital Budget. Savings in the DOT Non-Personal/Equipment appropriation were attributable to lower costs for contractual services, supplies and materials, and electricity, and savings in the Public Works and DOT Personal Services appropriations were generated by lower than budgeted overtime expenses and higher than anticipated vacancy levels.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

GENERAL PURPOSE PARKING FUND

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$25,490	\$12,044	\$13,066	\$1,022	\$0	\$1,022	4.0%

The 2012-2013 Ending Fund Balance of \$13.1 million was \$1.0 million above the estimate used to develop the 2013-2014 Adopted Budget. This variance was primarily due to higher than anticipated revenues from parking garages and lots, and savings in various capital, personal services, and non-personal/equipment expenditures.

Included in this document is a recommendation to increase the Successor Agency to Redevelopment Agency (SARA) appropriation by \$44,000 to allow for the transfer of additional revenues generated by the SARA parking lots that are managed by the City (Almaden/Balbach, San Pedro/Bassett, and South Hall). Actual 2012-2013 revenue from the South Hall and Almaden/Balbach parking lots exceeded estimates, and revenue from the San Pedro/Bassett parking lot from January 2011 to July 2013 was not previously included.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$124,979	\$122,534	(\$2,446)	(2.0%)
Expenditures	\$130,392	\$126,369	(\$4,023)	(3.1%)

Revenue Performance

In 2012-2013, revenues totaled \$122.5 million and were generated from the following: Recycle Plus Collection Charges (\$105.4 million), Lien-Related Charges (\$6.7 million), AB939 Fees (\$5.3 million), a one-time payment from the New Market Tax Credit (NMTC) Proceeds/Reimbursements (\$2.7 million), Construction and Demolition Diversion Deposit (CDDD) Ineligible Refunds (\$1.2 million), and other sources of revenue (\$1.7 million). The 2012-2013 revenues fell short of the budget by \$2.4 million (2.0%) primarily due to lower NMTC Proceeds/Reimbursement (\$2.1 million) and lower than expected Lien-Related Charges (\$481,000). The delay of the Environmental Innovation Center (EIC) project located on Las Plumas Avenue has delayed NMTC proceeds. The EIC advances the City's commitment to San José's Green Vision with a 10,000 square foot permanent Household Hazardous Waste drop-off facility, a Clean Technology Demonstration Center, conference space, and a Habitat for Humanity ReStore to sell discounted, new, and surplus construction materials.

This 2012-2013 revenue collection level was \$15.1 million (11.0%) below the 2011-2012 level of \$137.7 million primarily due to the one-time NMTC Transaction – 1 day loan payment (\$8.0 million), one-time EIC-Ground Lease payment (\$8.0 million), and one-time NMTC Proceeds – First Draw payment (\$4.7 million) that occurred in 2011-2012, partially offset by a one-time NMTC Proceeds/Reimbursement (\$2.7 million) payment and higher than anticipated AB939 Fees (\$2.0 million) in 2012-2013.

Expenditure Performance

In 2012-2013, expenditures of \$126.4 million were primarily attributed to the Single-Family Dwelling Recycle Plus contracts (\$49.7 million), Yard Trimmings/Street Sweeping contract (\$22.5 million), Multi-Family Dwelling Recycle Plus contracts (\$17.2 million), Household Hazardous Waste Las Plumas Facility (\$7.2 million), IDC Disposal Agreement (\$8.6 million), Environmental Services Department (ESD) Personal Services (\$6.3 million) and Non-Personal/Equipment (\$4.0 million) appropriations.

In 2012-2013, expenditures were \$4.0 million (3.1%) below the modified budget. The most significant savings were in the Household Hazardous Waste Las Plumas Facility (\$2.3 million) due to project delays, and ESD Non-Personal/Equipment (\$1.1 million) appropriations. While actual savings of \$2.26 million were realized in the Household Hazardous Waste Las Plumas Facility appropriation, \$4.7 million was rebudgeted as part of the 2013-2014 Adopted Operating Budget. This report includes a

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Expenditure Performance

recommendation to decrease the 2013-2014 Household Hazardous Waste Las Plumas Facility appropriation by \$2.4 million from \$4.7 million to \$2.3 million to reduce this over-rebudget based on actual 2012-2013 expenditures. The funding in the Household Hazardous Waste Las Plumas Facility is for furniture, fixtures and equipment for the Household Hazardous Waste Las Plumas Facility.

Expenditures in this fund, including transfers, were \$28.0 million (21.5%) below the 2011-2012 level of \$154.4 million due primarily to NMTC Transaction Leverage Loan (\$19.6 million), the NMTC Transaction One-Day Loan Repayment (\$8.0 million) and Household Hazardous Waste Las Plumas Facility (\$2.6 million) appropriation expenditures in 2011-2012, partially offset by higher Single-Family Recycle Plus (\$1.3 million), and Yard Trimmings/Street Sweeping (\$1.3 million) expenditures which occurred in 2012-2013.

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance from Estimate	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$134,264	\$7,478	\$7,787	\$309	\$4,958	5,267	3.9%

The 2012-2013 Ending Fund Balance of \$7.8 million was attributed to higher expenditure savings of \$9.3 million, partially offset by lower revenues of \$1.7 million. In 2012-2013, revenues fell short by approximately \$1.7 million compared to estimated levels primarily due to reimbursements that were not received from the NMTC Proceeds/Reimbursement (\$2.1 million), partially offset by higher lien related fees (\$221,000), recycle plus collection reimbursements (\$169,000), and CDDD Ineligible Refunds (\$160,000). Expenditures in 2012-2013 generated savings of approximately \$9.3 million primarily in the Household Hazardous Waste Las Plumas Facility (\$5.2 million) and ESD Non-Personal/Equipment (\$2.3 million) appropriations. The variance of \$309,000 from the 2012-2013 estimate was a result of lower revenues offset by higher expenditure savings.

As described in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes several recommendations. As part of the 2013-2014 Adopted Budget, savings of \$2.4 million for the Household Hazardous Waste Las Plumas Facility appropriation were anticipated and rebudgeted for finishing furniture and equipment expenditures. Due to an administrative error, this rebudget was approved for \$4.7 million. To correct this error and to align 2012-2013 actual expenditure savings of \$2.26 million, a downward adjustment of \$2.44 million to the Household Hazardous Waste Las Plumas Facility appropriation is included as part of the 2012-2013 reconciliation. Also, an AB939 settlement of \$880,530 that was available for the EIC project was anticipated to have savings of \$822,290 and was rebudgeted as part of the 2013-2014 Adopted Budget. However, actual

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expenditures were \$468,749, therefore, a downward adjustment of \$410,509 is recommended to the EIC (Misc Funding Sources) revenue estimate.

It is also recommended to rebudget revenue that is now anticipated to be received in 2013-2014 for the Safe Routes to Schools Creative Grant (\$6,000) and NMTC Proceeds/Reimbursements (\$2.1 million) for the Household Hazardous Waste Las Plumas Facility project. The fund balance will be increased by \$5.0 million with the recommended budget adjustments and clean-up actions.

While not reflected in the 2012-2013 Annual Report actions, on September 17, 2013, the City Council approved several actions related to the EIC project that impacted the Integrated Waste Management Fund. Due to construction delays and the original contractor's failure to appear at the construction site and subsequently filing Chapter 7 bankruptcy, the surety Liberty Mutual Insurance Company will be completing the EIC project. Additional funding of \$1.1 million will now be allocated to the renamed EIC (Misc Funding Sources) appropriation for construction costs. This additional funding was offset by a reduction to the HHW Las Plumas Facility (\$600,000), ESD Non-Personal/Equipment (\$318,000) and Ending Fund Balance (\$120,000), and additional HHW revenues from the County that are anticipated to be received in 2013-2014,

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LIBRARY PARCEL TAX FUND

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$7,517	\$7,714	\$197	2.6%
Expenditures	\$8,175	\$6,037	(\$2,138)	(26.2%)

Revenue Performance

In 2012-2013, revenues totaled \$7.7 million and were generated primarily from parcel tax revenue (\$7.7 million) and interest earnings (\$14,000). The 2012-2013 revenues exceeded the modified budget by \$197,000, or 2.6%, due to higher than budgeted parcel tax revenue.

Revenues in 2012-2013 were \$238,000 (3.1%) above the 2011-2012 level of approximately \$7.5 million due to higher Library Parcel Tax collections (\$237,000) and higher interest earnings (\$1,000). The increase in Library Parcel Tax collections is attributable to the 2012-2013 rate increase of 3.0% based on the Consumer Price Index (CPI) as approved by the City Council in June 2012 with an effective date of July 1, 2012.

Expenditure Performance

In 2012-2013, expenditures of \$6.0 million were primarily generated from Library Department Personal Services (\$3.0 million), Acquisition of Materials (\$1.9 million), Non-Personal/Equipment (\$534,000), and Automation Projects (\$514,000) appropriations. This expenditure level was \$2.1 million, or 26.2%, below the modified budget primarily due to savings in various appropriations such as Library Personal Services (\$861,000) given a high number of vacancies in the department, Automation Projects (\$610,000) due to procurement delays, and Acquisition of Materials (\$388,000) due to a priority realignment that resulted in staff focusing on purchasing collections for the new branch libraries rather than acquiring new materials for the system as a whole. This report includes a recommendation to rebudget \$300,000 for Acquisition of Materials to purchase new materials and supplement existing collections, increasing per capita holdings for residents. The rebudget brings the expenditure variance to \$1.8 million, or 22.5% in savings.

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LIBRARY PARCEL TAX FUND

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$14,504	\$7,685	\$8,668	\$983	(\$300)	\$683	4.7%

The 2012-2013 Ending Fund Balance of \$8.7 million was \$983,000 above the estimate used to develop the 2013-2014 Adopted Budget. This variance is primarily the result of the combined impact of the lower than estimated expenditures and higher than estimated revenues.

As discussed above, it is recommended that a portion of the additional fund balance be rebudgeted to Acquisition of Materials (\$300,000). The remaining fund balance of \$683,000 is recommended to be allocated to the 2013-2014 Ending Fund Balance for future use.

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PUBLIC WORKS PROGRAM SUPPORT FUND

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$12,822	\$13,519	\$697	5.4%
Expenditures	\$13,324	\$13,145	(\$179)	(1.3%)

Revenue Performance

In 2012-2013, revenues totaling \$13.5 million were primarily generated through Transfers from Capital Projects for Compensated Absences (\$7.0 million), Public Works Program Support (\$4.2 million), and Capital Program Support (\$2.3 million). The 2012-2013 revenues exceeded the budget estimate by \$697,000 due to higher than budgeted transfers for Public Works Program Support (\$423,000), Compensated Absences (\$181,000), and Capital Program Support (\$96,000), offset by lower than anticipated interest earnings (\$3,000). The 2012-2013 collection level was \$3.8 million (38.6%) above the 2011-2012 level of \$9.7 million due, in part, to increases in the Public Works Program Support (\$1.6 million) and Capital Program Support (\$893,000) rates applied to each capital program and an increase in the Compensated Absence rate (\$1.3 million) based on estimated absence and direct labor costs.

Included in this report is a recommended decrease of \$652,000 to the Transfers from Capital Program Support (\$193,000) and Public Works Program Support (\$459,000) revenue estimates in order to align revenues with estimated expenditures and ensure full cost recovery. This action would be offset by a reduction to the 2013-2014 Ending Fund Balance. As part of the development of the 2013-2014 Adopted Budget, higher than necessary expenditure estimates were inadvertently used to generate the revenue estimates for this fund.

Expenditure Performance

In 2012-2013, expenditures of \$13.1 million were primarily comprised of compensated time off (\$6.6 million), Public Works Department personal services (\$3.9 million), overhead (\$1.2 million), compensated absences liability (\$700,000), Public Works Department non-personal/equipment (\$495,000), and the Human Resources Department personal services (\$104,000). Overall, expenditure savings of \$179,000 (1.3%) primarily reflects unexpended funding for compensated time off (\$146,000) and Human Resources Department personal services costs (\$37,000). The expenditures in this fund were \$345,000 (2.7%) above the 2011-2012 level of \$12.8 million due primarily to higher Public Works Department personal services (\$248,000), overhead (\$240,000), compensated time off (\$140,000), and Public Works Department non-personal/equipment (\$89,000) costs, partially offset by lower transfers (\$217,000) and Valley Transportation Authority Collaboration expenditures (\$120,000).

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PUBLIC WORKS PROGRAM SUPPORT FUND

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance	Revised Variance (incl. Rebudget Adj.)
\$13,929	\$504	\$1,503	\$999	\$0	\$999	7.2%

The 2012-2013 Ending Fund Balance of \$1.5 million is \$999,000 (7.2%) above the estimate of \$504,000 used to develop the 2013-2014 Adopted Budget. This variance is primarily the result of the combined impact of the lower than estimated expenditures and higher than estimated revenues. As discussed above, a decrease to the 2013-2014 revenue estimate for Transfers is recommended in order to align revenues with estimated expenditures and will decrease the Ending Fund Balance by \$652,000. With the adjustments recommended in this report, it is estimated that the fund will have a remaining unrestricted fund balance of \$1.6 million for future use.

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SAN JOSE/SANTA CLARA TREATMENT PLANT CAPITAL FUND

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$39,703	\$41,826	\$2,123	5.3%
Expenditures	\$96,794	\$42,928	(\$53,866)	(55.6%)

Revenue Performance

In 2012-2013, revenues totaled \$41.8 million and were generated primarily from Transfers from the Sewer Service and Use Charge Fund (\$23.3 million) and the Sewage Treatment Plant Connection Fee (\$3.1 million), federal grants (\$7.7 million), contributions from the tributary agencies for equipment projects and debt service payments (\$4.8 million), SBWR Strategic Plan Contribution (\$1.2 million), Santa Clara Valley Water District contributions (\$1.0 million), Calpine MEC repayments (\$406,000), and interest earnings (\$322,000). This revenue level was \$2.1 million (5.3%) above the budgeted estimate, mainly due to higher receipts of grants from the U.S. Bureau of Reclamation (\$6.4 million), partially offset by lower than budgeted contributions from the Tributary Agencies (\$4.5 million). Contributions from the Tributary Agencies reflect the true cost of these Agencies' share of projects and equipment. Fluctuations in this revenue stream can be the result of billing cycles, project timing, and actual versus budgeted project costs.

The 2012-2013 collection level was \$1.4 million (3.0%) below the 2011-2012 level of \$43.2 million due primarily to lower contributions from the tributary agencies for equipment projects (\$4.7 million) and a lower transfer from the Sewer Service and Use Charge Fund (\$4.5 million) in 2012-2013, offset by higher U.S. Bureau of Reclamation Grant funds (\$7.3 million) and higher SBWR strategic plan contributions (\$1.2 million) in 2012-2013.

Expenditure Performance

In 2012-2013, expenditures of \$42.9 million were primarily attributed to capital improvement projects (\$27.5 million) and debt service payments (\$11.4 million). This expenditure level was \$53.9 million (55.6%) below budget. The largest projects included the Revised South Bay Action Plan – SBWR Extension (\$5.0 million), Plant Infrastructure Improvements (\$3.6 million), Treatment Plant Distributed Control System (\$2.4 million), SBWR Master Plan (\$2.0 million), Equipment Replacement (\$1.7 million), Plant Master Plan (\$1.6 million), Plant Backup Water Supply (\$1.5 million), and Plant Electrical Reliability (\$1.4 million). Projects with the largest amounts of unused funding at the end of 2012-2013 included Digester Rehabilitation (\$12.5 million), Headworks No. 2 Enhancement (\$6.7 million), Revised South Bay Action Plan - SBWR Extension (\$3.7 million), Secondary and Nitrification Clarifier Rehabilitation (\$3.2 million), Combined Heat and Power Technology Evaluation (\$2.5 million), and Plant Infrastructure Improvements (\$2.2 million). These projects were mainly delayed due

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SAN JOSE/SANTA CLARA TREATMENT PLANT CAPITAL FUND

Expenditure Performance

to staffing shortages and some procurement issues. Of the \$53.9 million in savings, approximately \$44.2 million was rebudgeted for use in 2013-2014 as part of the 2013-2014 Adopted Capital Budget. After accounting for these rebudgets, approximately \$9.6 million in savings remained at the end of 2012-2013. Additional net rebudgets of \$1.2 million are recommended in this document, thereby reducing the remaining expenditure variance to \$8.4 million.

Expenditures in this fund were \$5.9 million or 12.0% lower than the 2011-2012 level of \$48.8 million, primarily due to lower capital project expenditures resulting from staffing shortages and some procurement issues.

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustment)
\$167,245	\$118,373	\$127,270	\$8,897	(\$1,193)	\$7,704	4.6%

The 2012-2013 Ending Fund Balance of \$127.3 million was \$8.9 million above the estimate used to develop the 2013-2014 Adopted Budget. Of this Ending Fund Balance, total net rebudgets of \$1.2 million are recommended. The remaining variance of \$7.7 million is recommended to be allocated to the 2013-2014 Ending Fund Balance for future use. These funds are not recommended to be rebudgeted to 2013-2014 as a result of scope refinement for several projects including the SBWR System Reliability and Infrastructure Replacement (\$1.1 million), New Biosolids Facility (\$1.0 million), East Primary Rehabilitation, Seismic Retrofit, and Odor Control (\$1.0 million), Fine Bubble Membrane Diffuser Conversion (\$1.0 million), and Urgent and Unscheduled Treatment Plant Rehabilitation (\$815,000). In anticipation of the implementation of Package 2 projects, which include the Energy Generation Improvements and New Biosolids Facility projects, ESD is reprioritizing projects to maintain the funding levels that are programmed in the 2014-2018 Capital Improvement Program.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE/SANTA CLARA TREATMENT PLANT OPERATING FUNDS

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$208,549	\$214,918	\$6,369	3.1%
Expenditures	\$215,793	\$208,595	(\$7,198)	(3.3%)

Revenue Performance

The San José/Santa Clara Treatment Plant operating funds consist of the Sewer Service and Use Charge Fund, the San José/Santa Clara Treatment Plant Operating Fund, the Sewage Treatment Plant Connection Fee Fund, and the San José/Santa Clara Treatment Plant Income Fund. In 2012-2013, gross revenues in these funds totaled \$214.9 million and were generated primarily from sewer service and use charges for residential (\$104.4 million), commercial (\$22.3 million), and industrial (\$4.1 million) users; a transfer from the Sewer Service and Use Charge (SSUC) Fund (\$49.0 million) to the San José/Santa Clara Treatment Plant Operating Fund; contributions from tributary agencies (\$15.5 million); contributions from the City of Santa Clara (\$9.9 million); recycled water sales and rebates (\$4.2 million); and Connection Fees (\$2.3 million).

Revenue collections ended the year \$6.4 million (3.1%) above budget primarily due to higher sewer service and use charge collections for commercial users (\$3.2 million), higher sales of recycled water (\$1.5 million), and higher contributions from the City of Santa Clara (\$462,000) and the other tributary agencies (\$407,000). The 2012-2013 combined revenue level was also \$17.6 million (8.9%) above the 2011-2012 level of \$197.4 million, primarily due to higher SSUC Fund transfers (\$9.0 million), higher service and use charge collections for commercial users (\$3.5 million), higher contributions from the tributary agencies, including the City of Santa Clara (\$2.5 million), and a higher Fiber Optics Fund loan repayment (\$2.2 million).

Expenditure Performance

In 2012-2013, gross expenditures of \$208.6 million were primarily attributed to: Transfers from the Sewer Service and Use Charge Fund to the Treatment Plant Operating Fund (\$49.0 million), Sewer Service and Use Charge Capital Fund (\$25.0 million), and Treatment Plant Capital Fund (\$23.3 million); Environmental Services Department (ESD) personal services (\$39.2 million); ESD non-personal/equipment (\$33.5 million); overhead reimbursements (\$10.7 million); and Department of Transportation personal services (\$10.5 million) and non-personal/equipment (\$6.2 million). Expenditures ended the year \$7.2 million below the modified budget due primarily to savings in ESD personal services (\$4.3 million), workers' compensation claims (\$715,000), and major litigation costs (\$450,000).

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE/SANTA CLARA TREATMENT PLANT OPERATING FUNDS

Expenditure Performance

In 2012-2013, expenditures were \$5.4 million (3.0%) above the 2011-2012 level of \$203.2 million, primarily due to higher ESD personal services (\$3.7 million) and Department of Transportation non-personal/equipment (\$1.6 million) costs.

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$284,847	\$80,285	\$86,767	\$6,482	\$0	\$6,482	2.3%

The 2012-2013 Ending Fund Balance of \$86.8 million was \$6.5 million above the estimate used to develop the 2013-2014 Adopted Budget, primarily due to higher sewer service and use charge collections for commercial users revenues (\$3.3 million) and staff vacancy savings.

It is recommended as part of this report, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, that the IDC Disposal Contract appropriation be reduced by \$31,850 to align with actual funding of \$128,000 that is necessary for this contract in 2013-2014.

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SANITARY SEWER CAPITAL PROGRAM

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$26,969	\$26,791	(\$178)	(0.7%)
Expenditures	\$106,380	\$39,249	(\$67,131)	(63.1%)

Revenue Performance

The Sanitary Sewer Capital Program includes the Sewer Service and Use Charge Capital Fund and the Sanitary Sewer Connection Fee Fund. In 2012-2013, revenues totaling \$26.8 million were generated primarily from a Transfer from the Sewer Service and Use Charge Fund (\$25.0 million), Connection Fees (\$790,000), Joint Participation revenue (\$645,000), and interest earnings (\$268,000).

In total, 2012-2013 revenues ended the year \$178,000 below the budgeted estimate primarily due to lower Joint Participation revenue (\$515,000), partially offset by higher Connection Fees (\$140,000) and interest earnings (\$133,000). Joint Participation revenue, which reflects the West Valley Sanitation District's and County Sanitation District's share of costs for projects in their jurisdictions, came in lower than expected because of delays in completing projects; however, this revenue shortfall is offset by corresponding project savings.

The 2012-2013 revenues were \$5.9 million below the 2011-2012 level of \$32.7 million due primarily to a lower transfer from the Sewer Service and Use Charge Fund (down \$6.0 million from \$31.0 million in 2011-2012 to \$25.0 million in 2012-2013), partially offset by higher Joint Participation revenue (\$438,000).

Expenditure Performance

In 2012-2013, expenditures totaled \$39.2 million. The largest projects in this program with over \$1.0 million in expenditures were the Condition Assessment Sewer Repairs (\$4.0 million), Sanitary Sewer Condition Assessment Phase II (\$3.6 million), Spreckles Sanitary Sewer Force Main Supplement (\$3.4 million), Monterey-Riverside Sanitary Sewer, Phase V (\$2.8 million), Cast Iron Pipe-Remove and Replace (\$2.5 million), Miscellaneous Projects (\$2.5 million), Infrastructure – Sanitary Sewer Condition Assessment (\$2.4 million), Reinforced Concrete Pipe Rehabilitation Program (\$2.3 million), 60" Brick Interceptor Rehabilitation (\$2.0 million), Flow Monitoring Program – Master Planning (\$1.9 million), Miscellaneous Rehabilitation Projects (\$1.8 million), Moorpark-Meridian Trunk Sewer Rehabilitation, Phase III (\$1.1 million), Inflow and Infiltration Reduction (\$1.0 million), and Rehabilitation of Sanitary Sewer Pump Stations (\$1.0 million).

The 2012-2013 expenditures ended the year 63.1% (\$67.1 million) below the budgeted level of \$106.4 million. This variance was primarily due to project delays as a result of staff vacancies and procurement

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SANITARY SEWER CAPITAL PROGRAM

Expenditure Performance

processes. Projects with the largest savings include the 60" Brick Interceptor Rehabilitation, Phase VIA and VIB (\$26.0 million), Almaden Expressway Sanitary Sewer Improvement (\$3.9 million), Monterey-Riverside Relief Sanitary Sewer (\$3.2 million), Coleman Road Sanitary Sewer Improvement (\$3.2 million), Husted-Richland Sanitary Sewer Improvements (\$2.7 million), Rehabilitation of Sanitary Sewer Pump Stations (\$2.4 million), Immediate Replacement and Diversion Projects (\$2.3 million), and Almaden Road Supplement Sewer Rehabilitation (\$2.0 million). Of the \$67.1 million expenditure variance, \$50.9 million was rebudgeted and \$6.1 million was reprogrammed for other purposes as part of the 2013-2014 Adopted Capital Budget. An additional \$8.4 million is recommended to be rebudgeted as part of this document, thereby reducing the expenditure variance to \$1.7 million or 1.6%.

Expenditures in this fund were \$8.2 million (21.0%) above the 2011-2012 level of \$31.0 million, primarily due to higher Spreckles Sanitary Sewer Force Main Supplement (\$3.0 million), Monterey-Riverside Sanitary Sewer, Phase V (\$2.7 million), Cast Iron Pipe – Remove and Replace (\$2.5 million), Infrastructure – Sanitary Sewer Condition Assessment (\$2.4 million) project expenditures in 2012-2013.

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$131,004	\$79,331	\$92,152	\$12,821	(\$8,378)	\$4,443	3.4%

The 2012-2013 Ending Fund Balance of \$92.2 million was \$12.8 million above the estimate used to develop the 2013-2014 Adopted Budget. This variance was due to lower than expected expenditures partially offset by lower than expected revenues. This document recommends rebudgets of \$8.4 million for a number of projects, including the Immediate Replacement and Diversion Projects (\$1.5 million), Cast Iron Pipe – Remove and Replace (\$1.5 million), and Urgent Rehabilitation and Repair Projects (\$1.3 million). The remaining fund balance of \$4.4 million is recommended to be allocated to the 2013-2014 Ending Fund Balance and available for future use.

In addition, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes a recommendation to increase the Miscellaneous Revenue – Insurance Proceeds by \$477,000 to recognize an anticipated settlement payment from a surety to complete construction of a pipeline rehabilitation project on Montague Expressway. The Immediate Replacement and Diversion Projects appropriation is recommended to be increased by the corresponding amount.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

STORM SEWER CAPITAL PROGRAM

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$6,218	\$5,901	(\$317)	(5.1%)
Expenditures	\$18,613	\$9,161	(\$9,452)	(50.8%)

Revenue Performance

In 2012-2013, revenues totaled approximately \$5.9 million and were generated from a transfer from the Storm Sewer Operating Fund (\$5.6 million), Storm Drainage Fees (\$260,000), interest earnings (\$37,000), and joint participation revenue (\$4,000). The 2012-2013 revenues came in below the budget estimate of \$6.2 million (5.1%) primarily due to a delay in the transfer from the Alviso Ring Levee Fund that was anticipated to be received in 2012-2013 (\$445,000) but will now be received in 2013-2014, offset by increased revenue in Storm Drainage Fees (\$119,000) and interest earnings (\$9,000).

The 2012-2013 collection level was \$325,000 (5.2%) below the 2011-2012 level of \$6.2 million primarily due to a lower planned transfer from the Storm Sewer Operating Fund (down \$400,000 from \$6.0 million in 2011-2012 to \$5.6 million in 2012-2013), offset by a Storm Drainage Fee revenue increase of \$77,000 (29.6%) to \$260,000.

Expenditure Performance

In 2012-2013, expenditures totaled \$9.2 million. Major projects contributing to this expenditure level were the Storm Drainage Improvements – Special Corridors (\$1.7 million), Storm Pump Station Rehabilitation and Replacements (\$1.6 million), Master Planning (\$918,000), and the Alviso Storm Network Infiltration Control (\$637,000).

The expenditure level was \$9.5 million (50.8%) below the modified budget due primarily to unexpended funds associated with Master Planning (\$2.2 million), Miscellaneous Projects (\$1.5 million), Minor Neighborhood Storm Drain Improvements (\$969,000), and Gold Street Pump Station Force Main (\$908,000) projects. Expenditures related to these projects were delayed due to staff vacancies, delays in awarding contracts, and delays in obtaining permits to complete work on several projects. Of the \$9.5 million expenditure variance, \$5.3 million was rebudgeted and \$801,000 reprogrammed for other purposes as part of the 2013-2014 Adopted Capital Budget. An additional \$3.1 million is recommended to be rebudgeted as part of this document, thereby, reducing the expenditure variance to approximately \$225,000 or 1.2%.

Expenditures in this program were \$2.2 million (30.7%) above the 2011-2012 level of \$7.0 million primarily due to higher spending on Storm Drainage Improvements – Special Corridors (\$1.5 million),

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

STORM SEWER CAPITAL PROGRAM

Expenditure Performance

Alviso Storm Network Infiltration Control (\$636,000), and Upper Bird Avenue Storm Sewer Improvements (\$600,000) in 2012-2013.

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$20,362	\$7,130	\$10,923	\$3,793	(\$3,103)	\$690	3.4%

The 2012-2013 Ending Fund Balance of \$10.9 million was \$3.8 million above the estimate used to develop the 2013-2014 Adopted Budget. This variance was mainly due to the lower than expected expenditures in Urgent Flood Prevention and Repair Projects (\$979,000), Minor Neighborhood Storm Drain Improvements (\$969,000), Outfall Rehabilitation – Capital (\$393,000), Storm Pump Station Rehabilitation & Replacements (\$379,000), and Storm Drainage Improvements – Special Corridors (\$317,000).

It is recommended that \$3.1 million of the Ending Fund Balance be allocated to rebudget funds for the continuation of several projects, including the Minor Neighborhood Storm Sewer Improvements (\$969,000), Urgent Flood Prevention and Repair Projects (\$936,000), Outfall Rehabilitation (\$392,000), and Storm Pump Station Rehabilitation and Replacement (\$378,000). The remaining balance of \$690,000 is recommended to be allocated to the 2013-2014 Ending Fund Balance for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

STORM SEWER OPERATING FUND

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$32,112	\$32,504	\$392	1.2%
Expenditures	\$31,464	\$28,567	(\$2,897)	(9.2%)

Revenue Performance

In 2012-2013, revenues totaled \$32.5 million and were generated primarily by storm sewer service fee assessments (\$32.1 million), other non-operating revenues (\$380,000), and interest earnings (\$43,000). The slight positive variance to the budget of \$392,000 (1.2%) was mainly due to higher than expected miscellaneous revenues (\$380,000). The miscellaneous revenues received in 2012-2013 were attributed to Bay Area Stormwater Management Agencies Association reimbursements for the design and construction costs for the installation of a hydrodynamic separator device to treat stormwater in the Leo Avenue drainage area of San José.

The 2012-2013 revenue level was \$409,000 (1.3%) above the 2011-2012 level of \$32.1 million due to higher miscellaneous revenues (\$334,000), assessments (\$66,000), and interest (\$8,000).

Expenditure Performance

Expenditures in this fund are focused primarily on maintenance and operation of the Storm Sewer System and stormwater pollution reduction. In 2012-2013, expenditures of \$28.6 million consisted primarily of a Transfer to the Storm Sewer Capital Fund (\$5.6 million), Department of Transportation (DOT) personal services (\$5.4 million), Environmental Services Department (ESD) personal services (\$4.8 million), ESD non-personal/equipment (\$3.4 million), DOT non-personal/equipment (\$2.5 million), overhead reimbursements (\$2.4 million), and yard trimmings/street sweeping contract (\$2.1 million) costs.

This spending level was \$2.9 million (9.2%) below the modified budget. The most significant savings were in the ESD personal services expenditures (\$1.1 million) due to vacancy savings and DOT (\$733,000) and ESD (\$729,000) non-personal/equipment expenditures primarily due to contract delays and delays in implementing elements of the short term trash load reduction plan such as the auto retractable screens pilot program. Of the \$2.9 million expenditure variance, savings in the DOT Non-Personal/Equipment (\$488,000) and Personal Services (\$33,000) appropriations were rebudgeted as part of the 2013-2014 Adopted Budget for the Supervisor Control and Data Acquisition (SCADA) implementation, purchase of a front loader, and street sweeping signage installation.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

STORM SEWER OPERATING FUND

Expenditure Performance

Expenditures in this fund were \$1.6 million (4.9%) below the 2011-2012 level of \$30.1 million due primarily to a decrease in ESD non-personal/equipment (\$751,000) due to project delays, ESD personal services (\$818,000) due to vacancy savings, and the Transfer to the Storm Sewer Capital Fund (\$400,000) based on projected 2012-2013 capital project needs, partially offset by higher spending in yard trimmings/street sweeping contracts (\$410,000), Public Works personal services costs (\$220,000) and overhead costs (\$191,000) in 2012-2013.

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impacts	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$52,467	\$23,647	\$24,672	\$1,025	\$0	\$1,025	2.0%

The 2012-2013 Ending Fund Balance of \$24.7 million was \$1.0 million above the estimate used to develop the 2013-2014 Adopted Budget. This variance was partially due to lower than estimated expenditure levels in yard trimmings (\$476,000), DOT non-personal/equipment (\$88,000), and DOT personal services (\$87,000). Actual revenues were also approximately \$454,000 higher than the estimate primarily due to miscellaneous revenues (\$364,000), and assessments (\$89,000). The remaining fund balance of \$1.0 million is recommended to be allocated to the 2013-2014 Ending Fund Balance for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

TRANSIENT OCCUPANCY TAX FUND

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$15,157	\$15,188	\$31	0.2%
Expenditures	\$16,608	\$14,874	(\$1,734)	(10.4%)

Revenue Performance

In 2012-2013, revenues generated from Transient Occupancy Tax (TOT) receipts totaled \$15.2 million, the highest amount collected since the 2000-2001 peak of \$16.4 million. Of this amount, approximately \$15.1 million was for 2012-2013 activity, with an additional \$60,000 generated from taxes that should have been paid in prior years (\$35,000) and associated penalties (\$25,000) due to a biennial TOT compliance audit. Total TOT revenues ended the year 11.0% above 2011-2012 revenue collections of \$13.7 million, and 0.2% above the 2012-2013 modified budget. The strong revenue performance in 2012-2013 is reflected in the average occupancy rate for the City's 14 largest hotels climbing from 61.6% to 66.6% and a \$10 increase in the average room rate for the same set of hotels (from \$129 to \$139).

Expenditure Performance

By ordinance, the TOT Fund tax revenue is distributed into three categories (San José Convention and Visitors Bureau, Cultural Development, and Convention Facilities Operation Subsidy through a transfer to the Convention and Cultural Affairs Fund). Expenditures of \$14.9 million ended the year \$1.7 million below the modified budget due to savings in the Cultural Development category, which includes the Cultural Grants and Cultural Grants Administration appropriations. Approximately \$1.0 million of these savings was rebudgeted to 2013-2014 as part of the Adopted Budget. At year-end, after accounting for funds previously rebudgeted, additional savings of \$765,000 in the Cultural Development category were realized in the Cultural Grants (\$651,000) and Cultural Grants Administration (\$114,000) appropriations. Savings from these appropriations are recommended to be rebudgeted into the Cultural Grants appropriation as part of this report.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

TRANSIENT OCCUPANCY TAX FUND

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$19,572	\$4,050	\$4,849	\$799	(\$765)	\$34	1.1%

The 2012-2013 Ending Fund Balance of \$4.8 million was \$799,000 above the estimate used to develop the 2013-2014 Adopted Budget. This variance was primarily due to lower than anticipated expenditures (\$765,000) in the Cultural Development category, which are recommended to be rebudgeted into 2013-2014 elsewhere in the report. Revenues also ended the year slightly above estimate (\$31,000) due to compliance revenues and penalties and, as a result, this report recommends corresponding increases in 2013-2014 to the following categories according to the City Council approved distribution formula: Cultural Development (\$7,500), Convention and Visitor's Bureau (\$7,500), and Transfer to the Convention and Cultural Affairs Fund (\$14,900).

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY CAPITAL PROGRAM

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$2,793	\$3,154	\$361	12.9%
Expenditures	\$5,761	\$3,294	(\$2,467)	(42.8%)

Revenue Performance

In 2012-2013, revenues totaled \$3.2 million and were generated primarily from a Transfer from the Water Utility Fund (\$2.6 million) and fees paid by developers for direct services (\$527,000). The fees consist of Major Facilities Fees (\$317,000), Advanced System Design Fees (\$87,000), Meter Installation Fees (\$75,000), and Service Connection Fees (\$48,000). The 2012-2013 revenues came in above the budget estimate of \$2.8 million by \$361,000, or 12.9%, mainly due to higher collections for major facilities fees (\$317,000) and advanced system design fees (\$37,000).

The developer fee revenues ended the year \$16,000 (2.9%) below the 2011-2012 levels. Major Facilities Fees were \$52,000 below the 2011-2012 level. However, the Advanced System Design Fees were \$21,000 (31.7%) above the 2011-2012 level and the Meter Installation Fees were \$5,000 (7.6%) above the 2011-2012 level.

Expenditure Performance

In 2012-2013, expenditures totaled \$3.3 million. Major projects in this program included Infrastructure Improvements (\$894,000), System Maintenance/Repairs (\$750,000), Bon Bon Drive Replacement (\$455,000), and Service Installations (\$446,000).

Expenditures were \$2.5 million (42.8%) below budget due primarily to savings or delays in the following projects: Nortech and Trimble Reservoir Rehabilitation (\$1.1 million), Bon Bon Drive Main Replacement (\$505,000), and Infrastructure Improvements (\$316,000). Of the \$2.5 million in savings, \$1.3 million was rebudgeted and \$428,000 was redistributed for other purposes in the 2013-2014 Adopted Budget. Expenditures for 2012-2013 in this fund were \$1.1 million or 24.9% below the 2011-2012 level of \$4.4 million.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY CAPITAL PROGRAM

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact*	Revised Variance	Revised Variance % (incl. Rebudget Adjustments)
\$11,832	\$8,564	\$9,255	\$691	(\$191)	\$500	4.2%

* Although not included as a recommendation in this report, the amount listed also includes early rebudgets that were approved by the City Council on August 27, 2013.

The 2012-2013 Ending Fund Balance of \$9.3 million was \$691,000 above the estimate used to develop the 2013-2014 Adopted Budget primarily due to higher than estimated revenues (\$283,000) and lower than estimated expenditures (\$408,000).

It is recommended that \$66,000 of the Ending Fund Balance be allocated to rebudget funds to execute a consultant agreement for infrastructure improvements. Additionally, as described in further detail in Section IV – Recommended Budget Adjustments and Clean-Up Actions section of this document, this report includes a recommendation to increase the Meter Installations project (\$14,000). Estimated revenues from 2012-2013 exceeded the estimate and will be used to purchase, test and install water meters for customers. The remaining fund balance of \$500,000 is recommended to be allocated to the 2013-2014 Ending Fund Balance for future use.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY OPERATING FUND

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

	2012-2013 Budget	2012-2013 Actuals	Variance	% Variance
Revenues	\$29,241	\$31,866	\$2,625	9.0%
Expenditures	\$30,833	\$30,591	(\$242)	(0.8%)

Revenue Performance

In 2012-2013, revenues totaled \$31.9 million and were generated from potable and recycled water sales (\$31.5 million), late fees (\$307,000), and interest earnings (\$21,000). The favorable variance to the budget of \$2.6 million (9.0%) was mainly due to higher than budgeted revenues from potable water sales (\$2.5 million), late fees (\$82,000), and interest earnings (\$1,700). The higher potable water sales were driven mainly by drier weather in the late spring.

Expenditure Performance

In 2012-2013, expenditures of \$30.6 million were primarily for Environmental Services Department (ESD) non-personal/equipment (\$22.7 million), ESD personal services (\$3.4 million), a transfer to the Water Utility Capital Fund (\$2.6 million), and overhead expenses (\$895,000). Expenditures ended the year \$242,000 (0.8%) below budget, due primarily to savings in Finance personal services (\$66,000), workers' compensation claims (\$58,000), ESD personal services (\$48,000), and ESD non-personal/equipment (\$15,000) appropriations. It should be noted that due to higher potable water sales, the ESD non-personal/equipment appropriation was anticipated to exceed the budget. To maintain expenditures below the 2012-2013 budget levels, expenditures that were deemed capital related were shifted to the Infrastructure Replacements appropriation in the Water Utility Capital Fund.

Expenditures in this fund were \$2.0 million (6.6%) above the 2011-2012 level of \$28.6 million due primarily to a higher ESD non-personal/equipment expenditures (\$2.8 million), partially offset by a lower transfer to the Water Utility Capital Fund (\$700,000) in 2012-2013. The higher ESD non-personal/equipment expenditures can be attributed to higher than expected wholesale purchases of potable water and distribution of potable water to customers.

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PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY OPERATING FUND

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

2012-2013 Modified Budget	2012-2013 Estimated Ending Fund Balance	2012-2013 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments Impact	Revised Variance	Revised Variance % (incl. Rebudget Adjustment)
\$36,964	\$7,708	\$9,170	\$1,462	\$0	\$1,462	4.0%

The 2012-2013 Ending Fund Balance of \$9.2 million was approximately \$1.5 million above the estimate used to develop the 2013-2014 Adopted Budget. This variance was largely due to higher than estimated revenues from potable water sales (\$2.0 million) used in the development of the 2012-2013 budget and interest earnings (\$11,000), offset by higher than estimated ESD non-personal/equipment (\$696,000) expenditures. No rebudget adjustments are recommended for this fund. The remaining fund balance of \$1.5 million is recommended to be allocated to the 2013-2014 Ending Fund Balance for future use.

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

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Budget Adjustments

This section of the Annual Report summarizes recommended budget adjustments in all funds and is broken down by General Fund and Special/Capital Funds. This section consists of the following types of changes:

General Fund

Required Technical/Rebalancing Actions – These actions recommend current year adjustments to align budgeted revenue and expenditures with the most current information, or to correct technical problems in the 2013-2014 Adopted Budget. Additional detailed information on these adjustments can be found in the following pages in this section.

Grants/Reimbursements/Fees – These actions, which have a net-zero impact on the General Fund, recognize new or adjusted grant, reimbursement, or fee activity revenue and adjust the appropriations for these purposes as appropriate. Additional detailed information on these adjustments can be found in the following pages in this section.

Urgent Fiscal/Program Needs – These actions recommend additional funding to address a limited number of urgent fiscal/program needs. These adjustments are being brought forward for City Council consideration as part of this report, rather than through the annual budget process, to comply with actions recently authorized by the City Council or that the Administration has deemed can or should not wait until later in the year. Additional detailed information on these adjustments can be found in the following pages in this section.

Special/Capital Funds

Special/Capital Fund Adjustments – These actions adjust revenue estimates based on updated collection information; recognize revenues from new or adjusted grants and reimbursements; reflect changes in 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.

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds

This section consists of clean-up actions for the General Fund and Special/Capital Funds. The following types of adjustments are included:

Fund Balance Reconciliations – These actions revise the Beginning Fund Balance estimates in the 2013-2014 budget for all funds where the actual (unaudited) 2012-2013 Ending Fund Balance/2013-2014 Beginning Fund Balance differed from the budgeted amount.

Development Fee Program Reconciliations – These actions adjust appropriations based on actual Development Fee Program reconciliations. In the four Development Fee Programs (Building, Fire, Planning, and Public Works), these actions adjust fee reserves to reflect the policy of preserving all expenditure savings and/or capture any revenue excess/shortfalls and related interest earnings resulting from year-end program reconciliations.

Rebudgets – These actions revise various appropriations to rebudget funds to complete prior year projects. Downward adjustments to previously approved rebudget actions are included if actual year-end revenues or expenditures were higher than anticipated, while upward adjustments are included if actual year-end revenues or expenditures were lower than anticipated.

Retirement Contributions Reconciliation – Due to the change in methodology for paying the City's annual required contribution to a minimum amount or the amount generated by a rate (2011-2012), a Retirement Contributions Reconciliation was completed for both the Federated City Employees' Retirement System and the Police and Fire Department Retirement Plan in order to ensure that all City funds contain the correct contribution amounts for 2013-2014. This reconciliation is completed annually, consistent with City Council direction as part of the approval of the 2012-2013 Mayor's June Budget Message. Based on the final City contribution amounts as determined by the two retirement boards in March and June of 2013 and budget actions approved after the release of the Proposed Budget, the retirement contribution reconciliation results in a net cost of \$825,000 in the General Fund (\$820,000 excluding Development Fee Programs) that are recommended to be allocated in this document. This action will bring total retirement costs funded to \$271.2 million in the General Fund and \$211.4 million in all funds in 2013-2014 (excluding the Retiree Healthcare Solutions Earmarked Reserves as described below), representing growth in costs of 13.5% in the General Fund and 12.4% in all funds when compared to 2012-2013 levels.

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds

In addition, in June 2013, agreements were reached with all employee groups representing employees in the Federated City Employees' Retirement System (including Unit 99) to extend, by 18 months, the phase-in to fully fund the annual required contribution for retiree healthcare benefits. As directed by the City Council on June 18, 2013, one-time savings of \$7.0 million in all funds (\$3.9 million in the General Fund) is recommended to be allocated to Retiree Healthcare Solutions Earmarked Reserves across many funds in the City, as appropriate. These funds have been set aside to be used as needed for future retiree healthcare costs.

Salary Program – The 2013-2014 Salary Program includes net-zero adjustments to various departments and funds to reflect a 2.0% salary increase that was negotiated and agreed to by the City and five bargaining units (Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Maintenance Supervisory Personnel (AMSP), City Association of Management Personnel (CAMP), and the Association of Legal Professional of San José (ALP)), effective June 23, 2013. In addition, a 2.0% salary increase is included for those employees in Unit 99. As part of the development of the 2013-2014 Adopted Budget, Employee Compensation Planning Earmarked Reserves were established in anticipation of modest salary adjustments in 2013-2014. These actions reflected in this report increase funding to the various affected departmental budgets and reduce Employee Compensation Planning Earmarked Reserves across all affected funds, accordingly. It should be noted that the Salary Program adjustments contained in this report total \$3.5 million in the General Fund (\$3.3 million will remain unallocated in the Employee Compensation Planning Earmarked Reserve) and \$5.2 million in all funds.

Voluntary Furlough/Reduced Work Week Program – Adjustments to various departments' Personal Services appropriations reflect implementation of the Voluntary Furlough/Reduced Work Week Program in 2013-2014. Savings in the General Fund (\$182,000) will be 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 \$150,000 was assumed in the development of the 2013-2014 Adopted Budget and was temporarily funded from the General Fund Salaries and Benefits Earmarked Reserve. The actions reflected in this report remove the actual savings from the departmental budgets and appropriately restore the funding to the Salaries and Benefits Earmarked Reserve. The remaining savings are recommended to offset other budget actions as described elsewhere in this report.

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds

City Hall Debt Refunding – Due to the spring 2013 refunding of the bonds issued to construct City Hall and the accompanying parking garage, the City realized a significant savings in 2012-2013 (\$8.4 million) and anticipates additional savings in 2013-2014 (\$3.5 million) for a total of \$11.9 million. Actions recommended in this report include reducing the Transfer to the City Hall Debt Service Fund from the General Fund (\$8.5 million), Special Funds (\$2.3 million), and Capital Funds (\$1.1 million). Excluding the savings owed to the Development Fee Programs, \$7.7 million in net one-time savings from the General Fund is recommended to be transferred to the Community Facilities Reserve Fund to pay down principal on the Hayes Mansion Phase III debt consistent with City Council approval of the 2013-2014 Adopted Budget. This transaction will allow the City to pay down the Hayes Mansion debt related to the 2008D bonds two years earlier, realize average annual savings of \$345,000 through 2025, and achieve a total savings over the remaining life of the 2008D bonds of \$4.0 million. For additional information, please refer to the discussions on the City Hall Debt Service Fund and the Community Facilities Revenue Fund in *Section III. Selected Special/Capital Funds Budget Performance*.

