



# MID-YEAR BUDGET REVIEW

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## 2012-2013

OFFICE OF THE CITY MANAGER  
JANUARY 2013

2012-2013

MID-YEAR  
BUDGET  
REVIEW

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2012-2013

MID-YEAR  
BUDGET  
REVIEW



TRANSMITTAL  
MEMORANDUM



**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Debra Figone

**SUBJECT:** 2012-2013 MID-YEAR  
BUDGET REVIEW REPORT

**DATE:** January 31, 2013

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## **RECOMMENDATIONS**

- A. Approval of the 2012-2013 Mid-Year Budget Review Report.
- B. Adoption of related Appropriation Ordinance and Funding Sources Resolution amendments in various funds as detailed in Section III (Recommended Budget Adjustments and Clean-Up Actions) of the 2012-2013 Mid-Year Budget Review Report.

## **OUTCOME**

The Mid-Year Budget Review Report provides an assessment of the City's budget condition in the current fiscal year as compared to the 2012-2013 Modified Budget based on actual performance during the first six months of 2012-2013. Based on this analysis, budget revisions are recommended to address projected revenue and expenditure variances, account for new grants and reimbursements, and better position the City for the 2013-2014 budget process.

## **EXECUTIVE SUMMARY**

Over the last decade, the City has addressed severe budget shortfalls by implementing significant service reductions and changes to service delivery models across the organization. The City continues to manage through those difficult changes but did experience some relief in 2012-2013. After a decade of General Fund shortfalls, the 2012-2013 Adopted Budget allocated a small \$9.0 million General Fund surplus. Major budget actions in the 2012-2013 Adopted Budget enabled the City 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 some of the most immediate and critical of the City's unmet/deferred infrastructure needs;
- Address some essential operational needs to strengthen the organization, meet community expectations, or mitigate potential risk of higher long-term costs;
- Fund a limited number of programs/initiatives identified in the Mayor's March and June Budget Messages; and

- Implement more effective service delivery models to improve efficiency, reduce costs, and/or enhance service levels.

With some improvement in the City's fiscal condition, the City has started to stabilize service delivery, although at levels that are far below what we believe is satisfactory for the community. The Administration is closely monitoring the City's budget to ensure that current year revenues and expenditures are meeting expectations, which is necessary to maintain stability in the budget and avoid disruptions in service during the year. I am pleased to report that through the first half of the year, almost all City funds are performing within expected 2012-2013 budgeted levels and, in some cases, revenues are outperforming expectations. There are isolated instances where current year performance is not meeting budgeted estimates. Budget actions are recommended in this document to address those problems without any service impacts.

### ***Mid-Year Budget Review Highlights***

#### **General Fund**

- If current collection trends continue, General Fund revenues are expected to slightly exceed the budgeted estimate by year-end. This is the result of stronger performance in several categories, such as Sales Tax, Transient Occupancy Tax, and Business Taxes, partially offset by lower collections in other revenue categories, such as Utility Taxes and Fines, Forfeitures, and Penalties. Overall, General Fund expenditures are also tracking within estimated levels and are projected to generate savings by year-end.
- A series of Mid-Year Budget Review actions are recommended based on actual performance through December and projected activity through the remainder of the year. Major actions include the following:
  - Address a limited number of urgent fiscal/program needs, including:
    - An increase of \$6.9 million to the 2013-2014 Future Deficit Reserve (from \$22.5 million to \$29.4 million) funded by a one-time payment from the County to reflect the recalculation of prior year Property Tax Administration Fees; and
    - The establishment of a \$4.0 million Police Department Overtime Reserve funded from Police personal services savings to ensure that sufficient overtime resources are available in 2013-2014 to help offset the impact of vacancies next year.
  - Establish a \$12.0 million 2012-2013 Ending Fund Balance Reserve. In the development of the annual budget each year, it is assumed that a combination of excess revenue, expenditure savings, and the liquidation of prior year carryover encumbrances will be available in the current year to be carried forward into the following year. This action would set aside 75% of the funds expected to be generated in 2012-2013 from excess revenues and expenditure savings that were identified in the February 2012 Forecast as a source of funds for 2013-2014. Proactively establishing this Reserve helps ensure the necessary funds are available by year-end to meet those expectations.
  - Implement required technical and rebalancing actions, as well as net-zero grants/reimbursements/fee adjustments. These transactions are balanced within the

General Fund. The largest adjustment includes a \$25 million reduction to the Tax Revenue Anticipation Notes (TRANs) Debt Service appropriation and associated revenue estimate based on the lower actual TRANs issuance required for City cash flow purposes in 2012-2013. Other larger recommended budget actions bring various revenue estimates and expenditure appropriations into alignment with current projections, including: an \$880,000 increase to the Transfer from the Construction and Conveyance (C&C) Tax Fund to reflect higher tax C&C Tax receipts of which a portion is transferred to the General Fund to cover parks operating and maintenance expenses; a \$1.25 million reduction to the Parking Fine revenue, partially offset by a \$400,000 reduction to the City-Wide Parking Citations/Jailhouse Fees appropriation, to reflect a lower than anticipated issuance of parking citations in the current year; and a \$1.0 million increase to the Workers' Compensation Claims – Fire Department appropriation to address higher than budgeted expenditures.