Technical Adjustments – These actions correct errors or align revenues and/or expenditures among appropriations and funds for previously approved budget actions:

- **Net-Zero Funding Transfers/Reallocations** – These actions include net-zero transfers between appropriations, funds and revenue categories, and the redistribution of funding allocations.
- **Close-out of Funds** – These actions include revenue and expenditure appropriation adjustments to reflect the final reconciliations required to close out funds that are no longer used.
- **Appropriation Re-title/Re-assignment** – These technical adjustments re-titles appropriation names to more accurately reflect the intent of the associated programs/projects and transfers one appropriation between departments to better reflect program responsibility.

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds

• **Other Adjustments:**

- **Business Incentive - Maxim Integrated Products** – This technical adjustment increases the Business Incentive – Maxim Integrated Products appropriation to the Office of Economic Development by \$40,000 to provide a 2012-2013 Utility User Tax rebate to Maxim Integrated Products, as previously approved by the City Council on January 25, 2011. The business incentive rebates 50% of Utility User Tax paid to the City over \$10, back to the business up to \$600,000 over five years.
- **Certified Access Specialist Program** – This technical adjustment increases the Certified Access Specialist (CASp) Program appropriation to the Finance Department by \$30,862 to reflect a reconciliation of revenue received in 2012-2013. In compliance with the State Senate Bill 1186, a \$1.00 fee is collected on each new or renewed City-issued business license for activities and services associated with an expanded CASp Program. Of the total fees collected, 30.0% will be transmitted to the State Division of Architect and 70.0% will remain with the City of San José. Of the 70.0% City portion, 95.0% of the funding will fund inspection services in the Planning, Building and Code Enforcement Department and the remaining 5.0% will fund administrative costs in the Finance Department for collections and reporting. This program will increase compliance with ADA improvements and develop educational resources for businesses to facilitate compliance with federal and State disability laws.
- **Comcast Public, Education, and Government (PEG) Access** – These technical adjustments reflect a reconciliation of revenue received from the City's cable provider and related interest earnings. As a result of lower than budgeted revenues received, these technical adjustments decrease the Public and Education Access – Capital Expenditures appropriation by \$486 and Government Access – Capital Expenditures appropriation by \$1,655.

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds

- **Leland Sports Field Repayment** – This technical adjustment transfers one more year of funding toward the full repayment of \$350,000 to the Council District #10 Construction and Conveyance (C&C) Tax Fund. Funding was advanced to the Leland Sports Field project from this District to support the addition of an enhanced concession/storage/bathroom facility at the Leland Sports Field. As approved by the City Council in March 2007, fees collected from the use of this sports field will support ongoing operational and maintenance costs, repay the Council District #10 C&C Tax Fund, and establish a reserve for future replacement of the turf prior to the expiration of the agreement. Technical adjustments recommended in this report transfer \$56,000 in additional fee revenue in excess of operating costs from the General Fund to the Leland Turf Replacement Reserve in the Council District #10 C&C Tax Fund and marks the third year of annual repayments. A total of \$154,000 remains to be repaid to the Council District #10 C&C Tax Fund.
- **Previously Approved Repairs** – These technical adjustments to the San José Arena Capital Reserve Fund and the Ice Centre Revenue Fund from Previously Approved Repairs Reserves are recommended to reimburse for SAP Center Management for capital repair expenses incurred at the San José Arena (SAP Center) and Shark’s Ice at San José. These capital repairs were approved by City Council as part of previous capital improvement programs. Authorized repairs include electrical, mechanical, structures, miscellaneous, and unanticipated/emergency repairs.
- **Successor Agency 2012-2013 Reimbursement** – This technical adjustment increases the estimate for Revenue from Local Agencies by \$10.3 million for the Successor Agency to the Redevelopment Agency (SARA) Reimbursement to reflect a budgeted 2012-2013 cash flow reimbursement now anticipated to be received in 2013-2014. As part of the 2012-2013 reimbursement agreement between SARA and the City, approved by the City Council, Successor Agency Board, and Successor Agency Oversight Board in June 2013, intra-year loans are outlined with an \$11 million cap for 2012-2013. Through this mechanism, it was estimated that the City would be reimbursed from remaining 2012-2013 SARA year end balances for a portion of the total General Fund subsidy (\$13.5 million) the City provided in 2012-2013. However, as this agreement was approved in June 2013, the obligations were not approved as part of the Oversight Board approved Recognized Obligation Payment Schedule for the January 2013-June 2013 period. It was approved as part of the 2013-2014B ROPS and therefore payment is anticipated to be completed during 2013-2014.

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IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds

- **Successor Agency City Asset Transfers** – Per the approved asset transfers by the City Council and the Successor Agency to the Redevelopment Agency Board on June 18, 2013, the Autumn Street Extension properties were transferred from the City to the Successor Agency to the Redevelopment Agency as ordered in the State Controller Asset Transfer Review dated March 2013. This technical adjustment establishes a Successor Agency to the Redevelopment Agency Asset Transfers appropriation in the amount of \$79,717 to reflect the reconciliation of the gross revenues and expenditures from the property and return the net proceeds from the City back to the Successor Agency.
- **Wellness Program** – On an annual basis, revenue is received from the City's healthcare providers for Wellness Program activities. This technical adjustment reflects a reconciliation of annual revenues received from the City's healthcare providers and expenditure savings realized in the Wellness Program during 2012-2013 (\$3,123) and allocates funding to the Wellness Program Earmarked Reserve for future use.

General Fund Recommended Budget Adjustments Summary

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Business Incentive - Business Cooperation Program</i>	CITY-WIDE EXPENSES		\$120,000	
<p>This action establishes a Business Incentive – Business Cooperation Program appropriation to the Office of Economic Development to provide businesses a rebate of up to 30.0% of the local portion of the State collected use tax revenue as a result of the use tax deliberately allocated to San José by participating companies, in the acquisition of equipment and or construction materials in San José. This initial funding provides a rebate related to the construction of the new Samsung headquarters for the construction contractors participating in the Business Cooperation Program. In 2013-2014, it is anticipated that approximately \$400,000 in additional use tax revenues will be collected by the City from construction contractor participation. Of this amount, 30.0% (\$120,000) will be a rebate to selected construction contractors working on the Samsung construction project. In 2014-2015, it is anticipated that an additional \$280,000 in use tax revenues will be collected and the rebate of \$70,000 will be included as part of the 2014-2015 budget process.</p>				
<i>Business Incentive - Business Cooperation Program Administration</i>	CITY-WIDE EXPENSES		\$56,000	
<p>This action establishes a Business Incentive – Business Cooperation Program Administration appropriation to the Office of Economic Development to fund the contractual services provided by Municipal Revenue Advisors (MRA). As part of the Business Cooperation Program, businesses can receive a rebate of up to 30.0% of the local portion of the use deliberately allocated to San José in the acquisition of equipment and/or construction materials in San José. After the rebate to the participating companies, 20% of the net revenues will be remitted to MRA as contract fees for their services. Municipal Revenue Advisors provides technical assistance to participating Business Cooperation companies in identify eligible purchases and the appropriate procedures for allocating tax to the City of San José. In addition, MRA will verify the City of San José has received the new use tax revenue and can prepare the necessary requests on participating companies behalf for reimbursement per City ordinance. In 2014-2015, it is anticipated funding for the MRA contract will be \$42,000, which will be included as part of the 2014-2015 budget process.</p>				
<i>Business Incentive - Maxim Integrated Products</i>	CITY-WIDE EXPENSES		\$42,000	
<p>This action establishes the Business Incentive - Maxim Integrated Products appropriation to the Office of Economic Development to provide a Utility User Tax rebate of up to \$600,000 over five years to Maxim Integrated Products, as previously approved by the City Council on January 25, 2011. The business incentive rebates 50.0% of Utility User Tax paid to the City over \$10, back to the business. The incentive was created to incentivize Maxim Integrated Products to relocate their headquarters to San José, CA from Sunnyvale, CA.</p>				

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Council District #2 Special Event Sponsorship</i>	MAYOR & COUNCIL		\$6,445	
This action increases the Council District #2 appropriation to reflect sponsorship funding received in 2012-2013 for reimbursement of costs for various special events co-sponsored with Council District #2 such as African American Flag Raising, Future Roots Festival, and Veterans Event.				
<i>Council District #8 Special Event Sponsorship</i>	MAYOR & COUNCIL		\$3,475	
This action increases the Council District #8 appropriation to reflect sponsorship funding received in 2012-2013 for reimbursement of costs for various special events co-sponsored with Council District #8 such as Day in the Park, Senior Walk/Health Fair, Jewish American Flag Raising, and Movie Night.				
<i>Council District #9 Special Event Sponsorship</i>	MAYOR & COUNCIL		\$3,000	
This action increases the Council District #9 appropriation to reflect sponsorship funding received in 2012-2013 for reimbursement of costs for the 8th Annual Cambrian Festival co-sponsored with Council District #9.				
<i>Salaries and Benefits - Health and Dental Savings</i>	EARMARKED RESERVES		(\$2,286,719)	
This action decreases the Salaries and Benefits Earmarked Reserve to reflect health (\$2,247,667) and dental (\$39,052) savings based on the actual health and dental rates that are projected to be implemented on January 1, 2014. Based on actual contracted costs negotiated between the Human Resources Department and the City's health and dental providers, only a 1.0% increase to the City's health contribution rates and no increase to the dental contribution rates are required in 2013-2014. Sufficient departmental vacancy savings are anticipated to be available to cover the 1.0% increase in City contributions. These actual rate increases compare to budgeted increases of 11.0% for health and 2.0% for dental, previously projected by the benefits actuarial consultant and programmed as part of the 2013-2014 Adopted Budget.				

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
Sales Tax				\$2,400,000
<p>REVENUE ADJUSTMENTS</p> <p>This action increases the estimate for General Sales Tax by \$2.4 million increasing the estimate from \$162.1 million to \$164.5 million. When the 2013-2014 Adopted Budget revenue projection was developed, actual 2012-2013 data was available for the first two quarters, and it was assumed that 3.0% growth would be realized in the last two quarters of 2012-2013. As discussed in the General Fund Revenue Performance section of this report, actual increases in the last two quarters of 2012-2013 were 7.0% and 4.0%, respectively. From this higher revenue base, a 3.0% growth assumption has been applied which is slightly lower than the 4.0% growth factor used in the 2013-2014 Adopted Budget, but is consistent with the most recent forecast provided by MuniServices. It is anticipated that a portion of the growth in 2013-2014 (approximately \$400,000) will be generated from the Business Cooperation Program, which is expected to generate additional use tax for the City. The City's Business Cooperation program is a rebate program designed to have local businesses take a proactive approach in allocating use tax to San José on select purchases. With the recommended change to the underlying 2013-2014 growth assumption from the actual 2012-2013 receipts as well as adjustments associated with the true-up payment from 2012-2013, the recommended 2013-2014 modified budget estimate of \$164.5 million reflects an increase of 3.7% from the 2012-2013 year-end figure of \$158.6 million. The increase in estimated revenues is recommended to fund other actions as described in this report.</p>				
Transfers and Reimbursements - Airport Maintenance and Operation Fund				(\$419,833)
<p>REVENUE ADJUSTMENTS</p> <p>This action decreases the estimate for Transfers and Reimbursements by \$420,000 to reflect a decrease in overhead reimbursements from the Airport Maintenance and Operations Fund. The Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements approved by the City Council on March 2007, requires that should the percentage growth in annual enplanements at the Airport exceed the growth in annual enplanements nationwide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage. In 2012-2013, the percentage growth in annual enplanements at the Airport was 2.7%, which exceeded the Federal Aviation Administration's projection of 0.0% for national enplanement growth for 2012-2013. Therefore, this action recommends a reduction in the 2013-2014 overhead expenses to the Airport by 2.7% (from the adopted overhead rate of 18.25% to 15.55%). A corresponding decrease in the Overhead expenditures in the Airport Maintenance and Operations Fund is recommended in this document.</p>				
TOTAL REQUIRED TECHNICAL/REBALANCING ACTIONS			(\$2,055,799)	\$1,980,167

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEEES				
<i>After School Education and Safety Programs for 2013-2014/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$314,560	\$314,560
<p>This action recognizes and appropriates school district grant funding in the amount of \$314,560 to the Parks, Recreation and Neighborhood Services Department to support after school education and safety programs in the Alum Rock School District for the 2013-2014 school year. The After School Education and Safety Program is a voter-approved initiative to support local after school education and enrichment programs by providing literacy, academic enrichment, and constructive alternatives for students in kindergarten through the ninth grade. A corresponding increase to the estimate for Revenue from Local Agencies is recommended to offset this action.</p>				
<i>Bay Area Electric Vehicle Corridor Project/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$62,800	\$62,800
<p>This action appropriates funding in the amount of \$62,800 to the Public Works Department offset by revenue received from the State of California to install 23 additional electric charging stations for electric and plug-in vehicles throughout San José. A corresponding increase to the estimate for State of California is recommended to offset this action.</p>				
<i>Certified Access Specialist Program/Other Revenue</i>	CITY-WIDE EXPENSES		\$50,000	\$50,000
<p>This action establishes a Certified Access Specialist (CASp) Program appropriation to the Finance Department in the amount of \$50,000, offset by corresponding fee revenues. In compliance with the State Senate Bill 1186, a \$1.00 fee will be collected on each new or renewed City-issued business license for activities and services associated with an expanded CASp Program. This program will increase compliance with ADA improvements and develop educational resources for businesses to facilitate compliance with federal and State disability laws. Of the total fees collected, 30.0% will be transmitted to the State Division of Architect and 70.0% will remain with the City of San José. Of the 70.0% City portion, 95.0% of the funding will fund inspection services in the Planning, Building and Code Enforcement Department and the remaining 5.0% will fund administrative costs in the Finance Department for collections and reporting. A corresponding increase to the estimate for Other Revenue is recommended to offset this action.</p>				
<i>Cirque du Soleil/Other Revenue</i>	CITY-WIDE EXPENSES		\$105,000	\$105,000
<p>This action increases the Cirque du Soleil appropriation to the Office of Economic Development by \$105,000 to recognize new lease agreement revenue from Cirque du Soleil. The lease agreement will permit use of the E-lot from December 2013 to March 2014. A corresponding increase to the estimate for Other Revenue is recommended to offset this action.</p>				

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Clean Creeks Healthy Communities/Revenue from Federal Government</i>	CITY-WIDE EXPENSES		(\$93,000)	(\$93,000)
<p>This action decreases the Clean Creeks Healthy Communities appropriation to the Environmental Services Department and the corresponding estimate for Revenue from the Federal Government in the amount of \$93,000. The funding for the fourth year of the grant was previously recognized and appropriated, therefore, an adjustment is necessary to align the revenue and expenditures with the total grant amount.</p>				
<i>Code Enforcement Local Enforcement Agency Grant/Revenue from State of California</i>	PLANNING, BLDG, & CODE ENF		\$29,206	\$29,206
<p>This action increases the Planning, Building and Code Enforcement Department's Non-Personal/Equipment appropriation by \$29,206 and recognizes equal grant funding from the State of California for supplies, training, and software maintenance associated with the solid waste facilities permit and inspection program.</p>				
<i>Council District #2 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$5,200	\$5,200
<p>This action appropriates sponsorship funding in the amount of \$5,200 to Council District #2. These funds will support a variety of special events co-sponsored by Council District #2, including the African American Flag Raising, Future Roots Festival, and Indian Independence Flag Raising events. A corresponding increase to the estimate for Other Revenue is recommended to offset this action.</p>				
<i>Council District #2 Surplus Campaign Funds/Other Revenue</i>	MAYOR & COUNCIL		\$1,494	\$1,494
<p>This action appropriates funding to Council District #2 to reflect revenue to the City in the form of a donation of surplus campaign funds from Councilmember Kalra. Under San José Municipal Code Section 12.06.720, a candidate has two choices for the disposition of any surplus campaign funds: 1) return the funds to contributors on a pro rata basis, or 2) donate the funds to the City's General Fund. Councilmember Kalra's campaign has issued a check to the City for the balance of the campaign account, which has been received by the Office of City Clerk and deposited in the General Fund. A corresponding increase to the estimate for Other Revenue is recommended to offset this action.</p>				
<i>Council District #4 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$954	\$954
<p>This action appropriates sponsorship funding in the amount of \$954 to Council District #4. These funds will support a variety of special events co-sponsored by Council District #4, including the Health Fair event and the 38th Black April Commemoration event. A corresponding increase to the estimate for Other Revenue is recommended to offset this action.</p>				

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Council District #7 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$19,300	\$19,300
<p>This action appropriates sponsorship funding in the amount of \$19,300 to Council District #7. These funds will support the Mid Autumn Festival co-sponsored by Council District #7. A corresponding increase to the estimate for Other Revenue is recommended to offset this action.</p>				
<i>Council District #8 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$3,650	\$3,650
<p>This action appropriates sponsorship funding in the amount of \$3,650 to Council District #8. These funds will support a variety of special events co-sponsored by Council District #8, including Day in the Park, Senior Walk/Health Fair, and Movie Night events. A corresponding increase to the estimate for Other Revenue is recommended to offset this action.</p>				
<i>Council District #9 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$14,600	\$14,600
<p>This action appropriates sponsorship funding in the amount of \$14,600 to Council District #9. These funds will support the 8th Annual Cambrian Festival co-sponsored by Council District #9. A corresponding increase to the estimate for Other Revenue is recommended to offset this action.</p>				
<i>Diabetes Management Grant for Mayfair Community Center Day Camp/Other Revenue</i>	PARKS, REC, & NEIGH SVCS		\$1,500	\$1,500
<p>This action increases the Parks, Recreation and Neighborhood Services Non-Personal/Equipment appropriation and corresponding estimate for Other Revenue by \$1,500 to support diabetes management camp costs at Mayfair Community Center. This allocation from the National Diabetes Association will fund a one-week day camp to educate children ages 3-14 with Type 1 (insulin-dependent) diabetes and their parents on the best ways to manage their condition.</p>				
<i>Drug Enforcement Agency San José Resident Office Task Force/Revenue from Federal Government</i>	POLICE		\$17,202	\$17,202
<p>This action recognizes and appropriates funding in the amount of \$17,202 from the Federal Drug Enforcement Agency to the Police Department for overtime expenses related to the Drug Enforcement Agency San José Resident Office Task Force. The task force is investigating illegal activities in San José and has requested assistance from San José Police Department personnel. A corresponding increase to the estimate for Revenue from Federal Government is recommended to offset this action.</p>				

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Maddie Lifesaving Grant/Other Revenue</i>	CITY-WIDE EXPENSES		\$146,987	\$146,987
<p>This action increases the Maddie Lifesaving Grant appropriation to the Public Works Department in the amount of \$146,987 to recognize revenue received from the Duffield Family, dba Maddie's Fund. This grant will enhance the Animal Care and Services Division's ability to support and manage additional off-site adoption drives and promotion and outreach activities that would otherwise be beyond the capability of the division. A corresponding increase to the estimate for Other Revenue is recommended to offset this action.</p>				
<i>PG&E Summer Cooling Shelter Program/Other Revenue</i>	CITY-WIDE EXPENSES		\$7,000	\$7,000
<p>This action recognizes and appropriates a PG&E Summer Cooling Shelter Program grant to the Parks, Recreation and Neighborhood Services Department in the amount of \$7,000. PG&E supports local governments in raising awareness of heat safety measures and in sheltering residents to mitigate health risks on extremely hot days. This past summer, the City's cooling center plan was activated at several community centers including: Cypress, Southside, Roosevelt, Berryessa, Mayfair, Willow Glen, Seven Trees, Evergreen, Camden, and Almaden Community Centers from July 1 through July 3, 2013, and provided shelter to 75 residents. A corresponding increase to the estimate for Other Revenue is recommended to offset this action.</p>				
<i>Selective Traffic Enforcement Grant Program 2013-2014/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$183,917	\$183,917
<p>This action recognizes and appropriates funds from the State of California Office of Traffic Safety to the Police Department in the amount of \$183,917 to fund Police Officer overtime to conduct targeted driving under the influence (DUI) patrols and distracted driving enforcement during the term of the grant (October 1, 2013 through September 30, 2014). The remaining portion (\$61,305) of the total grant award (\$245,222) will be appropriated next fiscal year. A corresponding increase to the estimate for Revenue from State of California is recommended to offset this action.</p>				
<i>Senior Nutrition Program/Revenue from Local Agencies</i>	PARKS, REC, & NEIGH SVCS		\$873,875	\$873,875
<p>This action recognizes and appropriates funding of \$873,875 from the County of Santa Clara Department of Aging and Adult Services to the Parks, Recreation and Neighborhood Services Department Non-Personal/Equipment appropriation for the Senior Nutrition Program. Total cost for this program in 2013-2014 is \$1.4 million including the ongoing meal enhancement options approved as part of the 2013-2014 Adopted Budget; \$532,000 represents the City share and \$874,000 is reimbursed by the County. This funding will be used to reimburse the City's vendor for the cost of meals for seniors at all 13 senior nutrition sites.</p>				

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<p><i>Silicon Valley Regional Interoperability Authority (SVRIA) Computer Aided Dispatch (CAD) Interface/Revenue from Local Agencies</i></p> <p>This action recognizes and appropriates funding of \$95,852 from the County of Santa Clara to the Police Department to purchase an interface between the San José Police and Fire Dispatch Computer Aided Dispatch (CAD) system and the Silicon Valley Regional Interoperability Authority Data Exchange (SVRIA-DX) system. This system will allow the San José Police Department and San José Fire Department to interface with other public safety agencies in the County. A corresponding increase to the estimate for Revenue from Local Agencies is recommended to offset this action.</p>	POLICE		\$95,852	\$95,852
<p><i>Sobriety Checkpoint Grant Program 2013-2014/Revenue from State of California</i></p> <p>This action recognizes and appropriates funds from the State of California Office of Traffic Safety to the Police Department to fund Police Officer overtime to staff driving under the influence (DUI) checkpoints during the term of the grant (October 1, 2013 through September 30, 2014). The remaining portion (\$30,750) of the total grant award (\$123,000) will be appropriated next fiscal year. A corresponding increase to the estimate for Revenue from State of California is recommended to offset this action.</p>	CITY-WIDE EXPENSES		\$92,250	\$92,250
<p><i>Summer Youth Nutrition Program/Revenue from Federal Government</i></p> <p>This action recognizes and appropriates federal grant funding of \$30,012 to the Parks, Recreation and Neighborhood Services Department for the 2013 Summer Food Service Program. This program, administered by the California Department of Education Nutrition Services Division, provides lunches and snacks to youth at the Bascom, Mayfair, Roosevelt, and Seven Trees Community Centers. A corresponding increase to the estimate for Revenue from Federal Government is recommended to offset this action.</p>	CITY-WIDE EXPENSES		\$30,012	\$30,012
<p><i>Water Hydration Station/Revenue from Local Agencies</i></p> <p>This action increases the Parks, Recreation and Neighborhood Services (PRNS) Department Non-Personal/Equipment appropriation and corresponding estimate for Revenue from Local Agencies by \$5,000 to fund water hydration stations. This allocation from the Santa Clara County Public Health Department adds hydration stations (areas where users can fill reusable containers with filtered water) in places where families and children gather. PRNS will be installing a station in Caesar Chavez Plaza Park; the department is still evaluating the most beneficial locations for the other stations to go.</p>	PARKS, REC, & NEIGH SVCS		\$5,000	\$5,000

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Wells Fargo Summer Youth Scholarship Program/Other Revenue</i>	PARKS, REC, & NEIGH SVCS		\$10,000	\$10,000
<p>This action increases the Parks, Recreation and Neighborhood Services Personal Services appropriation and corresponding estimate for Revenue from Local Agencies in the amount of \$10,000 to help fund PRNS Camp San José. This camp, provided to boys and girls ages 5-13, offers traditional camp activities such as games, sports, and craft projects, along with specialized activities that include components of science, technology, engineering, and math.</p>				
TOTAL GRANTS/REIMBURSEMENTS/FEES			\$1,977,359	\$1,977,359
URGENT FISCAL/PROGRAM NEEDS				
<i>Community Service Officer Vehicles</i>	POLICE		\$250,000	
<p>This action increases the Police Department's Non-Personal/Equipment appropriation by \$250,000 to purchase 14 additional vehicles for the 21 new Community Service Officers (CSOs) that were added to the Department as part of the 2013-2014 Adopted Budget. The Adopted Budget included funding for seven vehicles based on a patrol deployment model that would have been similar to sworn officers. However, after further analysis, it has been determined that for more effective coverage and service to the community for cases such as stolen vehicles, traffic complaints, and non-injury and minor injury vehicle accidents, the CSOs will now be deployed on a Monday through Friday, eight-hour day schedule that will require each position to have its own vehicle. Because the vehicle purchases and build-up take several months to complete, it is recommended to set aside this additional funding now to ensure the vehicles are available when the CSOs complete their training later this fiscal year.</p>				
<i>General Liability Claims</i>	CITY-WIDE EXPENSES		\$6,500,000	
<p>This action increases the General Liability Claims appropriation in 2013-2014 by \$6.5 million (from \$7.9 million to \$14.4 million). As part of the 2013-2014 Adopted Budget, expenditure savings of \$5.9 million were anticipated and rebudgeted as only \$2.0 million in ongoing funding for potential claim awards and litigation settlements is budgeted annually. However, only \$4.2 million was available at the conclusion of 2012-2013. Despite there being insufficient savings to cover the rebudget, not only is a downward adjustment to the appropriation not recommended as would be the usual budget practice, but an increase of \$6.5 million is needed as well to provide sufficient funding for a recent \$4.95 million settlement agreement and \$1.0 million judgment against the City. The remaining funding increase of \$550,000 combined with the remaining appropriation balance of \$7.9 million is needed to ensure sufficient funding for other judgments that have been rendered and other potential claims and litigation settlements against the City that may occur this year.</p>				

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
URGENT FISCAL/PROGRAM NEEDS				
<i>Police Department Overtime (Personal Services Reallocation)</i>	POLICE			
<p>This action increases the Police Department's sworn and non-sworn overtime funding in 2013-2014 by \$2.2 million (from \$15.9 million to \$18.1 million) which is approximately equivalent to the overtime expenditures in 2012-2013. This funding will primarily help expand targeted enforcement of high crime activity through suppression cars, specifically related to gang enforcement, prostitution, graffiti, and high profile investigations. As approved as part of the 2013-2014 Adopted Budget, \$4.0 million in overtime funding was added to the base overtime budget level of \$12.0 million, and additional funding is needed as the Police Department works through filling sworn and non-sworn vacancies. This action reallocates \$1.5 million in anticipated 2013-2014 vacancy savings from the salary line item to the overtime line item in the Police Department Personal Services appropriation. Additional overtime funding of \$750,000 is also included as a rebudget action recommended elsewhere in this document.</p>				
<i>San José Police Officers' Association Employee Compensation Planning Reserve</i>	EARMARKED RESERVES		\$1,100,000	
<p>This action increases the San José Police Officers' Association Employee Compensation Planning Reserve in the amount of \$1.1 million from \$10.0 million to \$11.1 million to ensure that sufficient funds are set aside if a negotiated settlement were to occur. Based on the City's most recent offer in negotiations, included in this reserve is funding equivalent to a 3.0% ongoing general wage increase in 2013-2014 as part of a one-year agreement (total one-year funding of \$6.5 million) or a 2.5% ongoing general wage increase in both 2013-2014 and 2014-2015 as well as a one-time 4.0% non-pensionable retention bonus paid in two installments as part of a two-year agreement (total two year funding of \$15.5 million).</p>				

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
URGENT FISCAL/PROGRAM NEEDS				
<i>Successor Agency City Legal Obligations</i>	EARMARKED RESERVES		(\$2,000,000)	

This action decreases the Successor Agency Legal Obligations Reserve by \$2.0 million (from \$10.0 million to \$8.0 million). This reserve was established to provide the equivalent principal value of loans made between the City and former Redevelopment Agency as part of the SERAF Loan (\$5.0 million from the Sewage Treatment Plant Connection Fee Fund, \$3.0 million from the Subdivision Park Trust Fund, and \$2.0 million from the Ice Centre Revenue Fund) currently due and payable by June 30, 2015. The Adopted Budget, however, also included a contingency plan of \$13.0 million should the Successor Agency to the Redevelopment Agency (SARA) not prevail in litigation with the County of Santa Clara regarding the distribution of property tax increment to the Successor Agency and, among other items, this reserve was on the plan. Although the Successor Agency did prevail at the trial court level, the County has appealed the decision and continues to withhold the funding until a final decision is rendered, causing a current year cash flow shortage for completion of City contractually obligated payments. Due to higher than estimated tax increment growth in 2013-2014, however, the tax increment shortage has been somewhat mitigated, but a \$2.2 million increase to the General Fund Successor Agency City Legal Obligations Subsidy is still required as discussed in this report. The use of a portion of the SARA Reserve is therefore recommended to offset \$2.0 million of the needed subsidy increase. The remaining balance of \$244,000 is recommended to be funded by other actions described in this report. It is anticipated that to the extent possible the Administration will seek to reinstate the \$2.0 million to the SARA Reserve at a later date.

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
URGENT FISCAL/PROGRAM NEEDS				
<i>Successor Agency City Legal Obligations Subsidy</i>	CITY-WIDE EXPENSES		\$2,244,000	
<p>This action increases the Successor Agency City Legal Obligations Subsidy by \$2.2 million (from \$850,000 to \$3.1 million) to reflect revised projected cash flow and structural deficits in 2013-2014. As described in the Transmittal Memorandum, due to the combined impact of the withholding of tax increment by the County to fund the County employees retirement plan (PERS levy) and the Water District levy, partially offset by higher than estimated growth in the 2013-2014 property assessment roll, it is anticipated that additional funding of \$2.2 million is needed by SARA in 2013-2014 to ensure sufficient cash flow for the City contractually obligated October 2013 Educational Revenue Augmentation Fund payment. Per the approved 2013-2014 Reimbursement Agreement between the City and SARA, a City Advance for this bonded obligation is eligible to be reimbursed should sufficient SARA cash balances remain at the end of 2013-2014. Revenues and expenditures will continue to be monitored closely and any adjustments or potential intra-year reimbursements will be brought forward for consideration as appropriate.</p> <p>The 2013-2014 Adopted Budget included a contingency plan of \$13.0 million should SARA not prevail in the litigation with the County. Therefore, due to the continued litigation, it is recommended that the Successor Agency Legal Obligations Reserve, a proposal included on the contingency plan, be adjusted downward by \$2.0 million (from \$10.0 million to \$8.0 million) to offset the majority of this recommended action as described elsewhere in this report. The remaining balance of \$244,000 is recommended to be funded by other actions as described in this report.</p>				
TOTAL URGENT FISCAL/PROGRAM NEEDS			\$8,094,000	\$0

General Fund Recommended Budget Adjustments Totals

<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
	\$8,015,560	\$3,957,526

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2012-2013

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT CAPITAL IMPVT FUND (520)				
<i>Earned Revenue - TSA/FAA Grants</i>	Airport Capital Program			(\$1,523,000)
<p>This action decreases the estimate for Earned Revenue by \$1,523,000 to reflect the lower than budgeted grant award from the Federal Aviation Administration (FAA) for the construction of Phase V of the Taxiway W Improvements project (\$1,574,000), which will extend a portion of Taxiway W from Taxiway D to G. This adjustment is partially offset by an increase of \$51,000 to reflect the approved FAA grant amendment for eligible and allowable project costs for Phase II of the project.</p>				
<i>Ending Fund Balance Adjustment</i>	Airport Capital Program		\$51,000	
<p>This action increases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Taxiway W Improvements</i>	Airport Capital Program		(\$1,574,000)	
<p>This action decreases the Taxiway W Improvements appropriation by \$1,574,000. In July 2013, the Airport received a grant from FAA for the construction of Phase V (to extend a portion of Taxiway W from Taxiway D to G). Due to a reduction in the grant share of this project, the project budget for Phase V of the Taxiway W Improvements project is reduced. Corresponding actions to decrease the estimate for Earned Revenue offset slightly by an increase to the Ending Fund Balance are recommended elsewhere in this report.</p>				
TOTAL AIRPORT CAPITAL IMPVT FUND (520)			(\$1,523,000)	(\$1,523,000)
AIRPORT CUST FAC & TRANS FD (519)				
<i>Future Debt Service Reserve</i>	Airport		(\$404,525)	
<p>This action decreases the Future Debt Service Reserve by \$404,525 to offset the action recommended in this report.</p>				
<i>Transfer to Airport Surplus Revenue Fund</i>	Airport		\$404,525	
<p>This action increases the Transfer to the Airport Surplus Revenue Fund by \$404,525 from the Airport Customer Facility and Transportation Fee Fund. In 2011, the Airport issued 2011B Series Bonds that were used to refund the Airport's Commercial Paper (CP) notes, which were used to pay Consolidated Rental Car Garage (ConRAC) debt service. After the bond issuance, additional ConRAC capital expenditures of \$404,525 were paid with CP that are actually the responsibility of the rental car companies and are eligible for Customer Facility Charge (CFC) funding instead. This action transfers CFC funding to the Airport Surplus Revenue Fund to refund these CP notes. A corresponding action in the Airport Surplus Revenue Fund is recommended elsewhere in this document.</p>				
TOTAL AIRPORT CUST FAC & TRANS FD (519)			\$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>
AIRPORT MAINT & OPER FUND (523)				
<i>Operations Contingency</i>	Airport		\$419,833	
<p>This action increases the Operations Contingency appropriation by \$419,833, which represents the percentage growth of passenger enplanements in 2012-2013 (2.7%) at the Airport that exceeded the Federal Aviation Administration's (FAA) projection of passenger growth (0.0%). As specified in the Council approved Airline-Airport Lease and Operating Agreements, the Airport overhead expenses shall be reduced by the amount of passenger growth above the FAA's projection in the year following.</p>				
<i>Overhead</i>	Airport		(\$419,833)	
<p>This action decreases the Airport Overhead transfer to the City's General Fund by \$419,833. In 2012-2013, the percentage growth in annual enplanements at the Airport was 2.7%, which exceeded the Federal Aviation Administration's projection of 0.0% for national enplanement growth. This increase in passenger enplanements triggered the Airport to activate the Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by the City Council on March 2007. The original term of these Agreements was through June 30, 2012, with one five-year option to extend the Agreements through June 30, 2017. In August 2011, the City Council approved the option to extend these Agreements through June 30, 2017. Under the provision, if the percentage growth in annual enplanements at the Airport exceeds the growth in annual enplanements nationwide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage. In order to comply with the provision of the Agreements, the overhead reimbursement owed by Airport will be reduced by 2.7% (from the Adopted overhead rate of 18.25% to 15.55%), or \$419,833, in 2013-2014.</p>				
TOTAL AIRPORT MAINT & OPER FUND (523)			\$0	\$0
AIRPORT RENEW & REPL FUND (527)				
<i>Computerized Maintenance Management System</i>	Airport Capital Program		\$51,000	
<p>This action establishes the Computerized Maintenance Management System appropriation in the amount of \$51,000. In 2012-2013, the Airport purchased licenses as part of the enhancement project for the Computerized Maintenance Management System. This funding will provide for software and equipment necessary to complete this project.</p>				
<i>Ending Fund Balance Adjustment</i>	Airport Capital Program		(\$50,662)	
<p>This action decreases the Ending Fund Balance to offset actions recommended in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2012-2013

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT RENEW & REPL FUND (527)				
<i>Terminal A Arrivals Roadway Repairs</i>	Airport Capital Program		(\$367,000)	
<p>This action eliminates funding for the Terminal A Arrivals Roadway Repairs appropriation in the Airport Renewal and Replacement Fund. Due to a prior 2007A bond funding disqualification, it was determined that \$367,000 of the remaining bond proceeds are available to fund this eligible project in the Airport Revenue Bond Improvement Fund. A corresponding action to establish an appropriation for this project in the Airport Revenue Bond Improvement Fund is recommended elsewhere in this document.</p>				
<i>Terminal Seating</i>	Airport Capital Program		(\$71,000)	
<p>This action decreases the Terminal Seating appropriation by \$71,000 (from \$100,000 to \$29,000). Due to a prior 2007A bond funding disqualification, it was determined that \$71,000 of the remaining bond proceeds are available to fund this eligible project in the Airport Revenue Bond Improvement Fund. A corresponding action to establish an appropriation for this project in the Airport Revenue Bond Improvement Fund is recommended elsewhere in this document.</p>				
<i>Transfer to Airport Revenue Bond Improvement Fund</i>	Airport Capital Program		\$437,662	
<p>This action establishes a Transfer to the Airport Revenue Bond Improvement Fund from the Airport Renewal and Replacement Fund in the amount of \$437,662 for eligible project costs associated with the Terminal A Arrivals Roadway Repairs project (\$367,000) and the Terminal Seating project (\$71,000). On November 6, 2012, the remaining 2007A bond proceeds were transferred to the Airport by the Fiscal Agent. The transfer included project costs that are now deemed ineligible due to timing for bond funding. This adjustment is necessary to reimburse for the ineligible expenses that were funded by the 2007A Bonds. A corresponding transfer in the Airport Revenue Bond Improvement Fund is recommended elsewhere in this document.</p>				
TOTAL AIRPORT RENEW & REPL FUND (527)			\$0	\$0
AIRPORT REV BOND IMP FUND (526)				
<i>Ending Fund Balance Adjustment</i>	Airport Capital Program		(\$392,338)	
<p>This action decreases the Ending Fund Balance by \$392,338 to offset actions recommended in this report.</p>				
<i>Taxiway W Improvements</i>	Airport Capital Program		\$392,000	
<p>This action increases the Taxiway W Improvements appropriation by \$392,000. In July 2013, the Airport received a grant from FAA for the construction of Phase V (to extend a portion of Taxiway W from Taxiway D to G). Due to a reduction in the grant and local share funding for this project, the Airport is decreasing the local share match for this grant-funded project by approximately \$378,000, offset by the addition of \$770,000 for a construction contingency. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT REV BOND IMP FUND (526)				
<i>Terminal A Arrivals Roadway Repairs</i>	Airport Capital Program		\$367,000	
<p>This action establishes the Terminal A Arrivals Roadway Repairs appropriation in the amount of \$367,000. This project was previously funded in the Airport Renewal and Replacement Fund. However, due to a prior 2007A bond funding disqualification, it was determined that \$367,000 of the remaining bond proceeds are available to fund this eligible project. A corresponding decrease in the Airport Renewal and Replacement Fund is recommended elsewhere in this document.</p>				
<i>Terminal Seating</i>	Airport Capital Program		\$71,000	
<p>This action establishes the Terminal Seating appropriation in the amount of \$71,000. Due to a prior 2007A bond funding disqualification, it was determined that \$71,000 of the remaining bond proceeds in this fund are available for this eligible project. The remaining project funding of \$29,000 will remain in the Airport Renewal and Replacement Fund. A corresponding decrease in the Airport Renewal and Replacement Fund is recommended elsewhere in this document.</p>				
<i>Transfer from Airport Renewal and Replacement Fund</i>	Airport Capital Program			\$437,662
<p>This action establishes and recognizes a Transfer from the Airport Renewal and Replacement Fund to the Airport Revenue Bond Improvement Fund in the amount of \$437,662 for eligible project costs associated with the Terminal A Arrivals Roadway Repairs project (\$367,000) and the Terminal Seating project (\$71,000). On November 6, 2012, the remaining 2007A bond proceeds were transferred to the Airport by the Fiscal Agent. The transfer included project costs that are now deemed ineligible due to timing for bond funding. This adjustment is necessary to reimburse for the ineligible expenses that were funded by the 2007A Bonds. A corresponding transfer in the Airport Renewal and Replacement Fund is recommended elsewhere in this document.</p>				
TOTAL AIRPORT REV BOND IMP FUND (526)			\$437,662	\$437,662
AIRPORT REVENUE FUND (521)				
<i>Airline Agreement Reserve</i>	Airport		\$46,138	
<p>This action increases the Airline Agreement Reserve by \$46,138 to offset the net increase in the estimate for Earned Revenue recommended below.</p>				
<i>Earned Revenue - Airport Landing Fees and Terminal Rentals</i>	Airport			\$46,138
<p>This action increases the estimate for Earned Revenue for the Airport Landing Fees and Terminal Rentals revenue categories by a net adjustment of \$46,138. During the development of the revenue estimates in the 2013-2014 budget process, the Airport Rates and Charges model was still being finalized. This action now aligns budgeted revenue estimates with the 2013-2014 Airport's Rates and Charges. The revenue estimate for Landing Fees has increased by \$142,487 (from \$11,863,537 to \$12,006,024) and the revenue estimate for Terminal Rentals has decreased by \$96,349 (from \$38,087,565 to \$37,991,216) for a net increase to the Earned Revenue estimate of \$46,138.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2012-2013

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT REVENUE FUND (521)				
TOTAL AIRPORT REVENUE FUND (521)			\$46,138	\$46,138
AIRPORT SURPLUS REV FD (524)				
<i>Commercial Paper Principal and Interest</i>	Airport		\$404,525	
This action increases the Commercial Paper Principal and Interest appropriation by \$404,525 to reflect the refund of Commercial Paper notes used to pay capital expenditures of the Consolidated Rental Car Garage that are eligible for payment from Customer Facility Charges and the rental car companies.				
<i>Transfer from Airport Customer Facility and Transportation Fee Fund</i>	Airport			\$404,525
This action increases the Transfer from the Airport Customer Facility and Transportation Fee Fund by \$404,525 to the Airport Surplus Revenue Fund. In 2011, the Airport issued 2011B Series Bonds that were used to refund the Airport's Commercial Paper (CP) notes, which were used to pay Consolidated Rental Car Garage (ConRAC) capital expenditures. After the bond issuance, additional ConRAC capital expenditures of \$404,525 were paid with CP that are actually the responsibility of the rental car companies and are eligible for Customer Facility Charge (CFC) funding instead. This action reflects the transfer of CFC funding from the Airport Customer Facility and Transportation Fee Fund to the Airport Surplus Revenue Fund to refund the CP notes. A corresponding action in the Airport Customer Facility and Transportation Fee Fund is recommended elsewhere in this document.				
TOTAL AIRPORT SURPLUS REV FD (524)			\$404,525	\$404,525
BLDG & STRUCT CONST TAX FD (429)				
<i>Earned Revenue - Branham Lane/Monterey Highway Rail</i>	Traffic Capital Program			(\$12,000)
This action decreases the revenue estimate for the Transportation, Community and System Preservation Grant which provides funding for the Branham Lane/Monterey Highway Rail project. As part of the development of the 2013-2014 Adopted Capital Budget, revenues were programmed to be received in 2013-2014; however, \$12,000 of the programmed revenues were actually received in 2012-2013. A corresponding decrease to the Ending Fund Balance to offset this action is also recommended in this report.				
<i>Earned Revenue - Housing Incentive Program Grant</i>	Traffic Capital Program			(\$10,000)
This action decreases the revenue estimate for the Housing Incentive Program Grant which provides funding for the SJSU Japantown Pedestrian Corridor project. As part of the development of the 2013-2014 Adopted Capital Budget, revenues were programmed to be received in 2013-2014; however, \$10,000 of the programmed revenues were actually received in 2012-2013. A corresponding decrease to the Ending Fund Balance to offset this action is also recommended in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2012-2013