### **Special/Capital Funds**

- The revenues and expenditures in the City's special and capital funds are generally performing within expected levels through December. Budget adjustments are recommended in several special and capital funds to adjust for revised revenue and cost estimates, to address critical current year funding needs, and to recognize various grants and reimbursements. Some of the major recommended adjustments include:
  - In the Construction and Conveyance Tax Funds, the Convention and Cultural Affairs Fund, and the Transient Occupancy Tax Fund, an increase to revenue estimates and an allocation of those additional funds are recommended based on current collection trends and estimated activity through the remainder of 2012-2013.
  - In the Municipal Golf Course Fund, an increase to the Los Lagos Golf Course expenditure appropriation is recommended to reflect the higher net costs at this course, offset by a decrease to the Ending Fund Balance.
  - In the Construction Excise Tax Fund, funding is recommended to turn on approximately 900 streetlights previously turned off as a budget reduction strategy. Generally located along arterial streets, these streetlights will improve street and public safety as well as street appearance. Lights will be turned on beginning in March at the rate of approximately 225 per month.

Looking forward, the Administration is scheduled to release the 2014-2018 General Fund Forecast on February 28, 2013, and the 2013-2014 Proposed Capital and Operating Budgets on April 22, 2013 and May 1, 2013, respectively. Analysis from this Mid-Year Budget Review will be factored into both the Forecast and Proposed Budgets, as appropriate.

### **BACKGROUND**

The annual Adopted Budget is a financial plan predicated on the best information available at the time it is prepared. As with any budget, however, changing conditions create the need to modify the original plan. Through its budget policies, the City Council has designated mid-year as the appropriate time to perform a comprehensive review of the current year's budget, and the Mid-

Year Budget Review as the appropriate vehicle for consideration of any revisions to the budget. This Mid-Year Budget Review Report complies with that policy. It contains a comprehensive review of the status of the City's 2012-2013 Operating and Capital Budgets.

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

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

## ANALYSIS

The Analysis section includes the following: an overview of the current economic environment; a discussion of General Fund performance through December; a summary of recommended General Fund budget adjustments included in the Mid-Year Budget Review Report; and a status report on selected special and capital funds.

## **ECONOMIC ENVIRONMENT**

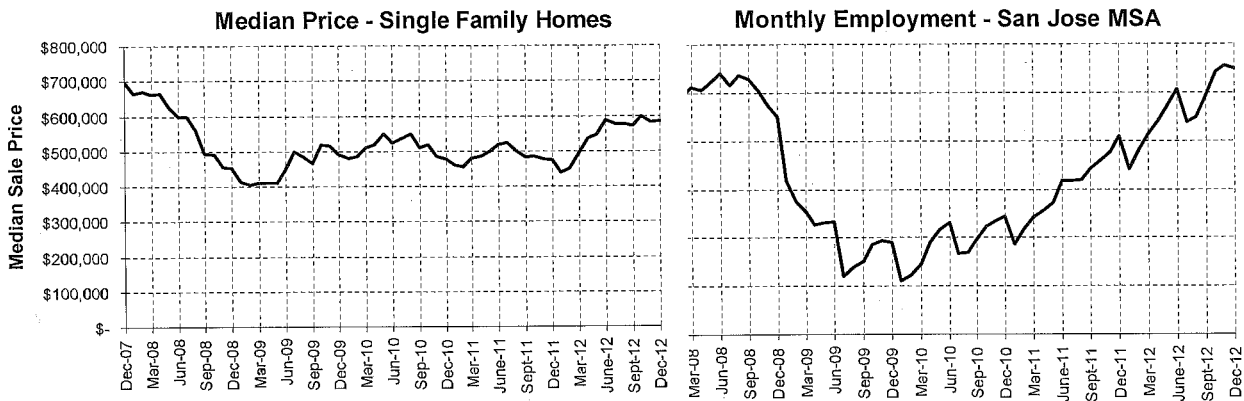
The 2012-2013 Adopted Budget was built on the assumption that the economic recovery would continue with modest growth. Actual revenue performance through the first six months of the year support the continuance of the economic recovery. Local economic indicators, including employment indicators, and local construction and real estate activity measures all show continuing growth. However, national economic indicators, such as the Gross Domestic Product (GDP) and consumer confidence, show mixed results.

The economic performance in Silicon Valley continues to show strength. In its most recent update, Beacon Economics noted that non-farm employment growth between October 2011 and October 2012 in the South Bay area was 3.5%, which was noticeably higher than the State average of 2.1%. Private sector growth of 4% year-over-year came in even higher than non-farm growth<sup>1</sup>.

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<sup>1</sup> Beacon Economics, The Regional Outlook – South Bay, Quarterly Update – as posted January 16, 2013.





Data from the State of California Employment Development Department paints a similar picture. The San Jose Sunnyvale Santa Clara Metropolitan Statistical Area (MSA) continues to

experience employment gains. The preliminary estimate of the December 2012 employment level in the MSA was 929,700, a 3.1% increase from the December 2011 level of 901,800. The employment level is now equivalent to the most recent peak of 930,500 experienced in December 2007.

<b>Unemployment Rate (Unadjusted)</b>			
	<b>Dec. 2011</b>	<b>Nov. 2012</b>	<b>Dec. 2012**</b>
San José Metropolitan Statistical Area*	8.8%	7.8%	7.6%
State of California	10.9%	9.6%	9.7%
United States	8.3%	7.4%	7.6%

\* San Benito and Santa Clara Counties

Source: California Employment Development Department

\*\* Preliminary Estimate

The unemployment rate in the MSA continues to decline, reaching its lowest point since November 2008.

The preliminary December 2012 unemployment rate of 7.6% decreased from the November 2012 rate of 7.8% and is lower than the 8.8% rate experienced a year ago. This regional unemployment rate is less than the unadjusted unemployment rate for the State (9.7%), and is equal to that of the nation, which currently has an unadjusted unemployment rate of 7.6% as well.