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
BLDG & STRUCT CONST TAX FD (429)				
<i>Earned Revenue - Metropolitan Transportation Commission</i>	Traffic Capital Program			(\$1,000)
<p>This action decreases the revenue estimate for grant funding from the Metropolitan Transportation Commission which provides funding for The Alameda - A Plan for the Beautiful Way project. As part of the development of the 2013-2014 Adopted Capital Budget, revenues were programmed to be received in 2013-2014; however, \$1,000 of the programmed revenues were actually received in 2012-2013. A corresponding decrease to the Ending Fund Balance to offset this action is also recommended in this report.</p>				
<i>Ending Fund Balance Adjustment</i>	Traffic Capital Program		(\$61,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Route 280/880/Stevens Creek Upgrade/Earned Revenue</i>	Traffic Capital Program		\$20,000	\$20,000
<p>This action increases the Route 280/880/Stevens Creek Upgrade appropriation and recognizes the corresponding revenue reimbursements from the Valley Transportation Authority to reroute the existing fiber optic communications system on Stevens Creek Boulevard in order to facilitate the construction of the I-880/Stevens Creek Interchange Upgrade project.</p>				
<i>Safety - Pedestrian Improvements</i>	Traffic Capital Program		\$15,000	
<p>This action increases the Safety - Pedestrian Improvements appropriation. In 2012-2013, the City received \$15,000 in revenues from Hitachi to provide funding for the installation of a pedestrian beacon on Great Oaks Boulevard at the pedestrian overcrossing.</p>				
<i>San Carlos St. Multimodal Streetscape Improvements - Phase II</i>	Traffic Capital Program		\$23,000	
<p>This action increases the San Carlos St. Multimodal Streetscape Improvements - Phase II appropriation by \$23,000. A prior year encumbrance was liquidated and inadvertently fell to fund balance. This action will appropriate the funds back into the project for the continued work with the Valley Transportation Authority for the design modifications prior to finalizing the project design and review of the permit issuance plans of this project.</p>				
TOTAL BLDG & STRUCT CONST TAX FD (429)			(\$3,000)	(\$3,000)
BRANCH LIB BOND PROJECT FD (472)				
<i>Branch Libraries Projects Bond Fund and Library Construction and Conveyance Tax Fund Expenditures Alignment/Transfers</i>	Library Capital Program		\$621,000	\$621,000
<p>This action establishes a revenue estimate for Transfers in order to receive \$621,000 from the Library Construction and Conveyance Tax Fund (Library C&C Fund), and establishes a Transfer to the Library C&C Fund in the amount of \$621,000 in order to: 1) recognize the transfer of Library C&C Fund funding to reimburse the Branch Libraries Bond Projects Fund for capital expenditures that have been determined as ineligible to be reimbursed from bond proceeds; and 2) transfer funds to the Library C&C Tax Fund to allocate bond proceeds to reimburse that fund for previously incurred costs associated with bond-eligible projects.</p>				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
BRANCH LIB BOND PROJECT FD (472)				
TOTAL BRANCH LIB BOND PROJECT FD (472)			\$621,000	\$621,000
BUSINESS IMPVT DIST FUND (351)				
<i>Downtown Business Improvement District/Earned Revenue (Downtown Assessment)</i>	Economic Development		(\$10,000)	(\$10,000)
<p>This action decreases the Downtown Business Improvement District appropriation and the revenue estimate for Downtown Assessment to reflect the revised estimated assessment collections from property owners in this district. The funding pays for maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities in the area.</p>				
TOTAL BUSINESS IMPVT DIST FUND (351)			(\$10,000)	(\$10,000)
CFD #13 GUADALUPE MINES (310)				
<i>Ending Fund Balance Adjustment</i>	Transportation		\$1,585	
<p>This action increases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Transportation Department Non-Personal/Equipment</i>	Transportation		(\$1,585)	
<p>This action decreases the Transportation Department (DOT) Non-Personal/Equipment appropriation by \$1,585. County tax collection fees from homeowners were not received in 2012-2013 resulting in a negative fund balance, and an adjustment is necessary to balance the fund. Revenue is anticipated to be received in 2013-2014, and an adjustment to the DOT Non-Personal/Equipment appropriation will be made at a later time.</p>				
TOTAL CFD #13 GUADALUPE MINES (310)			\$0	\$0
CIVIC CENTER CONSTRUCTION FD (425)				
<i>City Hall Construction Close-Out</i>	Muni Improvements Capital Program		\$1,067	
<p>This action increases the City Hall Construction Close-Out appropriation by \$1,067 for waterproofing repairs at City Hall.</p>				
<i>Ending Fund Balance Adjustment</i>	Muni Improvements Capital Program		(\$1,067)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
TOTAL CIVIC CENTER CONSTRUCTION FD (425)			\$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>
COMM DEV BLOCK GRANT FUND (441)				
<i>Contractual Community Services</i>	Housing		\$121,634	
<p>This action increases the Contractual Community Services appropriation to align final funding allocations from the U.S. Department of Housing and Urban Development (HUD) as described in the "2013 HUD Funding Adjustments to Nonprofit Service Agency Agreements" information memorandum that was released on September 5, 2013. As part of the development of the 2013-2014 Adopted Budget, staff programmed an anticipated 5% reduction to all HUD community development programs as a result of federal sequestration. However, when HUD released the final funding allocations for 2013-2014, the entitlement funding in the Community Development Block Grant (CDBG) Fund was higher by 11%. In response to the decrease in Emergency Shelter Grants (ESG) funding as described in the recommended adjustment in the Multi-Source Housing Fund, the increased entitlement funding is recommended to fund the reallocation of expenditures from ESG funds in the Multi-Source Housing Fund to the CDBG Fund in an effort to minimize service reductions.</p>				
<i>Earned Revenue - Developer Payment</i>	Housing			(\$90,283)
<p>This action decreases the revenue estimate for developer payments to align with lower than projected payments in 2013-2014.</p>				
<i>Earned Revenue - Entitlement</i>	Housing			\$810,891
<p>This action increases the revenue estimate for entitlement funding by \$810,891, from \$7,448,270 to \$8,259,160, to reflect the revised allocation from the U.S. Department of Housing and Urban Development (HUD), as described in the "2013 HUD Funding Adjustments to Nonprofit Service Agency Agreements" information memorandum that was released on September 5, 2013. As part of the development of the 2013-2014 Adopted Budget, staff programmed an anticipated 5% reduction to all HUD community development programs as a result of federal sequestration. However, when HUD released the final funding allocations for 2013-2014, the entitlement funding in the Community Development Block Grant Fund was higher by 11%.</p>				
<i>Housing Program Development and Monitoring</i>	Housing		\$22,308	
<p>This action increases the Housing Program Development and Monitoring appropriation to provide funding for administrative oversight of additional agreements as a result of an increased funding allocation from the U.S. Department of Housing and Urban Development as described above.</p>				
<i>Housing Rehabilitation Loans and Grants</i>	Housing		(\$60,000)	
<p>This action decreases the Housing Rehabilitation Loans and Grants appropriation to align funding with anticipated 2013-2014 expenditures. This funding provides financial resources and technical assistance to San José's lower-income residents seeking to maintain and/or improve the condition of their properties.</p>				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
COMM DEV BLOCK GRANT FUND (441)				
<i>Neighborhood Infrastructure Improvements</i>	Housing		(\$921,000)	
<p>This action reallocates funding from the Neighborhood Infrastructure Improvements appropriation by \$921,000 to the LED Streetlight Conversion (\$491,000), Transportation Neighborhood Infrastructure Improvements (\$155,000), Mayfair Community Garden Rehabilitation (\$225,000), and Olinder Park Physical Improvements (\$50,000) appropriations as described below. During the development of the 2013-2014 Adopted Budget, specific projects were not identified; however, staff recently identified projects after the release of the final funding allocations from the U.S. Department of Housing and Urban Development in July 2013.</p>				
<i>Section 108 Debt Service</i>	Housing		(\$44,535)	
<p>This action decreases the Section 108 Debt Service appropriation to align funding with revised debt service payments as a result of lower than estimated variable interest rates.</p>				
<i>Section 108 Debt Service Reserve</i>	Housing		\$681,201	
<p>This action increases the Section 108 Debt Service Reserve to set aside funding for future debt service programs. As a result of the dissolution of the San José Redevelopment Agency and per the agreement between the Federal Department of Housing and Urban Development, if the Successor Agency to the Redevelopment Agency (SARA) is not able to make the debt service payment, Community Development Block Grant (CDBG) funds are pledged to cover this obligation. Since it is projected that there will be insufficient property tax increment revenue available to cover the debt service payment in the near future, it is recommended that CDBG funds be programmed for this payment.</p>				
<i>Mayfair Community Garden Rehabilitation</i>	Parks, Rec, & Neigh Svcs		\$225,000	
<p>This action establishes the Mayfair Community Garden Rehabilitation appropriation to the Parks, Recreation and Neighborhood Services Department. The appropriation will provide funding for the rehabilitation of the Mayfair Community Garden. A corresponding decrease to the Neighborhood Infrastructure Improvements appropriation is also recommended to offset this action.</p>				
<i>Olinder Park Physical Improvements</i>	Parks, Rec, & Neigh Svcs		\$50,000	
<p>This action establishes the Olinder Park Physical Improvements appropriation to the Parks, Recreation and Neighborhood Services Department. The appropriation will provide funding for the installation of gates, bollards, and boulders in Olinder Park and along Remillard Court to prevent vehicular access to a homeless encampment along Coyote Creek. A corresponding decrease to the Neighborhood Infrastructure Improvements appropriation is also recommended to offset this action.</p>				
<i>LED Streetlight Conversion</i>	Transportation		\$491,000	
<p>This action increases the LED Streetlight Conversion appropriation to convert 539 existing streetlights to LED in the Five Wounds neighborhood and 22 streetlight fixtures in the Mayfair neighborhood. A corresponding decrease to the Neighborhood Infrastructure Improvements appropriation is also recommended to offset this action.</p>				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
COMM DEV BLOCK GRANT FUND (441)				
<i>Transportation Neighborhood Infrastructure Improvements</i>	Transportation		\$155,000	
<p>This action increases the Transportation Neighborhood Infrastructure Improvements appropriation for the installation of radar speed signs on Julian Street on southbound 24th Street at San José High School (\$50,000), installation of flashing beacons and choker islands in the East William Street right-of-way at Olinder School (\$40,000), and installation of flashing beacons and choker islands in the 33rd Street right-of-way at Anne Darling School (\$65,000). A corresponding decrease to the Neighborhood Infrastructure Improvements appropriation is also recommended to offset this action.</p>				
TOTAL COMM DEV BLOCK GRANT FUND (441)			\$720,608	\$720,608
CONST/CONV TAX FIRE FUND (392)				
<i>Ending Fund Balance Adjustment</i>	Public Safety Capital Program		(\$652,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Facilities Improvements</i>	Public Safety Capital Program		\$32,000	
<p>This action increases the Facilities Improvement appropriation by \$32,000 to fund repairs and improvements at various fire stations, including, but not limited to, mold abatement and security fence repairs at Fire Station 21, generator repairs at Fire Station 31, and a roof replacement at Fire Station 5.</p>				
<i>Reserve: Facilities Improvements</i>	Public Safety Capital Program		\$620,000	
<p>This action reestablishes the Reserve: Facilities Improvements in the amount of \$620,000. The reserve was created in 2012-2013, but was liquidated to help fund other urgent projects. This reserve was established to fund urgent facility maintenance and repairs. There are many fire stations that are more than 50 years old and are recently showing signs of significant maintenance and repair needs. This reserve will help ensure that funding is available for any critical fire station needs such as mold abatement, roof replacement, and exterior waterproofing that may arise in the near future.</p>				
TOTAL CONST/CONV TAX FIRE FUND (392)			\$0	\$0

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX LIBRARY FD (393)				
<i>Branch Libraries Projects Bond Fund and Library Construction and Conveyance Tax Fund Expenditures Alignment/Transfers</i>	Library Capital Program		\$621,000	\$621,000
<p>This action establishes a revenue estimate for Transfers in order to receive \$621,000 from the Branch Libraries Bond Projects Fund (Bond Fund), and establishes a Transfer to the Bond Fund in the amount of \$621,000 in order to: 1) recognize the transfer of bond proceeds from the Bond Fund to reimburse the Library Construction and Conveyance Tax Fund (Library C&C Fund) for previously incurred costs associated with bond-eligible projects; and 2) transfer Library C&C Fund funds to reimburse the Bond Fund for capital expenditures that have been determined as ineligible to be reimbursed from bond proceeds. For more information, please refer to Section III. Performance of Selected Special Capital Funds, General Obligation Bond Funds, in this document.</p>				
<i>Ending Fund Balance Adjustment</i>	Library Capital Program		(\$625,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Ineligible Branch Libraries Bond Projects Reserve</i>	Library Capital Program		\$625,000	
<p>This action establishes an Ineligible Branch Libraries Bond Projects Reserve in the amount of \$625,000, which will be recommended for future transfer to the Branch Libraries Bond Projects Fund (Bond Fund). The 2015-2019 Capital Improvement Program will include a recommendation to transfer funds from the Library Construction and Conveyance Tax Fund (Library C&C Fund) to the Bond Fund to fund the construction of capital projects that are eligible for reimbursement from bond proceeds. Over a period not to exceed four years, these transfers will allow for the construction of a variety of bond-eligible improvements at the City's branch libraries, while simultaneously allowing a phased pay down of Bond Fund capital expenditures that have been determined as ineligible to be reimbursed from bond proceeds. For more information, please refer to Section III. Performance of Selected Special Capital Funds, General Obligation Bond Funds, in this document.</p>				
TOTAL CONST/CONV TAX LIBRARY FD (393)			\$621,000	\$621,000
CONST/CONV TAX PK CD 1 FUND (377)				
<i>Calabazas Basketball Court Renovation</i>	Parks & Comm Fac Dev Capital Program		\$70,000	
<p>This allocation increases the Calabazas Basketball Court Renovation project by \$70,000 due to construction bids received for the project being higher than anticipated. The Calabazas Basketball Court Renovation project will consist of a new basketball half court and the installation of lighting for the existing three tennis courts.</p>				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		(\$70,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
TOTAL CONST/CONV TAX PK CD 1 FUND (377)			\$0	\$0

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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)				
<p><i>Earned Revenue - SAFETEA-LU: Lower Guadalupe River Trail (Gold Street to Highway 880)</i></p> <p>This action decreases the Earned Revenue estimate by \$1,538,000. A federal grant received under the SAFETEA-LU program (The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users) that is related to the Lower Guadalupe River Trail (Gold Street to Highway 880) project was budgeted in 2013-2014 in the Council District 4 Construction and Conveyance Tax Fund. However, this project (which was budgeted in the Park Trust Fund and the Council District 4 Construction and Conveyance Tax Fund) was recently completed with significant project savings in the Council District 4 Construction and Conveyance Tax Fund. Therefore, this report includes recommendations to decrease the remaining grant revenue of \$1.5 million and decrease the project savings of \$1.8 million in 2013-2014. Remaining funds will likely be used in the future to construct the Tasman Under-Crossing along the Guadalupe River Trail. Once a cost estimate is known for this project, a recommendation will be brought forward through the 2014-2015 budget process to appropriate the funds and increase the Earned Revenue estimate for the new project.</p>	<p>Parks & Comm Fac Dev Capital Program</p>			<p>(\$1,538,000)</p>
<p><i>Ending Fund Balance Adjustment</i></p> <p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>	<p>Parks & Comm Fac Dev Capital Program</p>		<p>\$281,000</p>	
<p><i>TRAIL: Lower Guadalupe River (Gold Street to Highway 880)</i></p> <p>This action decreases the TRAIL: Lower Guadalupe River (Gold Street to Highway 880) project by \$1,819,000. As described above, this project was recently completed with project savings due to the construction contract award being lower than anticipated. Remaining funds will likely be used in the future to construct the Tasman Under-Crossing project along the Guadalupe River Trail. Once a cost estimate is known for this project, a recommendation will be brought forward through the 2014-2015 budget process to appropriate the funds and increase the Earned Revenue estimate for the new project.</p>	<p>Parks & Comm Fac Dev Capital Program</p>		<p>(\$1,819,000)</p>	
TOTAL CONST/CONV TAX PK CD 4 FUND (381)			<p>(\$1,538,000)</p>	<p>(\$1,538,000)</p>
CONST/CONV TAX PKS CW FUND (391)				
<p><i>Copper Wire Replacement</i></p> <p>This action establishes the Copper Wire Replacement project for \$288,000. Copper wire theft is a problem currently affecting many city facilities, that began in the Parks system around January 2013. The Parks, Recreation and Neighborhood Services Department spent approximately \$202,000 in 2012-2013 replacing copper wires at various parks facilities. In 2013-2014 an estimated \$288,000 is required to replace the copper wire that directly impacts the parks' electrical systems, irrigation, sports, and security lighting at 65 facilities. A reduction to the Ending Fund Balance is recommended elsewhere in this report to offset this action.</p>	<p>Parks & Comm Fac Dev Capital Program</p>		<p>\$288,000</p>	

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX PKS CW FUND (391)				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		(\$637,000)	
This action decreases the Ending Fund Balance to partially offset the actions recommended in this report.				
<i>Family Camp Master Plan</i>	Parks & Comm Fac Dev Capital Program		\$30,000	
This action increases funding for the Family Camp Master Plan by \$30,000. In May 2013, a draft of the Family Camp Master Plan was submitted to the United States Forest Service and it is currently pending approval. However, due to the RIM Fire that occurred over the summer, an erosion control study may be required before the Master Plan can be approved. An erosion control plan would mitigate erosion from the fire entering the Tuolumne River, which runs directly through Family Camp.				
<i>Happy Hollow Park and Zoo Minor Renovations</i>	Parks & Comm Fac Dev Capital Program		\$197,000	
This action increases the Happy Hollow Park and Zoo Minor Renovations project by \$197,000. This increase will ensure adequate funding is available for several projects at Happy Hollow Park and Zoo, including the installation of shading at the Granny Bugs ride as well as fencing improvements and repairs. A reduction to the Happy Hollow Park and Zoo Phase II Renovation project is recommended elsewhere in this report to offset this action.				
<i>Happy Hollow Park and Zoo Phase II Renovations</i>	Parks & Comm Fac Dev Capital Program		(\$197,000)	
This action decreases the Happy Hollow Park and Zoo Phase II Renovations project by \$197,000. It is anticipated this project, which is nearing completion, will have project savings of approximately \$197,000. Due to needs that still exist at the Happy Hollow Park and Zoo facility, a separate request is included elsewhere in this document to reallocate this savings to the Happy Hollow Park and Zoo Minor Renovations project.				
<i>Rancho del Pueblo Netting Replacement</i>	Parks & Comm Fac Dev Capital Program		\$319,000	
This action establishes the Rancho del Pueblo Netting Replacement project for \$319,000. This funding will allow for the replacement of the safety netting and poles at Rancho del Pueblo Golf Course. The wooden poles supporting the safety netting along Fairways 1, 2, 3, and 4 are showing signs of dry-rot and are in need of repair and replacement.				
<i>TRAIL: Milestone Markers</i>	Parks & Comm Fac Dev Capital Program		(\$188,000)	
This action decreases the TRAIL: Milestone Markers project by \$188,000. Milestone markers for the City's trail system were originally funded by a grant from the State of California (Proposition 40: Roberti-Z'berg-Harris). Subsequent to this, the State authorized a request to shift the funding from the Milestone Markers project to the TRAIL: Three Creeks Interim Improvements and Trestle Bridge project due to the completion of the Milestone Markers project. This report, therefore, includes a recommendation to decrease the TRAIL: Milestone Markers allocation and increase the TRAIL: Three Creeks Interim Improvements and Trestle Bridge project.				

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2012-2013

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX PKS CW FUND (391)				
<i>TRAIL: Three Creeks Interim Improvements and Trestle Bridge</i>	Parks & Comm Fac Dev Capital Program		\$188,000	
<p>This action increases the TRAIL: Three Creeks Interim Improvements and Trestle Bridge project by \$188,000. Milestone markers for the City's trail system were originally funded by a grant from the State of California (Proposition 40: Roberti-Z'berg-Harris). Subsequent to this, the State authorized a request to shift the funding from the Milestone Markers project to the TRAIL: Three Creeks Interim Improvements and Trestle Bridge project due to the completion of the Milestone Markers project. This report, therefore, includes a recommendation to decrease the TRAIL: Milestone Markers allocation and increase the TRAIL: Three Creeks Interim Improvements and Trestle Bridge project.</p>				
TOTAL CONST/CONV TAX PKS CW FUND (391)			\$0	\$0
CONSTRUCTION EXCISE TAX FD (465)				
<i>Ending Fund Balance Adjustment</i>	Traffic Capital Program		(\$993,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>North San José Deficiency Plan Improvements</i>	Traffic Capital Program		\$94,000	
<p>This action increases the North San José Deficiency Plan Improvements appropriation by \$94,000. At the end of 2012-2013, a developer payment was received to provide funding to implement transportation management systems in North San José including sidewalks, bus shelters, and bike lanes.</p>				
<i>Route 101/Oakland/Mabury Traffic Impact Fees Reserve</i>	Traffic Capital Program		\$868,000	
<p>This action increases the Route 101/Oakland/Mabury Traffic Impact Fees Reserve by \$868,000 to set aside traffic impact fees that were paid by developers (approximately \$503,000 from Pulte Home and \$365,000 from Summerhill Homes) in 2012-2013. This reserve sets aside funding received for traffic improvements within the Route 101/Oakland Road/Mabury Road area.</p>				
<i>Safe Access San José/Earned Revenue</i>	Traffic Capital Program		\$192,000	\$186,000
<p>This action increases the Safe Access San José appropriation by \$192,000 and recognizes funding of \$186,000 from the Climate Initiative Grant to construct traffic and pedestrian safety improvements at the Leigh Avenue and Dry Creek Road intersection. As part of the grant agreement, a local match of \$6,000 is required and will be funded from the Ending Fund Balance in the Construction Excise Tax Fund.</p>				
<i>Street Tree Inventory/Earned Revenue</i>	Traffic Capital Program		\$175,000	\$150,000
<p>This action increases the Street Tree Inventory appropriation by \$175,000 and recognizes grant funding of \$150,000 from the California Department of Forestry and Fire Protection (Calfire) to complete the street tree inventory effort that locates, categorizes, and assesses the condition of the City's estimated 242,000 street trees. As part of the grant agreement, a local match of \$25,000 is required and will be funded from the Ending Fund Balance in the Construction Excise Tax Fund.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2012-2013

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONSTRUCTION EXCISE TAX FD (465)				
TOTAL CONSTRUCTION EXCISE TAX FD (465)			\$336,000	\$336,000
CONV CTR FACILI DIST PROJ FD (691)				
Convention Center Expansion and Renovation Project	Muni Improvements Capital Program		\$262,440	
This action increases the Convention Center Expansion and Renovation Project appropriation by \$262,440 to provide funding for the completion of close-out costs associated with the completion of this facility in fall 2013 such as landscaping, replacement or repair of locks throughout the facility, replacing needed lighting in the parking garage, and various minor touch-up repairs needed throughout the facility.				
Ending Fund Balance Adjustment	Muni Improvements Capital Program		(\$262,440)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
TOTAL CONV CTR FACILI DIST PROJ FD (691)			\$0	\$0
CONV/CULTURAL AFFAIRS FUND (536)				
Capital Reserve	Economic Development		(\$100,000)	
This action decreases the Capital Reserve in the amount of \$100,000 to partially offset the increase to the Miscellaneous Capital Improvements recommended in this report.				
Center for Performing Arts Improvements	Economic Development		\$140,000	
This action increases the appropriation for the Center for Performing Arts Improvements in the amount of \$140,000 to fund the required abatement of asbestos encountered during the upgrade of the fire protection system at the Center for Performing Arts.				
Ending Fund Balance Adjustment	Economic Development		(\$165,076)	
This action decreases the Ending Fund Balance to offset actions recommended in this report.				
Miscellaneous Capital Improvements	Economic Development		\$140,000	
This action increases the Miscellaneous Capital Improvements appropriation to fund integration of the heating and cooling system software across several cultural facilities, and the purchase of replacement trash cans that were originally anticipated to be purchased at the end of 2012-2013. This increase is partially offset by a reduction to the Capital Reserve in the amount of \$100,000.				
Transfers (TOT Reconciliation)	Economic Development			\$14,924
Actual 2012-2013 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budgeted estimate of \$15.1 million by \$29,848. This action increases the Transfer from the TOT Fund to the Convention and Cultural Affairs Fund in the amount of \$14,924 in accordance with the distribution formula outlined in the San José Municipal Code. A corresponding action in the Transient Occupancy Tax Fund (461) is also recommended elsewhere in this report.				
TOTAL CONV/CULTURAL AFFAIRS FUND (536)			\$14,924	\$14,924

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
EDW BYRNE MEMORIAL JAG FD (474)				
2010 Justice Assistance Grant	Police		\$342	
This action increases the 2010 Justice Assistance Grant appropriation to reflect interest earnings for the JAG 2010 grant cycle, that were previously unallocated, in order to repay the granting agency per grant provisions.				
2011 Justice Assistance Grant	Police		\$239	
This action increases the 2011 Justice Assistance Grant appropriation to reflect interest earnings for the JAG 2011 grant cycle, that were previously unallocated, in order to expend these funds by the spending deadline of September 30, 2014. The spending plan for this grant includes equipment as well as crime prevention and education programs.				
2012 Justice Assistance Grant	Police		\$319	
This action increases the 2012 Justice Assistance Grant appropriation to reflect interest earnings for the JAG 2012 grant cycle, that were previously unallocated, in order to expend these funds by the spending deadline of September 30, 2015. The spending plan for this grant includes equipment as well as crime prevention and education programs.				
Ending Fund Balance Adjustment	Police		(\$900)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
TOTAL EDW BYRNE MEMORIAL JAG FD (474)			\$0	\$0
FEDERAL DRUG FORFEITURE FUND (419)				
Crime Scene Digitizer	Police		\$160,000	
This action increases the Non-Personal/Equipment appropriation by \$160,000 to fund the purchase of a Crime Scene Digitizer that will allow for an increase in documentation efficiencies. This equipment will assist in the processing of crime scenes and major traffic investigations to ensure efficient and accurate data collection. The equipment utilizes the latest technology, and is expected to save Police Department hundreds of hours spent in the field and in the office by the Homicide Unit.				
Ending Fund Balance Adjustment	Police		(\$160,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
TOTAL FEDERAL DRUG FORFEITURE FUND (419)			\$0	\$0

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
GENERAL PURPOSE PARKING FD (533)				
<p><i>Debt Service Payments Reserve/Earned Revenue (Successor Agency Reimbursement)</i></p> <p>This action increases the estimate for Earned Revenue offset by a corresponding increase in the Reserve for Debt Service Payments by \$660,000 to recognize the anticipated reimbursement from the Successor Agency to the Redevelopment Agency (SARA) for payments associated with the 4th Street/San Fernando Debt Service. As part of the 2012-2013 reimbursement agreement between SARA and the City as approved by the City Council, Successor Agency Board, and Successor Agency Oversight Board in June 2013 and amended in September 2013, a provision for intra-year loans or cash flow loans are outlined with an \$11 million cap for 2012-2013. Through this mechanism, it is estimated that the City will be reimbursed from remaining 2012-2013 SARA year-end balances for a portion of the total General Purpose Parking Fund subsidy (\$3.4 million) provided by the City in 2012-2013. This action is offset by an increase in the Reserve for Debt Service Payments and in combination with other actions recommended in this report, will increase the total reserve from \$8.2 million to \$9.9 million in 2013-2014.</p>	Transportation		\$660,000	\$660,000
<p><i>Ending Fund Balance Adjustment</i></p> <p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>	Transportation		(\$44,000)	
<p><i>Successor Agency to the Redevelopment Agency</i></p> <p>This action increases the Successor Agency to the Redevelopment Agency (SARA) appropriation by \$44,000 to transfer the net revenues from the operation of the Almaden/Balbach, South Hall, and San Pedro/Bassett parking lots. Pursuant to the State Controller Asset Transfer Review March 2013, the City returned certain assets previously transferred from SARA. In accordance with this, any revenues generated by these assets must be returned to SARA. These properties are all owned by SARA however, are operated by the City. Included in the 2012-2013 Year-End Clean-up memorandum was a transfer of \$330,000 to provide estimated net revenues from properties to SARA. This action reflects the final reconciliation of gross revenues and expenditures for these properties and returns the final proceeds to the SARA. A corresponding decrease to the Ending Fund Balance is recommended in this report.</p>	Transportation		\$44,000	
TOTAL GENERAL PURPOSE PARKING FD (533)			\$660,000	\$660,000

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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>Library General Gifts/Earned Revenue</i>	Library		\$37,163	\$37,163
<p>This action increases the Library – General Gifts appropriation and Earned Revenue estimate to recognize and appropriate gifts made by various Friends of the Library groups and the San José Library Foundation in support of the following: Willow Glen Branch Library for programming, supplies, and materials (\$9,339); Calabazas Branch Library for materials and to support library programs (\$5,500); Cambrian Branch Library for programming, supplies, materials, the Summer Reading Program, and Santa Reads (\$3,980); Berryessa Branch Library for programming, supplies, materials, and the Summer Reading Program (\$3,300); Vineland Branch Library for programming, supplies and materials (\$2,661); San José Public Library Foundation for Smart Start San José, the Summer Reading Program, and Santa Reads (\$1,810); Santa Teresa Branch Library for programming, supplies, and materials (\$1,694); Seven Trees Branch Library for programming, supplies, and materials (\$1,625); Dr. Martin Luther King Jr. Library for the Summer Reading Program and periodical subscriptions (\$1,534); Evergreen Branch Library for programming, supplies, and materials (\$1,500); Edenvale Branch Library for programming, supplies, and materials (\$1,100); East Branch Library for programming, supplies, and materials (\$1,000); Tully Branch Library for programming, supplies, and materials (\$750); Alum Rock Branch Library for programming, supplies, and materials (\$570); Biblioteca Branch Library for the Summer Reading Celebration (\$500); and Educational Park Branch Library for programming, supplies, and materials (\$300).</p>				
<i>Commodore Park Maintenance</i>	Parks, Rec, & Neigh Svcs		\$500,428	
<p>This action establishes the Commodore Park Maintenance appropriation in the amount of \$500,428 to recognize funds from a developer to support Parks, Recreation and Neighborhood Services Department maintenance costs for Commodore Park, a new park in the Berryessa neighborhood currently under construction. This park is anticipated to be completed in December 2013. Per City Council Resolution #75638, an agreement was established with a developer to provide up to 10 years of facilities maintenance at Commodore Park.</p>				
<i>Ending Fund Balance Adjustment</i>	Parks, Rec, & Neigh Svcs		(\$500,428)	
<p>This action decreases the Ending Fund Balance to offset the action recommended above.</p>				
TOTAL GIFT TRUST FUND (139)			\$37,163	\$37,163
HOME INVEST PART PROG FUND (445)				
<i>Ending Fund Balance Adjustment</i>	Housing		(\$305,260)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				

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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>Habitat Acquisition Rehab Assistance</i>	Housing		\$250,000	
<p>This action increases the Habitat Acquisition Rehab Assistance appropriation to assist Habitat for Humanity in rehabilitating and/or acquiring land to build homes to benefit up to six low-income homebuyers, as detailed in the "Public Hearing on and Approval of a Substantial Amendment to the FY 2013-14 Annual Action Plan" memorandum that was approved by the City Council on September 24, 2013.</p>				
<i>Housing Loans and Grants</i>	Housing		\$29,000	
<p>This action increases the Housing Loans and Grants appropriation by \$29,000 to provide funding for the final payment for the Kings Crossing Project. The Kings Crossing Project is a 94-unit apartment complex that provides permanent, affordable rental housing.</p>				
<i>Water Street Project</i>	Housing		\$26,260	
<p>This action increases the Water Street Project appropriation by \$26,260 to provide funding for the rehabilitation and improvements of the Water Street property. The improvements include new paint, carpet, windows, and fixtures. This amount reflects the City's costs for the rehabilitation of the property.</p>				
TOTAL HOME INVEST PART PROG FUND (445)			\$0	\$0
HOUSING TRUST FUND (440)				
<i>Destination: Home</i>	Housing		\$50,000	
<p>This action increases the Destination: Home appropriation by \$50,000 to enable the Housing Department to enter into an agreement with Destination: Home to perform an employment study that evaluates the current system of employment training and placement for the homeless. The study will focus on distinguishing pathways to employment by utilizing partnerships with the business and employment sector.</p>				
<i>Ending Fund Balance Adjustment</i>	Housing		(\$100,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Housing and Homeless Projects</i>	Housing		\$50,000	
<p>This action increases the Housing and Homeless Projects appropriation by \$50,000. This adjustment will provide funding for the study and preparation of a Food Access Plan, which will be produced in conjunction with the Health Trust. This study will define factors and barriers that affect both the senior and homeless population's access to adequate nutrition.</p>				
TOTAL HOUSING TRUST FUND (440)			\$0	\$0
LAKE CUNNINGHAM FUND (462)				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		(\$300,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
LAKE CUNNINGHAM FUND (462)				
<i>Lake Cunningham Asphalt Repairs</i>	Parks & Comm Fac Dev Capital Program		\$300,000	
<p>This action establishes the Lake Cunningham Asphalt Repairs project for \$300,000. This project will provide funding to repair the asphalt walkways and parking lots that are deteriorating at Lake Cunningham Park. This project also provides funding to relocate a walking pathway that needs to be moved due to a seawall that is collapsing at the edge of the lake. A reduction to the Ending Fund Balance is recommended elsewhere in this report to offset this action.</p>				
TOTAL LAKE CUNNINGHAM FUND (462)			\$0	\$0
LOW/MOD INCOME HSNB ASSET FD (346)				
<i>Ending Fund Balance Adjustment</i>	Housing		(\$7,000,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Housing Loans and Grants</i>	Housing		\$7,000,000	
<p>This action increases the Housing Loans and Grants appropriation to provide funding for home loans and grants for affordable housing projects. This additional funding will support the development of The Metropolitan housing project, which is located along Monterey Road and will replace an old, dilapidated former hotel with 102 new, affordable family apartments.</p>				
TOTAL LOW/MOD INCOME HSNB ASSET FD (346)			\$0	\$0
MULTI-SOURCE HOUSING FD (448)				
<i>Earned Revenue - Loan Repayment</i>	Housing			\$255,405
<p>This action recognizes \$255,405 in a principal loan repayment for the sale of the Water Street property. The property was rehabilitated and sold to a qualified moderate income household.</p>				
<i>Emergency Shelter Grants/Earned Revenue</i>	Housing		(\$167,297)	(\$167,297)
<p>This action decreases Emergency Shelter Grants (ESG) appropriation and corresponding grant funding to align final funding allocations from the U.S. Department of Housing and Urban Development (HUD) as described in the "2013 HUD Funding Adjustments to Nonprofit Service Agency Agreements" information memorandum that was released on September 5, 2013. As part of the development of the 2013-2014 Adopted Budget, staff programmed an anticipated 5% reduction to all HUD community development programs as a result of federal sequestration. However, when HUD released the final funding allocations for 2013-2014, the grant funding for ESG was much lower and actually had a 24% reduction. In an effort to minimize service reductions, funding in the Community Development Block Grant Fund will be available to fund these expenditures.</p>				
<i>Ending Fund Balance Adjustment</i>	Housing		\$130,405	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
MULTI-SOURCE HOUSING FD (448)				
<i>HOPWA Grant/Earned Revenue</i>	Housing		\$4,332	\$4,332
<p>This action increases the HOPWA Grant appropriation and corresponding grant funding to align final funding allocations from the U.S. Department of Housing and Urban Development (HUD) as described in the "2013 HUD Funding Adjustments to Nonprofit Service Agency Agreements" information memorandum that was released on September 5, 2013. As part of the development of the 2013-2014 Adopted Budget, staff programmed an anticipated 5% reduction to all HUD community development programs as a result of federal sequestration. However, when HUD released the final funding allocations for 2013-2014, the grant funding for HOPWA was slightly higher and resulted in a 1% increase.</p>				
<i>Nexus Study</i>	Housing		\$125,000	
<p>This action increases the Housing Department's Non-Personal/Equipment appropriation to fund a nexus study agreement and community outreach and noticing expenses. On June 4, 2013, City Council directed the Housing Department to conduct a nexus study analyzing the impact that residential development has on the need for affordable housing in San José and return to City Council with recommendations in November 2013.</p>				
TOTAL MULTI-SOURCE HOUSING FD (448)			\$92,440	\$92,440
NEIGHBHD SECURITY BOND FD (475)				
<i>Ending Fund Balance Adjustment</i>	Public Safety Capital Program		(\$734,365)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Fire Station 21 - Relocation (White Road)</i>	Public Safety Capital Program		\$734,365	
<p>This action increases the Fire Station 21 - Relocation (White Road) appropriation by \$734,365 to bring the total project budget to \$8.0 million. A construction award for this project was initially expected to occur in spring 2013, but due to project delays it will now occur in winter 2013.</p>				
TOTAL NEIGHBHD SECURITY BOND FD (475)			\$0	\$0
PUBLIC WKS PRO SUPPORT FD (150)				
<i>Transfers from Capital Program Support and Public Works Program Support</i>	Public Works		(\$652,151)	(\$652,151)
<p>This action decreases the revenue estimate for Transfers from Capital Program Support (\$193,037) and Public Works Program Support (\$459,114) in order to align revenues with estimated expenses. As part of the development of the 2013-2014 Adopted Budget, higher than necessary expenditure estimates were used to generate the revenue estimates. This action will bring the 2013-2014 budgeted revenue estimates in line with the 2013-2014 estimated expenditures. An offsetting decrease to the Ending Fund Balance is also recommended.</p>				
TOTAL PUBLIC WKS PRO SUPPORT FD (150)			(\$652,151)	(\$652,151)

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SAN JOSE DIRIDON DVLPT AUTH FD (482)				
<i>Ending Fund Balance Adjustment</i>	Economic Development		(\$417,173)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>Successor Agency to the Redevelopment Agency</i>	Economic Development		\$417,173	
This action establishes a Successor Agency to the Redevelopment Agency appropriation. As outlined in the "Transfer of Certain Properties and Assets from the City and the Joint Powers Authority (JPA) Back to the Successor Agency" memorandum to City Council, the Successor Agency Board, and the San José Diridon Development Authority Board on June 18, 2013, under the Redevelopment Dissolution Legislation, the State Controller has the authority to review and order the return of any asset transferred between a city, county, or other public agency and the redevelopment agency if the transfer occurred between January 1, 2011 and June 28, 2011 and the asset "is not contractually committed to a third party." The State Controller has ordered the City and JPA to return certain assets transferred from the Successor Agency during that specified period. In accordance with this, any revenues generated by these assets, as recorded in the San José Diridon Development Authority Fund must be returned to the Successor Agency. As approved on August 13, 2013, the final asset transfer of 645 Park Avenue was approved by the City Council and Successor Agency Board; therefore, this action reflects the final reconciliation of gross revenues and expenditures for the property and returns the final proceeds from the JPA to the Successor Agency. A corresponding decrease to the Ending Fund Balance is recommended in this report.				
TOTAL SAN JOSE DIRIDON DVLPT AUTH FD (482)			\$0	\$0
SEWER SVC & USE CHARGE FD (541)				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		\$31,850	
This action increases the Ending Fund Balance to offset the action recommended in this report.				
<i>IDC Disposal Contract</i>	Environmental Services		(\$31,850)	
This action decreases the IDC Disposal Contract appropriation to align the 2013-2014 budget with the actual contract payment of \$128,000.				
TOTAL SEWER SVC & USE CHARGE FD (541)			\$0	\$0
SEWER SVC & USE CHG CAP FD (545)				
<i>Immediate Replacement and Diversion Projects/Earned Revenue</i>	Sanitary Sewer Capital Program		\$477,000	\$477,000
This action recognizes and appropriates to the Immediate Replacement and Diversion Projects appropriation a settlement from a surety to complete construction of a pipeline rehabilitation project on Montague Expressway. The original contractor L.H. Engineering Co. Inc. abandoned the project and the surety company, Ohio Casualty Insurance, retained O'Grady Paving, Inc. to complete the project. A corresponding increase to the estimate for Earned Revenue is recommended to offset this action.				

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>
SEWER SVC & USE CHG CAP FD (545)				
TOTAL SEWER SVC & USE CHG CAP FD (545)			\$477,000	\$477,000
SUBDIVISION PARK TRUST FUND (375)				
<i>Del Monte Park Land Acquisition and Development</i>	Parks & Comm Fac Dev Capital Program		\$2,870,000	
<p>This action establishes the Del Monte Park Land Acquisition and Development project for \$2,870,000. The City has reached an agreement with the property owner regarding the purchase price of the Reed & Graham property, which will be developed as part of the future Del Monte Park. A reduction to the Del Monte Park Land Acquisition and Development Reserve is recommended elsewhere in this report to offset this action.</p>				
<i>Del Monte Park Land Acquisition and Development Reserve</i>	Parks & Comm Fac Dev Capital Program		(\$2,870,000)	
<p>This action eliminates the Del Monte Park Land Acquisition and Development Reserve. A corresponding recommendation is included in this report to allocate the funding for the purchase of one of the parcels of land needed for the future Del Monte Park.</p>				
<i>Future PDO/PIO Reserve</i>	Parks & Comm Fac Dev Capital Program		(\$5,000)	
<p>This action decreases the Future PDO/PIO Reserve to offset the actions recommended in this report.</p>				
<i>Martial-Cottle Community Garden</i>	Parks & Comm Fac Dev Capital Program		\$512,000	
<p>This action establishes the Martial-Cottle Community Garden project for \$512,000. The County of Santa Clara has begun development of a new 287.54 acre park, with the City constructing a community garden within the park perimeter. The County has requested for construction of the community garden to begin in spring 2014, therefore this recommendation (which includes funding for design and construction of the garden) will allow design efforts to begin immediately for the project. A corresponding reduction to the Martial-Cottle Community Garden Reserve is recommended elsewhere in this report to offset this action.</p>				
<i>Martial-Cottle Community Garden Reserve</i>	Parks & Comm Fac Dev Capital Program		(\$512,000)	
<p>This action eliminates the Martial Cottle Community Garden Reserve. A corresponding recommendation is included in this report to allocate this funding for the design and construction of the Martial-Cottle Community Garden.</p>				
<i>Santana Park Development</i>	Parks & Comm Fac Dev Capital Program		(\$1,000,000)	
<p>This action eliminates the Santana Park Development project by \$1,000,000. The schedule for the development of Santana Park has been extended while the developer finalizes the street right-of-way and land dedication. It is now determined that final park design is not likely to begin until 2014-2015, therefore, it is recommended that project funding be reallocated to a reserve of funds. A corresponding action to establish the Santana Park Development Reserve is recommended elsewhere in this document.</p>				
<i>Santana Park Development Reserve</i>	Parks & Comm Fac Dev Capital Program		\$1,000,000	
<p>This action establishes the Santana Park Development Reserve for \$1,000,000. A corresponding recommendation is included in this report to eliminate the Santana Park Development project due to the final park design phase not beginning until 2014-2015.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2012-2013

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SUBDIVISION PARK TRUST FUND (375)				
<i>Solari Park Sports Field Conversion</i>	Parks & Comm Fac Dev Capital Program		(\$10,000)	
<p>This action decreases the Solari Park Sports Field Conversion project by \$10,000. During the production of the 2013-2014 Capital Budget, an inadvertent error was made in determining the amount of fees available within the nexus of the Solari Park Sports Field Conversion project. This action recommends decreasing the appropriation and a corresponding increase is recommended elsewhere in this report to increase the Future PDO/PIO Projects Reserve. This funding will be reallocated during the 2014-2015 budget process to another project that is within the nexus requirement.</p>				
<i>St. James Park Feasibility Study</i>	Parks & Comm Fac Dev Capital Program		\$15,000	
<p>This action establishes the St. James Park Feasibility Study project for \$15,000. This project will study the feasibility of locating a permanent performance stage at St. James Park. The study will include community outreach efforts and the hiring of a noise consultant to provide general advice on noise impacts from events that would be held on the new stage. A reduction to the Future PDO/PIO Projects Reserve is recommended elsewhere in this report to offset this action.</p>				
TOTAL SUBDIVISION PARK TRUST FUND (375)			\$0	\$0
SUPPL LAW ENF SVCES FUND (414)				
<i>Ending Fund Balance Adjustment</i>	Police		(\$4,832)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>SLES Grant 2010-2012</i>	Police		\$300	
<p>This action increases the SLES Grant 2010-2012 appropriation to reflect interest earned after the spending deadline, which was previously unallocated, in order to repay the granting agency per grant provisions.</p>				
<i>SLES Grant 2011-2013</i>	Police		\$3,170	
<p>This action increases the SLES Grant 2011-2013 appropriation to reflect interest earned after the spending deadline, which was previously unallocated, in order to repay the granting agency per grant provisions.</p>				
<i>SLES Grant 2012-2014/Earned Revenue</i>	Police		\$411,078	\$409,716
<p>This action recognizes and appropriates the remaining payments from the State of California for the 2012-2014 SLES grant (\$409,716) as well as interest income earned on the funding for the 2012-2014 grant cycle (\$1,362). Funding will be used according to the spending plan that was approved by City Council on February 15, 2013. The spending plan allocates funding for AFR/RMS hardware and software implementation, officer safety equipment, enhancements in investigative abilities, computers and furniture for the substation, and grants administration funding. A corresponding increase to the estimate for Earned Revenue and a small reduction to the Ending Fund Balance is recommended to offset this action.</p>				
TOTAL SUPPL LAW ENF SVCES FUND (414)			\$409,716	\$409,716

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
TRANSIENT OCCUPANCY TX FD (461)				
<i>Convention and Visitors Bureau</i>	Convention Facilities Dept		\$7,462	
Actual 2012-2013 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budgeted estimate of \$15.1 million by \$29,848. This action increases the San José Convention and Visitors Bureau allocation in the amount of \$7,462 in accordance with the distribution formula outlined in the San José Municipal Code.				
<i>Ending Fund Balance Adjustment</i>	Convention Facilities Dept		(\$29,848)	
This action decreases the Ending Fund Balance to offset actions recommended in this report.				
<i>Transfer to the Convention and Cultural Affairs Fund</i>	Convention Facilities Dept		\$14,924	
Actual 2012-2013 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budgeted estimate of \$15.1 million by \$29,848. This action increases the Transfer to the Convention and Cultural Affairs Fund in the amount of \$14,924 in accordance with the distribution formula outlined in the San José Municipal Code. A corresponding action in the Convention and Cultural Affairs Fund (536) is also recommended elsewhere in this report.				
<i>Cultural Grants</i>	Economic Development		\$7,462	
Actual 2012-2013 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budgeted estimate of \$15.1 million by \$29,848. This action provides a corresponding increase to the Cultural Grants allocation in the amount of \$7,462 in accordance with the distribution formula outlined in the San José Municipal Code.				
TOTAL TRANSIENT OCCUPANCY TX FD (461)			\$0	\$0
VEHICLE MAINT & OPER FUND (552)				
<i>Diesel Retrofit Program</i>	Public Works		\$80,000	
This action establishes a Diesel Retrofit Program appropriation in the amount of \$80,000 to fund design services to re-line diesel tanks city-wide in order to meet code requirements for biodiesel fuel usage. Due to the City's use of diesel fuel in a large portion of the City's fleet and in pursuit of the City's Green Vision goal, Public Works' Fleet Management switched from regular diesel to a 20% biodiesel (B20) blend in 2007. When the City began using B20, regulating authorities allowed a grace period to install a lining on the tanks to make them compatible with the new B20 blend. In May 2013, the City received a compliance letter from the County of Santa Clara requiring immediate compliance. Due to the timing of the requirement and the inability to immediately comply, the City has temporarily discontinued the use of B20, resulting in a significant reduction of the City's fleet using alternate fuel from 40% to 15%. This action funds the design services to determine the resources and funding needed to complete the lining of the City's diesel fuel tank and reinstate the use of B20.				
<i>Ending Fund Balance Adjustment</i>	Public Works		(\$80,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				

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>
VEHICLE MAINT & OPER FUND (552)				
<p>General Fleet Replacement/Transfers (Community Service Officer Vehicles)</p> <p>This action increases the General Fleet Replacement appropriation (Vehicle Replacement - Police) in the Vehicle Maintenance and Operations Fund by \$250,000 to purchase 14 additional vehicles for the 21 Police Department Community Service Officers (CSOs) that were added as part of the 2013-2014 Adopted Budget. The Adopted Budget included funding for seven vehicles based on a patrol deployment model that would have been similar to sworn officers. However, after further analysis, it has been determined that for more effective coverage and service to the community for cases such as stolen vehicles, traffic complaints, and non-injury and minor injury vehicle accidents, the CSOs will now be deployed on a Monday through Friday, eight-hour day schedule that will require each position to have its own vehicle. Because the vehicle purchases and build-up take several months to complete, it is recommended to set aside this additional funding now to ensure the vehicles are available when the CSOs complete their training later this fiscal year. A corresponding increase to the revenue estimate for Transfers - Replacement Charges: Police is recommended to offset this action.</p>	Public Works		\$250,000	\$250,000
			\$250,000	\$250,000
WATER UTILITY FUND (515)				
<p>Ending Fund Balance Adjustment</p> <p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>	Environmental Services		(\$350,000)	
<p>IBS Commercial Paper Repayment</p> <p>This action increases the IBS Commercial Paper Payment (CP) appropriation by \$350,000 to pay off the remaining balance for the fund's share of the CP in 2013-2014. The CP was issued to fund the new Integrated Billing System.</p>	Environmental Services		\$350,000	
			\$0	\$0
WORKFORCE INVSTMNT ACT FD (290)				
<p>Adult Workers Program/Earned Revenue</p> <p>This action increases the Adult Workers Program appropriation by \$639,122 and recognizes the corresponding grant funding from the State of California. Each annual grant allocation, which is issued by the U.S. Department of Labor, is available for a two-year period after which unspent allocations are forfeited. This action will appropriate the second year allocation of the 2012-2013 grant allocation (\$1,104,814), offset by a decrease to the appropriation by \$465,692 to reflect the revised 2013-2014 grant allocation (\$2,878,454) and to set aside 15% of its allocation for future program needs. This program provides job training, occupational courses, work readiness certification, and other services that prepare unemployed adult workers to successfully enter the workforce.</p>	Economic Development		\$639,122	\$639,122

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
WORKFORCE INVSTMNT ACT FD (290)				
<i>Dislocated Workers Program/Earned Revenue</i>	Economic Development		(\$568,030)	(\$568,030)
<p>This action decreases the Dislocated Workers Program appropriation to align with revised allotments issued by the U.S. Department of Labor (\$3,359,957) and to set aside 15% of its allocation for future program needs. A corresponding decrease to grant funding from the State of California is recommended to offset this action. This program provides career counseling, training and educational resources, and stress counseling for workers who have lost employment when businesses have closed, relocated, or reduced their workforce.</p>				
<i>Program Allocation Reserve/Earned Revenue</i>	Economic Development		\$692,817	\$692,817
<p>This action increases the Program Allocation Reserve and recognizes corresponding grant funding from the State of California for Adult Workers (\$219,246), Dislocated Workers (\$244,769), and Youth Workers (\$228,802) Programs. The increased funding will align with revised allotments issued by the U.S. Department of Labor and will be set aside for future program needs.</p>				
<i>Rapid Response Grant/Earned Revenue</i>	Economic Development		(\$81,335)	(\$81,335)
<p>This action decreases the Rapid Response Grant appropriation and corresponding grant funding from the State of California to align with revised allotments. This program will match employees with potential employers before a massive layoff occurs.</p>				
<i>WIA Administration/Earned Revenue</i>	Economic Development		\$128	\$128
<p>This action increases the WIA Administration appropriation and recognizes corresponding grant funding from the State of California for the administration of the Adult Workers, Dislocated Workers, and Youth Workers Programs.</p>				
TOTAL WORKFORCE INVSTMNT ACT FD (290)			\$682,702	\$682,702

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CAPITAL PROJECTS							
Clean-Up Actions							
Rebudget: Arena Repairs			\$37,000	\$37,000		\$0	\$37,000
Rebudget: Fire Apparatus Replacement			\$1,341,000	\$1,341,000		\$0	\$1,341,000
Rebudget: Police Administration Building Critical Repairs			(\$36,000)	(\$36,000)		\$0	(\$36,000)
Rebudget: Police Administration Building/Emergency Communications Center Chiller Replacements			\$66,000	\$66,000		\$0	\$66,000
Clean-Up Actions Total	\$0	\$0	\$1,408,000	\$1,408,000	\$0	\$0	\$1,408,000
CAPITAL PROJECTS TOTAL	\$0	\$0	\$1,408,000	\$1,408,000	\$0	\$0	\$1,408,000
CITY ATTORNEY							
Clean-Up Actions							
Retirement Contributions Reconciliation	(\$204,000)			(\$204,000)		\$0	(\$204,000)
Salary Program	\$188,344			\$188,344		\$0	\$188,344
Voluntary Furlough/Reduced Work Week Program	(\$2,760)			(\$2,760)		\$0	(\$2,760)
Clean-Up Actions Total	(\$18,416)	\$0	\$0	(\$18,416)	\$0	\$0	(\$18,416)
CITY ATTORNEY TOTAL	(\$18,416)	\$0	\$0	(\$18,416)	\$0	\$0	(\$18,416)
CITY AUDITOR							
Clean-Up Actions							
Retirement Contributions Reconciliation	(\$38,000)			(\$38,000)		\$0	(\$38,000)
Salary Program	\$37,668			\$37,668		\$0	\$37,668
Voluntary Furlough/Reduced Work Week Program	(\$9,404)			(\$9,404)		\$0	(\$9,404)

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY AUDITOR							
Clean-Up Actions							
		Clean-Up Actions Total					
		CITY AUDITOR TOTAL					
CITY CLERK							
Clean-Up Actions							
		Rebudget: Non-Personal/Equipment (Electronic Document Management System)					
		Retirement Contributions Reconciliation					
		Salary Program					
		Voluntary Furlough/Reduced Work Week Program					
		Clean-Up Actions Total					
		CITY CLERK TOTAL					
CITY MANAGER							
Clean-Up Actions							
		Retirement Contributions Reconciliation					
		Salary Program					
		Voluntary Furlough/Reduced Work Week Program					
		Clean-Up Actions Total					
		CITY MANAGER TOTAL					

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General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Budget Adjustments							
After School Education and Safety Programs for 2013-2014/Revenue from Local Agencies			\$314,560	\$314,560	\$314,560	\$0	\$0
Bay Area Electric Vehicle Corridor Project/Revenue from State of California			\$62,800	\$62,800	\$62,800	\$0	\$0
Business Incentive - Business Cooperation Program			\$120,000	\$120,000		\$0	\$120,000
Business Incentive - Business Cooperation Program Administration			\$56,000	\$56,000		\$0	\$56,000
Business Incentive - Maxim Integrated Products			\$42,000	\$42,000		\$0	\$42,000
Certified Access Specialist Program/Other Revenue			\$50,000	\$50,000	\$50,000	\$0	\$0
Cirque du Soleil/Other Revenue			\$105,000	\$105,000	\$105,000	\$0	\$0
Clean Creeks Healthy Communities/Revenue from Federal Government			(\$93,000)	(\$93,000)	(\$93,000)	\$0	\$0
General Liability Claims			\$6,500,000	\$6,500,000		\$0	\$6,500,000
Maddie Lifesaving Grant/Other Revenue			\$146,987	\$146,987	\$146,987	\$0	\$0
PG&E Summer Cooling Shelter Program/Other Revenue			\$7,000	\$7,000	\$7,000	\$0	\$0
Selective Traffic Enforcement Grant Program 2013-2014/Revenue from State of California			\$183,917	\$183,917	\$183,917	\$0	\$0
Sobriety Checkpoint Grant Program 2013-2014/Revenue from State of California			\$92,250	\$92,250	\$92,250	\$0	\$0
Successor Agency City Legal Obligations Subsidy			\$2,244,000	\$2,244,000		\$0	\$2,244,000
Summer Youth Nutrition Program/Revenue from Federal Government			\$30,012	\$30,012	\$30,012	\$0	\$0

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST		
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance			
CITY-WIDE EXPENSES									
Budget Adjustments									
		Budget Adjustments Total	\$0	\$0	\$9,861,526	\$9,861,526	\$899,526	\$0	\$8,962,000
Clean-Up Actions									
		Rebudget: 1st ACT Silicon Valley Digital Media Grant/Other Revenue			\$66	\$66	\$66	\$0	\$0
		Rebudget: Annual Audit			\$6,000	\$6,000		\$0	\$6,000
		Rebudget: Anti-Drug Abuse Grant 2012-2013/Revenue from State of California			(\$7,850)	(\$7,850)	(\$7,850)	\$0	\$0
		Rebudget: Anti-Human Trafficking Task Force Program Grant 2012/Revenue from State of California			(\$62,583)	(\$62,583)	(\$62,583)	\$0	\$0
		Rebudget: Arena Community Fund			(\$9,020)	(\$9,020)		\$0	(\$9,020)
		Rebudget: California Gang Reduction, Intervention and Prevention (CALGRIP) Grant/Revenue from the State			(\$124,526)	(\$124,526)	(\$124,526)	\$0	\$0
		Rebudget: Cambrian 36 Traffic Safety Enhancements			\$37,000	\$37,000		\$0	\$37,000
		Rebudget: Cardiac Monitors/Defibrillators			\$22,000	\$22,000		\$0	\$22,000
		Rebudget: Child Care Portable Debt Service Payments/Transfers and Reimbursements			\$3,673	\$3,673	\$3,673	\$0	\$0
		Rebudget: City Auditor's Office Performance Audit			\$5,000	\$5,000		\$0	\$5,000
		Rebudget: City-Building Energy Projects Program			(\$242,143)	(\$242,143)		\$0	(\$242,143)
		Rebudget: Clean Creeks Healthy Communities/Revenue from Federal Government			\$60,694	\$60,694	\$60,694	\$0	\$0

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Clean-Up Actions							
Rebudget: Communities Putting Prevention to Work Grant - Obesity Prevention Initiative/Revenue from Local Agencies			(\$9,400)	(\$9,400)	(\$9,400)	\$0	\$0
Rebudget: Community Translation/Interpretation and Meeting Spaces			\$34,000	\$34,000		\$0	\$34,000
Rebudget: Cultural Affairs Special Projects			\$25,684	\$25,684		\$0	\$25,684
Rebudget: Donna Bradford Improvement Project			\$1,800	\$1,800		\$0	\$1,800
Rebudget: Economic Development Pre-Development			(\$8,503)	(\$8,503)		\$0	(\$8,503)
Rebudget: Emergency Response and Preparedness			(\$22,000)	(\$22,000)		\$0	(\$22,000)
Rebudget: Energy Efficiency Program			(\$90,000)	(\$90,000)		\$0	(\$90,000)
Rebudget: Enhance Fitness and Matter of Balance Program Grant/Other Revenue			(\$9,317)	(\$9,317)	(\$9,317)	\$0	\$0
Rebudget: Evergreen Innovation Corridor			\$10,000	\$10,000		\$0	\$10,000
Rebudget: False Claims Act Litigation Settlement			(\$716)	(\$716)		\$0	(\$716)
Rebudget: Government Access - Capital Expenditures			\$2,432	\$2,432		\$0	\$2,432
Rebudget: Human Trafficking Prevention Grant 2011/Revenue from Federal Government			(\$1,608)	(\$1,608)	(\$1,608)	\$0	\$0
Rebudget: Information Technology Business Applications Support			(\$52,000)	(\$52,000)		\$0	(\$52,000)
Rebudget: Internet Crimes Against Children Continuation Grant 2011/Revenue from Federal Government			(\$30,788)	(\$30,788)	(\$30,788)	\$0	\$0
Rebudget: Maddie Lifesaving Grant			(\$11,671)	(\$11,671)	(\$11,671)	\$0	\$0

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Clean-Up Actions							
Rebudget: Metropolitan Medical Response System Grant 2011			\$24,728	\$24,728	\$24,728	\$0	\$0
Rebudget: National Forum Capacity-Building Grant OJJDP 2012-2015/Revenue from Federal Government			(\$30,000)	(\$30,000)	(\$30,000)	\$0	\$0
Rebudget: OJJDP Community-Based Violence Prevention Demonstration Program Grant/Revenue from Federal Government			(\$30,820)	(\$30,820)	(\$30,820)	\$0	\$0
Rebudget: Protecting Children from Commercial Sexual Exploitation Grant 2011/Revenue from Federal Government			\$2,916	\$2,916	\$2,916	\$0	\$0
Rebudget: Public Art in Private Development			\$9,717	\$9,717		\$0	\$9,717
Rebudget: Public Works Unfunded Projects			\$18,000	\$18,000		\$0	\$18,000
Rebudget: Public, Educational, and Government (PEG) Access Facilities - Capital			\$11,823	\$11,823		\$0	\$11,823
Rebudget: Radar Speed Display Signs			\$20,000	\$20,000		\$0	\$20,000
Rebudget: San José BEST and Safe Summer Initiative Programs			(\$199,000)	(\$199,000)		\$0	(\$199,000)
Rebudget: Selective Traffic Enforcement Grant Program 2012- 2013/Revenue from State of California			(\$15,077)	(\$15,077)	(\$15,077)	\$0	\$0
Rebudget: Senior Education and Outreach Grant/Revenue from Local Agencies			\$44,163	\$44,163	\$44,163	\$0	\$0
* Rebudget: Sidewalk Repairs			\$270,000	\$270,000	\$270,000	\$0	\$0
Rebudget: Silicon Valley Energy Watch (SVEW) Innovator Pilots/Revenue from Local Agencies			(\$18,107)	(\$18,107)	(\$18,107)	\$0	\$0

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Clean-Up Actions							
Rebudget: Sobriety Checkpoint Grant Program 2012-2013/Revenue from State of California			(\$12,547)	(\$12,547)	(\$12,547)	\$0	\$0
Rebudget: State Homeland Security Grant Program/Revenue from Federal Government			(\$2,539)	(\$2,539)	(\$2,539)	\$0	\$0
Rebudget: Urban Area Security Initiative Grant - Fire 2011			\$110,238	\$110,238	\$110,238	\$0	\$0
Rebudget: Urban Area Security Initiative Grant - Police 2011/Revenue from Federal Government			\$63,845	\$63,845	\$63,845	\$0	\$0
Rebudget: Urban Area Security Initiative Grant - Police 2012/Revenue from Federal Government			\$117,659	\$117,659	\$117,659	\$0	\$0
Rebudget: Urban Areas Security Initiative (UASI) Grant - Fire 2012			\$65,000	\$65,000	\$65,000	\$0	\$0
Rebudget: Vehicle Detection Sensors			\$177,000	\$177,000		\$0	\$177,000
Tech Adjust: Business Incentive - Maxim (Reconciliation)			\$40,000	\$40,000		\$0	\$40,000
Tech Adjust: Certified Access Specialist Program (Reconciliation)			\$30,862	\$30,862		\$0	\$30,862
Tech Adjust: Community Action and Pride Grants (Reallocate from Parks, Recreation, and Neighborhood Services Department to City Manager's Office)			\$100,000	\$100,000		\$0	\$100,000
Tech Adjust: Community Action and Pride Grants (Reallocate to City Manager's Office from Parks, Recreation and Neighborhood Services Department)			(\$100,000)	(\$100,000)		\$0	(\$100,000)
Tech Adjust: Government Access - Capital Expenditures (Reconciliation)			(\$1,655)	(\$1,655)		\$0	(\$1,655)

General Fund
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Clean-Up Actions							
Tech Adjust: Public, Educational, and Government (PEG) Access Facilities - Capital (Reconciliation)			(\$486)	(\$486)		\$0	(\$486)
Tech Adjust: Successor Agency City Asset Transfers (Reconciliation)			\$79,717	\$79,717		\$0	\$79,717
Clean-Up Actions Total	\$0	\$0	\$301,661	\$301,661	\$396,149	\$0	(\$94,488)
CITY-WIDE EXPENSES TOTAL	\$0	\$0	\$10,163,187	\$10,163,187	\$1,295,675	\$0	\$8,867,512
EARMARKED RESERVES							
Budget Adjustments							
Salaries and Benefits - Health and Dental Savings			(\$2,286,719)	(\$2,286,719)		\$0	(\$2,286,719)
San José Police Officers' Association Employee Compensation Planning Reserve			\$1,100,000	\$1,100,000		\$0	\$1,100,000
Successor Agency City Legal Obligations			(\$2,000,000)	(\$2,000,000)		\$0	(\$2,000,000)
Budget Adjustments Total	\$0	\$0	(\$3,186,719)	(\$3,186,719)	\$0	\$0	(\$3,186,719)
Clean-Up Actions							
City Hall Debt Refunding - Building Development Fee Program			\$518,082	\$518,082		\$0	\$518,082
City Hall Debt Refunding - Fire Development Fee Program			\$177,850	\$177,850		\$0	\$177,850
City Hall Debt Refunding - Planning Development Fee Program			\$67,966	\$67,966		\$0	\$67,966
City Hall Debt Refunding - Public Works Development Fee Program			\$53,895	\$53,895		\$0	\$53,895
Development Fee Program Reconciliation - Building Development Fee Program			\$2,042,578	\$2,042,578		\$0	\$2,042,578

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
EARMARKED RESERVES							
Clean-Up Actions							
Development Fee Program Reconciliation - Fire Development Fee Program			\$768,896	\$768,896		\$0	\$768,896
Development Fee Program Reconciliation - Planning Development Fee Program			\$585,777	\$585,777		\$0	\$585,777
Development Fee Program Reconciliation - Public Works Development Fee Program			\$593,384	\$593,384		\$0	\$593,384
Retirement Contributions Reconciliation - Building Development Fee Program			\$385,000	\$385,000		\$0	\$385,000
Retirement Contributions Reconciliation - Fire Development Fee Program			\$65,000	\$65,000		\$0	\$65,000
Retirement Contributions Reconciliation - Planning Development Fee Program			\$50,000	\$50,000		\$0	\$50,000
Retirement Contributions Reconciliation - Public Works Development Fee Program			\$125,000	\$125,000		\$0	\$125,000
Retirement Contributions Reconciliation - Retiree Healthcare Solutions			\$3,875,000	\$3,875,000		\$0	\$3,875,000
Salary Program - Employee Compensation Planning			(\$3,512,189)	(\$3,512,189)		\$0	(\$3,512,189)
Tech Adjust: Wellness Program (Reconciliation)			\$3,123	\$3,123		\$0	\$3,123
Voluntary Furlough/Reduced Work Week Program - Salaries and Benefits			\$150,000	\$150,000		\$0	\$150,000
Clean-Up Actions Total	\$0	\$0	\$5,949,362	\$5,949,362	\$0	\$0	\$5,949,362
EARMARKED RESERVES TOTAL	\$0	\$0	\$2,762,643	\$2,762,643	\$0	\$0	\$2,762,643

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
ECONOMIC DEVELOPMENT							
Clean-Up Actions							
Retirement Contributions Reconciliation	(\$46,000)			(\$46,000)		\$0	(\$46,000)
Retirement Contributions Reconciliation - Building Development Fee Program - Personal Services			(\$3,000)	(\$3,000)		\$0	(\$3,000)
Salary Program	\$47,406			\$47,406		\$0	\$47,406
Salary Program - Building Development Fee Program - Personal Services			\$2,226	\$2,226		\$0	\$2,226
Voluntary Furlough/Reduced Work Week Program	(\$2,132)			(\$2,132)		\$0	(\$2,132)
Clean-Up Actions Total	(\$726)	\$0	(\$774)	(\$1,500)	\$0	\$0	(\$1,500)
ECONOMIC DEVELOPMENT TOTAL							
	(\$726)	\$0	(\$774)	(\$1,500)	\$0	\$0	(\$1,500)
ENVIRONMENTAL SERVICES							
Clean-Up Actions							
Rebudget: 2013 Silicon Valley Energy Watch Grant/Other Revenue	(\$1,172)	(\$43,227)		(\$44,399)	(\$44,399)	\$0	\$0
Retirement Contributions Reconciliation	(\$2,000)			(\$2,000)		\$0	(\$2,000)
Salary Program	\$1,395			\$1,395		\$0	\$1,395
Clean-Up Actions Total	(\$1,777)	(\$43,227)	\$0	(\$45,004)	(\$44,399)	\$0	(\$605)
ENVIRONMENTAL SERVICES TOTAL							
	(\$1,777)	(\$43,227)	\$0	(\$45,004)	(\$44,399)	\$0	(\$605)
FINANCE							
Clean-Up Actions							
Retirement Contributions Reconciliation	(\$219,000)			(\$219,000)		\$0	(\$219,000)

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
FINANCE							
Clean-Up Actions							
Salary Program	\$201,726			\$201,726		\$0	\$201,726
Voluntary Furlough/Reduced Work Week Program	(\$3,639)			(\$3,639)		\$0	(\$3,639)
Clean-Up Actions Total	(\$20,913)	\$0	\$0	(\$20,913)	\$0	\$0	(\$20,913)
FINANCE TOTAL							
	(\$20,913)	\$0	\$0	(\$20,913)	\$0	\$0	(\$20,913)
FIRE							
Clean-Up Actions							
Rebudget: Self-Contained Breathing Apparatus		\$100,000		\$100,000		\$0	\$100,000
Retirement Contributions Reconciliation	\$329,000			\$329,000		\$0	\$329,000
Retirement Contributions Reconciliation - Fire Development Fee Program - Personal Services			(\$60,000)	(\$60,000)		\$0	(\$60,000)
Salary Program	\$224,123			\$224,123		\$0	\$224,123
Salary Program - Building Development Fee Program - Personal Services			\$1,193	\$1,193		\$0	\$1,193
Salary Program - Fire Development Fee Program - Personal Services			\$26,927	\$26,927		\$0	\$26,927
Salary Program - Planning Development Fee Program - Personal Services			\$166	\$166		\$0	\$166
Salary Program - Public Works Development Fee Program - Personal Services			\$67	\$67		\$0	\$67
Voluntary Furlough/Reduced Work Week Program	(\$3,439)			(\$3,439)		\$0	(\$3,439)
Clean-Up Actions Total	\$549,684	\$100,000	(\$31,647)	\$618,037	\$0	\$0	\$618,037

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
FIRE TOTAL	\$549,684	\$100,000	(\$31,647)	\$618,037	\$0	\$0	\$618,037
HOUSING							
Clean-Up Actions							
Retirement Contributions Reconciliation	(\$4,000)			(\$4,000)		\$0	(\$4,000)
Salary Program	\$4,133			\$4,133		\$0	\$4,133
Clean-Up Actions Total	\$133	\$0	\$0	\$133	\$0	\$0	\$133
HOUSING TOTAL	\$133	\$0	\$0	\$133	\$0	\$0	\$133
HUMAN RESOURCES							
Clean-Up Actions							
Retirement Contributions Reconciliation	(\$81,000)			(\$81,000)		\$0	(\$81,000)
Salary Program	\$90,333			\$90,333		\$0	\$90,333
Voluntary Furlough/Reduced Work Week Program	(\$5,229)			(\$5,229)		\$0	(\$5,229)
Clean-Up Actions Total	\$4,104	\$0	\$0	\$4,104	\$0	\$0	\$4,104
HUMAN RESOURCES TOTAL	\$4,104	\$0	\$0	\$4,104	\$0	\$0	\$4,104
INDEPENDENT POLICE AUDITOR							
Clean-Up Actions							
Retirement Contributions Reconciliation	(\$19,000)			(\$19,000)		\$0	(\$19,000)
Salary Program	\$18,869			\$18,869		\$0	\$18,869
Clean-Up Actions Total	(\$131)	\$0	\$0	(\$131)	\$0	\$0	(\$131)
INDEPENDENT POLICE AUDITOR TOTAL	(\$131)	\$0	\$0	(\$131)	\$0	\$0	(\$131)

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
INFORMATION TECHNOLOGY							
Clean-Up Actions							
Rebudget: Customer Relationship Management		\$185,000		\$185,000		\$0	\$185,000
Retirement Contributions Reconciliation	(\$156,000)			(\$156,000)		\$0	(\$156,000)
Salary Program	\$148,130			\$148,130		\$0	\$148,130
Clean-Up Actions Total	(\$7,870)	\$185,000	\$0	\$177,130	\$0	\$0	\$177,130
INFORMATION TECHNOLOGY TOTAL	(\$7,870)	\$185,000	\$0	\$177,130	\$0	\$0	\$177,130
LIBRARY							
Clean-Up Actions							
Rebudget: Library Grants			\$13,383	\$13,383		\$0	\$13,383
Retirement Contributions Reconciliation	(\$321,000)			(\$321,000)		\$0	(\$321,000)
Salary Program	\$389,274			\$389,274		\$0	\$389,274
Voluntary Furlough/Reduced Work Week Program	(\$36,264)			(\$36,264)		\$0	(\$36,264)
Clean-Up Actions Total	\$32,010	\$0	\$13,383	\$45,393	\$0	\$0	\$45,393
LIBRARY TOTAL	\$32,010	\$0	\$13,383	\$45,393	\$0	\$0	\$45,393
MAYOR & COUNCIL							
Budget Adjustments							
Council District #2 Special Event Sponsorship			\$6,445	\$6,445		\$0	\$6,445
Council District #2 Special Event Sponsorship/Other Revenue			\$5,200	\$5,200	\$5,200	\$0	\$0
Council District #2 Surplus Campaign Funds/Other Revenue			\$1,494	\$1,494	\$1,494	\$0	\$0

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
MAYOR & COUNCIL							
Budget Adjustments							
Council District #4 Special Event Sponsorship/Other Revenue			\$954	\$954	\$954	\$0	\$0
Council District #7 Special Event Sponsorship/Other Revenue			\$19,300	\$19,300	\$19,300	\$0	\$0
Council District #8 Special Event Sponsorship			\$3,475	\$3,475		\$0	\$3,475
Council District #8 Special Event Sponsorship/Other Revenue			\$3,650	\$3,650	\$3,650	\$0	\$0
Council District #9 Special Event Sponsorship			\$3,000	\$3,000		\$0	\$3,000
Council District #9 Special Event Sponsorship/Other Revenue			\$14,600	\$14,600	\$14,600	\$0	\$0
Budget Adjustments Total	\$0	\$0	\$58,118	\$58,118	\$45,198	\$0	\$12,920
Clean-Up Actions							
Rebudget: Council District #1			(\$2,500)	(\$2,500)		\$0	(\$2,500)
Rebudget: Council District #10			\$6,171	\$6,171		\$0	\$6,171
Rebudget: Council District #2			(\$11,394)	(\$11,394)		\$0	(\$11,394)
Rebudget: Council District #3			(\$6,060)	(\$6,060)		\$0	(\$6,060)
Rebudget: Council District #4			(\$11,123)	(\$11,123)		\$0	(\$11,123)
Rebudget: Council District #5			(\$205)	(\$205)		\$0	(\$205)
Rebudget: Council District #6			(\$9,557)	(\$9,557)		\$0	(\$9,557)
Rebudget: Council District #7			\$7,262	\$7,262		\$0	\$7,262
Rebudget: Council District #8			(\$20,141)	(\$20,141)		\$0	(\$20,141)
Rebudget: Council District #9			(\$1,739)	(\$1,739)		\$0	(\$1,739)

General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2012-2013

Department/Proposal	USE			Total Use	SOURCE		NET COST		
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance			
MAYOR & COUNCIL									
Clean-Up Actions									
Rebudget: Council General			\$539,273	\$539,273		\$0	\$539,273		
Rebudget: Office of the Mayor			\$178,353	\$178,353		\$0	\$178,353		
Retirement Contributions Reconciliation - Council General			(\$312,000)	(\$312,000)		\$0	(\$312,000)		
Salary Program - Council General			\$26,065	\$26,065		\$0	\$26,065		
Voluntary Furlough/Reduced Work Week Program - Office of the Mayor			(\$38,252)	(\$38,252)		\$0	(\$38,252)		
		Clean-Up Actions Total	\$0	\$0	\$344,153	\$344,153	\$0	\$344,153	
		MAYOR & COUNCIL TOTAL	\$0	\$0	\$402,271	\$402,271	\$45,198	\$0	\$357,073
PARKS, REC, & NEIGH SVCS									
Budget Adjustments									
Diabetes Management Grant for Mayfair Community Center Day Camp/Other Revenue		\$1,500		\$1,500	\$1,500	\$0	\$0		
Senior Nutrition Program/Revenue from Local Agencies		\$873,875		\$873,875	\$873,875	\$0	\$0		
Water Hydration Station/Revenue from Local Agencies		\$5,000		\$5,000	\$5,000	\$0	\$0		
Wells Fargo Summer Youth Scholarship Program/Other Revenue		\$10,000		\$10,000	\$10,000	\$0	\$0		
		Budget Adjustments Total	\$0	\$890,375	\$0	\$890,375	\$890,375	\$0	\$0
Clean-Up Actions									
Retirement Contributions Reconciliation	(\$468,000)			(\$468,000)		\$0	(\$468,000)		
Retirement Contributions Reconciliation - PRNS Department Fee Activities			(\$17,000)	(\$17,000)		\$0	(\$17,000)		

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
PARKS, REC, & NEIGH SVCS							
Clean-Up Actions							
Salary Program	\$381,398			\$381,398		\$0	\$381,398
Salary Program - PRNS Department Fee Activities			\$23,610	\$23,610		\$0	\$23,610
Voluntary Furlough/Reduced Work Week Program	(\$19,134)			(\$19,134)		\$0	(\$19,134)
Clean-Up Actions Total	(\$105,736)	\$0	\$6,610	(\$99,126)	\$0	\$0	(\$99,126)
PARKS, REC, & NEIGH SVCS TOTAL	(\$105,736)	\$890,375	\$6,610	\$791,249	\$890,375	\$0	(\$99,126)
PLANNING, BLDG, & CODE ENF							
Budget Adjustments							
Code Enforcement Local Enforcement Agency Grant/Revenue from State of California		\$29,206		\$29,206	\$29,206	\$0	\$0
Budget Adjustments Total	\$0	\$29,206	\$0	\$29,206	\$29,206	\$0	\$0
Clean-Up Actions							
Rebudget: Code Enforcement Equipment		\$15,000		\$15,000		\$0	\$15,000
Rebudget: Code Enforcement Programming Services		\$110,000		\$110,000		\$0	\$110,000
Rebudget: Multiple Housing and Solid Waste Inspection Modules		\$100,000		\$100,000		\$0	\$100,000
Retirement Contributions Reconciliation	(\$163,000)			(\$163,000)		\$0	(\$163,000)
Retirement Contributions Reconciliation - Building Development Fee Program - Personal Services			(\$382,000)	(\$382,000)		\$0	(\$382,000)
Retirement Contributions Reconciliation - Fire Development Fee Program - Personal Services			(\$5,000)	(\$5,000)		\$0	(\$5,000)
Retirement Contributions Reconciliation - Planning Development Fee Program - Personal Services			(\$50,000)	(\$50,000)		\$0	(\$50,000)

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
PLANNING, BLDG, & CODE ENF							
Clean-Up Actions							
Salary Program	\$148,207			\$148,207		\$0	\$148,207
Salary Program - Building Development Fee Program - Personal Services			\$103,595	\$103,595		\$0	\$103,595
Salary Program - Fire Development Fee Program - Personal Services			\$6,114	\$6,114		\$0	\$6,114
Salary Program - Planning Development Fee Program - Personal Services			\$44,821	\$44,821		\$0	\$44,821
Salary Program - Public Works Development Fee Program - Personal Services			\$2,648	\$2,648		\$0	\$2,648
Voluntary Furlough/Reduced Work Week Program	(\$4,179)			(\$4,179)		\$0	(\$4,179)
Clean-Up Actions Total	(\$18,972)	\$225,000	(\$279,822)	(\$73,794)	\$0	\$0	(\$73,794)
PLANNING, BLDG, & CODE ENF TOTAL	(\$18,972)	\$254,206	(\$279,822)	(\$44,588)	\$29,206	\$0	(\$73,794)
POLICE							
Budget Adjustments							
Community Service Officer Vehicles		\$250,000		\$250,000		\$0	\$250,000
Drug Enforcement Agency San José Resident Office Task Force/Revenue from Federal Government	\$17,202			\$17,202	\$17,202	\$0	\$0
Police Department Overtime (Personal Services Reallocation)				\$0		\$0	\$0
Silicon Valley Regional Interoperability Authority (SVRIA) Computer Aided Dispatch (CAD) Interface/Revenue from Local Agencies		\$95,852		\$95,852	\$95,852	\$0	\$0

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
POLICE							
Budget Adjustments							
Budget Adjustments Total	\$17,202	\$345,852	\$0	\$363,054	\$113,054	\$0	\$250,000
Clean-Up Actions							
Rebudget: Bulletproof Vests		\$100,000		\$100,000		\$0	\$100,000
Rebudget: Crime Prevention Education		\$70,000		\$70,000		\$0	\$70,000
Rebudget: Fixed Cameras		\$100,000		\$100,000		\$0	\$100,000
Rebudget: Police Department Overtime	\$750,000			\$750,000		\$0	\$750,000
Rebudget: Sworn Recruitment Activities		\$45,000		\$45,000		\$0	\$45,000
Retirement Contributions Reconciliation	(\$557,000)			(\$557,000)		\$0	(\$557,000)
Salary Program	\$836,846			\$836,846		\$0	\$836,846
Voluntary Furlough/Reduced Work Week Program	(\$5,766)			(\$5,766)		\$0	(\$5,766)
Clean-Up Actions Total	\$1,024,080	\$315,000	\$0	\$1,339,080	\$0	\$0	\$1,339,080
POLICE TOTAL	\$1,041,282	\$660,852	\$0	\$1,702,134	\$113,054	\$0	\$1,589,080
PUBLIC WORKS							
Clean-Up Actions							
Retirement Contributions Reconciliation	(\$284,000)			(\$284,000)		\$0	(\$284,000)
Retirement Contributions Reconciliation - Public Works Development Fee Program - Personal Services			(\$125,000)	(\$125,000)		\$0	(\$125,000)
Salary Program	\$183,842			\$183,842		\$0	\$183,842
Salary Program - Building Development Fee Program - Personal Services			\$391	\$391		\$0	\$391

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
PUBLIC WORKS							
Clean-Up Actions							
Salary Program - Fire Development Fee Program - Personal Services			\$60	\$60		\$0	\$60
Salary Program - Planning Development Fee Program - Personal Services			\$149	\$149		\$0	\$149
Salary Program - Public Works Development Fee Program - Personal Services			\$69,109	\$69,109		\$0	\$69,109
Voluntary Furlough/Reduced Work Week Program	(\$5,628)			(\$5,628)		\$0	(\$5,628)
Clean-Up Actions Total	(\$105,786)	\$0	(\$55,291)	(\$161,077)	\$0	\$0	(\$161,077)
PUBLIC WORKS TOTAL	(\$105,786)	\$0	(\$55,291)	(\$161,077)	\$0	\$0	(\$161,077)
REVENUE ADJUSTMENTS							
Budget Adjustments							
Sales Tax				\$0	\$2,400,000	\$0	(\$2,400,000)
Transfers and Reimbursements - Airport Maintenance and Operation Fund				\$0	(\$419,833)	\$0	\$419,833
Budget Adjustments Total	\$0	\$0	\$0	\$0	\$1,980,167	\$0	(\$1,980,167)
Clean-Up Actions							
Fund Balance Reconciliation				\$0		\$2,175,060	(\$2,175,060)
Tech Adjust: Revenue from Local Agencies - Successor Agency 2012-2013 Reimbursement				\$0	\$10,340,000	\$0	(\$10,340,000)
Tech Adjust: Transfers and Reimbursements - Economic Development Enhancement Fund (Fund Close-Out)				\$0	\$162	\$0	(\$162)

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
REVENUE ADJUSTMENTS							
Clean-Up Actions							
Tech Adjust: Transfers and Reimbursements - Stores Fund (Fund Close-Out)				\$0	\$176,420	\$0	(\$176,420)
Clean-Up Actions Total	\$0	\$0	\$0	\$0	\$10,516,582	\$2,175,060	(\$12,691,642)
REVENUE ADJUSTMENTS TOTAL	\$0	\$0	\$0	\$0	\$12,496,749	\$2,175,060	(\$14,671,809)
TRANSFERS							
Clean-Up Actions							
Tech Adjust: Transfer to the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #10 - Leland Sports Field Repayment			\$56,000	\$56,000		\$0	\$56,000
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$8,526,933)	(\$8,526,933)		\$0	(\$8,526,933)
Transfer to the Community Facilities Revenue Fund (City Hall Debt Refunding)			\$7,709,140	\$7,709,140		\$0	\$7,709,140
Clean-Up Actions Total	\$0	\$0	(\$761,793)	(\$761,793)	\$0	\$0	(\$761,793)
TRANSFERS TOTAL	\$0	\$0	(\$761,793)	(\$761,793)	\$0	\$0	(\$761,793)
TRANSPORTATION							
Clean-Up Actions							
Rebudget: Streetlight Repair		\$60,000		\$60,000		\$0	\$60,000
Rebudget: Weed Abatement		\$180,000		\$180,000		\$0	\$180,000
Retirement Contributions Reconciliation	(\$270,000)			(\$270,000)		\$0	(\$270,000)
Salary Program	\$99,116			\$99,116		\$0	\$99,116

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
TRANSPORTATION							
Clean-Up Actions							
Voluntary Furlough/Reduced Work Week Program	(\$1,079)			(\$1,079)		\$0	(\$1,079)
Clean-Up Actions Total	(\$171,963)	\$240,000	\$0	\$68,037	\$0	\$0	\$68,037
TRANSPORTATION TOTAL	(\$171,963)	\$240,000	\$0	\$68,037	\$0	\$0	\$68,037
GENERAL FUND TOTAL	\$1,100,945	\$2,273,206	\$13,626,767	\$17,000,918	\$14,825,858	\$2,175,060	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT CAPITAL IMPVT FUND (520)								
Budget Adjustments								
AIRPORT CAPITAL PROGRAM								
Earned Revenue - TSA/FAA Grants					\$0	(\$1,523,000)		\$1,523,000
Ending Fund Balance Adjustment				\$51,000	\$51,000			\$51,000
Taxiway W Improvements			(\$1,574,000)		(\$1,574,000)			(\$1,574,000)
Budget Adjustments Total	\$0	\$0	(\$1,574,000)	\$51,000	(\$1,523,000)	(\$1,523,000)	\$0	\$0
Clean-Up Actions								
AIRPORT CAPITAL PROGRAM								
Rebudget: Taxiway W Improvements			(\$251,000)	\$251,000	\$0			\$0
Fund Balance Reconciliation				(\$1,137,289)	(\$1,137,289)		(\$1,137,289)	\$0
Tech Adjust: Beginning Fund Balance (TSA/FAA Grants)					\$0		(\$839,000)	\$839,000
Tech Adjust: Earned Revenue (TSA/FAA Grants)					\$0	\$839,000		(\$839,000)
Clean-Up Actions Total	\$0	\$0	(\$251,000)	(\$886,289)	(\$1,137,289)	\$839,000	(\$1,976,289)	\$0
AIRPORT CAPITAL IMPVT FUND (520) TOTAL	\$0	\$0	(\$1,825,000)	(\$835,289)	(\$2,660,289)	(\$684,000)	(\$1,976,289)	\$0
AIRPORT CUST FAC & TRANS FD (519)								
Budget Adjustments								
AIRPORT								
Future Debt Service Reserve				(\$404,525)	(\$404,525)			(\$404,525)
Transfer to Airport Surplus Revenue Fund			\$404,525		\$404,525			\$404,525
Budget Adjustments Total	\$0	\$0	\$404,525	(\$404,525)	\$0	\$0	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT CUST FAC & TRANS FD (519)								
Clean-Up Actions								
AIRPORT								
Fund Balance Reconciliation – Debt Service Coverage Reserve					\$0		(\$378,604)	\$378,604
Fund Balance Reconciliation – Future Debt Service Reserve				\$845,156	\$845,156			\$845,156
Fund Balance Reconciliation – RAC Agreement Reserve					\$0		\$1,223,760	(\$1,223,760)
Fund Balance Reconciliation – Rate Stabilization Reserve				(\$23,380)	(\$23,380)		(\$23,380)	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$821,776	\$821,776	\$0	\$821,776	\$0
AIRPORT CUST FAC & TRANS FD (519) TOTAL	\$0	\$0	\$404,525	\$417,251	\$821,776	\$0	\$821,776	\$0
AIRPORT FISCAL AGENT FUND (525)								
Clean-Up Actions								
AIRPORT								
Fund Balance Reconciliation – Debt Service Reserve				\$647,060	\$647,060		\$647,060	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$647,060	\$647,060	\$0	\$647,060	\$0
AIRPORT FISCAL AGENT FUND (525) TOTAL	\$0	\$0	\$0	\$647,060	\$647,060	\$0	\$647,060	\$0
AIRPORT MAINT & OPER FUND (523)								
Budget Adjustments								
AIRPORT								
Operations Contingency			\$419,833		\$419,833			\$419,833
Overhead			(\$419,833)		(\$419,833)			(\$419,833)
Budget Adjustments Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST	
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT MAINT & OPER FUND (523)								
Clean-Up Actions								
CITY MANAGER								
Retirement Contributions Reconciliation	(\$3,000)				(\$3,000)		(\$3,000)	
Salary Program	\$3,399				\$3,399		\$3,399	
CITY ATTORNEY								
Retirement Contributions Reconciliation	(\$12,000)				(\$12,000)		(\$12,000)	
Salary Program	\$11,572				\$11,572		\$11,572	
POLICE								
Retirement Contributions Reconciliation	(\$2,000)				(\$2,000)		(\$2,000)	
Salary Program	\$1,737				\$1,737		\$1,737	
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$3,000)				(\$3,000)		(\$3,000)	
Salary Program	\$3,044				\$3,044		\$3,044	
PLANNING, BLDG, & CODE ENF								
Salary Program	\$1,158				\$1,158		\$1,158	
ECONOMIC DEVELOPMENT								
Retirement Contributions Reconciliation	(\$3,000)				(\$3,000)		(\$3,000)	
Salary Program	\$2,465				\$2,465		\$2,465	
AIRPORT								
Fund Balance Reconciliation – Master Trust Agreement Reserve				\$423,036	\$423,036		\$423,036	\$0
Fund Balance Reconciliation – Workers' Compensation Claim Reserve				(\$755,474)	(\$755,474)		(\$755,474)	\$0
Retirement Contributions Reconciliation	(\$452,000)				(\$452,000)		(\$452,000)	(\$452,000)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$475,000		\$475,000			\$475,000
Salary Program	\$340,405				\$340,405			\$340,405
Salary Program - Employee Compensation Planning Reserve			(\$363,780)		(\$363,780)			(\$363,780)
Clean-Up Actions Total	(\$111,220)	\$0	\$111,220	(\$332,438)	(\$332,438)	\$0	(\$332,438)	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT MAINT & OPER FUND (523)								
AIRPORT MAINT & OPER FUND (523) TOTAL	(\$111,220)	\$0	\$111,220	(\$332,438)	(\$332,438)	\$0	(\$332,438)	\$0
AIRPORT PASS FACIL CHG FUND (529)								
Clean-Up Actions								
AIRPORT CAPITAL PROGRAM								
Fund Balance Reconciliation				\$591,271	\$591,271		\$591,271	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$591,271	\$591,271	\$0	\$591,271	\$0
AIRPORT PASS FACIL CHG FUND (529) TOTAL	\$0	\$0	\$0	\$591,271	\$591,271	\$0	\$591,271	\$0
AIRPORT RENEW & REPL FUND (527)								
Budget Adjustments								
AIRPORT CAPITAL PROGRAM								
Computerized Maintenance Management System			\$51,000		\$51,000			\$51,000
Ending Fund Balance Adjustment				(\$50,662)	(\$50,662)			(\$50,662)
Terminal A Arrivals Roadway Repairs			(\$367,000)		(\$367,000)			(\$367,000)
Terminal Seating			(\$71,000)		(\$71,000)			(\$71,000)
Transfer to Airport Revenue Bond Improvement Fund			\$437,662		\$437,662			\$437,662
Budget Adjustments Total	\$0	\$0	\$50,662	(\$50,662)	\$0	\$0	\$0	\$0
Clean-Up Actions								
AIRPORT CAPITAL PROGRAM								
Rebudget: Airfield Preventive Pavement Maintenance			(\$2,000)	\$2,000	\$0			\$0
Rebudget: Airport Technology Services			(\$3,000)	\$3,000	\$0			\$0
Rebudget: LED Light Replacement Program			(\$50,000)	\$50,000	\$0			\$0
Rebudget: Land Improvements			\$50,000	(\$50,000)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT RENEW & REPL FUND (527)								
Clean-Up Actions								
AIRPORT CAPITAL PROGRAM								
Rebudget: Public Art			(\$10,000)	\$10,000	\$0			\$0
Rebudget: Terminal Building Modifications			\$250,000	(\$250,000)	\$0			\$0
Rebudget: Vehicle Replacement Program			\$10,000	(\$10,000)	\$0			\$0
Fund Balance Reconciliation				\$1,152,020	\$1,152,020		\$1,152,020	\$0
Clean-Up Actions Total	\$0	\$0	\$245,000	\$907,020	\$1,152,020	\$0	\$1,152,020	\$0
AIRPORT RENEW & REPL FUND (527) TOTAL	\$0	\$0	\$295,662	\$856,358	\$1,152,020	\$0	\$1,152,020	\$0
AIRPORT REV BOND IMP FUND (526)								
Budget Adjustments								
AIRPORT CAPITAL PROGRAM								
Ending Fund Balance Adjustment				(\$392,338)	(\$392,338)			(\$392,338)
Taxiway W Improvements			\$392,000		\$392,000			\$392,000
Terminal A Arrivals Roadway Repairs			\$367,000		\$367,000			\$367,000
Terminal Seating			\$71,000		\$71,000			\$71,000
Transfer from Airport Renewal and Replacement Fund					\$0	\$437,662		(\$437,662)
Budget Adjustments Total	\$0	\$0	\$830,000	(\$392,338)	\$437,662	\$437,662	\$0	\$0
Clean-Up Actions								
AIRPORT CAPITAL PROGRAM								
Rebudget: Clean-Up of Existing Fuel Farm			(\$1,045,000)	\$1,045,000	\$0			\$0
Rebudget: Federal Inspection Facility Sterile Corridor Extension			\$339,000	(\$339,000)	\$0			\$0
Rebudget: Taxiway W Improvements			(\$47,000)	\$47,000	\$0			\$0
Rebudget: Terminal Area Improvement, Phase I			\$283,000	(\$283,000)	\$0			\$0
Fund Balance Reconciliation				\$3,203,340	\$3,203,340		\$3,203,340	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT REV BOND IMP FUND (526)								
Clean-Up Actions								
Clean-Up Actions Total	\$0	\$0	(\$470,000)	\$3,673,340	\$3,203,340	\$0	\$3,203,340	\$0
AIRPORT REV BOND IMP FUND (526) TOTAL	\$0	\$0	\$360,000	\$3,281,002	\$3,641,002	\$437,662	\$3,203,340	\$0
AIRPORT REVENUE FUND (521)								
Budget Adjustments								
AIRPORT								
Airline Agreement Reserve				\$46,138	\$46,138			\$46,138
Earned Revenue - Airport Landing Fees and Terminal Rentals					\$0	\$46,138		(\$46,138)
Budget Adjustments Total	\$0	\$0	\$0	\$46,138	\$46,138	\$46,138	\$0	\$0
Clean-Up Actions								
AIRPORT								
Fund Balance Reconciliation - Airline Agreement Reserve				\$5,908,880	\$5,908,880		\$5,908,880	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$5,908,880	\$5,908,880	\$0	\$5,908,880	\$0
AIRPORT REVENUE FUND (521) TOTAL	\$0	\$0	\$0	\$5,955,018	\$5,955,018	\$46,138	\$5,908,880	\$0
AIRPORT SURPLUS REV FD (524)								
Budget Adjustments								
AIRPORT								
Commercial Paper Principal and Interest			\$404,525		\$404,525			\$404,525
Transfer from Airport Customer Facility and Transportation Fee Fund					\$0	\$404,525		(\$404,525)
Budget Adjustments Total	\$0	\$0	\$404,525	\$0	\$404,525	\$404,525	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT SURPLUS REV FD (524)								
Clean-Up Actions								
AIRPORT								
Fund Balance Reconciliation – Airline Agreement Reserve					\$0		\$8,540	(\$8,540)
Fund Balance Reconciliation – Rate Stabilization Reserve				\$53,711	\$53,711		\$45,171	\$8,540
Clean-Up Actions Total	\$0	\$0	\$0	\$53,711	\$53,711	\$0	\$53,711	\$0
AIRPORT SURPLUS REV FD (524) TOTAL	\$0	\$0	\$404,525	\$53,711	\$458,236	\$404,525	\$53,711	\$0
BENEFIT FUND (160)								
Clean-Up Actions								
HUMAN RESOURCES								
Fund Balance Reconciliation				(\$34,300)	(\$34,300)		(\$34,300)	\$0
Salary Program	\$8,590				\$8,590			\$8,590
Salary Program - Employee Compensation Planning Reserve			(\$8,600)	\$10	(\$8,590)			(\$8,590)
Tech Adjust: Earned Revenue (401(a) Retirement Contribution)					\$0	(\$25,000)		\$25,000
Tech Adjust: Transfers (401(a) Retirement Contributions)					\$0	\$25,000		(\$25,000)
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$44,254)	\$44,254	\$0			\$0
Clean-Up Actions Total	\$8,590	\$0	(\$52,854)	\$9,964	(\$34,300)	\$0	(\$34,300)	\$0
BENEFIT FUND (160) TOTAL	\$8,590	\$0	(\$52,854)	\$9,964	(\$34,300)	\$0	(\$34,300)	\$0
BLDG & STRUCT CONST TAX FD (429)								
Budget Adjustments								
TRAFFIC CAPITAL PROGRAM								
Earned Revenue - Branham Lane/Monterey Highway Rail					\$0	(\$12,000)		\$12,000