Through December, residential activity remained strong, with 1,519 new dwelling units authorized compared to the prior year level of 996 dwelling units. Construction valuation for commercial construction activity is tracking below last year, but valuation for industrial construction activity is tracking higher. The valuation for commercial activity of \$93.0 million through December is below the \$117.3 million through the same period last year. Industrial activity is up significantly, with valuation at \$126.1 million through December, compared to \$69.8 million through the same period last year. On a calendar year basis, total construction valuation in 2012 surged to \$984 million, a 58% increase from the prior year and a five-year high.

Housing prices have improved significantly since the same period in 2011. The December 2012 median single-family home price of \$584,500 showed a slight decline from a recent peak of \$599,000 in October 2012, but was far above the December 2011 median home price of \$474,500. The number of property transfers (sales) for all types of residences totaled 675 in

December 2012, which is below the December 2011 figure of 713. Cumulatively, property transfers from July through December totaled 4,171, which was up 3.4% from the 4,032 transfers during the first six months of 2011-2012. The average days-on-market for single-family and multi-family dwellings totaled 36 days in December 2012, reaching the lowest point since June 2006. Average days-on-market in December 2011 was 84.

On a national level, GDP increased at an annual rate of 3.1% in the third quarter of 2012. This represents growth from the 1.3%<sup>2</sup> increase seen in the second quarter of 2012-2013, and is 1.8 percentage points higher than the 1.3% rate of growth in the third quarter of 2011. However, according to the “advance” estimate released by the Bureau of Economic Analysis<sup>3</sup>, GDP decreased by an annual rate of 0.1% in the fourth quarter of 2012. The Bureau emphasized that the fourth quarter advance estimate is based on source data that is incomplete or subject to further revision. The “second” estimate for the fourth quarter 2012, based on more complete data, will be released on February 28, 2013. The decrease, which was the first drop since the second quarter of 2009, primarily reflected negative contributions from private inventory investment, federal government spending, and exports, partly offset by positive contributions from personal consumption expenditures (PCE), nonresidential fixed investment, and residential fixed investment.

The leading Consumer Confidence indicator reflects uncertainty about the country’s economic future, in light of the congressional battles surrounding the “fiscal cliff” that would have resulted in the expiration of previously enacted tax cuts and still looming mandatory spending cuts of approximately \$600 billion split between defense and non-defense discretionary spending (about 4% of the economy). The Conference Board Consumer Confidence Index declined 6.4 points, from 71.5 in November to 65.1 in December<sup>4</sup>. According to Lynn Franco, Director of Economic Indicators at The Conference Board, “Consumers’ expectations retreated sharply in December resulting in a decline in the overall Index. The sudden turnaround of expectations was most likely caused by uncertainty surrounding the oncoming fiscal cliff. A similar decline in expectations was experienced in August of 2011 during the debt ceiling discussions. While consumers are negative about the short-term outlook, they are more upbeat than last month about current business and labor market conditions.” According to the Conference Board, consumers remain in austerity mode in early January, remaining “cautious about spending on big ticket items, especially if that entails borrowing”.<sup>5</sup>

While Congress has enacted a bill that kept the majority of tax cuts in place for the time being and pushed the automatic spending cuts out until March, Congress will have to negotiate a more permanent agreement on spending levels and taxation to address the Federal deficit. It is likely that some measure of austerity will arise from the upcoming negotiations in Congress, and would likely slow the economy. However, as the December 2012 UCLA Anderson Forecast suggests, a deal that reduces spending and increases taxes in a phased manner over the next few years would allow the economy to continue to grow at a modest pace.

<sup>2</sup> Bureau of Economic Analysis, U.S. Department of Commerce, News Release: Gross Domestic Product, December 20, 2012.

<sup>3</sup> Bureau of Economic Analysis, U.S. Department of Commerce, News Release: Gross Domestic Product, January 30, 2013.

<sup>4</sup> The Conference Board, News Release, December 27, 2012.

<sup>5</sup> The Conference Board, Press Release/News, January 14, 2013.

Economic conditions will continue to be closely monitored and factored into the 2014-2018 General Fund Forecast, scheduled to be released February 28, 2013, and the upcoming releases of both the Proposed Capital and Operating Budgets, scheduled to be released on April 22, 2013 and May 1, 2013, respectively.

## **GENERAL FUND PERFORMANCE**

General Fund revenues and transfers through December totaled \$397 million, or 42.6% of the budgeted estimate. Overall, existing revenues are generally performing within budgeted expectations and are projected to end the year with approximately \$7.5 million to \$10 million in additional revenues. This positive variance represents approximately 1% of the budget. Additional revenue is also expected to be generated from the one-time payment from the County associated with the recalculation of Property Tax Administration Fees (\$6.9 million) as well as various net-zero grants and reimbursements. Higher than budgeted collections are expected in a number of categories, including: Sales Tax, Transient Occupancy Tax, Business Taxes, and Revenue from the State. The higher collections in these categories are expected to be partially offset by lower collections in a few categories, including Utility Taxes and Fines, Forfeitures and Penalties.

In this document, an overall net downward adjustment of \$8.8 million to the total General Fund revenue estimate is recommended. This decrease primarily reflects a \$25.0 million reduction in the anticipated revenue from the TRANs (and associated expenditures) based on the actual debt issuance required for City cash flow purposes this year. Excluding this action, net upward adjustments total \$16.2 million and reflect higher projected collections (\$14.3 million) as well as various net-zero grants, reimbursements, and fee adjustments (\$1.9 million). Major revenue-related items include the establishment of the 2012-2013 Ending Fund Balance Reserve (\$7.6 million of excess revenue applied towards a \$12 million reserve) and an increase to the 2013-2014 Future Deficit Reserve (\$6.9 million) funded by a one-time payment from the County based on the recalculation of prior year Property Tax Administration Fees. The revenue estimates for this year will continue to be updated and refined as part of the upcoming forecast and proposed budget process and will be reported through the release of the Bi-Monthly Financial Reports. General Fund expenditures through December totaled \$383.1 million, or 34.2% of the budget, and were 2.3% above the December 2011 level of \$374.6 million. Encumbrances totaling \$36.2 million were \$556,000 (1.6%) above the December 2011 level of \$35.6 million. Expenditures and encumbrances through December of \$419.3 million constituted 41.4% of the total 2012-2013 modified budget amount (excluding reserves) of \$1 billion. Overall, expenditures are tracking within anticipated levels and are expected to generate savings by year-end. Budget actions are recommended in this document to set aside \$4.4 million of those savings into a 2012-2013 Ending Fund Balance Reserve.

There are a limited number of budget adjustments recommended to address potential overages that may occur by year-end and address urgent fiscal or program needs. Other technical/rebalancing actions, clean-up actions, and net-zero grants, reimbursements, and fee adjustments are also recommended in this document. A summary of these transactions is provided below and a more detailed discussion of both the General Fund revenue and expenditure performance is provided in Section I of this document.

**RECOMMENDED GENERAL FUND BUDGET ADJUSTMENTS**

The budget actions recommended in the Mid-Year Budget Review result in a net reduction of \$8.8 million to General Fund revenues and expenditures. The recommended Mid-Year Budget Review actions accomplish the following: 1) funds some urgent fiscal or program needs 2) implements required technical/rebalancing adjustments; 3) recognizes various revenue-supported grants, reimbursements, and fee adjustments; and 4) implements clean-up actions.

The following chart summarizes these recommended adjustments.

**2012-2013 MID-YEAR BUDGET REVIEW  
 RECOMMENDED GENERAL FUND BUDGET ACTIONS**

BUDGET CATEGORY	(\$ in Millions)
<b>Urgent Fiscal/Program Needs</b>	
2013-2014 Future Deficit Reserve/Revenue from Local Agencies	\$ 6.900
Net-Zero Funding Shifts in Police Department	0.000
<b>Total Urgent Fiscal/Program Needs</b>	<b>\$ 6.900</b>
<b>Required Technical/Rebalancing Actions</b>	
TRANS Debt Service/TRANS Proceeds	(\$25.000)
2012-2013 Ending Fund Balance Reserve/Partially Funded by Additional Revenue (\$7.643 M)	12.000
- Expenditure Savings to Support Ending Fund Balance Reserve	(4.357)
Other Net Adjustments	(0.105)
<b>Total Required Technical/Rebalancing Actions</b>	<b>(\$17.462)</b>
<b>Grants/Reimbursements/Fees</b>	
Various Net-Zero Grants/Reimbursements/Fee Adjustments	<b>\$1.918</b>
<b>Clean-Up Adjustments</b>	
Voluntary Furlough/Reduced Work Week Program	(\$0.122)
Net-Zero Adjustments	0.000
<b>Total Clean-Up Adjustments</b>	<b>(\$0.122)</b>
<b>TOTAL GENERAL FUND ADJUSTMENTS</b>	<b>(\$8.766)</b>

Following is a brief description of the General Fund revenue and expenditure adjustments recommended in this report. Additional information on these adjustments is provided in Section III, Recommended Budget Adjustments and Clean-Up Actions, of this document.

**URGENT FISCAL/PROGRAM NEEDS**

- **2013-2014 Future Deficit Reserve/Revenue from Local Agencies (\$6.9 million):** An increase to the Revenue from Local Agencies estimate is recommended to recognize a one-time payment from the County of Santa Clara for the recalculation of prior year Property Tax Administration Fees (PTAF). The City of Alhambra et al. had successfully sued the County of Los Angeles regarding the calculation of these fees. The cities argued that the 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. The City's additional PTAF for the affected years from 2004-2005 through 2011-2012 totaled \$6.9 million, \$6.7 million in PTAF adjustments and earned interest of \$223,000. This revenue is recommended to be allocated to the 2013-2014 Future Deficit Reserve, increasing the Reserve from \$22.5 million to \$29.4 million. This funding will be available for allocation as needed as part of the upcoming 2013-2014 budget process.

- **Net-Zero Funding Shifts in Police Department (\$0):** The following net-zero shifts in Police Department funding are recommended:
  - *Police Department Overtime Reserve (\$4.0 million)/Police Department Personal Services (-\$4.0 million)* – Establishes a \$4.0 million Police Department Overtime Reserve for 2013-2014 that would be funded by Police Department Personal Services savings of \$4.0 million generated from Police Department vacancies in 2012-2013. The Department is anticipated to begin 2013-2014 with at least 80 sworn vacancies based on current hiring and attrition rates. It is anticipated that additional overtime funding will be needed in 2013-2014 to continue backfilling for vacant patrol positions and maintain targeted enforcement of high crime activity through suppression cars. The funding will also be available for additional civilian staffing as needed.
  - *Police Department Funding Reallocations* – Reallocates additional personal services savings of \$500,000 to overtime to allow the Department to perform additional enforcement and targeted investigations as needed during the second half of 2012-2013. In addition, several actions in this report reallocate \$487,000 in vehicle maintenance and operations savings within the Police Department's Non-Personal/Equipment appropriation. Due to the number of sworn vacancies in the Department, fewer patrol cars are being driven, resulting in lower vehicle maintenance and operations costs. These savings are recommended to be reallocated to the following needs: contract with the South Bay Public Safety Consortium for the April 2013 academy (\$212,000); recruitment efforts (\$200,000); and scheduled 12-year major maintenance inspection for the Police helicopter (\$75,000).