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
BLDG & STRUCT CONST TAX FD (429)								
Budget Adjustments								
TRAFFIC CAPITAL PROGRAM								
Earned Revenue - Housing Incentive Program Grant						\$0	(\$10,000)	\$10,000
Earned Revenue - Metropolitan Transportation Commission						\$0	(\$1,000)	\$1,000
Ending Fund Balance Adjustment				(\$61,000)	(\$61,000)			(\$61,000)
Route 280/880/Stevens Creek Upgrade/Earned Revenue			\$20,000		\$20,000	\$20,000		\$0
Safety - Pedestrian Improvements			\$15,000		\$15,000			\$15,000
San Carlos St. Multimodal Streetscape Improvements - Phase II			\$23,000		\$23,000			\$23,000
Budget Adjustments Total	\$0	\$0	\$58,000	(\$61,000)	(\$3,000)	(\$3,000)	\$0	\$0

Clean-Up Actions

TRAFFIC CAPITAL PROGRAM

Rebudget: Adaptive Signal Control Enhancement			(\$14,000)	\$14,000	\$0			\$0
Rebudget: Autumn Street Extension			(\$123,000)	\$123,000	\$0			\$0
Rebudget: Bike/Pedestrian Development			(\$3,000)	\$3,000	\$0			\$0
Rebudget: Branham Laue/Monterey Highway Rail Grade Separation			\$66,000	(\$66,000)	\$0			\$0
Rebudget: Bridge Mitigation Monitoring			\$104,000	(\$104,000)	\$0			\$0
Rebudget: East Santa Clara Street Bridge at Coyote Creek			\$10,000	(\$10,000)	\$0			\$0
Rebudget: ITS: Transportation Incident Management Center			(\$161,000)	\$161,000	\$0			\$0
Rebudget: Jackson Street: LRT to Japantown Pedestrian Corridor			(\$12,000)	\$12,000	\$0			\$0
Rebudget: Julian Street and St. James Street Couplet Conversion			(\$7,000)	\$7,000	\$0			\$0
Rebudget: Public Art			(\$5,000)	\$5,000	\$0			\$0
Rebudget: Route 101/Mabury Road Project Development			\$33,000	(\$33,000)	\$0			\$0
Rebudget: Route 101: Interstate 280 to Yerba Buena			\$11,000	(\$11,000)	\$0			\$0
Rebudget: Route 880/High Occupancy Vehicle			\$42,000	(\$42,000)	\$0			\$0
Rebudget: Safety - Pedestrian Improvements			\$339,000	(\$339,000)	\$0			\$0
Rebudget: San Carlos Street Multimodal Streetscape Improvements - Phase I			(\$5,000)	\$5,000	\$0			\$0
Rebudget: San Carlos Street Multimodal Streetscape Improvements - Phase II			(\$47,000)	\$47,000	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
BLDG & STRUCT CONST TAX FD (429)								
Clean-Up Actions								
TRAFFIC CAPITAL PROGRAM								
Rebudget: The Alameda - A Plan for the Beautiful Way			\$11,000	(\$11,000)	\$0			\$0
Rebudget: Underground Utilities - City Conversions			\$100,000	(\$100,000)	\$0			\$0
Fund Balance Reconciliation				\$1,698,606	\$1,698,606		\$1,698,606	\$0
Rebudget: Traffic Signal Communications and Synchronization/Earned Revenue			\$32,000	(\$30,000)	\$2,000	\$2,000		\$0
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$205,000)	\$205,000	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$166,000	\$1,534,606	\$1,700,606	\$2,000	\$1,698,606	\$0
BLDG & STRUCT CONST TAX FD (429) TOTAL	\$0	\$0	\$224,000	\$1,473,606	\$1,697,606	(\$1,000)	\$1,698,606	\$0
BRANCH LIB BOND PROJECT FD (472)								
Budget Adjustments								
LIBRARY CAPITAL PROGRAM								
Branch Libraries Projects Bond Fund and Library Construction and Conveyance Tax Fund Expenditures Alignment/Transfers			\$621,000		\$621,000	\$621,000		\$0
Budget Adjustments Total	\$0	\$0	\$621,000	\$0	\$621,000	\$621,000	\$0	\$0
Clean-Up Actions								
LIBRARY CAPITAL PROGRAM								
Rebudget: Branch Efficiency Projects			(\$56,000)	\$56,000	\$0			\$0
Rebudget: Calabazas Branch			(\$2,000)	\$2,000	\$0			\$0
Rebudget: Miscellaneous Post Construction Costs			(\$4,000)	\$4,000	\$0			\$0
Rebudget: Southeast Branch			(\$57,000)	\$57,000	\$0			\$0
Fund Balance Reconciliation - Library Bond Projects Contingency Reserve			\$114,554		\$114,554		\$114,554	\$0
Clean-Up Actions Total	\$0	\$0	(\$4,446)	\$119,000	\$114,554	\$0	\$114,554	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST	
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
BRANCH LIB BOND PROJECT FD (472)								
BRANCH LIB BOND PROJECT FD (472) TOTAL	\$0	\$0	\$616,554	\$119,000	\$735,554	\$621,000	\$114,554	\$0
BUSINESS IMPVT DIST FUND (351)								
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Downtown Business Improvement District/Earned Revenue (Downtown Assessment)			(\$10,000)		(\$10,000)	(\$10,000)		\$0
Budget Adjustments Total	\$0	\$0	(\$10,000)	\$0	(\$10,000)	(\$10,000)	\$0	\$0
Clean-Up Actions								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation - Downtown				\$152,624	\$152,624		\$152,624	\$0
Fund Balance Reconciliation - Hotel				(\$67,623)	(\$67,623)		(\$67,623)	\$0
Fund Balance Reconciliation - Japantown				\$4,562	\$4,562		\$4,562	\$0
Fund Balance Reconciliation - Willow Glen CBID				\$8,904	\$8,904		\$8,904	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$98,467	\$98,467	\$0	\$98,467	\$0
BUSINESS IMPVT DIST FUND (351) TOTAL	\$0	\$0	(\$10,000)	\$98,467	\$88,467	(\$10,000)	\$98,467	\$0
CASH RESERVE FUND (002)								
Clean-Up Actions								
FINANCE								
Fund Balance Reconciliation				\$2	\$2		\$2	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$2	\$2	\$0	\$2	\$0
CASH RESERVE FUND (002) TOTAL	\$0	\$0	\$0	\$2	\$2	\$0	\$2	\$0

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Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CFD #1 CAPITAL AUTO MALL FUND (371)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$83,877	\$83,877		\$83,877	\$0
Salary Program	\$615			(\$615)	\$0			\$0
Clean-Up Actions Total	\$615	\$0	\$0	\$83,262	\$83,877	\$0	\$83,877	\$0
CFD #1 CAPITAL AUTO MALL FUND (371) TOTAL	\$615	\$0	\$0	\$83,262	\$83,877	\$0	\$83,877	\$0
CFD #11 ADELINE - MARY HELEN FD (374)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$16,486	\$16,486		\$16,486	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$16,486	\$16,486	\$0	\$16,486	\$0
CFD #11 ADELINE - MARY HELEN FD (374) TOTAL	\$0	\$0	\$0	\$16,486	\$16,486	\$0	\$16,486	\$0
CFD #12 BASKING RIDGE FUND (376)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$94,071	\$94,071		\$94,071	\$0
Salary Program	\$796			(\$796)	\$0			\$0
Clean-Up Actions Total	\$796	\$0	\$0	\$93,275	\$94,071	\$0	\$94,071	\$0
CFD #12 BASKING RIDGE FUND (376) TOTAL	\$796	\$0	\$0	\$93,275	\$94,071	\$0	\$94,071	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fndd Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CFD #13 GUADALUPE MINES (310)								
Budget Adjustments								
TRANSPORTATION								
Ending Fund Balance Adjustment				\$1,585	\$1,585			\$1,585
Transportation Department Non-Personal/Equipment		(\$1,585)			(\$1,585)			(\$1,585)
Budget Adjustments Total	\$0	(\$1,585)	\$0	\$1,585	\$0	\$0	\$0	\$0
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				(\$62,076)	(\$62,076)		(\$62,076)	\$0
Salary Program	\$268			(\$268)	\$0			\$0
Clean-Up Actions Total	\$268	\$0	\$0	(\$62,344)	(\$62,076)	\$0	(\$62,076)	\$0
CFD #13 GUADALUPE MINES (310) TOTAL	\$268	(\$1,585)	\$0	(\$60,759)	(\$62,076)	\$0	(\$62,076)	\$0
CFD #14 RALEIGH-CHARLOTTE FD (379)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$229,837	\$229,837		\$229,837	\$0
Salary Program	\$476			(\$476)	\$0			\$0
PARKS, REC, & NEIGH SVCS								
Salary Program	\$453			(\$453)	\$0			\$0
Clean-Up Actions Total	\$929	\$0	\$0	\$228,908	\$229,837	\$0	\$229,837	\$0
CFD #14 RALEIGH-CHARLOTTE FD (379) TOTAL	\$929	\$0	\$0	\$228,908	\$229,837	\$0	\$229,837	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CFD #2 AND CFD #3 FUND (369)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$21,594	\$21,594		\$21,594	\$0
Salary Program	\$2,715			(\$2,715)	\$0			\$0
Clean-Up Actions Total	\$2,715	\$0	\$0	\$18,879	\$21,594	\$0	\$21,594	\$0
CFD #2 AND CFD #3 FUND (369) TOTAL	\$2,715	\$0	\$0	\$18,879	\$21,594	\$0	\$21,594	\$0
CFD #8 COMM HILL FUND (373)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$4,969	\$4,969		\$4,969	\$0
Salary Program	\$1,440			(\$1,440)	\$0			\$0
Clean-Up Actions Total	\$1,440	\$0	\$0	\$3,529	\$4,969	\$0	\$4,969	\$0
CFD #8 COMM HILL FUND (373) TOTAL	\$1,440	\$0	\$0	\$3,529	\$4,969	\$0	\$4,969	\$0
CITY HALL DEBT SERVICE FUND (210)								
Clean-Up Actions								
FINANCE								
City Hall Debt Service (City Hall Debt Refunding)				(\$3,136,449)	(\$3,136,449)			(\$3,136,449)
City Hall Garage Debt Service (City Hall Debt Refunding)				(\$382,446)	(\$382,446)			(\$382,446)
Ending Fund Balance Adjustment (City Hall Debt Refunding)				(\$8,366,883)	(\$8,366,883)			(\$8,366,883)
Fund Balance Reconciliation				\$8,366,883	\$8,366,883		\$8,366,883	\$0
Transfers from Other Funds (City Hall Debt Refunding)					\$0	(\$11,885,778)		\$11,885,778

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CITY HALL DEBT SERVICE FUND (210)								
Clean-Up Actions								
Clean-Up Actions Total	\$0	\$0	(\$3,518,895)	\$0	(\$3,518,895)	(\$11,885,778)	\$8,366,883	\$0
CITY HALL DEBT SERVICE FUND (210) TOTAL	\$0	\$0	(\$3,518,895)	\$0	(\$3,518,895)	(\$11,885,778)	\$8,366,883	\$0
CIVIC CENTER CONSTRUCTION FD (425)								
Budget Adjustments								
MUNI IMPROVEMENTS CAPITAL PROGRAM								
City Hall Construction Close-Out			\$1,067		\$1,067			\$1,067
Ending Fund Balance Adjustment				(\$1,067)	(\$1,067)			(\$1,067)
Budget Adjustments Total	\$0	\$0	\$1,067	(\$1,067)	\$0	\$0	\$0	\$0
Clean-Up Actions								
MUNI IMPROVEMENTS CAPITAL PROGRAM								
Rebudget: City Hall Construction Close-Out			\$45,640	(\$45,640)	\$0			\$0
Fund Balance Reconciliation				\$46,707	\$46,707		\$46,707	\$0
Clean-Up Actions Total	\$0	\$0	\$45,640	\$1,067	\$46,707	\$0	\$46,707	\$0
CIVIC CENTER CONSTRUCTION FD (425) TOTAL	\$0	\$0	\$46,707	\$0	\$46,707	\$0	\$46,707	\$0
COMM DEV BLOCK GRANT FUND (441)								
Budget Adjustments								
TRANSPORTATION								
LED Streetlight Conversion			\$491,000		\$491,000			\$491,000
Transportation Neighborhood Infrastructure Improvements			\$155,000		\$155,000			\$155,000

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
COMM DEV BLOCK GRANT FUND (441)								
Budget Adjustments								
HOUSING								
Contractual Community Services			\$121,634		\$121,634			\$121,634
Earned Revenue - Developer Payment					\$0	(\$90,283)		\$90,283
Earned Revenue - Entitlement					\$0	\$810,891		(\$810,891)
Housing Program Development and Monitoring			\$22,308		\$22,308			\$22,308
Housing Rehabilitation Loans and Grants			(\$60,000)		(\$60,000)			(\$60,000)
Neighborhood Infrastructure Improvements			(\$921,000)		(\$921,000)			(\$921,000)
Section 108 Debt Service			(\$44,535)		(\$44,535)			(\$44,535)
Section 108 Debt Service Reserve			\$681,201		\$681,201			\$681,201
PARKS, REC, & NEIGH SVCS								
Mayfair Community Garden Rehabilitation			\$225,000		\$225,000			\$225,000
Olinder Park Physical Improvements			\$50,000		\$50,000			\$50,000
Budget Adjustments Total	\$0	\$0	\$720,608	\$0	\$720,608	\$720,608	\$0	\$0
Clean-Up Actions								
HOUSING								
Fund Balance Reconciliation				\$39,811	\$39,811		\$39,811	\$0
Fund Balance Reconciliation - Section 108 Debt Service Reserve			\$1,530,474		\$1,530,474		\$1,530,474	\$0
Rebudget: Transportation Neighborhood Infrastructure Improvements			\$39,811	(\$39,811)	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$1,570,285	\$0	\$1,570,285	\$0	\$1,570,285	\$0
COMM DEV BLOCK GRANT FUND (441) TOTAL	\$0	\$0	\$2,290,893	\$0	\$2,290,893	\$720,608	\$1,570,285	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
COMMTY FACIL REVENUE FUND (422)								
Clean-Up Actions								
FINANCE								
Fund Balance Reconciliation				\$866,781	\$866,781		\$866,781	\$0
Rebudget: Hayes Repair and Improvements			\$69,247	(\$69,247)	\$0			\$0
Tech Adjust: Debt Service Payments for the Hayes Center Phase III/Transfers (City Hall Debt Refunding)			\$7,709,139		\$7,709,139	\$7,709,139		\$0
Clean-Up Actions Total	\$0	\$0	\$7,778,386	\$797,534	\$8,575,920	\$7,709,139	\$866,781	\$0
COMMTY FACIL REVENUE FUND (422) TOTAL	\$0	\$0	\$7,778,386	\$797,534	\$8,575,920	\$7,709,139	\$866,781	\$0
CONST/CONV TAX CENTRAL FD (390)								
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Ball Fields Renovation			\$334,000	(\$334,000)	\$0			\$0
Rebudget: Community Center Equipment			\$4,000	(\$4,000)	\$0			\$0
Rebudget: Major Park Equipment			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Park Hardware and Furnishings			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Regional Parks Safety Enhancements			(\$1,000)	\$1,000	\$0			\$0
Rebudget: Unanticipated or Critical Repairs			\$78,000	(\$78,000)	\$0			\$0
Rebudget: Volunteer Management			\$25,000	(\$25,000)	\$0			\$0
Fund Balance Reconciliation				\$1,318,453	\$1,318,453		\$1,318,453	\$0
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$171,000)	\$171,000	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$329,000	\$989,453	\$1,318,453	\$0	\$1,318,453	\$0
CONST/CONV TAX CENTRAL FD (390) TOTAL	\$0	\$0	\$329,000	\$989,453	\$1,318,453	\$0	\$1,318,453	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX COMM FUND (397)								
Clean-Up Actions								
COMMUNICATIONS CAPITAL PROGRAM								
Rebudget: City-wide Trunking Radio System			(\$45,000)	\$45,000	\$0			\$0
Rebudget: Communications Equipment Replacement and Upgrade			\$82,000	(\$82,000)	\$0			\$0
Rebudget: Communications Maintenance			(\$30,000)	\$30,000	\$0			\$0
Fund Balance Reconciliation				\$157,299	\$157,299		\$157,299	\$0
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$2,000)	\$2,000	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$5,000	\$152,299	\$157,299	\$0	\$157,299	\$0
CONST/CONV TAX COMM FUND (397) TOTAL	\$0	\$0	\$5,000	\$152,299	\$157,299	\$0	\$157,299	\$0
CONST/CONV TAX FIRE FUND (392)								
Budget Adjustments								
PUBLIC SAFETY CAPITAL PROGRAM								
Ending Fund Balance Adjustment				(\$652,000)	(\$652,000)			(\$652,000)
Facilities Improvements			\$32,000		\$32,000			\$32,000
Reserve: Facilities Improvements			\$620,000		\$620,000			\$620,000
Budget Adjustments Total	\$0	\$0	\$652,000	(\$652,000)	\$0	\$0	\$0	\$0
Clean-Up Actions								
PUBLIC SAFETY CAPITAL PROGRAM								
Rebudget: Facilities Improvements			\$18,000	(\$18,000)	\$0			\$0
Rebudget: Fire Apparatus Replacement			(\$5,000)	\$5,000	\$0			\$0
Rebudget: Fire Data System			\$21,000	(\$21,000)	\$0			\$0
Rebudget: Fire Station 12 - Relocation (Calero)			\$4,000	(\$4,000)	\$0			\$0
Rebudget: Fixtures, Furnishings and Equipment and Facility Improvements			(\$20,000)	\$20,000	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST	
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX FIRE FUND (392)								
Clean-Up Actions								
PUBLIC SAFETY CAPITAL PROGRAM								
Rebudget: Traffic Control Equipment			(\$13,000)	\$13,000	\$0			\$0
Fund Balance Reconciliation				\$627,109	\$627,109		\$627,109	\$0
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$33,000)	\$33,000	\$0			\$0
Clean-Up Actions Total	\$0	\$0	(\$28,000)	\$655,109	\$627,109	\$0	\$627,109	\$0
CONST/CONV TAX FIRE FUND (392) TOTAL	\$0	\$0	\$624,000	\$3,109	\$627,109	\$0	\$627,109	\$0
CONST/CONV TAX LIBRARY FD (393)								
Budget Adjustments								
LIBRARY CAPITAL PROGRAM								
Branch Libraries Projects Bond Fund and Library Construction and Conveyance Tax Fund Expenditures Alignment/Transfers			\$621,000		\$621,000	\$621,000		\$0
Ending Fund Balance Adjustment				(\$625,000)	(\$625,000)			(\$625,000)
Ineligible Branch Libraries Bond Projects Reserve			\$625,000		\$625,000			\$625,000
Budget Adjustments Total	\$0	\$0	\$1,246,000	(\$625,000)	\$621,000	\$621,000	\$0	\$0
Clean-Up Actions								
LIBRARY CAPITAL PROGRAM								
Rebudget: Branch Libraries Fixtures, Furnishings and Equipment			\$448,000	(\$448,000)	\$0			\$0
Fund Balance Reconciliation				\$1,727,637	\$1,727,637		\$1,727,637	\$0
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$17,000)	\$17,000	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$431,000	\$1,296,637	\$1,727,637	\$0	\$1,727,637	\$0
CONST/CONV TAX LIBRARY FD (393) TOTAL	\$0	\$0	\$1,677,000	\$671,637	\$2,348,637	\$621,000	\$1,727,637	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 1 FUND (377)								
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Calabazas Basketball Court Renovation			\$70,000		\$70,000			\$70,000
Ending Fund Balance Adjustment				(\$70,000)	(\$70,000)			(\$70,000)
Budget Adjustments Total	\$0	\$0	\$70,000	(\$70,000)	\$0	\$0	\$0	\$0
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Council District 1 Public Art			\$62,000	(\$62,000)	\$0			\$0
Rebudget: Misc Park Sports Field Development			(\$37,000)	\$37,000	\$0			\$0
Rebudget: Saratoga Creek Park Booster Pump			\$90,000	(\$90,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			(\$4,000)	\$4,000	\$0			\$0
Fund Balance Reconciliation				\$458,856	\$458,856		\$458,856	\$0
Clean-Up Actions Total	\$0	\$0	\$111,000	\$347,856	\$458,856	\$0	\$458,856	\$0
CONST/CONV TAX PK CD 1 FUND (377) TOTAL	\$0	\$0	\$181,000	\$277,856	\$458,856	\$0	\$458,856	\$0

CONST/CONV TAX PK CD 2 FUND (378)

Clean-Up Actions

PARKS & COMM FAC DEV CAPITAL PROGRAM

Rebudget: Council District 2 Public Art			\$7,000	(\$7,000)	\$0			\$0
Rebudget: Edenvale Center FF&E			\$209,000	(\$209,000)	\$0			\$0
Rebudget: Minor Park Renovations			\$15,000	(\$15,000)	\$0			\$0
Rebudget: Sports Fields Minor Improvements			\$8,000	(\$8,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			(\$23,000)	\$23,000	\$0			\$0
Fund Balance Reconciliation				\$352,539	\$352,539		\$352,539	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 2 FUND (378)								
Clean-Up Actions								
Clean-Up Actions Total	\$0	\$0	\$216,000	\$136,539	\$352,539	\$0	\$352,539	\$0
CONST/CONV TAX PK CD 2 FUND (378) TOTAL								
	\$0	\$0	\$216,000	\$136,539	\$352,539	\$0	\$352,539	\$0
CONST/CONV TAX PK CD 3 FUND (380)								
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Arena Green Playground Renovation			\$20,000	(\$20,000)	\$0			\$0
Rebudget: McEnery Park Playground Renovation			\$24,000	(\$24,000)	\$0			\$0
Rebudget: Pool Repairs			\$9,000	(\$9,000)	\$0			\$0
Rebudget: Roosevelt Community Center Fixtures, Furnishings and Equipment			\$18,000	(\$18,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			(\$102,000)	\$102,000	\$0			\$0
Rebudget: Watson Site Clean-up and Restoration			\$76,000	(\$76,000)	\$0			\$0
Fund Balance Reconciliation				\$165,629	\$165,629		\$165,629	\$0
Clean-Up Actions Total	\$0	\$0	\$45,000	\$120,629	\$165,629	\$0	\$165,629	\$0
CONST/CONV TAX PK CD 3 FUND (380) TOTAL								
	\$0	\$0	\$45,000	\$120,629	\$165,629	\$0	\$165,629	\$0
CONST/CONV TAX PK CD 4 FUND (381)								
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Earned Revenue - SAFETEA-LU: Lower Guadalupe River Trail (Gold Street to Highway 880)						\$0	(\$1,538,000)	\$1,538,000
Ending Fund Balance Adjustment				\$281,000	\$281,000			\$281,000
TRAIL: Lower Guadalupe River (Gold Street to Highway 880)			(\$1,819,000)		(\$1,819,000)			(\$1,819,000)

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 4 FUND (381)								
Budget Adjustments								
Budget Adjustments Total	\$0	\$0	(\$1,819,000)	\$281,000	(\$1,538,000)	(\$1,538,000)	\$0	\$0
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Alviso Park Improvements			\$31,000	(\$31,000)	\$0			\$0
Rebudget: Berryessa Community Center Minor Improvements			\$23,000	(\$23,000)	\$0			\$0
Rebudget: Council District 4 Public Art			\$75,000	(\$75,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$50,000	(\$50,000)	\$0			\$0
Rebudget: TRAIL: Penitencia Creek Reach 1B (Noble Avenue to Dorel Drive)			\$24,000	(\$24,000)	\$0			\$0
Fund Balance Reconciliation				(\$84,187)	(\$84,187)		(\$84,187)	\$0
Rebudget: Earned Revenue				\$100,000	\$100,000	\$100,000		\$0
Clean-Up Actions Total	\$0	\$0	\$203,000	(\$187,187)	\$15,813	\$100,000	(\$84,187)	\$0
CONST/CONV TAX PK CD 4 FUND (381) TOTAL	\$0	\$0	(\$1,616,000)	\$93,813	(\$1,522,187)	(\$1,438,000)	(\$84,187)	\$0

CONST/CONV TAX PK CD 5 FUND (382)

Clean-Up Actions

PARKS & COMM FAC DEV CAPITAL PROGRAM

Rebudget: Alum Rock School District Sports Field Partnership (Sheppard Middle School)			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Council District 5 Public Art			\$3,000	(\$3,000)	\$0			\$0
Rebudget: Minor Park Renovations			(\$2,000)	\$2,000	\$0			\$0
Rebudget: Pool Repairs			\$151,000	(\$151,000)	\$0			\$0
Rebudget: Sports Fields Minor Improvements			(\$5,000)	\$5,000	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$118,000	(\$118,000)	\$0			\$0
Rebudget: TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680)			(\$1,000)	\$1,000	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 5 FUND (382)								
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: TRAIL: Lower Silver Creek Reach VI (Dobern Bridge to Foxdale Drive)			\$15,000	(\$15,000)	\$0			\$0
Fund Balance Reconciliation				\$460,506	\$460,506		\$460,506	\$0
Clean-Up Actions Total	\$0	\$0	\$329,000	\$131,506	\$460,506	\$0	\$460,506	\$0
CONST/CONV TAX PK CD 5 FUND (382) TOTAL	\$0	\$0	\$329,000	\$131,506	\$460,506	\$0	\$460,506	\$0
CONST/CONV TAX PK CD 6 FUND (384)								
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Bascom Community Center - Multi-Service			\$365,000	(\$365,000)	\$0			\$0
Rebudget: Bascom Community Center Fixtures, Furnishings and Equipment			\$369,000	(\$369,000)	\$0			\$0
Rebudget: Buena Vista Park Expansion			\$3,000	(\$3,000)	\$0			\$0
Rebudget: Council District 6 Public Art			\$4,000	(\$4,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			(\$8,000)	\$8,000	\$0			\$0
Rebudget: TRAIL: Three Creeks Development			\$215,000	(\$215,000)	\$0			\$0
Rebudget: TRAIL: Three Creeks Land Acquisition			\$365,000	(\$365,000)	\$0			\$0
Fund Balance Reconciliation				\$1,598,987	\$1,598,987		\$1,598,987	\$0
Rebudget: Bramhall Park Amphitheatre Lighting			\$100,000	(\$100,000)	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$1,413,000	\$185,987	\$1,598,987	\$0	\$1,598,987	\$0
CONST/CONV TAX PK CD 6 FUND (384) TOTAL	\$0	\$0	\$1,413,000	\$185,987	\$1,598,987	\$0	\$1,598,987	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 7 FUND (385)								
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Council District 7 Public Art			\$103,000	(\$103,000)	\$0			\$0
Rebudget: Pool Repairs			\$14,000	(\$14,000)	\$0			\$0
Rebudget: Roberto Antonio Balermينو Park			(\$174,000)	\$174,000	\$0			\$0
Rebudget: Santee Neighborhood Action Center Minor Repairs			\$26,000	(\$26,000)	\$0			\$0
Rebudget: Seven Trees Community Center Fixtures, Furnishings and Equipment			\$167,000	(\$167,000)	\$0			\$0
Rebudget: Sports Fields Minor Improvements			(\$8,000)	\$8,000	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			(\$16,000)	\$16,000	\$0			\$0
Rebudget: West Evergreen Park			\$1,562,000	(\$1,562,000)	\$0			\$0
Fund Balance Reconciliation				\$1,899,989	\$1,899,989		\$1,899,989	\$0
Clean-Up Actions Total	\$0	\$0	\$1,674,000	\$225,989	\$1,899,989	\$0	\$1,899,989	\$0
CONST/CONV TAX PK CD 7 FUND (385) TOTAL	\$0	\$0	\$1,674,000	\$225,989	\$1,899,989	\$0	\$1,899,989	\$0
CONST/CONV TAX PK CD 8 FUND (386)								
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Council District 8 Public Art			\$4,000	(\$4,000)	\$0			\$0
Rebudget: Infrastructure Backlog Study			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Meadowfair Park Improvements			\$34,000	(\$34,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			(\$55,000)	\$55,000	\$0			\$0
Rebudget: Welch Park Playground Renovation			\$58,000	(\$58,000)	\$0			\$0
Fund Balance Reconciliation				\$226,635	\$226,635		\$226,635	\$0
Clean-Up Actions Total	\$0	\$0	\$43,000	\$183,635	\$226,635	\$0	\$226,635	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 8 FUND (386)								
CONST/CONV TAX PK CD 8 FUND (386) TOTAL	\$0	\$0	\$43,000	\$183,635	\$226,635	\$0	\$226,635	\$0
CONST/CONV TAX PK CD 9 FUND (388)								
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Almaden Ranch Pedestrian Bridge Feasibility Study			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Council District 9 Public Art			\$66,000	(\$66,000)	\$0			\$0
Rebudget: Minor Park Renovations			\$33,000	(\$33,000)	\$0			\$0
Rebudget: Paul Moore Park Sports Field Renovation			\$111,000	(\$111,000)	\$0			\$0
Rebudget: Pool Repairs			\$17,000	(\$17,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			(\$143,000)	\$143,000	\$0			\$0
Fund Balance Reconciliation				\$287,916	\$287,916		\$287,916	\$0
Clean-Up Actions Total	\$0	\$0	\$134,000	\$153,916	\$287,916	\$0	\$287,916	\$0
CONST/CONV TAX PK CD 9 FUND (388) TOTAL	\$0	\$0	\$134,000	\$153,916	\$287,916	\$0	\$287,916	\$0
CONST/CONV TAX PK CD10 FD (389)								
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Allen at Steinbeck School Soccer Field Fixtures, Furnishings and Equipment			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Almaden Winery Irrigation Automation			\$11,000	(\$11,000)	\$0			\$0
Rebudget: Chris Hotts Park Improvements			\$24,000	(\$24,000)	\$0			\$0
Rebudget: Council District 10 Public Art			\$83,000	(\$83,000)	\$0			\$0
Rebudget: Highway 87 Bikeway Enhancements			\$26,000	(\$26,000)	\$0			\$0
Rebudget: Infrastructure Backlog Study			(\$2,000)	\$2,000	\$0			\$0
Rebudget: Minor Park Renovations			\$65,000	(\$65,000)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD10 FD (389)								
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Sports Fields Minor Improvements			\$8,000	(\$8,000)	\$0			\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			\$262,000	(\$262,000)	\$0			\$0
Rebudget: TRAIL: Los Alamitos Creek Connection (Leland High School)			\$31,000	(\$31,000)	\$0			\$0
Fund Balance Reconciliation				\$849,983	\$849,983		\$849,983	\$0
Leland Sports Field Repayment - Transfer from the General Fund					\$0	\$56,000		(\$56,000)
Leland Turf Replacement Reserve			\$56,000		\$56,000			\$56,000
Clean-Up Actions Total	\$0	\$0	\$574,000	\$331,983	\$905,983	\$56,000	\$849,983	\$0
CONST/CONV TAX PK CD10 FD (389) TOTAL	\$0	\$0	\$574,000	\$331,983	\$905,983	\$56,000	\$849,983	\$0
CONST/CONV TAX PK YARDS FD (398)								
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Almaden Lake Park Yard Renovation			\$270,000	(\$270,000)	\$0			\$0
Rebudget: Fire Station 19 Demolition			\$198,000	(\$198,000)	\$0			\$0
Rebudget: Guadalupe River Park and Gardens Park Yard Expansion			\$400,000	(\$400,000)	\$0			\$0
Rebudget: Lake Cunningham Park Yard Renovation			\$254,000	(\$254,000)	\$0			\$0
Rebudget: Park Yards Public Art			\$12,000	(\$12,000)	\$0			\$0
Fund Balance Reconciliation				\$1,264,518	\$1,264,518		\$1,264,518	\$0
Clean-Up Actions Total	\$0	\$0	\$1,134,000	\$130,518	\$1,264,518	\$0	\$1,264,518	\$0
CONST/CONV TAX PK YARDS FD (398) TOTAL	\$0	\$0	\$1,134,000	\$130,518	\$1,264,518	\$0	\$1,264,518	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PKS CW FUND (391)								
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Copper Wire Replacement			\$288,000		\$288,000			\$288,000
Ending Fund Balance Adjustment				(\$637,000)	(\$637,000)			(\$637,000)
Family Camp Master Plan			\$30,000		\$30,000			\$30,000
Happy Hollow Park and Zoo Minor Renovations			\$197,000		\$197,000			\$197,000
Happy Hollow Park and Zoo Phase II Renovations			(\$197,000)		(\$197,000)			(\$197,000)
Rancho del Pueblo Netting Replacement			\$319,000		\$319,000			\$319,000
TRAIL: Milestone Markers			(\$188,000)		(\$188,000)			(\$188,000)
TRAIL: Three Creeks Interim Improvements and Trestle Bridge			\$188,000		\$188,000			\$188,000
Budget Adjustments Total	\$0	\$0	\$637,000	(\$637,000)	\$0	\$0	\$0	\$0
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Alum Rock Park Bridge Repair			(\$1,000)	\$1,000	\$0			\$0
Rebudget: Alum Rock Park Bridge Riparian Improvements (Pbase 1)			\$293,000	(\$293,000)	\$0			\$0
Rebudget: Coleman Soccer Fields			\$2,339,000	(\$2,339,000)	\$0			\$0
Rebudget: Community Center People Counter Systems			\$65,000	(\$65,000)	\$0			\$0
Rebudget: Environmental Mitigation Maintenance and Monitoring			\$211,000	(\$211,000)	\$0			\$0
Rebudget: Family Camp Infrastructure Renovations			\$53,000	(\$53,000)	\$0			\$0
Rebudget: Family Camp Master Plan			(\$13,000)	\$13,000	\$0			\$0
Rebudget: Happy Hollow Park and Zoo Minor Renovations			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Happy Hollow Park and Zoo Phase II Renovations			\$72,000	(\$72,000)	\$0			\$0
Rebudget: Japanese Friendship Garden Tea House			\$51,000	(\$51,000)	\$0			\$0
Rebudget: Parks City-Wide Public Art			\$3,000	(\$3,000)	\$0			\$0
Rebudget: Soccer Complex Fixtures, Furnishings and Equipment			\$91,000	(\$91,000)	\$0			\$0
Rebudget: TRAIL: Milestone Markers			\$188,000	(\$188,000)	\$0			\$0
Rebudget: TRAIL: Thompson Creek Easement			\$92,000	(\$92,000)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PKS CW FUND (391)								
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Undeveloped Acreage Services			(\$7,000)	\$7,000	\$0			\$0
Rebudget: Volunteer Project Support			(\$1,000)	\$1,000	\$0			\$0
Fund Balance Reconciliation				\$4,325,586	\$4,325,586		\$4,325,586	\$0
Clean-Up Actions Total	\$0	\$0	\$3,448,000	\$877,586	\$4,325,586	\$0	\$4,325,586	\$0
CONST/CONV TAX PKS CW FUND (391) TOTAL	\$0	\$0	\$4,085,000	\$240,586	\$4,325,586	\$0	\$4,325,586	\$0
CONST/CONV TAX SRVC YDS FD (395)								
Clean-Up Actions								
SERVICE YARDS CAPITAL PROGRAM								
Fund Balance Reconciliation				\$537,658	\$537,658		\$537,658	\$0
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$3,000)	\$3,000	\$0			\$0
Clean-Up Actions Total	\$0	\$0	(\$3,000)	\$540,658	\$537,658	\$0	\$537,658	\$0
CONST/CONV TAX SRVC YDS FD (395) TOTAL	\$0	\$0	(\$3,000)	\$540,658	\$537,658	\$0	\$537,658	\$0
CONSTRUCTION EXCISE TAX FD (465)								
Budget Adjustments								
TRAFFIC CAPITAL PROGRAM								
Ending Fund Balance Adjustment				(\$993,000)	(\$993,000)			(\$993,000)
North San José Deficiency Plan Improvements			\$94,000		\$94,000			\$94,000
Route 101/Oakland/Mabury Traffic Impact Fees Reserve			\$868,000		\$868,000			\$868,000
Safe Access San José/Earned Revenue			\$192,000		\$192,000	\$186,000		\$6,000

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONSTRUCTION EXCISE TAX FD (465)								
Budget Adjustments								
TRAFFIC CAPITAL PROGRAM								
Street Tree Inventory/Earned Revenue			\$175,000		\$175,000	\$150,000		\$25,000
Budget Adjustments Total	\$0	\$0	\$1,329,000	(\$993,000)	\$336,000	\$336,000	\$0	\$0
Clean-Up Actions								
TRAFFIC CAPITAL PROGRAM								
Rebudget: ADA Sidewalk Accessibility Program			\$122,000	(\$122,000)	\$0			\$0
Rebudget: Automated Transit Network			\$96,000	(\$96,000)	\$0			\$0
Rebudget: BART Construction Management			\$54,000	(\$54,000)	\$0			\$0
Rebudget: BART Design and Construction			\$11,000	(\$11,000)	\$0			\$0
Rebudget: Bicycle and Pedestrian Facilities			\$779,000	(\$779,000)	\$0			\$0
Rebudget: Bridge Maintenance and Repair			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Capitol Expressway Light Rail Pedestrian Improvements			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Capitol Expressway: Story Road and Aborn Road Improvements			\$296,000	(\$296,000)	\$0			\$0
Rebudget: City-Wide Emergency Repairs			\$33,000	(\$33,000)	\$0			\$0
Rebudget: Diridon Station Planning			(\$11,000)	\$11,000	\$0			\$0
Rebudget: High Speed Rail			\$29,000	(\$29,000)	\$0			\$0
Rebudget: Innovative Bicycle Detection System			\$222,000	(\$222,000)	\$0			\$0
Rebudget: Jackson Avenue and Alexian Drive Pedestrian Improvements			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Minidoka Avenue Sidewalk Improvements			\$10,000	(\$10,000)	\$0			\$0
Rebudget: Miscellaneous Street Improvements			\$244,000	(\$244,000)	\$0			\$0
Rebudget: Montague Expressway Improvements			\$29,000	(\$29,000)	\$0			\$0
Rebudget: Pavement Maintenance - City			\$1,451,000	(\$1,451,000)	\$0			\$0
Rebudget: Pavement Maintenance - Federal			\$2,329,000	(\$2,329,000)	\$0			\$0
Rebudget: Pavement Maintenance - Measure B			\$1,036,000	(\$1,036,000)	\$0			\$0
Rebudget: Pavement Maintenance - State Gas Tax			\$1,436,000	(\$1,436,000)	\$0			\$0
Rebudget: Prop. 1B - Pavement Maintenance			(\$120,000)	\$120,000	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONSTRUCTION EXCISE TAX FD (465)								
Clean-Up Actions								
TRAFFIC CAPITAL PROGRAM								
Rebudget: Safe Access San Jose			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Safety - Neighborhood Traffic Engineering			\$19,000	(\$19,000)	\$0			\$0
Rebudget: Safety - Signs & Markings			(\$28,000)	\$28,000	\$0			\$0
Rebudget: Safety - Traffic Education			\$135,000	(\$135,000)	\$0			\$0
Rebudget: Safety - Traffic Signal Rehabilitation			\$65,000	(\$65,000)	\$0			\$0
Rebudget: San Fernando Street Enhanced Bikeway and Pedestrian Access			\$221,000	(\$221,000)	\$0			\$0
Rebudget: St. John Pedestrian/Bike Improvements			\$8,000	(\$8,000)	\$0			\$0
Rebudget: Street Tree Inventory			\$153,000	(\$153,000)	\$0			\$0
Rebudget: Traffic Safety Data Collection			\$40,000	(\$40,000)	\$0			\$0
Rebudget: Walk n Roll San José			(\$13,000)	\$13,000	\$0			\$0
Fund Balance Reconciliation				\$10,610,542	\$10,610,542		\$10,610,542	\$0
Rebudget: BART Construction Management/Earned Revenue				\$61,000	\$61,000	\$61,000		\$0
Rebudget: Bicycle and Pedestrian Facilities/Earned Revenue			\$48,000		\$48,000	\$48,000		\$0
Rebudget: Climate Initiative Grant (CIF) - Innovative Bicycle Detection Grant/Earned Revenue				\$101,000	\$101,000	\$101,000		\$0
Rebudget: Climate Initiative Grant - Walk n Roll/Earned Revenue				\$3,000	\$3,000	\$3,000		\$0
Rebudget: OBAG - Pavement Maintenance - Federal/Earned Revenue				\$1,666,000	\$1,666,000	\$1,666,000		\$0
Rebudget: Santa Clara County - Communities Putting Prevention to Work - Bike Share Outreach and Prevention/Earned Revenue				\$22,000	\$22,000	\$22,000		\$0
Rebudget: Transportation Development Act Grant - Bicycle and Pedestrian Facilities/Earned Revenue				(\$254,000)	(\$254,000)	(\$254,000)		\$0
Rebudget: VTA: Santa Clara-Alum Rock Bus Rapid Transit/Earned Revenue				\$130,000	\$130,000	\$130,000		\$0
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$253,000)	\$253,000	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$8,520,000	\$3,867,542	\$12,387,542	\$1,777,000	\$10,610,542	\$0
CONSTRUCTION EXCISE TAX FD (465) TOTAL	\$0	\$0	\$9,849,000	\$2,874,542	\$12,723,542	\$2,113,000	\$10,610,542	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONV CTR FACIL DIST REV FD (791)								
Clean-Up Actions								
FINANCE								
Fund Balance Reconciliation				\$2,013,910	\$2,013,910		\$2,013,910	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$2,013,910	\$2,013,910	\$0	\$2,013,910	\$0
CONV CTR FACIL DIST REV FD (791) TOTAL	\$0	\$0	\$0	\$2,013,910	\$2,013,910	\$0	\$2,013,910	\$0
CONV CTR FACILI DIST PROJ FD (691)								
Budget Adjustments								
MUNI IMPROVEMENTS CAPITAL PROGRAM								
Convention Center Expansion and Renovation Project			\$262,440		\$262,440			\$262,440
Ending Fund Balance Adjustment				(\$262,440)	(\$262,440)			(\$262,440)
Budget Adjustments Total	\$0	\$0	\$262,440	(\$262,440)	\$0	\$0	\$0	\$0
Clean-Up Actions								
MUNI IMPROVEMENTS CAPITAL PROGRAM								
Rebudget: Convention Center Expansion and Renovation Project			(\$740,126)	\$740,126	\$0			\$0
Fund Balance Reconciliation				(\$477,687)	(\$477,687)		(\$477,687)	\$0
Clean-Up Actions Total	\$0	\$0	(\$740,126)	\$262,439	(\$477,687)	\$0	(\$477,687)	\$0
CONV CTR FACILI DIST PROJ FD (691) TOTAL	\$0	\$0	(\$477,686)	(\$1)	(\$477,687)	\$0	(\$477,687)	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONV/CULTURAL AFFAIRS FUND (536)								
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Capital Reserve				(\$100,000)	(\$100,000)			(\$100,000)
Center for Performing Arts Improvements				\$140,000	\$140,000			\$140,000
Ending Fund Balance Adjustment					(\$165,076)			(\$165,076)
Miscellaneous Capital Improvements				\$140,000	\$140,000			\$140,000
Transfers (TOT Reconciliation)					\$0	\$14,924		(\$14,924)
Budget Adjustments Total	\$0	\$0	\$180,000	(\$165,076)	\$14,924	\$14,924	\$0	\$0
Clean-Up Actions								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation				\$1,667,364	\$1,667,364		\$1,667,364	\$0
Rebudget: Civic Auditorium/Center for the Performing Arts Marketing and Capital Improvement				\$470,000	(\$470,000)			\$0
Rebudget: Convention Center Fixtures, Furniture and Equipment				\$753,847	(\$753,847)			\$0
Rebudget: Miscellaneous Capital Improvements				\$262,890	(\$262,890)			\$0
Clean-Up Actions Total	\$0	\$0	\$1,486,737	\$180,627	\$1,667,364	\$0	\$1,667,364	\$0
CONV/CULTURAL AFFAIRS FUND (536) TOTAL	\$0	\$0	\$1,666,737	\$15,551	\$1,682,288	\$14,924	\$1,667,364	\$0
DENTAL INSURANCE FUND (155)								
Clean-Up Actions								
HUMAN RESOURCES								
Fund Balance Reconciliation				\$13,284	\$13,284		\$13,284	\$0
Fund Balance Reconciliation - Reserve for Claims				(\$16,195)	(\$16,195)		(\$16,195)	\$0
Salary Program	\$4,500				\$4,500			\$4,500
Salary Program - Employee Compensation Planning Reserve				(\$4,500)	(\$4,500)			(\$4,500)