<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>
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- **TRANS Debt Service/Other Revenue (-\$25.0 million)** – This transaction lowers the TRANS Debt Service appropriation and the associated TRANS proceeds revenue estimate due to a lower than estimated issuance of TRANS for 2012-2013. These notes are used to pre-fund City contributions to the Retirement System, as described in a memorandum to the City Council on June 1, 2012, because sufficient cash is not available on the pre-payment date. Due to the prudent management of the City's cash flows, it was possible to issue only \$100.0 million in TRANS, rather than the full \$125.0 available through the City's agreement with the notes purchaser.

- **2012-2013 Ending Fund Balance Reserve (\$12.0 million):** This Reserve would be funded from excess revenues (\$7.6 million) and expenditure savings (\$4.4 million). In the 2013-2017 Five-Year Forecast issued in February 2012, it was assumed that \$18.5 million of fund balance generated from a combination of excess revenues, expenditure savings, and the liquidation of prior year carryover encumbrances would be available at the end of 2012-2013 as a funding source in 2013-2014. Assuming \$2.5 million will be generated from the liquidation of prior year carryover encumbrances, a total of \$16.0 million from excess revenues and expenditure savings is necessary to meet the prior Forecast estimate. The recommended actions in this document would set aside \$12.0 million of the \$16.0 million, or 75% of the required amount based on information through December. The remaining \$4.0 million needed for the ending fund balance will be determined and recommended as part of the year-end clean-ups memorandum that will be brought forward for consideration in June 2013. Following is a description of the excess revenues and expenditure savings that would generate this additional fund balance:

Increase in Revenues to Support Ending Fund Balance Reserve (\$7.643 million):

- *Sales Tax* (\$5.45 million) based on higher first quarter performance and assumption of 3% growth over actual 2011-2012 collections for the remaining three quarters.
- *Transient Occupancy Tax* (\$1.0 million) based on current collection trends.
- *Business Taxes* (\$668,000) to reflect higher collections in the Disposal Facility Tax; an additional increase to this category is recommended elsewhere for rebalancing needs described elsewhere in this document.
- *Revenue from the State* (\$525,000) to recognize a payment from the State for the Vehicle License Fees Collection in Excess.

Reduction in Expenditures to Support Ending Fund Balance Reserve (\$4.357 million):

- *Departmental Savings* (-\$2.25 million) – Based on recent information regarding vacancy savings, decreases to the Parks, Recreation and Neighborhood Services Department Personal Services (\$900,000), Information Technology Department Personal Services (\$550,000), City Manager’s Office Personal Services (\$500,000), and Planning, Building and Code Enforcement Department Personal Services (\$300,000) allocations are recommended.
- *City-Wide Expenses Savings* (-\$1.70 million) – A decrease to the Property Tax Administration Fee appropriation to reflect a revised calculation methodology for SB 2557 Property Tax Administration Fees (\$1.5 million) is recommended. In addition, a reduction to the TRANs (Tax Revenue Anticipation Notes) Debt Service appropriation (\$200,000) is recommended to account for savings in the interest charges associated with the debt issuance required for City cash flow purposes.
- *Reserve Savings* (-\$407,000) – A decrease to the Salary and Benefits Reserve to reflect the savings associated with a lower than budgeted health rate increase (9.2% actual increase compared to 11% budgeted increase in the Benefits Program).

- **Other Net Adjustments (-\$105,000)** – A number of adjustments to various revenue and expenditure line items are recommended to bring the budget in line with current projections. Major recommendations include the following:
  - *Decrease Fines and Forfeitures* revenue estimate (-\$1.25 million) due to lower than expected Parking Fine revenue as a result of a decline in the number of parking citations issued in the current year. This downward adjustment to the revenue estimate would be partially offset by a reduction to the *Parking Citations/Jail Courthouse Fees City-Wide Expenses* appropriation (-\$400,000) to reflect the lower activity level.
  - *Decrease Utility Tax* revenue estimate (-\$882,000) to reflect lower collections levels in Gas (-\$1.0 million), Electricity (-\$500,000), and Telephone (-\$382,000) Utility Taxes, partially offset by higher collection in Water (\$1.0 million) Utility Tax.
  - *Increase Transfers and Reimbursements* revenue estimate (up \$914,000) to reflect a higher transfer from the Parks Construction and Conveyance Tax Funds for Parks Operating and Maintenance Costs (\$880,000); an additional transfer from the Community Facilities Revenue Fund (\$26,000); and a transfer from the Public Works Program Support Fund for a portion of the final payment for the City's Standard Plans and Specifications long-term loan (\$8,000).
  - *Increase Business Taxes* revenue estimate (\$882,000) to reflect higher collections in the Cardroom Tax (\$750,000), the Marijuana Business Tax (\$100,000), and the Disposal Facility Tax (\$32,000).
  - *Increase Licenses and Permits* (\$63,000) and *Departmental Charges* (\$46,000) revenue estimates to reflect the overhead reimbursement from the addition of Building Development Fee Program positions (\$51,000), Fire Fee Program positions (\$12,000); and Public Works Fee Program positions (\$46,000) as approved by the City Council on January 29, 2013.
  - *Decrease the Salary and Benefits Reserve* (-\$1.1 million) to reflect the elimination of the Benefits Program funding that had been set aside to cover projected health rate increases effective January 2013. This represents the funding that is not necessary to be distributed to departments due to sufficient vacancy savings within the departments. The portion of the Benefits Program that is needed to cover increased health costs in departments is shown below under the Clean-Up Actions.
  - *Increase the Workers' Compensation Claims Payments – Fire Department* (\$1.0 million) based on current expenditure trends. An increase in the number of claims and a spike in the severity of injuries requiring surgery, hospital stays, and prescription drugs have resulted in higher than budgeted expenditures through December.
  - *Increase the Wellness Program Reserve* (\$220,000) to reconcile revenues and expenditures in the Wellness Program for 2011-2012 that were inadvertently not included in the 2011-2012 Annual Report.
  - *Increase the Workers' Compensation State License* (\$142,000) due to implementation of SB863 that increased the permanent disability rates effective January 1, 2013 and requires a greater claims oversight by the State. A 7% increase in costs was assumed for 2012-2013, but the actual increase for this license was 34%.