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
DENTAL INSURANCE FUND (155)								
Clean-Up Actions								
HUMAN RESOURCES								
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$21,682)	\$21,682	\$0			\$0
Clean-Up Actions Total	\$4,500	\$0	(\$26,182)	\$18,771	(\$2,911)	\$0	(\$2,911)	\$0
DENTAL INSURANCE FUND (155) TOTAL	\$4,500	\$0	(\$26,182)	\$18,771	(\$2,911)	\$0	(\$2,911)	\$0
DOWNTOWN PBID FUND (302)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$51,879	\$51,879		\$51,879	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$51,879	\$51,879	\$0	\$51,879	\$0
DOWNTOWN PBID FUND (302) TOTAL	\$0	\$0	\$0	\$51,879	\$51,879	\$0	\$51,879	\$0
E PRUSCH MEM PK IMPR FUND (131)								
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Emma Prusch Park Service Yard Fixtures, Furnishings and Equipment			\$20,000	(\$20,000)	\$0			\$0
Rebudget: LeFevre House Improvements			\$22,000	(\$22,000)	\$0			\$0
Fund Balance Reconciliation				\$41,933	\$41,933		\$41,933	\$0
Clean-Up Actions Total	\$0	\$0	\$42,000	(\$67)	\$41,933	\$0	\$41,933	\$0
E PRUSCH MEM PK IMPR FUND (131) TOTAL	\$0	\$0	\$42,000	(\$67)	\$41,933	\$0	\$41,933	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
ECON DEV ADMIN LOAN FUND (444)								
Clean-Up Actions								
HOUSING								
Fund Balance Reconciliation				\$11,187	\$11,187		\$11,187	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$11,187	\$11,187	\$0	\$11,187	\$0
ECON DEV ADMIN LOAN FUND (444) TOTAL	\$0	\$0	\$0	\$11,187	\$11,187	\$0	\$11,187	\$0
ECON DEV ENHANCEMENT FD (439)								
Clean-Up Actions								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation				\$162	\$162		\$162	\$0
Tech Adjust: Transfer to the General Fund (Fund Close-Out)			\$162	(\$162)	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$162	\$0	\$162	\$0	\$162	\$0
ECON DEV ENHANCEMENT FD (439) TOTAL	\$0	\$0	\$162	\$0	\$162	\$0	\$162	\$0
EDW BYRNE MEMORIAL JAG FD (474)								
Budget Adjustments								
POLICE								
2010 Justice Assistance Grant			\$342		\$342			\$342
2011 Justice Assistance Grant			\$239		\$239			\$239
2012 Justice Assistance Grant			\$319		\$319			\$319
Ending Fund Balance Adjustment				(\$900)	(\$900)			(\$900)
Budget Adjustments Total	\$0	\$0	\$900	(\$900)	\$0	\$0	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
EDW BYRNE MEMORIAL JAG FD (474)								
Clean-Up Actions								
POLICE								
Fund Balance Reconciliation				(\$59,868)	(\$59,868)		(\$59,868)	\$0
Rebudget: 2010 Justice Assistance Grant			(\$5,337)	\$5,337	\$0			\$0
Rebudget: 2011 Justice Assistance Grant			\$2,050	(\$2,050)	\$0			\$0
Rebudget: 2012 Justice Assistance Grant			(\$57,481)	\$57,481	\$0			\$0
Clean-Up Actions Total	\$0	\$0	(\$60,768)	\$900	(\$59,868)	\$0	(\$59,868)	\$0
EDW BYRNE MEMORIAL JAG FD (474) TOTAL	\$0	\$0	(\$59,868)	\$0	(\$59,868)	\$0	(\$59,868)	\$0
FEDERAL DRUG FORFEITURE FUND (419)								
Budget Adjustments								
POLICE								
Crime Scene Digitizer		\$160,000			\$160,000			\$160,000
Ending Fund Balance Adjustment				(\$160,000)	(\$160,000)			(\$160,000)
Budget Adjustments Total	\$0	\$160,000	\$0	(\$160,000)	\$0	\$0	\$0	\$0
Clean-Up Actions								
POLICE								
Fund Balance Reconciliation				\$243,651	\$243,651		\$243,651	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$243,651	\$243,651	\$0	\$243,651	\$0
FEDERAL DRUG FORFEITURE FUND (419) TOTAL	\$0	\$160,000	\$0	\$83,651	\$243,651	\$0	\$243,651	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
GENERAL PURPOSE PARKING FD (533)								
Budget Adjustments								
TRANSPORTATION								
Debt Service Payments Reserve/Earned Revenue (Successor Agency Reimbursement)			\$660,000		\$660,000	\$660,000		\$0
Ending Fund Balance Adjustment				(\$44,000)	(\$44,000)			(\$44,000)
Successor Agency to the Redevelopment Agency			\$44,000		\$44,000			\$44,000
Budget Adjustments Total	\$0	\$0	\$704,000	(\$44,000)	\$660,000	\$660,000	\$0	\$0
Clean-Up Actions								
INFORMATION TECHNOLOGY								
Salary Program	\$123				\$123			\$123
TRANSPORTATION								
Fund Balance Reconciliation				\$3,316,149	\$3,316,149		\$3,316,149	\$0
Fund Balance Reconciliation: Debt Service Payments Reserve			\$1,022,499	(\$1,022,499)	\$0			\$0
Fund Balance Reconciliation: Debt Service Payments Reserve				(\$2,293,650)	(\$2,293,650)		(\$2,293,650)	\$0
Retirement Contributions Reconciliation	(\$34,000)				(\$34,000)			(\$34,000)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$35,000		\$35,000			\$35,000
Salary Program	\$23,674				\$23,674			\$23,674
Salary Program - Employee Compensation Planning Reserve			(\$23,797)		(\$23,797)			(\$23,797)
Tech Adjust: 4th/San Fernando Reserve - Bond Covenant (Retitle from 4th/San Fernando Reserve)					\$0			\$0
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$87,423)	\$87,423	\$0			\$0
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$1,000)				(\$1,000)			(\$1,000)
Clean-Up Actions Total	(\$11,203)	\$0	\$946,279	\$87,423	\$1,022,499	\$0	\$1,022,499	\$0
GENERAL PURPOSE PARKING FD (533) TOTAL	(\$11,203)	\$0	\$1,650,279	\$43,423	\$1,682,499	\$660,000	\$1,022,499	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
GIFT TRUST FUND (139)								
Budget Adjustments								
PARKS, REC, & NEIGH SVCS								
Commodore Park Maintenance			\$500,428		\$500,428			\$500,428
Ending Fund Balance Adjustment				(\$500,428)	(\$500,428)			(\$500,428)
LIBRARY								
Library General Gifts/Earned Revenue			\$37,163		\$37,163	\$37,163		\$0
Budget Adjustments Total	\$0	\$0	\$537,591	(\$500,428)	\$37,163	\$37,163	\$0	\$0
Clean-Up Actions								
CITY MANAGER								
Rebudget: Berryessa Center Art Project			\$3	(\$3)	\$0			\$0
INDEPENDENT POLICE AUDITOR								
Rebudget: IPA's Teen Leadership Council			\$4,265	(\$4,265)	\$0			\$0
CITY CLERK								
Rebudget: Annual District I Festival in the Park			\$2	(\$2)	\$0			\$0
Rebudget: CommUnity Resource Fair			\$81	(\$81)	\$0			\$0
Rebudget: Go Girl Go BAWSI			\$5	(\$5)	\$0			\$0
Rebudget: Mayor's College Motivation Program			\$21	(\$21)	\$0			\$0
FINANCE								
Fund Balance Reconciliation				\$910,596	\$910,596		\$910,596	\$0
POLICE								
Rebudget: CADPE - Drug Education			\$1	(\$1)	\$0			\$0
Rebudget: Canine Unit			\$9	(\$9)	\$0			\$0
Rebudget: Child Safety Seats			\$16	(\$16)	\$0			\$0
Rebudget: Children's Interview Center			\$15,045	(\$15,045)	\$0			\$0
Rebudget: Communications Facility Fitness Center			\$2	(\$2)	\$0			\$0
Rebudget: Community Services Program			\$3	(\$3)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
GIFT TRUST FUND (139)								
Clean-Up Actions								
POLICE								
Rebudget: Crime Prevention Committee				\$1	(\$1)	\$0		\$0
Rebudget: Cybercadet Program				\$6	(\$6)	\$0		\$0
Rebudget: Internet Crimes Against Children Gifts				\$13	(\$13)	\$0		\$0
Rebudget: Investigative Enhancement				\$59	(\$59)	\$0		\$0
Rebudget: Major Awards Banquet				\$23	(\$23)	\$0		\$0
Rebudget: Mayor's Safe Families				\$7	(\$7)	\$0		\$0
Rebudget: Miscellaneous Gifts				\$1	(\$1)	\$0		\$0
Rebudget: Police & School Partnership Program				\$11	(\$11)	\$0		\$0
Rebudget: Police Educational Robot				\$2	(\$2)	\$0		\$0
Rebudget: Police Mounted Unit				\$17	(\$17)	\$0		\$0
Rebudget: Police Reserves Unit				\$22,792	(\$22,792)	\$0		\$0
Rebudget: Robbery Secret Witness Program				\$19	(\$19)	\$0		\$0
Rebudget: S.A.V.E. Program				\$36	(\$36)	\$0		\$0
Rebudget: Scholastic Crime Stoppers				\$6	(\$6)	\$0		\$0
Rebudget: School Safety Gifts				\$5	(\$5)	\$0		\$0
Rebudget: Trauma Kits				\$3	(\$3)	\$0		\$0
Rebudget: Volunteer Program				\$1	(\$1)	\$0		\$0
TRANSPORTATION								
Rebudget: Coleman / Guadalupe Traffic Study and Mitigation				\$15,015	(\$15,015)	\$0		\$0
Rebudget: Pedestrian Enhancements - International Circle and Hospital Parkway				\$902	(\$902)	\$0		\$0
FIRE								
Rebudget: Hazardous Material Training				\$3	(\$3)	\$0		\$0
Rebudget: Public Education Program				\$9,780	(\$9,780)	\$0		\$0
PUBLIC WORKS								
Rebudget: Animal Services				\$55,812	(\$55,812)	\$0		\$0
Rebudget: Kinjo Gardens				\$6	(\$6)	\$0		\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance
GIFT TRUST FUND (139)							
Clean-Up Actions							
PUBLIC WORKS							
Rebudget: Spay/Neuter Program			\$7,151	(\$7,151)	\$0		\$0
ECONOMIC DEVELOPMENT							
Rebudget: Albino, Erminia and Alba Joyce Martini Memorial Fund			\$105	(\$105)	\$0		\$0
Rebudget: Art + Technology Program			\$17,263	(\$17,263)	\$0		\$0
Rebudget: Arts and Education Week			\$84	(\$84)	\$0		\$0
Rebudget: Cultural Performance			\$2	(\$2)	\$0		\$0
Rebudget: Incubation Office Project			\$71	(\$71)	\$0		\$0
PARKS, REC, & NEIGH SVCS							
Rebudget: Almaden Lake Park Rangers			\$3,010	(\$3,010)	\$0		\$0
Rebudget: Almaden Winery Improvement			\$32	(\$32)	\$0		\$0
Rebudget: Alum Rock Park			\$1,105	(\$1,105)	\$0		\$0
Rebudget: Alviso Community Center			\$23	(\$23)	\$0		\$0
Rebudget: Alviso Recreation and Teen Program			\$2	(\$2)	\$0		\$0
Rebudget: Animal Adoption			\$1,210	(\$1,210)	\$0		\$0
Rebudget: Calabazas BMX Park			\$6	(\$6)	\$0		\$0
Rebudget: Castro School Landscaping			\$8	(\$8)	\$0		\$0
Rebudget: Cat Spay / Neuter Program			(\$2,738)	\$2,738	\$0		\$0
Rebudget: Combined Gifts			\$7	(\$7)	\$0		\$0
Rebudget: Community Cultural Council			\$4	(\$4)	\$0		\$0
Rebudget: Emma Prusch Farm Park			\$2,406	(\$2,406)	\$0		\$0
Rebudget: Family Camp Camperships			\$6	(\$6)	\$0		\$0
Rebudget: Friends of Paul Moore Park			\$4	(\$4)	\$0		\$0
Rebudget: Friends of San Jose Environmental Outreach			(\$941)	\$941	\$0		\$0
Rebudget: Gullo Park Turf Irrigation			\$23	(\$23)	\$0		\$0
Rebudget: J. Ward Memorial Scholarship			\$103	(\$103)	\$0		\$0
Rebudget: Japanese Friendship Garden			\$2,690	(\$2,690)	\$0		\$0
Rebudget: Lake Cunningham Skate Park			\$752	(\$752)	\$0		\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
GIFT TRUST FUND (139)								
Clean-Up Actions								
PARKS, REC, & NEIGH SVCS								
Rebudget: Leland High School Tennis				\$2	(\$2)	\$0		\$0
Rebudget: Mayor's Gang Prevention Task Force Clean Slate Program				\$4,447	(\$4,447)	\$0		\$0
Rebudget: Mayor's Youth Conference				\$67	(\$67)	\$0		\$0
Rebudget: McClaren Circles Design of History				(\$7,249)	\$7,249	\$0		\$0
Rebudget: Miscellaneous Gifts Under \$1,000				\$821	(\$821)	\$0		\$0
Rebudget: Mise and Starbird Gift				\$72	(\$72)	\$0		\$0
Rebudget: Newhall Park Maintenance				\$2,810	(\$2,810)	\$0		\$0
Rebudget: Nicolas Prusch Swimming				\$364	(\$364)	\$0		\$0
Rebudget: O'Donnell's Gardens Park				\$37	(\$37)	\$0		\$0
Rebudget: Overfelt Gardens				\$6	(\$6)	\$0		\$0
Rebudget: RP & CS General Gifts over \$1,000				\$4,114	(\$4,114)	\$0		\$0
Rebudget: River Oaks Park Maintenance				\$60,144	(\$60,144)	\$0		\$0
Rebudget: Rose Garden Fountain				(\$3,593)	\$3,593	\$0		\$0
Rebudget: Safe Summer Initiative				\$6,922	(\$6,922)	\$0		\$0
Rebudget: San Jose Vietnam War Memorial				\$12	(\$12)	\$0		\$0
Rebudget: Senior Companion				\$30	(\$30)	\$0		\$0
Rebudget: Southside Community Center				\$513	(\$513)	\$0		\$0
Rebudget: Southside Community Center Gazebo				\$1,133	(\$1,133)	\$0		\$0
Rebudget: St. James Park Landscaping				\$8	(\$8)	\$0		\$0
Rebudget: Summer Lunch Program				\$201	(\$201)	\$0		\$0
Rebudget: Vista Montana Park Maintenance				\$75,214	(\$75,214)	\$0		\$0
Rebudget: Willow Glen Founders Day				\$8	(\$8)	\$0		\$0
Rebudget: Youth Commission				\$11,448	(\$11,448)	\$0		\$0
LIBRARY								
Rebudget: Books for Little Hands				\$4	(\$4)	\$0		\$0
Rebudget: Calabazas Branch Library				(\$1,227)	\$1,227	\$0		\$0
Rebudget: Child Care Endowment				\$612	(\$612)	\$0		\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
GIFT TRUST FUND (139)								
Clean-Up Actions								
LIBRARY								
Rebudget: Garbage Stickers			\$3,590	(\$3,590)	\$0			\$0
Rebudget: Library Literacy Project			(\$2,926)	\$2,926	\$0			\$0
Rebudget: Library-General Gifts			\$96,186	(\$96,186)	\$0			\$0
Rebudget: Tully Community Branch Family Learning Center			(\$1)	\$1	\$0			\$0
AIRPORT								
Rebudget: Art Work			\$9	(\$9)	\$0			\$0
Rebudget: Heliport System Plan Study			\$29	(\$29)	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$410,168	\$500,428	\$910,596	\$0	\$910,596	\$0
GIFT TRUST FUND (139) TOTAL	\$0	\$0	\$947,759	\$0	\$947,759	\$37,163	\$910,596	\$0
HOME INVEST PART PROG FUND (445)								
Budget Adjustments								
HOUSING								
Ending Fund Balance Adjustment				(\$305,260)	(\$305,260)			(\$305,260)
Habitat Acquisition Rehab Assistance			\$250,000		\$250,000			\$250,000
Housing Loans and Grants			\$29,000		\$29,000			\$29,000
Water Street Project			\$26,260		\$26,260			\$26,260
Budget Adjustments Total	\$0	\$0	\$305,260	(\$305,260)	\$0	\$0	\$0	\$0
Clean-Up Actions								
CITY ATTORNEY								
Salary Program	\$956				\$956			\$956

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
HOME INVEST PART PROG FUND (445)								
Clean-Up Actions								
HOUSING								
Fund Balance Reconciliation				\$422,224	\$422,224		\$422,224	\$0
Salary Program	\$11,043				\$11,043			\$11,043
Salary Program - Employee Compensation Planning Reserve			(\$11,999)		(\$11,999)			(\$11,999)
Clean-Up Actions Total	\$11,999	\$0	(\$11,999)	\$422,224	\$422,224	\$0	\$422,224	\$0
HOME INVEST PART PROG FUND (445) TOTAL	\$11,999	\$0	\$293,261	\$116,964	\$422,224	\$0	\$422,224	\$0
HOUSING TRUST FUND (440)								
Budget Adjustments								
HOUSING								
Destination: Home			\$50,000		\$50,000			\$50,000
Ending Fund Balance Adjustment				(\$100,000)	(\$100,000)			(\$100,000)
Housing and Homeless Projects			\$50,000		\$50,000			\$50,000
Budget Adjustments Total	\$0	\$0	\$100,000	(\$100,000)	\$0	\$0	\$0	\$0
Clean-Up Actions								
CITY ATTORNEY								
Salary Program	\$506				\$506			\$506
HOUSING								
Fund Balance Reconciliation				\$524,929	\$524,929		\$524,929	\$0
Salary Program	\$2,963				\$2,963			\$2,963
Salary Program - Employee Compensation Planning Reserve			(\$3,469)		(\$3,469)			(\$3,469)
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$9,158)	\$9,158	\$0			\$0
Clean-Up Actions Total	\$3,469	\$0	(\$12,627)	\$534,087	\$524,929	\$0	\$524,929	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
HOUSING TRUST FUND (440)								
HOUSING TRUST FUND (440) TOTAL								
	\$3,469	\$0	\$87,373	\$434,087	\$524,929	\$0	\$524,929	\$0
ICE CENTRE REVENUE FUND (432)								
Clean-Up Actions								
FINANCE								
Fund Balance Reconciliation				\$152,200	\$152,200		\$152,200	\$0
Tech Adjust: Previously Approved Repairs Reserve			(\$58,990)		(\$58,990)			(\$58,990)
Tech Adjust: Repairs - Mechanical (Previously Approved Repairs)			\$1,319		\$1,319			\$1,319
Tech Adjust: Repairs - Miscellaneous (Previously Approved Repairs)			\$19,425		\$19,425			\$19,425
Tech Adjust: Repairs - Structures (Previously Approved Repairs)			\$38,246		\$38,246			\$38,246
Clean-Up Actions Total	\$0	\$0	\$0	\$152,200	\$152,200	\$0	\$152,200	\$0
ICE CENTRE REVENUE FUND (432) TOTAL								
	\$0	\$0	\$0	\$152,200	\$152,200	\$0	\$152,200	\$0
INTEGRATED WASTE MGT FUND (423)								
Clean-Up Actions								
INFORMATION TECHNOLOGY								
Retirement Contributions Reconciliation	(\$51,000)				(\$51,000)			(\$51,000)
Salary Program	\$50,385				\$50,385			\$50,385
CITY ATTORNEY								
Salary Program	\$756				\$756			\$756
CITY AUDITOR								
Salary Program	\$219				\$219			\$219
HUMAN RESOURCES								
Salary Program	\$421				\$421			\$421

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
INTEGRATED WASTE MGT FUND (423)								
Clean-Up Actions								
FINANCE								
Retirement Contributions Reconciliation	(\$21,000)				(\$21,000)			(\$21,000)
Salary Program	\$22,550				\$22,550			\$22,550
TRANSPORTATION								
Retirement Contributions Reconciliation	(\$3,000)				(\$3,000)			(\$3,000)
Salary Program	\$1,343				\$1,343			\$1,343
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$2,000)				(\$2,000)			(\$2,000)
Salary Program	\$974				\$974			\$974
PLANNING, BLDG, & CODE ENF								
Retirement Contributions Reconciliation	(\$3,000)				(\$3,000)			(\$3,000)
Salary Program	\$2,254				\$2,254			\$2,254
ECONOMIC DEVELOPMENT								
Retirement Contributions Reconciliation	(\$2,000)				(\$2,000)			(\$2,000)
Salary Program	\$1,073				\$1,073			\$1,073
PARKS, REC, & NEIGH SVCS								
Retirement Contributions Reconciliation	(\$1,000)				(\$1,000)			(\$1,000)
Salary Program	\$898				\$898			\$898
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				(\$924,614)	(\$924,614)			(\$924,614)
Fund Balance Reconciliation - Operations and Maintenance Reserve				\$1,234,046	\$1,234,046			\$1,234,046
Fund Balance Reconciliation - Operations and Maintenance Reserve			\$5,800,000	(\$5,800,000)	\$0			\$0
Rebudget: EIC (Misc. Funding Sources)			(\$410,509)	\$410,509	\$0			\$0
Rebudget: Household Hazardous Waste Las Plumas Facility			(\$89,342)	\$89,342	\$0			\$0
Rebudget: NMTC Proceeds - First Draw/Earned Revenue				\$2,106,881	\$2,106,881	\$2,106,881		\$0
Rebudget: Safe Routes to Schools Creative (SRTC) Grant/Earned Revenue			\$6,228		\$6,228	\$6,228		\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
INTEGRATED WASTE MGT FUND (423)								
Clean-Up Actions								
ENVIRONMENTAL SERVICES								
Retirement Contributions Reconciliation	(\$127,000)				(\$127,000)			(\$127,000)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$210,000		\$210,000			\$210,000
Salary Program	\$115,796				\$115,796			\$115,796
Salary Program - Employee Compensation Planning Reserve			(\$196,669)		(\$196,669)			(\$196,669)
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$569,652)	\$569,652	\$0			\$0
MUNI IMPROVEMENTS CAPITAL PROGRAM								
Rebudget: Household Hazardous Waste Las Plumas Facility			(\$2,350,943)	\$2,350,943	\$0			\$0
Clean-Up Actions Total	(\$13,331)	\$0	\$2,399,113	\$36,759	\$2,422,541	\$2,113,109	\$309,432	\$0
INTEGRATED WASTE MGT FUND (423) TOTAL	(\$13,331)	\$0	\$2,399,113	\$36,759	\$2,422,541	\$2,113,109	\$309,432	\$0
LAKE CUNNINGHAM FUND (462)								
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Ending Fund Balance Adjustment				(\$300,000)	(\$300,000)			(\$300,000)
Lake Cunningham Asphalt Repairs			\$300,000		\$300,000			\$300,000
Budget Adjustments Total	\$0	\$0	\$300,000	(\$300,000)	\$0	\$0	\$0	\$0
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$151,068	\$151,068		\$151,068	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$151,068	\$151,068	\$0	\$151,068	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
LAKE CUNNINGHAM FUND (462)								
LAKE CUNNINGHAM FUND (462) TOTAL	\$0	\$0	\$300,000	(\$148,932)	\$151,068	\$0	\$151,068	\$0
LIBRARY PARCEL TAX FUND (418)								
Clean-Up Actions								
HUMAN RESOURCES								
Salary Program	\$932				\$932			\$932
LIBRARY								
Fund Balance Reconciliation				\$983,316	\$983,316		\$983,316	\$0
Retirement Contributions Reconciliation	(\$50,000)				(\$50,000)			(\$50,000)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$50,000		\$50,000			\$50,000
Salary Program	\$76,868				\$76,868			\$76,868
Salary Program - Employee Compensation Planning Reserve			(\$77,800)		(\$77,800)			(\$77,800)
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$16,736)	\$16,736	\$0			\$0
LIBRARY CAPITAL PROGRAM								
Rebudget: Acquisition of Materials			\$300,000	(\$300,000)	\$0			\$0
Clean-Up Actions Total	\$27,800	\$0	\$255,464	\$700,052	\$983,316	\$0	\$983,316	\$0
LIBRARY PARCEL TAX FUND (418) TOTAL	\$27,800	\$0	\$255,464	\$700,052	\$983,316	\$0	\$983,316	\$0
LIFE INSURANCE FUND (156)								
Clean-Up Actions								
HUMAN RESOURCES								
Fund Balance Reconciliation				\$20,759	\$20,759		\$20,759	\$0
Salary Program	\$800				\$800			\$800
Salary Program - Employee Compensation Planning Reserve			(\$800)		(\$800)			(\$800)

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
LIFE INSURANCE FUND (156)								
Clean-Up Actions								
HUMAN RESOURCES								
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)				(\$4,127)	\$4,127	\$0		\$0
Clean-Up Actions Total	\$800	\$0	(\$4,927)	\$24,886	\$20,759	\$0	\$20,759	\$0
LIFE INSURANCE FUND (156) TOTAL	\$800	\$0	(\$4,927)	\$24,886	\$20,759	\$0	\$20,759	\$0
LOW/MOD INCOME HSNG ASSET FD (346)								
Budget Adjustments								
HOUSING								
Ending Fund Balance Adjustment					(\$7,000,000)	(\$7,000,000)		(\$7,000,000)
Housing Loans and Grants				\$7,000,000		\$7,000,000		\$7,000,000
Budget Adjustments Total	\$0	\$0	\$7,000,000	(\$7,000,000)	\$0	\$0	\$0	\$0
Clean-Up Actions								
CITY MANAGER								
Salary Program	\$517					\$517		\$517
CITY ATTORNEY								
Retirement Contributions Reconciliation	(\$10,000)					(\$10,000)		(\$10,000)
Salary Program	\$10,490					\$10,490		\$10,490
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$1,000)					(\$1,000)		(\$1,000)
Salary Program	\$398					\$398		\$398
FINANCE								
Retirement Contributions Reconciliation	(\$1,000)					(\$1,000)		(\$1,000)
Salary Program	\$2,879					\$2,879		\$2,879

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
LOW/MOD INCOME HSNG ASSET FD (346)								
Clean-Up Actions								
HOUSING								
Fund Balance Reconciliation				\$6,745,216	\$6,745,216		\$6,745,216	\$0
Retirement Contributions Reconciliation	(\$66,000)				(\$66,000)			(\$66,000)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$80,000		\$80,000			\$80,000
Salary Program	\$73,442				\$73,442			\$73,442
Salary Program - Employee Compensation Planning Reserve			(\$90,250)		(\$90,250)			(\$90,250)
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$256,488)	\$256,488	\$0			\$0
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$2,000)				(\$2,000)			(\$2,000)
Salary Program	\$2,524				\$2,524			\$2,524
Clean-Up Actions Total	\$10,250	\$0	(\$266,738)	\$7,001,704	\$6,745,216	\$0	\$6,745,216	\$0
LOW/MOD INCOME HSNG ASSET FD (346) TOTAL	\$10,250	\$0	\$6,733,262	\$1,704	\$6,745,216	\$0	\$6,745,216	\$0
M.D. #1 LOS PASEOS FUND (352)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$95,520	\$95,520		\$95,520	\$0
Salary Program	\$1,690			(\$1,690)	\$0			\$0
Clean-Up Actions Total	\$1,690	\$0	\$0	\$93,830	\$95,520	\$0	\$95,520	\$0
M.D. #1 LOS PASEOS FUND (352) TOTAL	\$1,690	\$0	\$0	\$93,830	\$95,520	\$0	\$95,520	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #11 BROKAW/JCT-OAK FD (364)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$12,788	\$12,788		\$12,788	\$0
Salary Program	\$121			(\$121)	\$0			\$0
Clean-Up Actions Total	\$121	\$0	\$0	\$12,667	\$12,788	\$0	\$12,788	\$0
M.D. #11 BROKAW/JCT-OAK FD (364) TOTAL	\$121	\$0	\$0	\$12,667	\$12,788	\$0	\$12,788	\$0
M.D. #13 KARINA CT-O'NL DR FD (366)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$20,074	\$20,074		\$20,074	\$0
Salary Program	\$72			(\$72)	\$0			\$0
Clean-Up Actions Total	\$72	\$0	\$0	\$20,002	\$20,074	\$0	\$20,074	\$0
M.D. #13 KARINA CT-O'NL DR FD (366) TOTAL	\$72	\$0	\$0	\$20,002	\$20,074	\$0	\$20,074	\$0
M.D. #15 SILVER CREEK FUND (368)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$217,293	\$217,293		\$217,293	\$0
Salary Program	\$3,804			(\$3,804)	\$0			\$0
Clean-Up Actions Total	\$3,804	\$0	\$0	\$213,489	\$217,293	\$0	\$217,293	\$0
M.D. #15 SILVER CREEK FUND (368) TOTAL	\$3,804	\$0	\$0	\$213,489	\$217,293	\$0	\$217,293	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #18 MEADOWLANDS FUND (372)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				(\$16,233)	(\$16,233)		(\$16,233)	\$0
Salary Program	\$294			(\$294)	\$0			\$0
Clean-Up Actions Total	\$294	\$0	\$0	(\$16,527)	(\$16,233)	\$0	(\$16,233)	\$0
M.D. #18 MEADOWLANDS FUND (372) TOTAL	\$294	\$0	\$0	(\$16,527)	(\$16,233)	\$0	(\$16,233)	\$0
M.D. #19 RIVER OAKS FUND (359)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$28,089	\$28,089		\$28,089	\$0
Salary Program	\$270			(\$270)	\$0			\$0
Clean-Up Actions Total	\$270	\$0	\$0	\$27,819	\$28,089	\$0	\$28,089	\$0
M.D. #19 RIVER OAKS FUND (359) TOTAL	\$270	\$0	\$0	\$27,819	\$28,089	\$0	\$28,089	\$0
M.D. #2 TRADE ZONE/LUNDY FD (354)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$21,734	\$21,734		\$21,734	\$0
Salary Program	\$121			(\$121)	\$0			\$0
Clean-Up Actions Total	\$121	\$0	\$0	\$21,613	\$21,734	\$0	\$21,734	\$0
M.D. #2 TRADE ZONE/LUNDY FD (354) TOTAL	\$121	\$0	\$0	\$21,613	\$21,734	\$0	\$21,734	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #20 RENAISSANC-N. 1ST FD (365)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$58,022	\$58,022		\$58,022	\$0
Salary Program	\$121			(\$121)	\$0			\$0
Clean-Up Actions Total	\$121	\$0	\$0	\$57,901	\$58,022	\$0	\$58,022	\$0
M.D. #20 RENAISSANC-N. 1ST FD (365) TOTAL	\$121	\$0	\$0	\$57,901	\$58,022	\$0	\$58,022	\$0
M.D. #21 GATEWAY FUND (356)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$30,337	\$30,337		\$30,337	\$0
Salary Program	\$314			(\$314)	\$0			\$0
Clean-Up Actions Total	\$314	\$0	\$0	\$30,023	\$30,337	\$0	\$30,337	\$0
M.D. #21 GATEWAY FUND (356) TOTAL	\$314	\$0	\$0	\$30,023	\$30,337	\$0	\$30,337	\$0
M.D. #22 HELLYER-FONT RD FD (367)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$24,761	\$24,761		\$24,761	\$0
Salary Program	\$121			(\$121)	\$0			\$0
Clean-Up Actions Total	\$121	\$0	\$0	\$24,640	\$24,761	\$0	\$24,761	\$0
M.D. #22 HELLYER-FONT RD FD (367) TOTAL	\$121	\$0	\$0	\$24,640	\$24,761	\$0	\$24,761	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #5 ORCH PKY-PLUMRIA FD (357)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				(\$1,358)	(\$1,358)		(\$1,358)	\$0
Salary Program	\$214			(\$214)	\$0			\$0
Clean-Up Actions Total	\$214	\$0	\$0	(\$1,572)	(\$1,358)	\$0	(\$1,358)	\$0
M.D. #5 ORCH PKY-PLUMRIA FD (357) TOTAL	\$214	\$0	\$0	(\$1,572)	(\$1,358)	\$0	(\$1,358)	\$0
M.D. #8 ZANKER-MONTAGUE FD (361)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$47,421	\$47,421		\$47,421	\$0
Salary Program	\$436			(\$436)	\$0			\$0
Clean-Up Actions Total	\$436	\$0	\$0	\$46,985	\$47,421	\$0	\$47,421	\$0
M.D. #8 ZANKER-MONTAGUE FD (361) TOTAL	\$436	\$0	\$0	\$46,985	\$47,421	\$0	\$47,421	\$0
M.D. #9 S TERESA/GRT OAKS FD (362)								
Clean-Up Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$59,153	\$59,153		\$59,153	\$0
Salary Program	\$472			(\$472)	\$0			\$0
Clean-Up Actions Total	\$472	\$0	\$0	\$58,681	\$59,153	\$0	\$59,153	\$0
M.D. #9 S TERESA/GRT OAKS FD (362) TOTAL	\$472	\$0	\$0	\$58,681	\$59,153	\$0	\$59,153	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
MAJOR COLLECT & ARTRLS FD (421)								
Clean-Up Actions								
TRAFFIC CAPITAL PROGRAM								
Rebudget: Miscellaneous Street Improvements			\$100,000	(\$100,000)	\$0			\$0
Fund Balance Reconciliation				\$166,070	\$166,070		\$166,070	\$0
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$1,000)	\$1,000	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$99,000	\$67,070	\$166,070	\$0	\$166,070	\$0
MAJOR COLLECT & ARTRLS FD (421) TOTAL	\$0	\$0	\$99,000	\$67,070	\$166,070	\$0	\$166,070	\$0
MULTI-SOURCE HOUSING FD (448)								
Budget Adjustments								
HOUSING								
Earned Revenue - Loan Repayment					\$0	\$255,405		(\$255,405)
Emergency Shelter Grants/Earned Revenue			(\$167,297)		(\$167,297)	(\$167,297)		\$0
Ending Fund Balance Adjustment				\$130,405	\$130,405			\$130,405
HOPWA Grant/Earned Revenue			\$4,332		\$4,332	\$4,332		\$0
Nexus Study		\$125,000			\$125,000			\$125,000
Budget Adjustments Total	\$0	\$125,000	(\$162,965)	\$130,405	\$92,440	\$92,440	\$0	\$0
Clean-Up Actions								
CITY ATTORNEY								
Retirement Contributions Reconciliation	(\$2,000)				(\$2,000)			(\$2,000)
Salary Program	\$2,033				\$2,033			\$2,033
HOUSING								
Fund Balance Reconciliation				\$2,113	\$2,113		\$2,113	\$0
Retirement Contributions Reconciliation	(\$28,000)				(\$28,000)			(\$28,000)

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
MULTI-SOURCE HOUSING FD (448)								
Clean-Up Actions								
HOUSING								
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$30,000		\$30,000			\$30,000
Salary Program	\$32,967				\$32,967			\$32,967
Salary Program - Employee Compensation Planning Reserve			(\$35,000)		(\$35,000)			(\$35,000)
Clean-Up Actions Total	\$5,000	\$0	(\$5,000)	\$2,113	\$2,113	\$0	\$2,113	\$0
MULTI-SOURCE HOUSING FD (448) TOTAL	\$5,000	\$125,000	(\$167,965)	\$132,518	\$94,553	\$92,440	\$2,113	\$0
MUNI WATER MAJ FAC FEE FUND (502)								
Clean-Up Actions								
WATER UTILITY SYS CAPITAL PROGRAM								
Fund Balance Reconciliation				\$254,456	\$254,456		\$254,456	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$254,456	\$254,456	\$0	\$254,456	\$0
MUNI WATER MAJ FAC FEE FUND (502) TOTAL	\$0	\$0	\$0	\$254,456	\$254,456	\$0	\$254,456	\$0
MUNICIPAL GOLF COURSE FUND (518)								
Clean-Up Actions								
PARKS, REC, & NEIGH SVCS								
Fund Balance Reconciliation				\$120,225	\$120,225		\$120,225	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$120,225	\$120,225	\$0	\$120,225	\$0
MUNICIPAL GOLF COURSE FUND (518) TOTAL	\$0	\$0	\$0	\$120,225	\$120,225	\$0	\$120,225	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

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)								
Budget Adjustments								
PUBLIC SAFETY CAPITAL PROGRAM								
Ending Fund Balance Adjustment				(\$734,365)	(\$734,365)			(\$734,365)
Fire Station 21 - Relocation (White Road)			\$734,365		\$734,365			\$734,365
Budget Adjustments Total	\$0	\$0	\$734,365	(\$734,365)	\$0	\$0	\$0	\$0
Clean-Up Actions								
PUBLIC SAFETY CAPITAL PROGRAM								
Rebudget: Fire Station 21 - Relocation (White Road)			(\$25,000)	\$25,000	\$0			\$0
Rebudget: Fire Station 24 - Relocation (Silver Creek/Yerba Buena)			\$69,000	(\$69,000)	\$0			\$0
Rebudget: Fire Station Upgrades			\$15,000	(\$15,000)	\$0			\$0
Rebudget: South San José Police Substation			(\$27,000)	\$27,000	\$0			\$0
Fund Balance Reconciliation				\$766,365	\$766,365		\$766,365	\$0
Clean-Up Actions Total	\$0	\$0	\$32,000	\$734,365	\$766,365	\$0	\$766,365	\$0
NEIGHBHD SECURITY BOND FD (475) TOTAL	\$0	\$0	\$766,365	\$0	\$766,365	\$0	\$766,365	\$0
PARKS & REC BOND PROJ FD (471)								
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Public Art - Parks and Recreation Bond Projects			\$15,000	(\$15,000)	\$0			\$0
Rebudget: Soccer Complex			\$248,000	(\$248,000)	\$0			\$0
Fund Balance Reconciliation				\$961,647	\$961,647		\$961,647	\$0
Fund Balance Reconciliation: Parks and Recreation Bond Projects			\$698,647	(\$698,647)	\$0			\$0
Contingency Reserve								
Clean-Up Actions Total	\$0	\$0	\$961,647	\$0	\$961,647	\$0	\$961,647	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
PARKS & REC BOND PROJ FD (471)								
PARKS & REC BOND PROJ FD (471) TOTAL								
	\$0	\$0	\$961,647	\$0	\$961,647	\$0	\$961,647	\$0
PUBLIC WKS PRO SUPPORT FD (150)								
Budget Adjustments								
PUBLIC WORKS								
Transfers from Capital Program Support and Public Works Program Support				(\$652,151)	(\$652,151)	(\$652,151)		\$0
Budget Adjustments Total	\$0	\$0	\$0	(\$652,151)	(\$652,151)	(\$652,151)	\$0	\$0
Clean-Up Actions								
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$3,000)			\$3,000	\$0			\$0
Salary Program	\$2,192				\$2,192			\$2,192
FINANCE								
Salary Program	\$901				\$901			\$901
PUBLIC WORKS								
Fund Balance Reconciliation				\$998,684	\$998,684		\$998,684	\$0
Retirement Contributions Reconciliation	(\$82,000)			\$82,000	\$0			\$0
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$85,000	(\$85,000)	\$0			\$0
Salary Program	\$69,454				\$69,454			\$69,454
Salary Program - Employee Compensation Planning Reserve			(\$72,547)		(\$72,547)			(\$72,547)
Clean-Up Actions Total	(\$12,453)	\$0	\$12,453	\$998,684	\$998,684	\$0	\$998,684	\$0
PUBLIC WKS PRO SUPPORT FD (150) TOTAL	(\$12,453)	\$0	\$12,453	\$346,533	\$346,533	(\$652,151)	\$998,684	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

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)								
Clean-Up Actions								
DEVELOPER ASSISTED CAPITAL PROGRAM								
Fund Balance Reconciliation				(\$435,439)	(\$435,439)		(\$435,439)	\$0
Rebudget: Reimbursement to Developers for Center Strip Paving			(\$122,000)	\$122,000	\$0			\$0
Rebudget: Reimbursement to Developers for Landscaping			(\$437,000)	\$437,000	\$0			\$0
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$1,000)	\$1,000	\$0			\$0
Clean-Up Actions Total	\$0	\$0	(\$560,000)	\$124,561	(\$435,439)	\$0	(\$435,439)	\$0
RES CONST TAX FUND (420) TOTAL	\$0	\$0	(\$560,000)	\$124,561	(\$435,439)	\$0	(\$435,439)	\$0
SAN JOSE ARENA CAPITAL RESERVE FD (459)								
Clean-Up Actions								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation				\$761	\$761		\$761	\$0
Tech Adjust: Electrical Repairs (Previously Approved Repairs)			\$160,708		\$160,708			\$160,708
Tech Adjust: Mechanical Repairs (Previously Approved Repairs)			\$366,139		\$366,139			\$366,139
Tech Adjust: Miscellaneous Repairs (Previously Approved Repairs)			\$118,925		\$118,925			\$118,925
Tech Adjust: Previously Approved Repairs Reserve			(\$915,834)		(\$915,834)			(\$915,834)
Tech Adjust: Structures Repairs (Previously Approved Repairs)			\$122,362		\$122,362			\$122,362
Tech Adjust: Unanticipated/Emergency Repairs (Previously Approved Repairs)			\$147,700		\$147,700			\$147,700
Clean-Up Actions Total	\$0	\$0	\$0	\$761	\$761	\$0	\$761	\$0
SAN JOSE ARENA CAPITAL RESERVE FD (459) TO	\$0	\$0	\$0	\$761	\$761	\$0	\$761	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SAN JOSE DIRIDON DVLPT AUTH FD (482)								
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Ending Fund Balance Adjustment				(\$417,173)	(\$417,173)			(\$417,173)
Successor Agency to the Redevelopment Agency			\$417,173		\$417,173			\$417,173
Budget Adjustments Total	\$0	\$0	\$417,173	(\$417,173)	\$0	\$0	\$0	\$0
Clean-Up Actions								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation				\$417,173	\$417,173		\$417,173	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$417,173	\$417,173	\$0	\$417,173	\$0
SAN JOSE DIRIDON DVLPT AUTH FD (482) TOTAL	\$0	\$0	\$417,173	\$0	\$417,173	\$0	\$417,173	\$0
SANITARY SEWER CONN FEE FD (540)								
Clean-Up Actions								
SANITARY SEWER CAPITAL PROGRAM								
Rebudget: Flow Monitoring Program (Master Planning)			(\$94,000)	\$94,000	\$0			\$0
Rebudget: Immediate Replacement and Diversion Projects			\$769,000	(\$769,000)	\$0			\$0
Rebudget: Master Planning Updates			\$221,000	(\$221,000)	\$0			\$0
Rebudget: North San José Sanitary Sewer Improvements			\$211,000	(\$211,000)	\$0			\$0
Rebudget: South White Road Sanitary Sewer Improvements			(\$31,000)	\$31,000	\$0			\$0
Rebudget: Urgent Rehabilitation and Repair Projects			\$242,000	(\$242,000)	\$0			\$0
Fund Balance Reconciliation				\$1,449,255	\$1,449,255		\$1,449,255	\$0
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$36,000)	\$36,000	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$1,282,000	\$167,255	\$1,449,255	\$0	\$1,449,255	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SANITARY SEWER CONN FEE FD (540)								
SANITARY SEWER CONN FEE FD (540) TOTAL								
	\$0	\$0	\$1,282,000	\$167,255	\$1,449,255	\$0	\$1,449,255	\$0
SEWER SVC & USE CHARGE FD (541)								
Budget Adjustments								
ENVIRONMENTAL SERVICES								
Ending Fund Balance Adjustment				\$31,850	\$31,850			\$31,850
IDC Disposal Contract			(\$31,850)		(\$31,850)			(\$31,850)
Budget Adjustments Total	\$0	\$0	(\$31,850)	\$31,850	\$0	\$0	\$0	\$0
Clean-Up Actions								
CITY MANAGER								
Salary Program	\$325				\$325			\$325
INFORMATION TECHNOLOGY								
Retirement Contributions Reconciliation	(\$7,000)				(\$7,000)			(\$7,000)
Salary Program	\$6,819				\$6,819			\$6,819
CITY ATTORNEY								
Retirement Contributions Reconciliation	(\$8,000)				(\$8,000)			(\$8,000)
Salary Program	\$7,961				\$7,961			\$7,961
CITY AUDITOR								
Salary Program	\$159				\$159			\$159
HUMAN RESOURCES								
Salary Program	\$434				\$434			\$434
FINANCE								
Retirement Contributions Reconciliation	(\$9,000)				(\$9,000)			(\$9,000)
Salary Program	\$8,767				\$8,767			\$8,767

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SEWER SVC & USE CHARGE FD (541)								
Clean-Up Actions								
TRANSPORTATION								
Retirement Contributions Reconciliation	(\$190,000)				(\$190,000)			(\$190,000)
Salary Program	\$39,987				\$39,987			\$39,987
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$32,000)				(\$32,000)			(\$32,000)
Salary Program	\$15,481				\$15,481			\$15,481
PLANNING, BLDG, & CODE ENF								
Retirement Contributions Reconciliation	(\$1,000)				(\$1,000)			(\$1,000)
Salary Program	\$1,534				\$1,534			\$1,534
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$3,697,198	\$3,697,198		\$3,697,198	\$0
Fund Balance Reconciliation - Operations and Maintenance Reserve			\$472,036	(\$472,036)	\$0			\$0
Retirement Contributions Reconciliation	(\$13,000)				(\$13,000)			(\$13,000)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$260,000		\$260,000			\$260,000
Salary Program	\$12,340				\$12,340			\$12,340
Salary Program - Employee Compensation Planning Reserve			(\$93,807)		(\$93,807)			(\$93,807)
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$234,043)	\$234,043	\$0			\$0
Clean-Up Actions Total	(\$166,193)	\$0	\$404,186	\$3,459,205	\$3,697,198	\$0	\$3,697,198	\$0
SEWER SVC & USE CHARGE FD (541) TOTAL	(\$166,193)	\$0	\$372,336	\$3,491,055	\$3,697,198	\$0	\$3,697,198	\$0

SEWER SVC & USE CHG CAP FD (545)