- *Net-Zero Technical Adjustments* (\$0) are recommended to align the budget with actual expenditure patterns and would fund the following: Finance Department temporary staffing (shift \$400,000 from Personal Services to Non-Personal/Equipment); Human Resources Department senior staff recruitments (shift \$50,000 from Personal Services to Non-Personal/Equipment), Workers' Compensation Claims Payments for the Department of Transportation (shift \$50,000 from Workers' Compensation Claims Payments for the Public Works Department), and City Clerk recruitment (shift \$20,000 from Personal Services to Non-Personal/Equipment).

#### GRANTS/REIMBURSEMENTS/FEES

- A series of revenue-supported adjustments totaling \$1.9 million are recommended to reflect new or updated revenues and expenditures for grants, reimbursements and/or fee activities. The largest grants and reimbursements support the following: California Gang Reduction, Intervention and Prevention (\$426,000); Parks, Recreation, and Neighborhood Services Fee Activity (\$424,000); the Maddie Lifesaving Program (\$370,000); the Fire Department State Homeland Security Program (\$149,000); the Anti-Drug Abuse Program for 2012-2013 (\$102,000); and the Police Department Urban Area Security Initiative for 2010 (\$100,000). A complete listing of these actions can be found in Section III of this document.

#### CLEAN-UP ACTIONS

- *Voluntary Furlough/Reduced Work Week Program (-\$122,000)* – Actions are recommended to reduce departmental budgets by a total of \$222,000 to reflect the actual results of the implementation of the Voluntary Furlough/Reduced Work Week Program. A portion of this funding (\$100,000) is recommended to be allocated to the Salary and Benefits Reserve, which was originally used to capture the estimated savings from this program in 2012-2013. The remaining savings is recommended to offset other rebalancing needs as described elsewhere in this document.
- *Net-Zero Adjustments (\$0)*: To implement a variety of clean-up actions, a number of net-zero adjustments are recommended, including the following:
  - *Benefits Program* – Increases to various departmental budgets totaling \$499,000 are recommended to fund the 9.2% health rate increase effective January 1, 2013. These increases are recommended to be offset by a reduction to the Salary and Benefits Reserve.
  - *Reallocation of City-Wide Expenses and Revenues* – The shift of two grants to the appropriate appropriation is recommended as well as the shift of two revenue estimates between revenue categories to more appropriately account for those revenues is recommended.

#### STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

A comprehensive review of the special and capital funds as well as all of the capital projects is conducted as part of the Mid-Year Budget Review. On an overall basis, revenues and expenditures in the special and capital funds are tracking within estimated levels through



December. Section II of this report contains the status of selected special and capital funds with issues of interest or variances.

### **Special Funds**

Following is a summary of activity in selected special funds through December.

- ***Airport Funds*** – Through December, the Norman Y. Mineta San José International Airport has enplaned and deplaned 4.3 million passengers, an increase of 0.9% from the figures reported through December of the prior year. When the 2012-2013 budget was developed, flat passenger activity was forecasted. Overall, operating revenues through December 2012 totaled \$55.7 million, or 48.2% of the budget, compared to a benchmark of 48.1%. While passenger activity and operating revenues are on target with estimated levels, expenditures (excluding encumbrances) are tracking below budgeted estimates at 36.0%, or \$22.9 million. While the Airport continues to face a challenging environment, strategies to improve operating efficiencies, contain costs, and achieve sustainability continue. Air service development, retention of existing capacity, and growth in destinations, carriers, flights, and passenger levels remain high priorities and the key to long-term success. Through a separate memo that was approved by City Council on January 29, 2013, limited staffing additions to the Operations Division and the creation of a Business Development Division were approved as part of ongoing efforts to remain cost-competitive while enhancing revenue-generating, safety and security, and customer service activities.
- ***Transient Occupancy Tax Fund*** – Revenues in the Transient Occupancy Tax (TOT) Fund are tracking above estimated levels and are anticipated to end the year above the budgeted level. The 2012-2013 Modified Budget assumed a 5.0% increase from 2011-2012 revenues. Through December 2012, year-to-date Transient Occupancy Tax receipts of \$5.4 million are 16.7% above December 2011 receipts. As a result of the higher than anticipated revenue collections, an increase to the budgeted revenue estimate of \$1.5 million (from \$13.7 million to \$15.2 million) is recommended as part of this report, representing an increase of 12.8% from 2011-2012 collection levels. This \$1.5 million of additional revenue is further recommended to be placed into a reserve for future distribution in 2013-2014 as follows: \$750,000 to the Convention and Cultural Affairs Fund for operation of convention facilities, \$375,000 for the Convention and Visitors Bureau, and \$375,000 for Cultural Development. Placing the additional funding in reserve, rather than increasing the 2012-2013 recipient appropriations, will allow for further monitoring of the tax collections to ensure all funding is received as projected by year-end.

The increase in TOT receipts is due to increased hotel usage and room rates at major hotels. Through December, the average hotel occupancy rate at the City's 14 major hotels was 64.4%, up from 57.9% for the same period last year, while room rates have increased from \$121.99 to \$134.34 (10.1%). As of December, the trailing 12-month average revenue-per-available-room (RevPAR) increased to \$87.56, a 23.7% increase from the \$70.76 level experienced in December 2011.

- ***Convention and Cultural Facilities Fund*** – Operating revenues in this fund are tracking well above anticipated levels and are projected to end the year higher than the budgeted

revenue estimate. The increase is primarily due to increased activity that is driving contract labor and food and beverage revenues, which also have corresponding expenditures. As a result, a revenue increase of \$6.3 million is recommended along with a corresponding operating expenditure increase of \$5.1 million.

Other modifications to this fund include recognizing \$1.2 million in revenue from the City National Bank for naming rights to the Civic Auditorium and Center for the Performing Arts, of which \$870,000 will be directed to capital improvements at the auditorium and \$330,000 will be paid to Front Row and Nederlander as an incentive fee for brokering the naming rights agreement; an increase of \$500,000 for needed miscellaneous capital improvements; establishing a \$150,000 appropriation for Public Works staff to manage a Request for Proposal (RFP) process to select vendors for build-out of a coffee concessions location on the outside and a business center on the inside of the Convention Center; and eliminating the \$200,000 Team San Jose incentive fee for not meeting all performance targets.

- ***Municipal Golf Course Fund*** – Through December, revenues in the Municipal Golf Course Fund are tracking close to budgeted estimates. Year-to-date revenues of \$260,000 from the San José Municipal Golf Course, which are based on a fixed percentage of gross sales, are expected to meet the budgeted estimate of \$444,000. For the Rancho del Pueblo and Los Lagos Golf Courses, only the net profits received on a monthly basis from the operation of the courses are paid into the Municipal Golf Course Fund. Based on estimated activity levels, no net profits are assumed in the 2012-2013 Adopted Budget from Rancho del Pueblo. For the Los Lagos Golf Course, revenues are projected to end the year slightly below the budgeted estimate of \$110,000 due to a drop in activity experienced in the second quarter of 2012-2013.

During the first three months of 2012-2013, activity levels at Rancho del Pueblo and Los Lagos were slightly above the same period a year ago. However, from October through December, activity levels at these courses decreased significantly primarily due to inclement weather and a colder fall. Specifically, rounds of golf played through December 2012 decreased by 11.1% at Los Lagos and by 8.7% at Rancho del Pueblo. As a result, the year-end revenue projection for Los Lagos is estimated to end the year \$25,000, or 22.7%, below the budgeted estimate of \$110,000. Additionally, the Los Lagos Golf Course expenditure appropriation of \$115,000, established to cover months when costs outpace revenues, is tracking to end the year at \$230,000, or \$115,000 above the budgeted estimate. Therefore, an adjustment to increase the Los Lagos Golf Course appropriation is recommended in this report. Staff continues to work with the operators to identify and implement expenditure reduction strategies at the courses.

### **Capital Funds**

Following is a discussion of the major construction-related revenues that support the capital program and the major capital program expenditure revisions recommended in this document.

### *Construction Related Revenues*

Through December, construction activity has continued to experience strong growth. Compared to last year, overall construction activity valuation increased by 23%. Growth has been experienced in the residential and industrial sectors, which saw respective increases of 29% and 81%, but is partially offset by a commercial sector decline of 21%. The total number of new residential units through December 2012 was 1,519 compared to 996 units through December 2011. Much of the residential growth stems from construction of new multi-family residential housing in North San José, while industrial activity has been helped by both increased alterations (e.g. remodeling or retrofitting) and new construction, including two new parking garages for Cisco Systems. As a result of this private sector development, this report recommends recognizing North San José and Evergreen Traffic Impact fees in the amount of \$3.0 million and \$1.2 million, respectively. Further, construction activities drive capital program revenue collections in several other categories, including the Building and Structure Construction Tax, the Construction Excise Tax, and the Residential Construction Tax, and are an indicator of future activity for several other categories, such as the storm and sanitary sewer system fees.

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

- ***Building and Structures Construction Tax*** – Compared to last year, tax receipts of \$6.3 million are up 16%; however, the Adopted Budget allowed for a decline of 21%, as prior year collections saw unusually strong gains later in the year related to new multi-family residential construction and higher commercial and industrial alteration activity. Strong residential and industrial activity in 2012-2013 has thus far sustained the previous year's surge, offset by relatively weaker commercial activity. Though revenues are on pace to slightly exceed the budget estimate of \$10.0 million (by \$1.0 to \$2.0 million), no budget action is recommended at this time. Staff will continue to monitor revenue performance, and year-end revenue estimates will be revised as appropriate with the release of the 2014-2018 Five-Year Forecast and Revenue Projections.
- ***Construction Excise Tax*** – Compared to last year, tax receipts of \$7.8 million are up 2%; however, the budgeted estimate for this tax allowed for a 28% decline from 2011-2012, as prior year collections saw unusually strong gains later in the year related to new multi-family residential construction. Residential construction activity in 2012-2013 has sustained the previous year's surge, but growth is tempered by a decline in commercial-related construction. Though revenues are on pace to slightly exceed budget estimate of \$13.0 million (by \$1.0 to 2.0 million), no budget action is recommended at this time. As with the Building and Structures Construction Tax, staff will continue to monitor collections and revise year-end estimates as appropriate with the release of the 2014-2018 Five-Year Forecast and Revenue Projections.