Budget Adjustments

SANITARY SEWER CAPITAL PROGRAM

Immediate Replacement and Diversion Projects/Earned Revenue			\$477,000		\$477,000	\$477,000		\$0
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Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST	
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance		
SEWER SVC & USE CHG CAP FD (545)									
Budget Adjustments									
	Budget Adjustments Total	\$0	\$0	\$477,000	\$0	\$477,000	\$477,000	\$0	\$0
Clean-Up Actions									
SANITARY SEWER CAPITAL PROGRAM									
	Rebudget: 30" Old Bayshore Rehabilitation			(\$29,000)	\$29,000	\$0			\$0
	Rebudget: Almaden Supplement Sewer Rehabilitation (North)			\$146,000	(\$146,000)	\$0			\$0
	Rebudget: Cast Iron Pipe - Remove and Replace			\$1,514,000	(\$1,514,000)	\$0			\$0
	Rebudget: Condition Assessment Sewer Repairs			\$570,000	(\$570,000)	\$0			\$0
	Rebudget: Flow Monitoring Program (Master Planning)			(\$163,000)	\$163,000	\$0			\$0
	Rebudget: Husted-Richland Sanitary Sewer Improvements			(\$2,000)	\$2,000	\$0			\$0
	Rebudget: Immediate Replacement and Diversion Projects			\$1,544,000	(\$1,544,000)	\$0			\$0
	Rebudget: Inflow and Infiltration Reduction			\$500,000	(\$500,000)	\$0			\$0
	Rebudget: Infrastructure - Sanitary Sewer Condition Assessment			\$780,000	(\$780,000)	\$0			\$0
	Rebudget: Master Planning Updates			(\$43,000)	\$43,000	\$0			\$0
	Rebudget: Public Art			(\$5,000)	\$5,000	\$0			\$0
	Rebudget: Rehabilitation of Sanitary Sewer Pump Stations			\$931,000	(\$931,000)	\$0			\$0
	Rebudget: Reinforced Concrete Pipe Rehabilitation Program			(\$120,000)	\$120,000	\$0			\$0
	Rebudget: Rincon Avenue - Virginia Avenue Sanitary Sewer Improvements			\$90,000	(\$90,000)	\$0			\$0
	Rebudget: Urgent Rehabilitation and Repair Projects			\$1,347,000	(\$1,347,000)	\$0			\$0
	Fund Balance Reconciliation				\$11,371,507	\$11,371,507		\$11,371,507	\$0
	Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$139,000)	\$139,000	\$0			\$0
	Clean-Up Actions Total	\$0	\$0	\$6,921,000	\$4,450,507	\$11,371,507	\$0	\$11,371,507	\$0
	SEWER SVC & USE CHG CAP FD (545) TOTAL	\$0	\$0	\$7,398,000	\$4,450,507	\$11,848,507	\$477,000	\$11,371,507	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SJ ARENA ENHANCEMENT FUND (301)								
Clean-Up Actions								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation - HP Improvements - Debt Service				(\$2,371)	(\$2,371)		(\$2,371)	\$0
Clean-Up Actions Total	\$0	\$0	(\$2,371)	\$0	(\$2,371)	\$0	(\$2,371)	\$0
SJ ARENA ENHANCEMENT FUND (301) TOTAL	\$0	\$0	(\$2,371)	\$0	(\$2,371)	\$0	(\$2,371)	\$0
SJ-SC TRMNT PLANT CAP FUND (512)								
Clean-Up Actions								
WATER POLLUTION CONTROL CAP PRGM								
Rebudget: Combined Heat and Power Equipment Repair and Rehabilitation				\$500,000	(\$500,000)	\$0		\$0
Rebudget: Dissolved Air Flotation Rehabilitation and Odor Control				(\$14,000)	\$14,000	\$0		\$0
Rebudget: Plant Infrastructure Improvements				\$800,000	(\$800,000)	\$0		\$0
Rebudget: Plant Master Plan				\$8,000	(\$8,000)	\$0		\$0
Rebudget: Program Management				(\$1,000)	\$1,000	\$0		\$0
Rebudget: Public Art				(\$1,000)	\$1,000	\$0		\$0
Rebudget: SBWR Extension				(\$128,000)	\$128,000	\$0		\$0
Rebudget: SBWR Reservoir Facility				\$2,000	(\$2,000)	\$0		\$0
Rebudget: Secondary and Nitrification Clarifier Rehabilitation				(\$3,000)	\$3,000	\$0		\$0
Rebudget: Treatment Plant Fire Main Replacement				\$30,000	(\$30,000)	\$0		\$0
Fund Balance Reconciliation					\$8,897,142	\$8,897,142	\$8,897,142	\$0
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)				(\$43,000)	\$43,000	\$0		\$0
Clean-Up Actions Total	\$0	\$0	\$1,150,000	\$7,747,142	\$8,897,142	\$0	\$8,897,142	\$0
SJ-SC TRMNT PLANT CAP FUND (512) TOTAL	\$0	\$0	\$1,150,000	\$7,747,142	\$8,897,142	\$0	\$8,897,142	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SJ-SC TRMNT PLANT OPER FUND (513)								
Clean-Up Actions								
CITY MANAGER								
Salary Program	\$386				\$386			\$386
INFORMATION TECHNOLOGY								
Retirement Contributions Reconciliation	(\$1,000)				(\$1,000)			(\$1,000)
Salary Program	\$1,362				\$1,362			\$1,362
CITY ATTORNEY								
Retirement Contributions Reconciliation	(\$1,000)				(\$1,000)			(\$1,000)
Salary Program	\$1,765				\$1,765			\$1,765
CITY AUDITOR								
Retirement Contributions Reconciliation	(\$1,000)				(\$1,000)			(\$1,000)
Salary Program	\$1,296				\$1,296			\$1,296
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$5,000)				(\$5,000)			(\$5,000)
Salary Program	\$4,948				\$4,948			\$4,948
FINANCE								
Retirement Contributions Reconciliation	(\$10,000)				(\$10,000)			(\$10,000)
Salary Program	\$8,001				\$8,001			\$8,001
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$4,000)				(\$4,000)			(\$4,000)
Salary Program	\$4,064				\$4,064			\$4,064
ECONOMIC DEVELOPMENT								
Retirement Contributions Reconciliation	(\$1,000)				(\$1,000)			(\$1,000)
Salary Program	\$852				\$852			\$852
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$2,519,177	\$2,519,177		\$2,519,177	\$0
Fund Balance Reconciliation - Operations and Maintenance Reserve			(\$154,176)	\$154,176	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SJ-SC TRMNT PLANT OPER FUND (513)								
Clean-Up Actions								
ENVIRONMENTAL SERVICES								
Retirement Contributions Reconciliation	(\$812,000)				(\$812,000)			(\$812,000)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$835,000		\$835,000			\$835,000
Salary Program	\$365,265				\$365,265			\$365,265
Salary Program - Employee Compensation Planning Reserve			(\$387,939)		(\$387,939)			(\$387,939)
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$604,157)	\$604,157	\$0			\$0
Clean-Up Actions Total	(\$447,061)	\$0	(\$311,272)	\$3,277,510	\$2,519,177	\$0	\$2,519,177	\$0
SJ-SC TRMNT PLANT OPER FUND (513) TOTAL	(\$447,061)	\$0	(\$311,272)	\$3,277,510	\$2,519,177	\$0	\$2,519,177	\$0
SJ-SC TRMNT PLNT INC FUND (514)								
Clean-Up Actions								
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation					(\$203)		(\$203)	\$0
Clean-Up Actions Total	\$0	\$0	\$0	(\$203)	(\$203)	\$0	(\$203)	\$0
SJ-SC TRMNT PLNT INC FUND (514) TOTAL	\$0	\$0	\$0	(\$203)	(\$203)	\$0	(\$203)	\$0
STATE DRUG FORF FUND (417)								
Clean-Up Actions								
POLICE								
Fund Balance Reconciliation					\$113,086		\$113,086	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$113,086	\$113,086	\$0	\$113,086	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
STATE DRUG FORF FUND (417)								
STATE DRUG FORF FUND (417) TOTAL								
	\$0	\$0	\$0	\$113,086	\$113,086	\$0	\$113,086	\$0
STORES FUND (551)								
Clean-Up Actions								
FINANCE								
Fund Balance Reconciliation				\$176,420	\$176,420		\$176,420	\$0
Tech Adjust: Transfer to the General Fund (Close-out of Stores Fund)			\$176,420	(\$176,420)	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$176,420	\$0	\$176,420	\$0	\$176,420	\$0
STORES FUND (551) TOTAL	\$0	\$0	\$176,420	\$0	\$176,420	\$0	\$176,420	\$0
STORM DRAINAGE FEE FUND (413)								
Clean-Up Actions								
STORM SEWER CAPITAL PROGRAM								
Fund Balance Reconciliation				\$103,440	\$103,440		\$103,440	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$103,440	\$103,440	\$0	\$103,440	\$0
STORM DRAINAGE FEE FUND (413) TOTAL	\$0	\$0	\$0	\$103,440	\$103,440	\$0	\$103,440	\$0
STORM SEWER CAPITAL FUND (469)								
Clean-Up Actions								
STORM SEWER CAPITAL PROGRAM								
Rebudget: Flow Monitoring Program			\$40,000	(\$40,000)	\$0			\$0
Rebudget: Lower Bird Avenue Storm Sewer Improvements			\$125,000	(\$125,000)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
STORM SEWER CAPITAL FUND (469)								
Clean-Up Actions								
STORM SEWER CAPITAL PROGRAM								
Rebudget: Minor Neighborhood Storm Sewer Improvements			\$969,000	(\$969,000)	\$0			\$0
Rebudget: Outfall Rehabilitation - Capital			\$392,000	(\$392,000)	\$0			\$0
Rebudget: Permit Review and Inspection for Outside Agencies			\$20,000	(\$20,000)	\$0			\$0
Rebudget: Public Art			(\$10,000)	\$10,000	\$0			\$0
Rebudget: Storm Pump Station Rehabilitation and Replacement			\$378,000	(\$378,000)	\$0			\$0
Rebudget: Storm Sewer Master Plan - City-wide			\$153,000	(\$153,000)	\$0			\$0
Rebudget: Upper Bird Avenue Storm Sewer Improvements			\$100,000	(\$100,000)	\$0			\$0
Rebudget: Urgent Flood Prevention and Repair Projects			\$936,000	(\$936,000)	\$0			\$0
Fund Balance Reconciliation				\$3,689,875	\$3,689,875		\$3,689,875	\$0
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$54,000)	\$54,000	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$3,049,000	\$640,875	\$3,689,875	\$0	\$3,689,875	\$0
STORM SEWER CAPITAL FUND (469) TOTAL	\$0	\$0	\$3,049,000	\$640,875	\$3,689,875	\$0	\$3,689,875	\$0
STORM SEWER OPERATING FD (446)								
Clean-Up Actions								
INFORMATION TECHNOLOGY								
Retirement Contributions Reconciliation	(\$4,000)				(\$4,000)			(\$4,000)
Salary Program	\$4,328				\$4,328			\$4,328
CITY AUDITOR								
Salary Program	\$198				\$198			\$198
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$1,000)				(\$1,000)			(\$1,000)
Salary Program	\$830				\$830			\$830

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
STORM SEWER OPERATING FD (446)								
Clean-Up Actions								
FINANCE								
Retirement Contributions Reconciliation	(\$1,000)				(\$1,000)			(\$1,000)
Salary Program	\$905				\$905			\$905
TRANSPORTATION								
Retirement Contributions Reconciliation	(\$94,000)				(\$94,000)			(\$94,000)
Salary Program	\$32,759				\$32,759			\$32,759
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$12,000)				(\$12,000)			(\$12,000)
Salary Program	\$2,674				\$2,674			\$2,674
PLANNING, BLDG, & CODE ENF								
Retirement Contributions Reconciliation	(\$2,000)				(\$2,000)			(\$2,000)
Salary Program	\$1,668				\$1,668			\$1,668
PARKS, REC, & NEIGH SVCS								
Retirement Contributions Reconciliation	(\$3,000)				(\$3,000)			(\$3,000)
Salary Program	\$2,696				\$2,696			\$2,696
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$1,024,973	\$1,024,973		\$1,024,973	\$0
Fund Balance Reconciliation - Operations and Maintenance Reserve			\$38,894	(\$38,894)	\$0			\$0
Retirement Contributions Reconciliation	(\$118,000)				(\$118,000)			(\$118,000)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$235,000		\$235,000			\$235,000
Salary Program	\$72,811				\$72,811			\$72,811
Salary Program - Employee Compensation Planning Reserve			(\$118,869)		(\$118,869)			(\$118,869)
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$337,505)	\$337,505	\$0			\$0
Clean-Up Actions Total	(\$116,131)	\$0	(\$182,480)	\$1,323,584	\$1,024,973	\$0	\$1,024,973	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
STORM SEWER OPERATING FD (446)								
STORM SEWER OPERATING FD (446) TOTAL	(\$116,131)	\$0	(\$182,480)	\$1,323,584	\$1,024,973	\$0	\$1,024,973	\$0
SUBDIVISION PARK TRUST FUND (375)								
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Del Monte Park Land Acquisition and Development			\$2,870,000		\$2,870,000			\$2,870,000
Del Monte Park Land Acquisition and Development Reserve			(\$2,870,000)		(\$2,870,000)			(\$2,870,000)
Future PDO/PIO Reserve			(\$5,000)		(\$5,000)			(\$5,000)
Martial-Cottle Community Garden			\$512,000		\$512,000			\$512,000
Martial-Cottle Community Garden Reserve			(\$512,000)		(\$512,000)			(\$512,000)
Santana Park Development			(\$1,000,000)		(\$1,000,000)			(\$1,000,000)
Santana Park Development Reserve			\$1,000,000		\$1,000,000			\$1,000,000
Solari Park Sports Field Conversion			(\$10,000)		(\$10,000)			(\$10,000)
St. James Park Feasibility Study			\$15,000		\$15,000			\$15,000
Budget Adjustments Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Almaden Lake Park Playground			\$15,000	(\$15,000)	\$0			\$0
Rebudget: Alviso Area Minor Improvements			\$21,000	(\$21,000)	\$0			\$0
Rebudget: Backesto Park Improvements			(\$21,000)	\$21,000	\$0			\$0
Rebudget: Basking Ridge Park Perimeter Fencing			\$14,000	(\$14,000)	\$0			\$0
Rebudget: Basking Ridge Tot Lot Public Art			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Bernal Park Expansion Public Art			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Biebrach Pool Minor Improvements			\$27,000	(\$27,000)	\$0			\$0
Rebudget: Branham Park Playground Renovation			\$410,000	(\$410,000)	\$0			\$0
Rebudget: Brenda Lopez Plaza Minor Improvements			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Buena Vista Park Expansion			(\$9,000)	\$9,000	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SUBDIVISION PARK TRUST FUND (375)								
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Camden Community Center Restroom Renovation and Minor Improvements			\$15,000	(\$15,000)		\$0		\$0
Rebudget: Cataldi Park Fitness Zone			\$80,000	(\$80,000)		\$0		\$0
Rebudget: Cataldi Park Minor Improvements			\$24,000	(\$24,000)		\$0		\$0
Rebudget: Columbus Park Restroom and Ball Fields Public Art			\$1,000	(\$1,000)		\$0		\$0
Rebudget: Commodore Children's Park			(\$32,000)	\$32,000		\$0		\$0
Rebudget: Coy Park Playground Renovation			(\$5,000)	\$5,000		\$0		\$0
Rebudget: Cypress Senior Center Parking Lot Expansion and Outdoor Patio			\$11,000	(\$11,000)		\$0		\$0
Rebudget: Del Monte Park			\$3,371,000	(\$3,371,000)		\$0		\$0
Rebudget: Essex Park Master Plan			\$40,000	(\$40,000)		\$0		\$0
Rebudget: Evergreen Community Center Expansion Public Art			\$1,000	(\$1,000)		\$0		\$0
Rebudget: Fernish Park Minor Improvements			\$10,000	(\$10,000)		\$0		\$0
Rebudget: Guadalupe Oak Grove Park Minor Improvements			\$44,000	(\$44,000)		\$0		\$0
Rebudget: Guadalupe River Park Rotary Play Garden			\$1,223,000	(\$1,223,000)		\$0		\$0
Rebudget: Hillview Park Minor Improvements			\$27,000	(\$27,000)		\$0		\$0
Rebudget: Houge Park and Center Renovation			\$17,000	(\$17,000)		\$0		\$0
Rebudget: Kirk Community Center Restroom Improvements			\$40,000	(\$40,000)		\$0		\$0
Rebudget: Los Paseos Park Improvements			\$62,000	(\$62,000)		\$0		\$0
Rebudget: Martin Park Expansion			\$101,000	(\$101,000)		\$0		\$0
Rebudget: Metcalf Park Perimeter Fencing			\$60,000	(\$60,000)		\$0		\$0
Rebudget: Metcalf Park Playground Replacement			\$108,000	(\$108,000)		\$0		\$0
Rebudget: Newhall Neighborhood Park			\$87,000	(\$87,000)		\$0		\$0
Rebudget: Noble Park Dog Park			\$721,000	(\$721,000)		\$0		\$0
Rebudget: Parkview Park Renovation			\$19,000	(\$19,000)		\$0		\$0
Rebudget: Penitencia Creek Park Dog Park Public Art			\$1,000	(\$1,000)		\$0		\$0
Rebudget: Penitencia Creek Park Playground Renovation			(\$1,000)	\$1,000		\$0		\$0
Rebudget: Plata Artoyo Park Improvements			(\$2,000)	\$2,000		\$0		\$0

Special/Capital Funds
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SUBDIVISION PARK TRUST FUND (375)								
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Rebudget: Rincon South Area Park Land Acquisition				\$217,000	(\$217,000)	\$0		\$0
Rebudget: River Oaks Turnkey Park Design Review and Construction				\$123,000	(\$123,000)	\$0		\$0
Rebudget: Riverview Park Design Review and Inspection				\$138,000	(\$138,000)	\$0		\$0
Rebudget: Rock Springs Park Minor Improvements				(\$2,000)	\$2,000	\$0		\$0
Rebudget: Roosevelt Park and Center Improvements				(\$26,000)	\$26,000	\$0		\$0
Rebudget: Rosemary Garden Park Improvements				\$50,000	(\$50,000)	\$0		\$0
Rebudget: Rubino Park Improvements				\$32,000	(\$32,000)	\$0		\$0
Rebudget: Ryland Pool Repairs				\$15,000	(\$15,000)	\$0		\$0
Rebudget: San Tomas Park Minor Improvements				\$13,000	(\$13,000)	\$0		\$0
Rebudget: Saratoga Creek Dog Park Turf Replacement				\$241,000	(\$241,000)	\$0		\$0
Rebudget: TJ Martin Park Turf Renovation				\$34,000	(\$34,000)	\$0		\$0
Rebudget: TRAIL: Highway 237 Bikeway				\$49,000	(\$49,000)	\$0		\$0
Rebudget: TRAIL: Highway 87 Bikeway Enhancements				\$83,000	(\$83,000)	\$0		\$0
Rebudget: TRAIL: Los Gatos Creek Reach 5 B/C Design				(\$2,000)	\$2,000	\$0		\$0
Rebudget: TRAIL: Lower Guadalupe River (Gold Street to Highway 880)				(\$40,000)	\$40,000	\$0		\$0
Rebudget: TRAIL: Lower Silver Creek Reach VI (Dobern Bridge to Foxdale Drive)				\$149,000	(\$149,000)	\$0		\$0
Rebudget: TRAIL: Lower Silver Creek Retaining Wall				\$158,000	(\$158,000)	\$0		\$0
Rebudget: TRAIL: Milestone Markers				(\$2,000)	\$2,000	\$0		\$0
Rebudget: TRAIL: Penitencia Creek Reach 1B (Noble Avenue to Dorel Drive)				(\$1,000)	\$1,000	\$0		\$0
Rebudget: TRAIL: Thompson Creek (Tully Road to Quimby Road)				\$689,000	(\$689,000)	\$0		\$0
Rebudget: Tamien Park Master Plan				\$54,000	(\$54,000)	\$0		\$0
Rebudget: Townsend Park Minor Improvements				\$107,000	(\$107,000)	\$0		\$0
Rebudget: Vista Montana Turnkey Park				(\$5,000)	\$5,000	\$0		\$0
Rebudget: West Evergreen Park				(\$7,000)	\$7,000	\$0		\$0
Rebudget: Wilcox Park Minor Improvements				\$17,000	(\$17,000)	\$0		\$0
Fund Balance Reconciliation				\$19,507,447	\$19,507,447		\$19,507,447	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SUBDIVISION PARK TRUST FUND (375)								
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation - Future PDO/PIO Projects Reserve			\$10,926,447	(\$10,926,447)	\$0			\$0
Rebudget: TRAIL: Guadalupe River - Tasman Under-Crossing			\$85,000	(\$85,000)	\$0			\$0
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$84,000)	\$84,000	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$19,507,447	\$0	\$19,507,447	\$0	\$19,507,447	\$0
SUBDIVISION PARK TRUST FUND (375) TOTAL	\$0	\$0	\$19,507,447	\$0	\$19,507,447	\$0	\$19,507,447	\$0
SUPPL LAW ENF SVCES FUND (414)								
Budget Adjustments								
POLICE								
Ending Fund Balance Adjustment				(\$4,832)	(\$4,832)			(\$4,832)
SLES Grant 2010-2012			\$300		\$300			\$300
SLES Grant 2011-2013			\$3,170		\$3,170			\$3,170
SLES Grant 2012-2014/Earned Revenue			\$411,078		\$411,078	\$409,716		\$1,362
Budget Adjustments Total	\$0	\$0	\$414,548	(\$4,832)	\$409,716	\$409,716	\$0	\$0
Clean-Up Actions								
POLICE								
Fund Balance Reconciliation				(\$234,625)	(\$234,625)		(\$234,625)	\$0
Rebudget: SLES Grant 2009-2011			(\$444)	\$444	\$0			\$0
Rebudget: SLES Grant 2010-2012			(\$937)	\$937	\$0			\$0
Rebudget: SLES Grant 2011-2013			(\$229,567)	\$229,567	\$0			\$0
Rebudget: SLES Grant 2012-2014			(\$8,509)	\$8,509	\$0			\$0
Clean-Up Actions Total	\$0	\$0	(\$239,457)	\$4,832	(\$234,625)	\$0	(\$234,625)	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SUPPL LAW ENF SVCES FUND (414)								
SUPPL LAW ENF SVCES FUND (414) TOTAL	\$0	\$0	\$175,091	\$0	\$175,091	\$409,716	(\$234,625)	\$0
SWG TRMNT PLNT CON FEE FD (539)								
Clean-Up Actions								
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation - Treatment Plant Expansion Reserve			\$266,412	(\$266,412)	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$266,412	(\$266,412)	\$0	\$0	\$0	\$0
SWG TRMNT PLNT CON FEE FD (539) TOTAL	\$0	\$0	\$266,412	(\$266,412)	\$0	\$0	\$0	\$0
TRANSIENT OCCUPANCY TX FD (461)								
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Cultural Grants			\$7,462		\$7,462			\$7,462
CONVENTION FACILITIES DEPT								
Convention and Visitors Bureau			\$7,462		\$7,462			\$7,462
Ending Fund Balance Adjustment				(\$29,848)	(\$29,848)			(\$29,848)
Transfer to the Convention and Cultural Affairs Fund			\$14,924		\$14,924			\$14,924
Budget Adjustments Total	\$0	\$0	\$29,848	(\$29,848)	\$0	\$0	\$0	\$0
Clean-Up Actions								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation				\$795,916	\$795,916		\$795,916	\$0
Rebudget: Cultural Grants			\$650,982	(\$650,982)	\$0			\$0
Rebudget: Cultural Grants (From Cultural Grants Administration)			\$113,991	(\$113,991)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	Beg Fund Balance	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue		
VEHICLE MAINT & OPER FUND (552)								
Budget Adjustments								
PUBLIC WORKS								
Diesel Retrofit Program			\$80,000		\$80,000			\$80,000
Ending Fund Balance Adjustment				(\$80,000)	(\$80,000)			(\$80,000)
General Fleet Replacement/Transfers (Community Service Officer Vehicles)			\$250,000		\$250,000	\$250,000		\$0
Budget Adjustments Total	\$0	\$0	\$330,000	(\$80,000)	\$250,000	\$250,000	\$0	\$0
Clean-Up Actions								
HUMAN RESOURCES								
Salary Program			\$1,268		\$1,268			\$1,268
PUBLIC WORKS								
Fund Balance Reconciliation				\$994,119	\$994,119		\$994,119	\$0
Rebudget: Inventory Purchases			(\$125,000)	\$125,000	\$0			\$0
Rebudget: Vehicle Replacement - Police			\$717,520	(\$717,520)	\$0			\$0
Retirement Contributions Reconciliation	(\$125,000)			\$125,000	\$0			\$0
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$125,000	(\$125,000)	\$0			\$0
Salary Program	\$35,599				\$35,599			\$35,599
Salary Program - Employee Compensation Planning Reserve			(\$36,867)		(\$36,867)			(\$36,867)
Tech Adjust: Diesel Retrofit Program (Retitled from Diesel Retrofit Mandate)					\$0			\$0
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$48,123)	\$48,123	\$0			\$0
Clean-Up Actions Total	(\$89,401)	\$0	\$633,798	\$449,722	\$994,119	\$0	\$994,119	\$0
VEHICLE MAINT & OPER FUND (552) TOTAL	(\$89,401)	\$0	\$963,798	\$369,722	\$1,244,119	\$250,000	\$994,119	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
WATER UTILITY CAPITAL FUND (500)								
Clean-Up Actions								
WATER UTILITY SYS CAPITAL PROGRAM								
Rebudget: Infrastructure Improvements			\$66,000	(\$66,000)	\$0			\$0
Fund Balance Reconciliation				\$311,378	\$311,378		\$311,378	\$0
Rebudget: Meter Installations			\$14,000	(\$14,000)	\$0			\$0
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$5,000)	\$5,000	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$75,000	\$236,378	\$311,378	\$0	\$311,378	\$0
WATER UTILITY CAPITAL FUND (500) TOTAL	\$0	\$0	\$75,000	\$236,378	\$311,378	\$0	\$311,378	\$0
WATER UTILITY FUND (515)								
Budget Adjustments								
ENVIRONMENTAL SERVICES								
Ending Fund Balance Adjustment				(\$350,000)	(\$350,000)			(\$350,000)
IBS Commercial Paper Repayment			\$350,000		\$350,000			\$350,000
Budget Adjustments Total	\$0	\$0	\$350,000	(\$350,000)	\$0	\$0	\$0	\$0
Clean-Up Actions								
INFORMATION TECHNOLOGY								
Retirement Contributions Reconciliation	(\$4,000)				(\$4,000)			(\$4,000)
Salary Program	\$4,649				\$4,649			\$4,649
CITY AUDITOR								
Salary Program	\$118				\$118			\$118
HUMAN RESOURCES								
Salary Program	\$235				\$235			\$235

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

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)								
Clean-Up Actions								
FINANCE								
Retirement Contributions Reconciliation	(\$5,000)				(\$5,000)			(\$5,000)
Salary Program	\$5,092				\$5,092			\$5,092
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$1,462,146	\$1,462,146		\$1,462,146	\$0
Fund Balance Reconciliation - Operations and Maintenance Reserve			\$644,871	(\$644,871)	\$0			\$0
Retirement Contributions Reconciliation	(\$66,000)				(\$66,000)			(\$66,000)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$75,000		\$75,000			\$75,000
Salary Program	\$33,400				\$33,400			\$33,400
Salary Program - Employee Compensation Planning Reserve			(\$43,494)		(\$43,494)			(\$43,494)
Transfer to the City Hall Debt Service Fund (City Hall Debt Refunding)			(\$63,200)	\$63,200	\$0			\$0
Clean-Up Actions Total	(\$31,506)	\$0	\$613,177	\$880,475	\$1,462,146	\$0	\$1,462,146	\$0
WATER UTILITY FUND (515) TOTAL	(\$31,506)	\$0	\$963,177	\$530,475	\$1,462,146	\$0	\$1,462,146	\$0
WORKFORCE INVSTMNT ACT FD (290)								
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Adult Workers Program/Earned Revenue			\$639,122		\$639,122	\$639,122		\$0
Dislocated Workers Program/Earned Revenue			(\$568,030)		(\$568,030)	(\$568,030)		\$0
Program Allocation Reserve/Earned Revenue			\$692,817		\$692,817	\$692,817		\$0
Rapid Response Grant/Earned Revenue			(\$81,335)		(\$81,335)	(\$81,335)		\$0
WIA Administration/Earned Revenue			\$128		\$128	\$128		\$0
Budget Adjustments Total	\$0	\$0	\$682,702	\$0	\$682,702	\$682,702	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2012-2013

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
WORKFORCE INVSTMNT ACT FD (290)								
Clean-Up Actions								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation				\$101,937	\$101,937		\$101,937	\$0
Rebudget: Adult Workers Program/Earned Revenue			\$57,771		\$57,771	\$57,771		\$0
Rebudget: BusinessOwnersSpace.com Network/Earned Revenue			(\$1,140)		(\$1,140)	(\$1,140)		\$0
Rebudget: Dislocated Workers Program/Earned Revenue			\$2,393,760		\$2,393,760	\$2,393,760		\$0
Rebudget: Minority Small Business Network/Earned Revenue			(\$2,908)		(\$2,908)	(\$2,908)		\$0
Rebudget: Rapid Response Grant/Earned Revenue			\$131		\$131	\$131		\$0
Rebudget: WIA Administration/Earned Revenue			\$47,092		\$47,092	\$47,092		\$0
Rebudget: Youth Workers Program/Earned Revenue			\$771,232		\$771,232	\$771,232		\$0
Clean-Up Actions Total	\$0	\$0	\$3,265,938	\$101,937	\$3,367,875	\$3,265,938	\$101,937	\$0
WORKFORCE INVSTMNT ACT FD (290) TOTAL	\$0	\$0	\$3,948,640	\$101,937	\$4,050,577	\$3,948,640	\$101,937	\$0

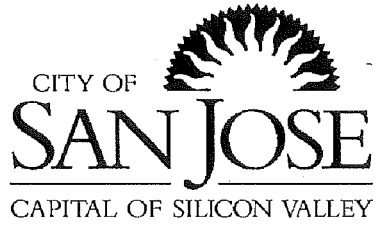
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2012-2013

ANNUAL

REPORT

**V. FINANCIAL
STATEMENTS**



FINANCE DEPARTMENT

Monthly Financial Report

Financial Results for the Twelve Months Ended June 30, 2013
Fiscal Year 2012-2013
(UNAUDITED)

Finance Department, City of San José
Monthly Financial Report
Financial Results for the Twelve Months Ended June 30, 2013
Fiscal Year 2012-2013
(UNAUDITED)

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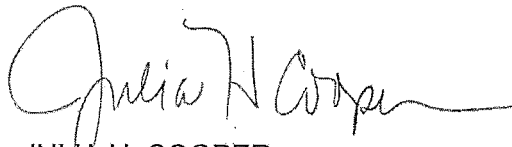
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Finance Department, City of San José
Monthly Financial Report
Financial Results for the Twelve Months Ended June 30, 2013
Fiscal Year 2012-2013
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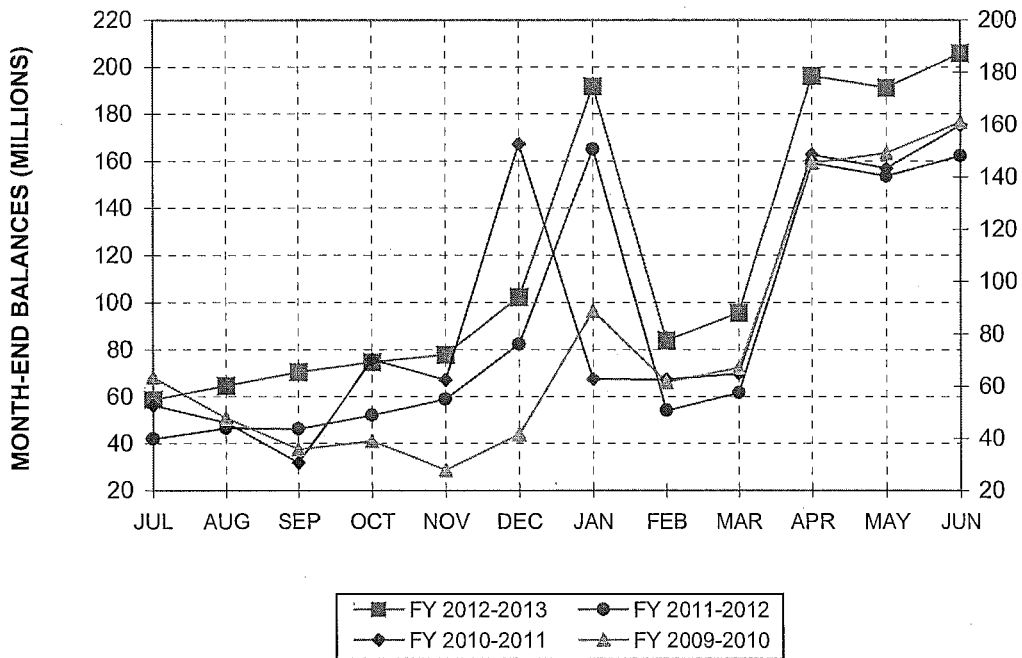
Submitted by:



JULIA H. COOPER
Director, Finance Department



GENERAL FUND Comparison of Cash Balances



GENERAL FUND MONTHLY CASH BALANCES

MONTH	FY 2012-2013	FY 2011-2012	FY 2010-2011	FY 2009-2010
JULY (1)	\$ 58,791,632	\$ 41,946,493	\$ 52,614,304	\$ 63,344,537
AUGUST	64,647,700	46,502,235	45,992,983	47,689,216
SEPTEMBER	70,484,194	46,218,737	30,525,385	35,662,298
OCTOBER	74,756,262	52,097,481	70,246,706	38,946,966
NOVEMBER	77,861,880	58,833,627	62,333,059	27,736,074
DECEMBER (2)	102,312,730	82,304,186	152,493,162	41,491,217
JANUARY (3)	191,822,297	164,958,541	62,749,463	88,749,418
FEBRUARY (3)	84,006,185	54,118,810	62,572,017	61,606,869
MARCH	95,600,850	61,586,562	64,768,564	66,979,823
APRIL (4)	196,073,222	159,137,277	148,465,097	145,213,763
MAY	191,101,640	153,526,766	143,186,930	149,064,276
JUNE	205,823,965	162,325,519	159,719,466	161,013,785

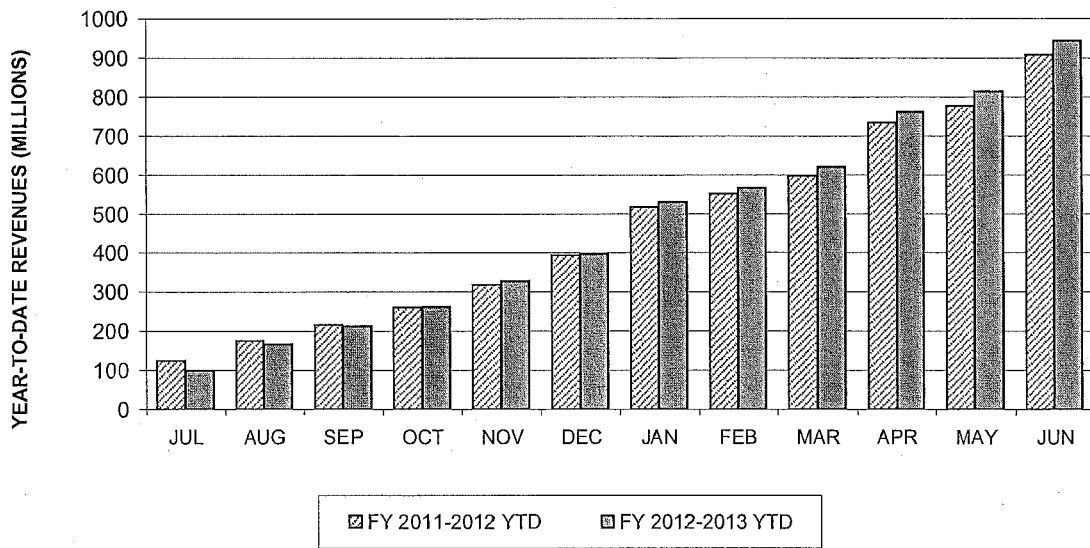
Note: (1) The General Fund cash balance decreases each July mainly due to the Council's direction to annually pre-fund the employer share of retirement contributions in a lump-sum to achieve budgetary savings to the City.

Note: (2) The General Fund cash balance increase in December 2010 was mainly due to the timing of the receipt of \$88.5 million in Property Tax revenue and \$16.7 million in Sales Tax revenue. These revenues are typically posted in January each year.

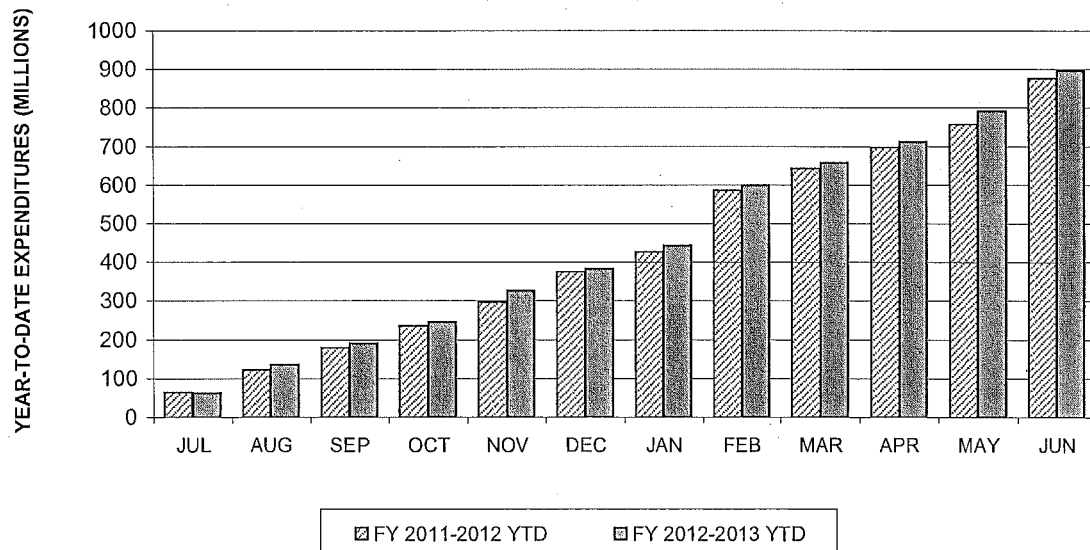
Note: (3) The General Fund cash balance decreases in January 2011, February 2012 and February 2013 was mainly due to the repayment of the Tax and Revenue Anticipation Notes (TRANS) of amounts between \$75 million and \$100 million.

Note: (4) The General Fund cash balance increases each April mainly due to the receipt of the second annual installment of property taxes from Santa Clara County.

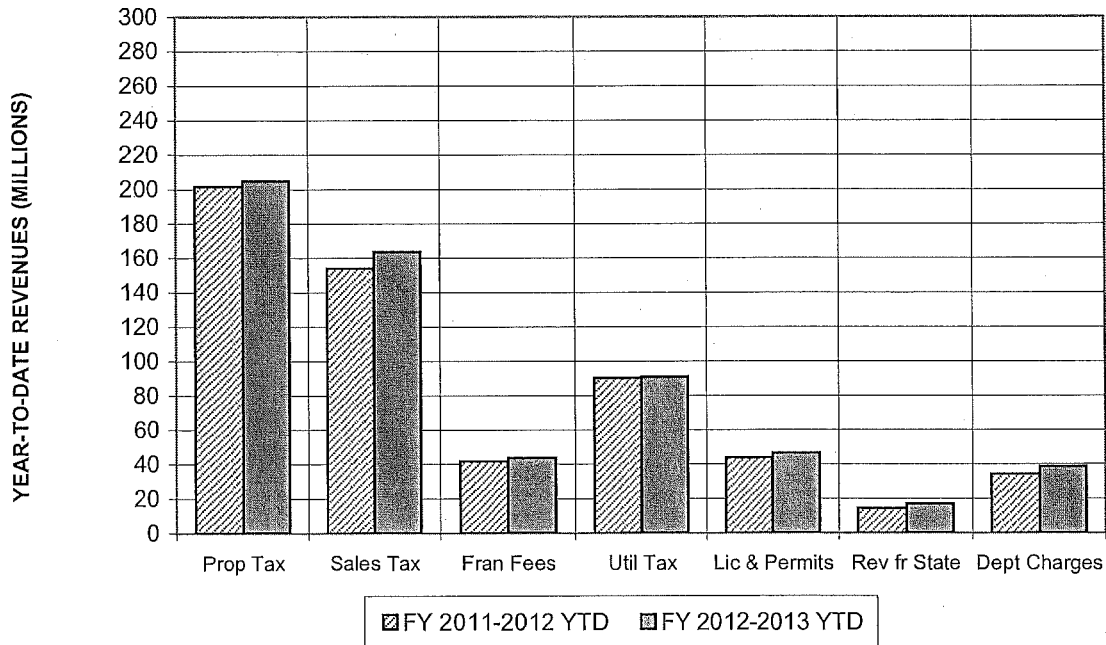
**GENERAL FUND
Comparison of YTD Revenues
Actual**



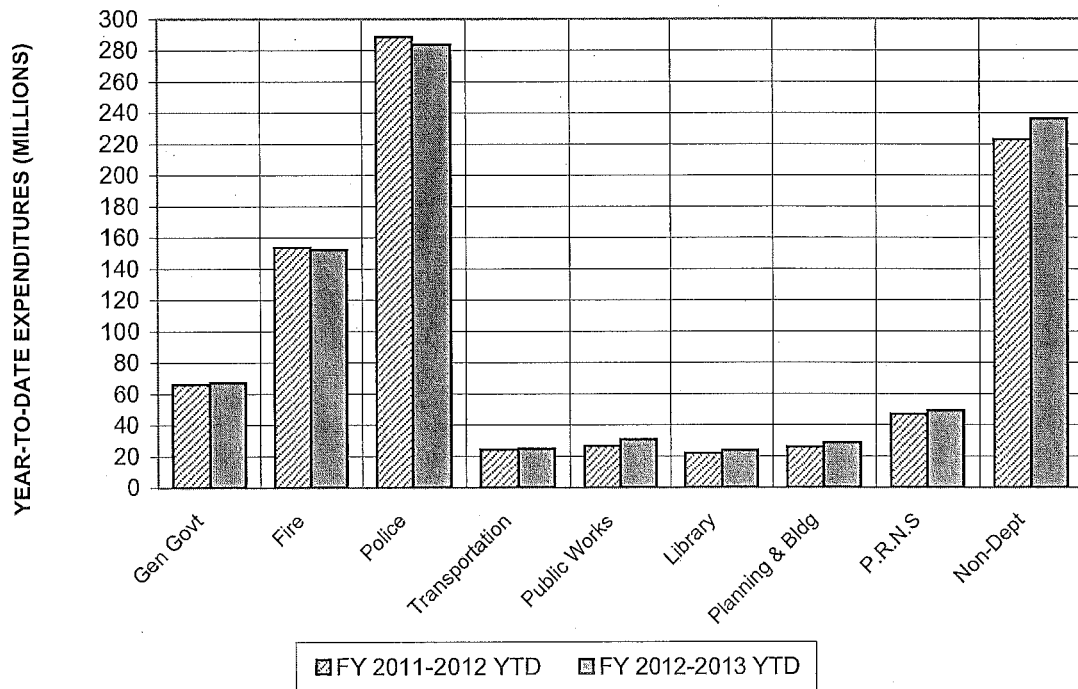
**GENERAL FUND
Comparison of YTD Expenditures
Actual**



GENERAL FUND MAJOR REVENUES
Comparison of YTD Actual vs. Prior YTD Actual
For the Twelve Months Ended June 30, 2013



GENERAL FUND MAJOR EXPENDITURES
Comparison of YTD Actual vs. Prior YTD Actual
For the Twelve Months Ended June 30, 2013



CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2013
(UNAUDITED)
(\$'000's)

	ADOPTED FY 2012-2013 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2012-2013 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	-	-	16,697	16,697	16,697	100.00%	17,656	100.00%	17,656	(959)	-5.43%
Liquidation of c/o Encumbrance	-	-	-	-	-	-	-	-	-	-	-
Available Balance	155,467	12,833	-	168,300	168,300	100.00%	137,537	100.00%	137,537	30,763	22.37%
Total Fund Balance	155,467	12,833	16,697	184,997	184,997	100.00%	155,193	100.00%	155,193	29,804	19.20%
General Revenues											
Property Tax	202,925	2,905	-	205,830	205,016	99.60%	201,712	100.00%	201,712	3,304	1.64%
Sales Tax (1)	152,680	9,310	-	161,990	163,751	101.09%	154,027	100.00%	154,027	9,724	6.31%
Telephone Line Tax	20,525	175	-	20,700	20,640	99.71%	20,529	100.00%	20,529	111	0.54%
Transient Occupancy Tax	8,715	1,385	-	10,100	10,103	100.03%	8,984	100.00%	8,984	1,119	12.46%
Franchise Fees	43,625	(40)	-	43,585	43,741	100.36%	41,709	100.00%	41,709	2,032	4.87%
Utility Tax	91,855	(882)	-	90,973	91,109	100.15%	90,383	100.00%	90,383	726	0.80%
Business Taxes	40,550	2,800	-	43,350	45,140	104.13%	41,134	100.00%	41,134	4,006	9.74%
Licenses and Permits	37,813	6,581	-	44,394	46,606	104.98%	43,838	100.00%	43,838	2,768	6.31%
Fines, Forfeits and Penalties	16,708	(1,791)	-	14,917	14,555	97.57%	18,358	100.00%	18,358	(3,803)	-20.72%
Use of Money and Property	2,911	692	-	3,603	3,891	107.99%	3,058	100.00%	3,058	833	27.24%
Revenue from Local Agencies	29,250	17,600	-	46,850	34,779	74.23%	30,017	100.00%	30,017	4,762	15.86%
Revenue from State of Cal.	10,747	6,421	-	17,168	16,872	98.28%	14,419	100.00%	14,419	2,453	17.01%
Revenue from Federal Government	16,611	8,074	-	24,685	19,511	79.04%	19,700	100.00%	19,700	(189)	-0.96%
Departmental Charges (2)	32,126	3,739	-	35,865	38,799	108.18%	34,276	100.00%	34,276	4,523	13.20%
Other Revenues	16,270	105,810	-	122,080	121,878	99.83%	116,221	100.00%	116,221	5,657	4.87%
Total General Revenues	723,311	162,779	-	886,090	876,391	98.91%	838,365	100.00%	838,365	38,026	4.54%
Transfers & Reimbursements											
Overhead Reimbursements	32,349	(380)	-	31,969	32,215	100.77%	32,441	100.00%	32,441	(226)	-0.70%
Transfers from Other Funds	18,998	263	-	19,261	19,495	101.21%	21,706	100.00%	21,706	(2,211)	-10.19%
Reimbursements for Services	15,685	(501)	-	15,184	15,737	103.64%	15,459	100.00%	15,459	278	1.80%
Total Transfers & Reimburse	67,032	(618)	-	66,414	67,447	101.56%	69,606	100.00%	69,606	(2,159)	-3.10%
Total Sources	945,810	174,994	16,697	1,137,501	1,128,835	99.24%	1,063,164	100.00%	1,063,164	65,671	6.18%

(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 2012-2013 negative cumulative impact through June 2013 is approximately \$0.7 million.
(2) - See Supplemental Schedule on Page 7.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2013
(UNAUDITED)
(\$000's)

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END	CUR YTD LESS PRIOR YTD	% CHANGE	
	FY 2012-2013	BUDGET		FY 2012-2013	ACTUAL	ENCUMBR	ACTUAL %	YTD	OF PRIOR	BUDGETARY		OF PRIOR	LESS PRIOR YTD
	BUDGET	AMENDMENTS		BUDGET	ACTUAL	ENCUMBR	OF BUDGET	ACTUAL (1)	YEAR-END	ACTUAL		ACTUAL	ACTUAL
General Government													
Mayor and Council	11,022	(173)	16	10,865	8,351	36	76.86%	8,463	100.00%	8,463	(112)	-1.32%	
City Attorney	12,114	(9)	124	12,229	11,152	327	91.19%	10,832	100.00%	10,832	320	2.95%	
City Auditor	2,011	(13)	6	2,004	1,842	13	91.92%	1,781	100.00%	1,781	61	3.43%	
City Clerk	2,069	(1)	-	2,068	1,795	72	86.80%	1,662	100.00%	1,662	133	8.00%	
City Manager	10,759	(732)	498	10,525	9,694	578	92.10%	9,696	100.00%	9,696	(2)	-0.02%	
Finance	12,276	411	186	12,873	11,985	324	93.10%	10,927	100.00%	10,927	1,058	9.68%	
Information Technology	13,362	(478)	2,066	14,950	11,066	2,426	74.02%	11,953	100.00%	11,953	(887)	-7.42%	
Human Resources	5,982	(70)	11	5,923	5,423	36	91.56%	5,365	100.00%	5,365	58	1.08%	
Independent Police Auditor	1,066	(1)	1	1,066	997	1	93.53%	934	100.00%	934	63	6.75%	
Office of Economic Development	5,255	5	295	5,555	5,005	282	90.10%	4,464	100.00%	4,464	541	12.12%	
Total General Government	75,916	(1,061)	3,203	78,058	67,310	4,095	86.23%	66,077	100.00%	66,077	1,233	1.87%	
Public Safety													
Fire	151,324	3,002	470	154,796	152,158	691	98.30%	153,790	100.00%	153,790	(1,632)	-1.06%	
Police	294,753	(4,445)	778	291,086	283,753	1,466	97.48%	288,670	100.00%	288,670	(4,917)	-1.70%	
Total Public Safety	446,077	(1,443)	1,248	445,882	435,911	2,157	97.76%	442,460	100.00%	442,460	(6,549)	-1.48%	
Capital Maintenance													
Transportation	25,906	106	659	26,671	24,823	581	93.07%	24,218	100.00%	24,218	605	2.50%	
Public Works	30,600	245	277	31,122	30,701	322	98.65%	26,523	100.00%	26,523	4,178	15.75%	
Total Capital Maintenance	56,506	351	936	57,793	55,524	903	96.07%	50,741	100.00%	50,741	4,783	9.43%	
Community Service													
Housing	254	-	-	254	242	-	95.28%	-	0.00%	-	242	100.00%	
Library	24,031	(47)	133	24,117	23,829	69	98.81%	21,920	100.00%	21,920	1,909	8.71%	
Planning, Bldg & Code Enf.	33,927	(1,747)	166	32,346	28,733	970	88.83%	25,759	100.00%	25,759	2,974	11.55%	
Park, Rec & Neigh Svcs	49,381	875	31	50,287	49,311	492	98.06%	47,003	100.00%	47,003	2,308	4.91%	
Environmental Services	428	124	24	576	419	42	72.74%	389	100.00%	389	30	7.71%	
Total Community Services	108,021	(795)	354	107,580	102,534	1,573	95.31%	95,071	100.00%	95,071	7,463	7.85%	
Total Dept. Expenditures	686,520	(2,948)	5,741	689,313	661,279	8,728	95.93%	654,349	100.00%	654,349	6,930	1.06%	

(1) Does not include encumbrance balance.

**CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2013
(UNAUDITED)
(\$000's)**

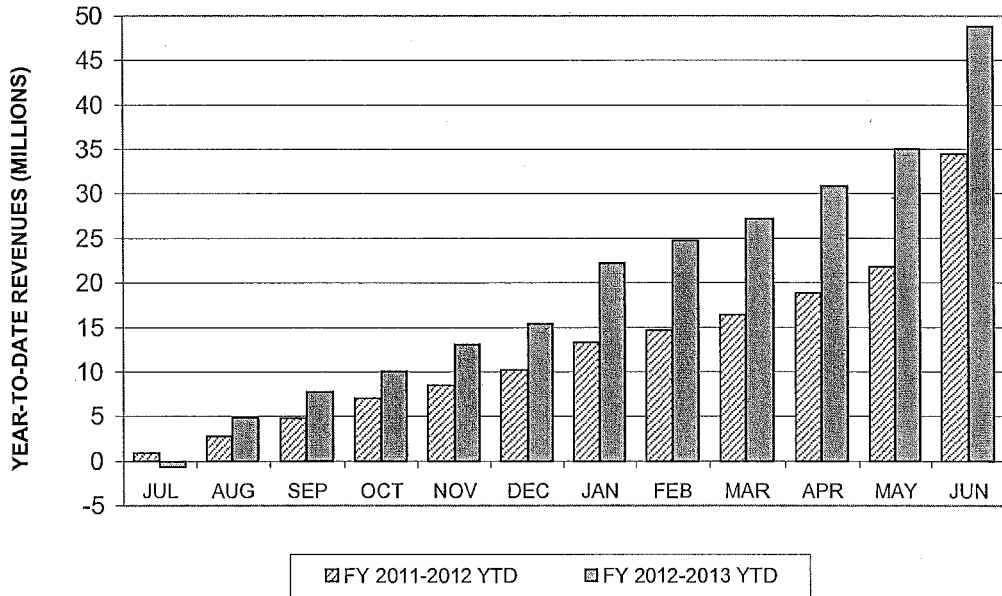
	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END	CUR YTD LESS	% CHANGE
	FY 2012-2013	BUDGET		FY 2012-2013	ACTUAL	ENCUMBR	ACTUAL %	YTD	OF PRIOR	BUDGETARY	PRIOR YTD	CUR YTD ACTUAL
	BUDGET	AMENDMENTS		BUDGET	ACTUAL	ENCUMBR	OF BUDGET	ACTUAL (1)	YEAR-END	BASIS	PRIOR YTD	LESS PRIOR YTD
		ENCUMBR	BUDGET	ACTUAL	ENCUMBR			ACTUAL	ACTUAL	ACTUAL (1)	ACTUAL	
Non-Dept Expenditures												
City-wide Expenditures:												
Econ & Neighborhood Develop.	21,744	860	258	22,862	20,031	645	87.62%	23,126	100.00%	23,126	(3,095)	-13.38%
Environmental & Utility Services	5,951	562	63	6,576	4,305	588	65.47%	5,398	100.00%	5,398	(1,093)	-20.25%
Public Safety	19,815	5,289	774	25,878	22,096	438	85.39%	22,390	100.00%	22,390	(294)	-1.31%
Recreation & Cultural Services	7,592	2,629	207	10,428	8,356	1,197	80.13%	7,975	100.00%	7,975	381	4.78%
Transportation Services	7,776	(125)	408	8,059	4,800	427	59.56%	4,612	100.00%	4,612	188	4.08%
Strategic Support	46,985	114,219	5,149	166,353	141,524	6,204	85.07%	123,744	100.00%	123,744	17,780	14.37%
Total City-wide Expenditures	109,863	123,434	6,859	240,156	201,112	9,499	83.74%	187,245	100.00%	187,245	13,867	7.41%
Other Non-Dept Expenditures:												
Capital Improvements	15,640	1,179	4,097	20,916	6,178	1,423	29.54%	5,571	100.00%	5,571	607	10.90%
Transfers to Other Funds	39,387	(10,223)	-	29,164	29,162	-	99.99%	30,222	100.00%	30,222	(1,060)	-3.51%
Total Non-Dept Expenditures	164,890	114,390	10,956	290,236	236,452	10,922	81.47%	223,038	100.00%	223,038	13,414	6.01%
Reserves												
Contingency Reserves	29,309	-	-	29,309	-	-	0.00%	-	0.00%	-	-	0.00%
Earmarked Reserves	65,091	63,552	-	128,643	-	-	0.00%	-	0.00%	-	-	0.00%
Total Reserves	94,400	63,552	-	157,952	-	-	0.00%	-	0.00%	-	-	0.00%
Total Uses	945,810	174,994	16,697	1,137,501	897,731	19,650	78.92%	877,387	100.00%	877,387	20,344	2.32%

(1) Does not include encumbrance balance.

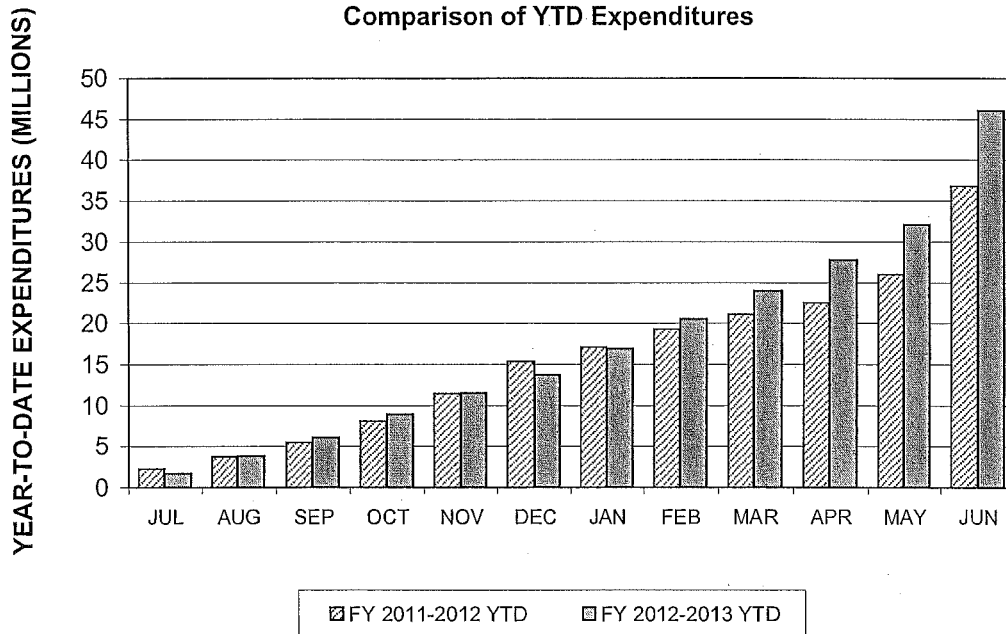
CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2013
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES
(UNAUDITED)
(\$000's)

	ADOPTED FY 2012-2013 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2012-2013 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	1,436	(205)	-	1,231	1,203	97.73%	1,516	100.00%	1,516	(313)	-20.65%
Public Works	5,650	2,085	-	7,735	8,491	109.77%	7,261	100.00%	7,261	1,230	16.94%
Transportation	1,135	430	-	1,565	1,419	90.67%	1,295	100.00%	1,295	124	9.58%
Library	1,305	(335)	-	970	1,012	104.33%	1,173	100.00%	1,173	(161)	-13.73%
Planning, Bldg & Code Enf	2,600	800	-	3,400	3,869	113.79%	2,885	100.00%	2,885	984	34.11%
Parks Rec & Neigh Svcs	14,460	674	-	15,134	15,769	104.20%	14,652	100.00%	14,652	1,117	7.62%
Miscellaneous Dept Charges	5,540	290	-	5,830	7,036	120.69%	5,494	100.00%	5,494	1,542	28.07%
Total Departmental Revenues	32,126	3,739	-	35,865	38,799	108.18%	34,276	100.00%	34,276	4,523	13.20%

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

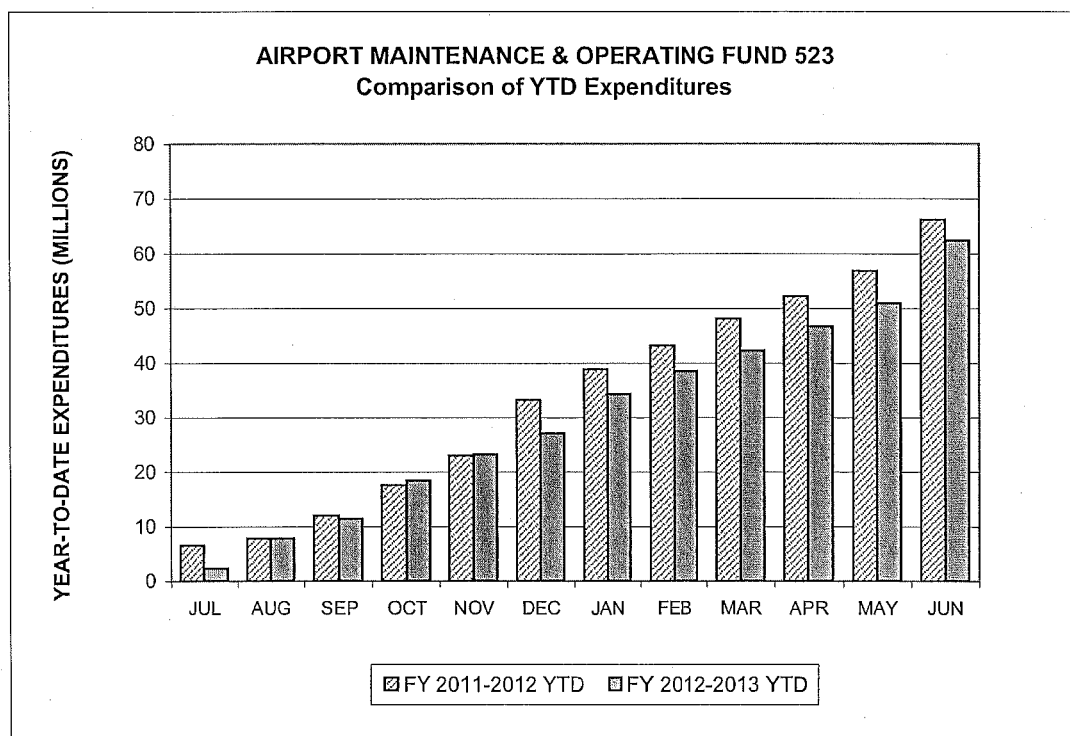
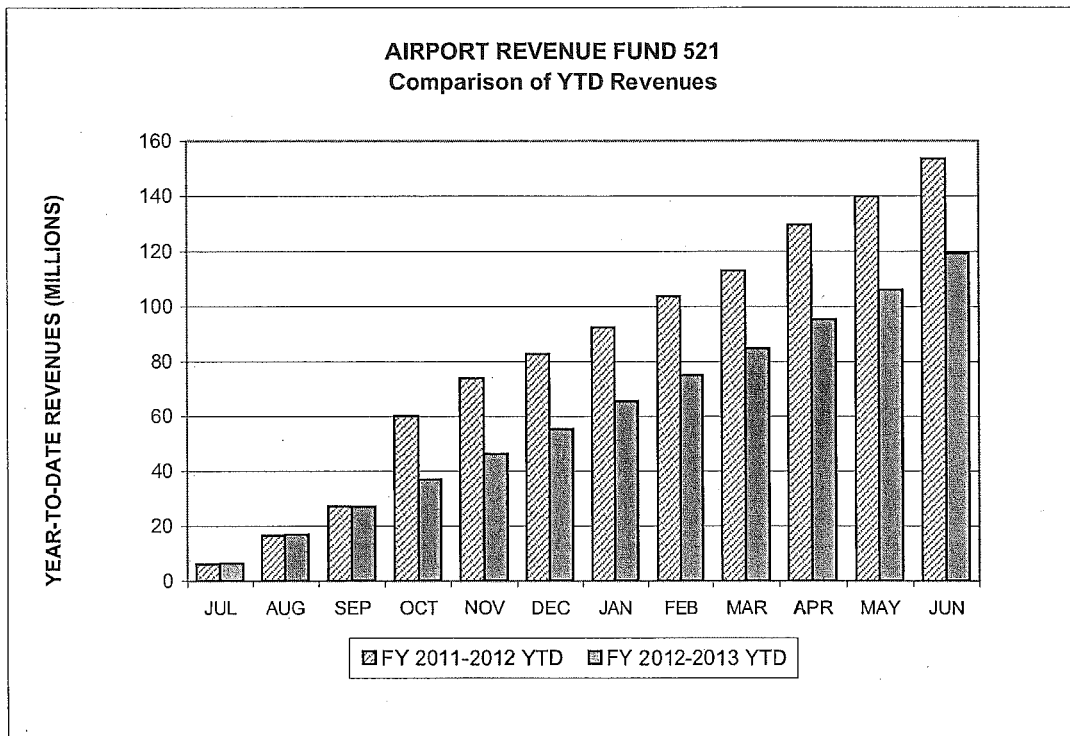


**CONSTRUCTION & CONVEYANCE TAX FUNDS
Comparison of YTD Expenditures**



Negative Revenues in July 2012 were caused by the reversal of FY 2011-2012 year-end accrued revenues that exceeded the amount of actual year-end revenues.

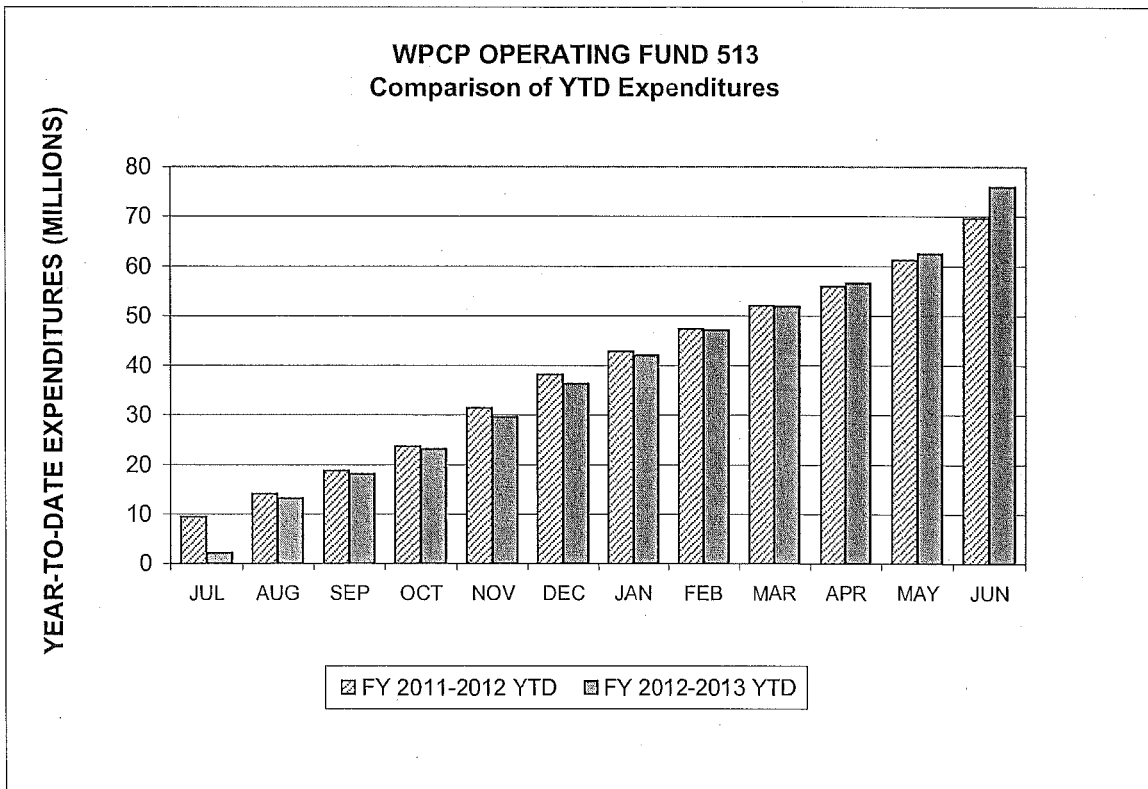
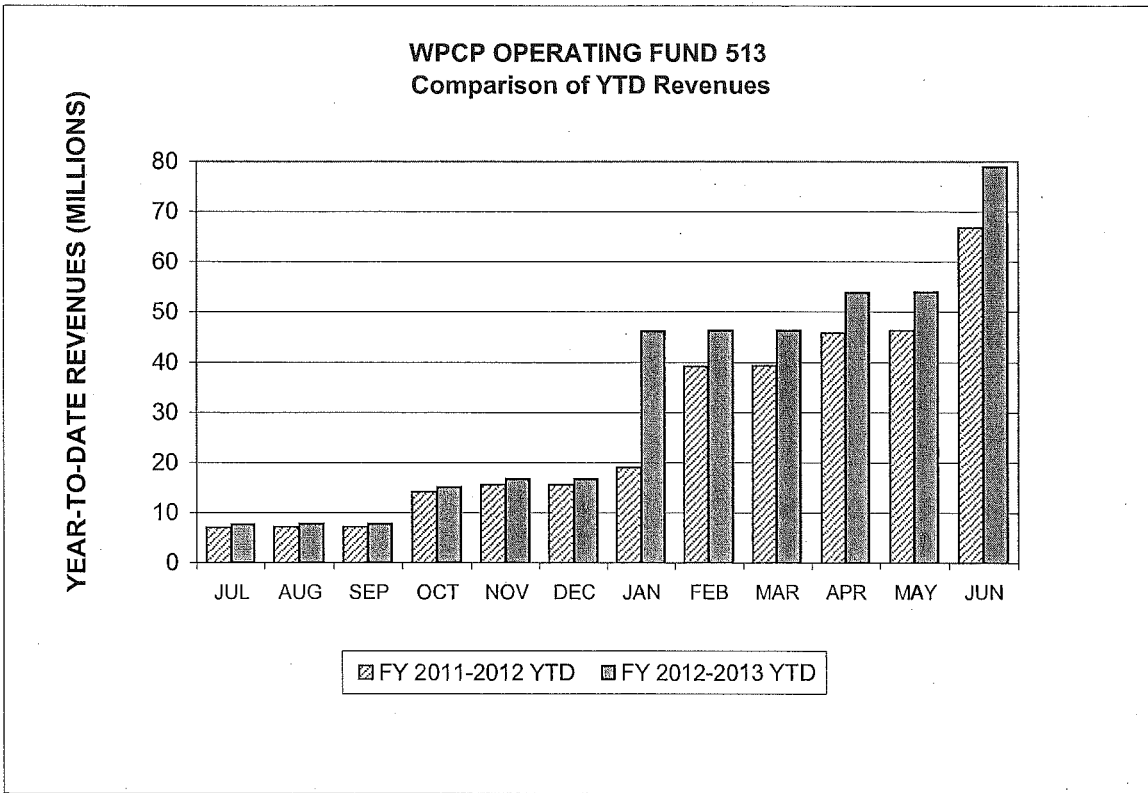
Increase in Revenues year over year is mainly due to \$9.0 million increase in Construction and Conveyance Tax Collections and \$6.0 million increase in transfers from other funds.



Airport Revenues include the reimbursement of \$22.2 million in October 2011 for previously paid expenditures from the proceeds of the City's Airport Revenue Bonds, Series 2007A (AMT), pursuant to the Proceeds Allocation Certificate executed on September 30, 2011.

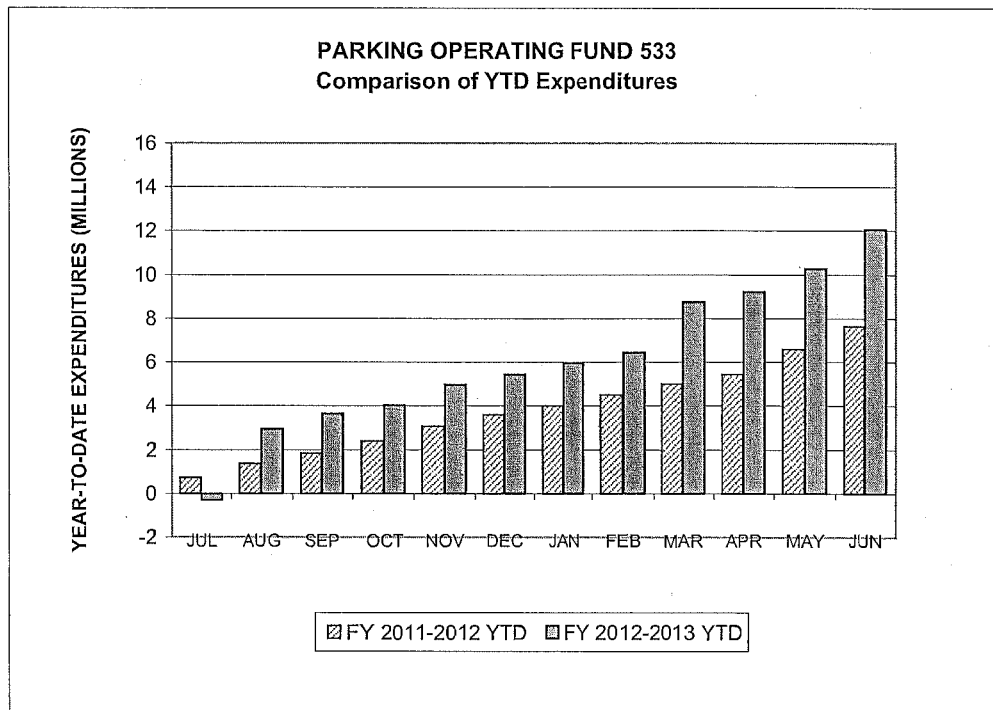
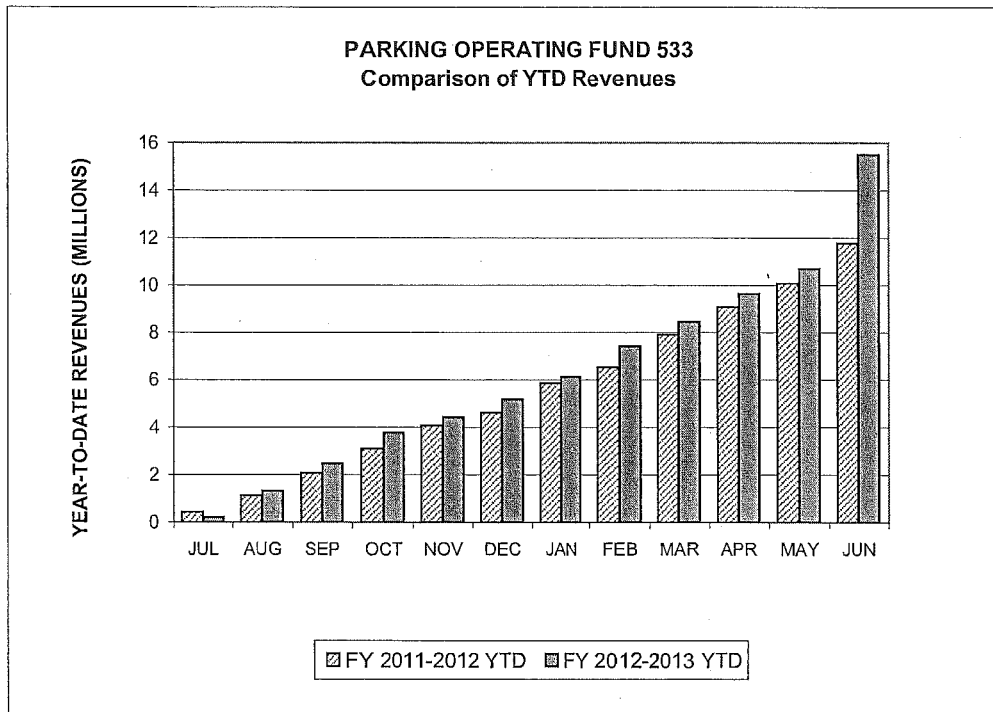
Low Expenditures in July 2012 were caused by a combination of two factors: 1) the reversal of FY 2011-2012 year-end accrued expenditures that exceeded the amount of actual year-end expenditures and 2) the timing of the payment of July expenditures in August.

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



Low Expenditures in July 2012 were caused by a combination of two factors: 1) the reversal of FY 2011-2012 year-end accrued expenditures that exceeded the amount of actual year-end expenditures and 2) the timing of the payment of July expenditures in August.

Note: The graphs above are only for the WPCP operating fund (513).



Negative Expenditures in July 2012 were caused by the reversal of FY 2011-2012 year-end accrued expenditures that exceeded the amount of actual year-end expenditures.

The increase in Parking Expenditures in August 2012 and March 2013 was due to payments totalling \$1.7 million made to the Successor Agency of the Redevelopment Agency (SARA) that was used to pay the debt service on the Series 2001A bond.

The increase in Parking Revenues in June 2013 was due to the reimbursement by SARA for the Series 2001A debt service payments made by the City in the amount of \$3.4 million.

Note: The graphs above are only for the Parking operating fund (533).

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2013
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2012-2013	BUDGET		FY 2012-2013	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
Construction/Conveyance Tax							
Prior Year Encumbrance	-	-	3,963	3,963	3,963	N/A	7,194
Beginning Fund Balance	52,553	22,034	-	74,587	74,587	N/A	70,785
Revenues	27,346	24,714	-	52,060	48,848	N/A	34,519
Total Sources	79,899	46,748	3,963	130,610	127,398	N/A	112,498
Total Uses	79,899	46,748	3,963	130,610	46,103	3,049	36,793
Airport							
Prior Year Encumbrance	-	-	7,167	7,167	7,167	N/A	10,769
Beginning Fund Balance	370,663	(32,092)	-	338,571	338,571	N/A	423,647
Revenues	340,377	45,550	-	385,927	341,087	N/A	733,730
Total Sources	711,040	13,458	7,167	731,665	686,825	N/A	1,168,146
Total Uses	711,040	13,458	7,167	731,665	338,114	7,097	733,977
Waste Water Treatment							
Prior Year Encumbrance	-	-	28,556	28,556	28,556	N/A	41,945
Beginning Fund Balance	246,362	32,958	-	279,320	279,320	N/A	243,067
Revenues	275,183	38	-	275,221	296,056	N/A	272,369
Total Sources	521,545	32,996	28,556	583,097	603,932	N/A	557,381
Total Uses	521,545	32,996	28,556	583,097	258,389	45,679	243,552
Parking							
Prior Year Encumbrance	-	-	617	617	617	N/A	974
Beginning Fund Balance	11,524	1,783	-	13,307	13,307	N/A	10,712
Revenues	10,456	1,128	-	11,584	15,508	N/A	11,771
Total Sources	21,980	2,911	617	25,508	29,432	N/A	23,457
Total Uses	21,980	2,911	617	25,508	12,062	1,179	7,645
Municipal Water							
Prior Year Encumbrance	-	-	876	876	876	N/A	1,260
Beginning Fund Balance	13,545	2,340	-	15,885	15,885	N/A	15,206
Revenues	31,803	231	-	32,034	35,019	N/A	31,918
Total Sources	45,348	2,571	876	48,795	51,780	N/A	48,384
Total Uses	45,348	2,571	876	48,795	32,679	1,407	30,543

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2013
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2012-2013	BUDGET		FY 2012-2013	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Gas Tax							
Revenues	15,000	-	-	15,000	15,107	N/A	14,693
Total Sources	15,000	-	-	15,000	15,107	N/A	14,693
Total Uses	15,000	-	-	15,000	15,107	0	14,693
Building and Structures							
Prior Year Encumbrance	-	-	3,254	3,254	3,254	N/A	3,537
Beginning Fund Balance	11,597	2,790	-	14,387	14,387	N/A	13,869
Revenues	20,073	4,143	-	24,216	16,969	N/A	19,067
Total Sources	31,670	6,933	3,254	41,857	34,610	N/A	36,473
Total Uses	31,670	6,933	3,254	41,857	11,372	7,531	18,533
Residential Construction							
Beginning Fund Balance	1,074	184	-	1,258	1,258	N/A	1,108
Revenues	102	3	-	105	325	N/A	283
Total Sources	1,176	187	-	1,363	1,583	N/A	1,391
Total Uses	1,176	187	-	1,363	598	0	133
Transient Occupancy Tax							
Prior Year Encumbrance	-	-	116	116	116	N/A	176
Beginning Fund Balance	2,206	2,093	-	4,299	4,299	N/A	3,840
Revenues	13,081	2,076	-	15,157	15,188	N/A	13,679
Total Sources	15,287	4,169	116	19,572	19,603	N/A	17,695
Total Uses	15,287	4,169	116	19,572	14,754	120	13,280
Conventions, Arts & Entertainment							
Prior Year Encumbrance	-	-	368	368	368	N/A	495
Beginning Fund Balance	7,654	872	-	8,526	8,526	N/A	8,422
Revenues	27,826	12,755	-	40,581	31,275	N/A	25,825
Total Sources	35,480	13,627	368	49,475	40,169	N/A	34,742
Total Uses	35,480	13,627	368	49,475	32,900	682	25,830

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2013
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2012-2013	BUDGET		FY 2012-2013	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Golf							
Prior Year Encumbrance	-	-	-	-	-	N/A	5
Beginning Fund Balance	328	47	-	375	375	N/A	301
Revenues	2,375	-	-	2,375	2,366	N/A	2,378
Total Sources	2,703	47	-	2,750	2,741	N/A	2,684
Total Uses	2,703	47	-	2,750	2,282	0	2,311
Other Funds							
Prior Year Encumbrance	-	-	27,901	27,901	27,901	N/A	31,528
Beginning Fund Balance	186,132	16,989	-	203,121	203,121	N/A	219,200
Revenues	399,756	13,942	-	413,698	408,125	N/A	440,528
Total Sources	585,888	30,931	27,901	644,720	639,147	N/A	691,256
Total Uses	585,888	30,931	27,901	644,720	423,982	18,939	444,086

**CITY OF SAN JOSE
CAPITAL PROJECT FUNDS
SOURCE AND USE OF FUNDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2013
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2012-2013 BUDGET	BUDGET AMENDMENTS		FY 2012-2013 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
Construction Excise							
Prior Year Encumbrance	-	-	2,053	2,053	2,053	N/A	8,037
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	35,268	11,208	-	46,476	46,476	N/A	27,924
Revenues	42,294	26,053	-	68,347	55,088	N/A	43,228
Total Sources	77,562	37,261	2,053	116,876	103,617	N/A	79,189
Total Uses	77,562	37,261	2,053	116,876	35,419	8,108	29,631
Redevelopment Projects							
Prior Year Encumbrance	-	-	37	37	37	N/A	210
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	-	2	-	2	2	N/A	1,297
Revenues	-	-	-	-	-	N/A	153
Total Sources	-	2	37	39	39	N/A	1,660
Total Uses	-	2	37	39	34	0	1,624
Other							
Prior Year Encumbrance	-	-	1,241	1,241	1,241	N/A	5,140
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	53,165	(152)	-	53,013	53,013	N/A	58,745
Revenues	14,233	939	-	15,172	4,834	N/A	2,847
Total Sources	67,398	787	1,241	69,426	59,088	N/A	66,732
Total Uses	67,398	787	1,241	69,426	8,889	13,577	11,793

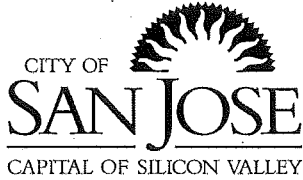
**CITY OF SAN JOSE
OTHER FUND TYPES
SOURCE AND USE OF FUNDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2013
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2012-2013	BUDGET		FY 2012-2013	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Trust and Agency							
Prior Year Encumbrance	-	-	2	2	2	N/A	-
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	4,106	(292)	-	3,814	3,814	N/A	2,946
Revenues	80	529	-	609	1,455	N/A	1,430
Total Sources	4,186	237	2	4,425	5,271	N/A	4,376
Total Uses	4,186	237	2	4,425	752	36	552

2012-2013

**ANNUAL
REPORT**

VI. APPENDIX



Memorandum

TO: HONORABLE MAYOR AND
COUNCIL

FROM: Ruben Torres

SUBJECT: 2012-2013 FIRE DEPARTMENT
VACANCY AND ABSENCE RATES
AND THEIR IMPACT ON OVERTIME

DATE: September 30, 2013

Approved

Date

9/26/13

INFORMATION ONLY

PURPOSE

This annual report on year-end overtime, absence rates and vacancy hours in the Fire Department is prepared in response to the City Auditor's April 2001 "Audit of the City of San José Fire Department's Overtime Expenditures" (Overtime Audit). Overtime funding and relief staffing levels are reviewed annually to ensure they are appropriately measured, funded, and managed. This 2012-2013 report presents absence and vacancy data for the Fire Department, outlines current staffing levels and projected attrition, and provides a discussion of relief staffing based on five years of data (2007-2008 through 2012-2013).

SUMMARY

Total absence hours in 2012-2013 of 348,277 increased by 25% from 278,780 in 2011-2012, resulting in an increase in absence rate from 15.6% in 2011-2012 to 18.7% in 2012-2013. With aggressive recruitment efforts conducted in 2012-2013, the Department's vacancy rate in 2012-2013 was 1.4% (vacancy rate in 2011-2012 was 2.0%). In 2012-2013, the combined absence and vacancy rate was 20.1%, requiring 374,821 hours of backfill¹. Backfill hours are covered by a combination of available relief staffing and overtime.

An increase in 2012-2013 absence hours was largely due to disability and modified duty hours².

¹ In 2011-2012, combined impact of absences and vacancy hours required 278,780 hours of backfill.

² Absence hours increased by 69,497 from 2011-2012 to 2012-2013. Approximately 93% of this increase was due to increase in disability and modified duty hours.

BACKGROUND

Concern regarding the Fire Department's over-expenditures in its overtime budget led to the release of a 2001 Overtime Audit. Prior to 2005-2006, the Fire Department was unable to bring overtime expenditures within its annual overtime budget allocation. From 2006-2007 through 2011-2012, the Fire Department's overtime year-end expenditures were lower than budgeted estimates, and in 2012-2013, the overtime expenditures were within 0.15% of the overtime budget. Through 2011-2012, the Fire Department has reported on its annual vacancy and absence rates and their impact on overtime to the Public Safety, Finance and Strategic Support (PSFSS) Committee. At the PSFSS Committee meeting on March 21, 2013, the Administration's recommendation to incorporate the Fire Department's annual vacancy and absence rates and their impact on overtime into the Annual Report was approved.

ANALYSIS

In 2012-2013, the Department had 176 daily duty positions. When absences or vacancies occur, relief personnel and/or off-duty personnel are brought back to work on overtime to backfill duty positions to the extent overtime funding is available. When funding is not available, however, certain stations were temporarily closed, otherwise known as "browned out" per previous approved budget balancing actions. The Fire Department's 2012-2013 total overtime budget was \$6.920 million. With construction activities in Fire Station 5 (Old Bayshore Highway), Engine 29 (one of two engine companies on a brown out schedule) was activated daily to mitigate the impact of the temporary relocation of Fire Station 5 personnel to Fire Station 34. As part of the 2012-2013 Year-End Budget Adjustments memorandum, a recommendation was approved to reallocate \$1.1 million in salary savings to overtime funding to address this cost.

The overtime allocation for daily staffing needs (including daily staffing to mitigate the service impact in Fire Station 5's area of coverage) in 2012-2013 was \$5.66 million. Actual expenditures for overtime (including FLSA) totaled \$5.85 million (exceeding budget by 3.3%). With savings in other overtime activities, total overtime expended for the Department was \$6.931 million or \$10,500 (0.15%) over the 2012-2013 budget³. The higher absence rate and need to staff Engine 29 on a daily basis, partially offset by a lower vacancy rate⁴, resulted in higher overtime usage for minimum staffing in 2012-2013 (\$5.8 million in 2012-2013 compared to \$3.6 million in 2011-2012).

The availability of trained SAFER 2011 Firefighters in late 2012-2013 increased the number of personnel available for daily staffing in 2012-2013. Department programs, including the Functional Movement Screening pilot program, which is intended to reduce the frequency of injuries caused by sprains and strains, largest cause of fire injuries, will be in operation in 2013-2014. Increased trained staffing and implementation of wellness programs are expected to reduce absence hours (and reduce overtime costs) in 2013-2014.

³ Overtime costs for portion of June 2013 rolling into 2013-2014 was higher than estimated

⁴ 2012-2013 combined absence and vacancy rate was 20.1% versus 17.6% in 2011-2012

September 30, 2013

Subject: 2012-2013 Fire Department Vacancy and Absence Rates and their Impact on Overtime

Page 3 of 6

ANALYSIS***Absence Rates***

The Fire Department analyzes absence and vacancy rates to determine the most efficient relief and overtime complement to meet daily minimum staffing. The following table displays the 2012-2013 absence hours by type of absences and by rank. Absence hours are hours that assigned personnel were not available to fill daily staffing slots due to vacation, illness, disability, modified duty, compensatory time, funeral leave, jury duty, and administrative assignments. For 2012-2013, the Fire Department's absence hours for sworn line personnel in the ranks of Battalion Chief, Fire Captain, Fire Engineer, and Firefighters totaled 348,277 hours.

Chart No. 1
Absence Hours by Type & Rank: 2012-2013

Rank	# of Budgeted Line Positions	Vacation	Sick Leave	Disability	Modified Duty	Misc *	Admin Assign **	Total Hours
Battalion Chief	18	4,596	1,493	2,469	0	481	0	9,039
Fire Captain	151	35,592	22,463	31,806	10,613	1,974	0	102,448
Fire Engineer	214	37,552	25,202	31,612	16,602	1,602	0	112,570
Firefighter	255	35,213	29,088	37,582	19,251	2,326	760	124,220
Total Absence Hours (2012-2013)	638	112,953	78,246	103,469	46,466	6,383	760	348,277
<i>Total Absence Hours (2011-2012)</i>	<i>611</i>	<i>109,907</i>	<i>77,124</i>	<i>67,566</i>	<i>17,551</i>	<i>5,624</i>	<i>1,008</i>	<i>278,780</i>

* Miscellaneous absence hours due to compensatory time off, funeral leave, witness, military, administrative

** Temporary reassignment of line personnel for administrative assignments

From Chart 1, total absence hours of 348,277 in 2012-2013 (including absences due to temporary administrative assignments) increased by 69,497 hours (25%) from 278,780 hours in 2011-2012. This increase is driven primarily by increases in absence hours due to disability and modified duty.

With 638 line positions in 2012-2013, total absence hours were equivalent to 548 absence hours per line person (compared to 455 in 2011-2012). Although these absence hours are not always taken in full-shift (24-hour) increments, the 2012-2013 absence level was equivalent to about 22.7 shifts per line person (compared to 2011-2012's 18.9 shifts).

Vacancy Rates

Vacancies in sworn ranks occur due to retirement from the organization or separations from employment. In 2012-2013, the Fire Department's emergency response line positions were vacant for a total of 26,544 hours, or 1.4% vacancy rate. Aggressive recruitment efforts in 2012-2013 included lateral recruitments. At the end of June 2013, there were no net vacant sworn positions⁵.

⁵ The vacant Assistant Fire Chief position was offset by an overstrength Firefighter position

September 30, 2013

Subject: 2012-2013 Fire Department Vacancy and Absence Rates and their Impact on Overtime

Page 4 of 6

ANALYSIS***Backfill for Duty Positions***

On a daily basis, absences and vacancies in duty positions are supplemented with relief personnel and/or off-duty personnel who are brought back on overtime to backfill duty positions. Total absence and vacancy hours in 2012-2013 required 374,821 hours of backfill. In 2011-2012, the combined absence and vacancy rate was 17.6% requiring 313,836 hours of backfill.

Chart No. 2
Absence and Vacancy by Rank: 2012-2013 vs 2011-2012

Rank	2012-2013 Total Hours	2012-2013 Absence Hours	2012-2013 Vacancy Hours	2012-2013 Hours Requiring Backfill	2012-2013 Total Absence & Vacancy Rate	2011-2012 Absence & Vacancy Rate
Battalion Chief	52,560	9,039	0	9,039	17.2%	17.8%
Fire Captain	440,920	102,448	9,632	112,080	25.4%	20.3%
Fire Engineer	624,880	112,570	7,840	120,410	19.3%	17.1%
Firefighter	744,600	124,220	9,072	133,292	17.9%	16.4%
Total	1,862,960	348,277	26,544	374,821	20.1%	17.6%

Staffing Levels and Anticipated Retirements

In preparing projections of near-term and long-range vacancies, staff analyzes sworn personnel's years of service and age ranges and, based on various retirement eligibility scenarios⁶, prepares staffing projections. For 2013-2014, staff projects 20 sworn retirements. One recruit academy class would be sufficient to meet this number of projected sworn retirements (an academy could consist of up to 30 recruits). At the end of June 2013, there were no sworn vacancies. This has provided the department with the opportunity to update its list of eligible Fire Fighters (last Fire Fighter list was established four years ago). Included in these efforts are outreach programs that target an audience base that is representative of the community. Applications are being accepted in Spring 2014 for an anticipated August 2014 Recruit Academy. A Candidate Forum will be held on Saturday, October 26 at the San Jose Convention Center. This will be an opportunity for candidates to gather additional information and have face-to-face interactions with Department personnel and other public safety/emergency response partners.

⁶ Retirement eligibility scenarios include 30 years of service at any age; 50 years of age with 25 years of service; and 55 years of age with 20 years of service

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Relief Staffing

To summarize, when a daily staffing position is unfilled, either due to an absence or a vacancy, the position must be backfilled in order for a company to remain in service. There are three ways in which this can occur: overtime, relief personnel, or by higher-classing someone in a lower rank to backfill the position (which also then requires backfill). Staff plans the use of the Department's budgeted overtime funding level based on relief staffing and on assumptions on absences and vacancies. (The Department's relief model is described below.) If vacancies exceed staff estimates, a recommendation to reallocate savings from vacant positions to overtime is brought forward for City Council consideration. If absences exceed staff estimates, staff will determine if funding can be reallocated from other budgeted activities. If additional funding to staff units on an overtime basis is not available, a brown out situation would occur. In 2012-2013, the Department managed its resources to ensure that no more than two units were taken out of service each day, as budgeted.

The Department's relief model estimates the number of relief positions needed to backfill absences and vacancies when there are the fewest hours of absence and vacancy during the year (baseline). The baseline is the lowest number of absence and vacancy hours used by the personnel in each rank in the 2012-2013 pay periods. Once the baseline is established based on the actual absence and vacancy data, it can then be determined, by rank, how many relief positions should be staffed. The 2012-2013 baseline hours (lowest absence and vacancy hours that occurred in any pay period) excluding Battalion Chief positions⁷ are as follows:

- Fire Captain = 3,314 hours (in 2011-2012 = 2,045 hours)
- Fire Engineer = 3,455 hours (in 2011-2012 = 2,824 hours)
- Firefighter = 4,111 hours (in 2011-2012 = 3,089 hours)

Consistent with prior years' reports, to determine baseline hours by rank, five years of data by rank on absence and vacancy hours are used to smooth out potential anomalies in any given year. Utilizing this methodology a comparison of the vacancy/absence baseline hours and coverage hours by relief staff is presented in the following table.

⁷ Consistent with prior reports, Battalion Chief positions are excluded from baseline analysis due to the number of duty positions (15 for 3 shifts)

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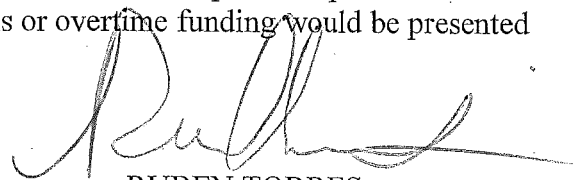
*Chart No. 3
Average Five-Year Baseline Data and Relief Personnel (Hours)*

	Average Absence and Vacancy Hours Baseline	Coverage by Relief Staff	Coverage by Relief (shortfall)/ surplus	Relief Staff Needed to Cover Average Baseline Absence and Vacancy
Fire Captain	2,978	2,800	(178)	1.6 FTE needed
Fire Engineer	3,521	3,360	(161)	1.4 FTE needed
Firefighter	3,318	3,136	(182)	1.6 FTE needed
Total	9,817	9,296	(521)	4.7 FTE needed

Utilizing the chart above, five year's baseline analysis could lead to a conclusion that five relief positions would be required to cover absences and vacancies. Prior years' analyses have led to adjustments in relief staffing for Fire Engineers and Firefighters. In this five year-period (2008-2009 through 2012-2013), there were two years with disability and modified duty hours that neared the 150,000 hour level⁸. With two out of five years reflecting higher absences, the results of the analysis could be skewed. The Department will continue to monitor absences and look to programs such as the Functional Screening Movement to reduce absence hours.

CONCLUSION

Higher absence hours experienced in 2012-2013, largely attributed to increased disability and modified duty hours, have resulted in an increase in hours required for backfill through use of relief personnel and overtime. Utilizing the Department's five-year baseline methodology analysis, it would appear that an additional five relief staffing would be required. As pointed out earlier, the high disability and modified duty hours for two of the five years impacted the results. The Department will continue its analysis of absences, relief staffing, and overtime usage, including potential impact of its safety and wellness initiative programs (e.g. Functional Movement Screening FMS). The Department continues to work with employees and other partners to improve employee safety and reduce absences and its impact on services to the community. Programs such as FMS and the safety/wellness program are intended to improve employee safety and reduce impact of absences to service levels. Upon completion of staff analysis, recommendations, if any, to adjust staffing levels or overtime funding would be presented during the 2014-2015 budget process.


RUBEN TORRES
 Acting Fire Chief

⁸ Disability and modified duty hours have been monitored, since 2005-2006. In six of the eight years, disability and modified duty hours averaged below 100,000 hours. In 2008-2009 and 2012-2013, disability and modified duty hours were at the 150,000 hour level.