### *Construction and Conveyance Taxes*

Following a slightly improved year in 2011-2012, Construction and Conveyance (C&C) Tax receipts have experienced very strong growth in 2012-2013. Receipts through December 2012 totaled \$12.4 million, an increase of 41% from the \$8.8 million collected during the same period last year. In addition, the City has received notification from the County of Santa Clara stating January receipts of \$6.7 million, an unprecedented amount for a single month. This high collection level is likely due to the timing of tax receipt processing, and not an indicator that revenues will continue at this significantly higher collection level. Nevertheless, the real estate market is showing clear signs of improvement.

Nearly 99% of the total C&C Taxes are comprised of conveyance receipts, a tax based on the value of property transfers. The December 2012 median single-family home price of \$584,500 reflects an increase of 23.2% from the December 2011 price of \$474,500. In addition, it is taking less time to sell these homes, as the average days-on-market for single-family and multi-family dwellings totaled 36 days in December 2012, which is a significant drop (57.1%) from the 84 days experienced in December 2011. The new single-family and multi-family dwellings listed on the market has dropped approximately 33.3% from the 583 listings in December 2011 to 389 in December 2012. Likely as a result of the lower level of inventory, the property transfers (sales) for all types of residences dropped approximately 5.3% from 713 in December 2011 to 675 in December 2012. Cumulatively, property transfers from July through December totaled 4,171, which was up 3.4% from the 4,032 transfers during the first six months of 2011-2012.

As a result of the improved collection levels, a recommendation is included in this report to increase the 2012-2013 C&C Tax estimate by \$9.0 million, from \$21.0 million to \$30.0 million. Per the C&C Tax distribution formula, corresponding increases to the various capital funds that receive an allocation of C&C revenue are also recommended, including Parks C&C Tax (\$5.8 million), Library C&C Tax (\$1.3 million), Service Yards C&C Tax (\$790,000), Fire C&C Tax (\$756,000), Communications C&C Tax (\$306,000), and Park Yards C&C Tax (\$108,000). A portion of the increase to the Parks and Park Yards C&C Tax Funds will be transferred to the General Fund (\$880,000) to reflect the transfer of 15% of these revenues to the General Fund for parks maintenance and operations. Further detail regarding these transactions can be found in Section III of this report. With the exception of the Service Yards and Public Safety Capital Programs, the remaining revenue increase is recommended to be added to the ending fund balances within each program for future allocation.

### *Major Capital Program Expenditure Revisions*

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

- **Traffic Capital Program** - a recommendation is included for turning on approximately 900 streetlights previously turned off as a budget reduction strategy. Generally located along arterial streets, these streetlights will improve street and public safety as well as street appearance, and will be turned on beginning in March at the rate of approximately 225 per month. One-time funds totaling \$44,000 are needed for equipment, materials and overtime to

replace various lamps and fuses. If the recommendation is approved, ongoing electricity costs of \$92,000 will be included in the Department of Transportation's 2013-2014 General Fund Base Budget.

Other Traffic Capital Program budget modifications are recommended to keep projects moving forward that have encountered challenges in project implementation, including increasing funding by \$644,000 for The Alameda: A Plan for the Beautiful Way, which required a partial redesign due to initial bids coming in \$1.5 million higher than the grant amount. This report also includes a recommendation to reduce the budgeted Montague Expressway NSJ County Settlement payment from \$6.0 million to \$4.0 million, and establish a \$2.0 million reserve for next year's payment, and recognition of an additional \$1.8 million in State Gas Tax revenue to establish a State Gas Tax Pavement Maintenance Reserve in the same amount for use in 2013-2014.

- **Service Yard Capital Program** – a recommendation is included to dedicate the increased 2012-2013 C&C revenues of \$790,000 to a new a debt service reserve to offset 2013-2014 General Fund contributions to the debt service payments related to the Central Service Yard Phase I project. In 2012-2013, the General Fund is contributing \$1.3 million of the total \$1.7 million debt service payment. In the 2013-2017 Capital Improvement Program, it is assumed that the General Fund will fund the entire \$1.7 million debt service payment in 2013-2014.
- **Public Safety Capital Program** – a recommendation is included to dedicate the increased 2012-2013 Fire C&C revenues of \$756,000 to establish a fire facilities improvements reserve 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 to ensure that money is available for any critical fire station need that may arise in the near future.

## LOOKING FORWARD

The 2014-2018 General Fund Forecast is scheduled to be released on February 28, 2013 and will contain a comprehensive analysis of all revenue and expenditure projections, including the latest information on the City retirement contributions for 2013-2014 and forecasted for the next four years.

In February, a 2013-2014 Budget Planning Study Session will be held and results from the Community Budget Survey will be available. In March, the Mayor's 2013-2014 Budget Message will be released and approved by the City Council in order to provide policy direction for the development of the Proposed Capital and Operating Budgets, which are scheduled to be released on April 22<sup>nd</sup> and May 1<sup>st</sup>, 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.

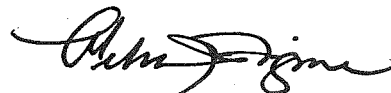
This document is posted on the City's website for the February 12, 2013 Council agenda.

### CONCLUSION

Through December, the City's over 100 operating and capital funds are generally performing within expected levels. The 2012-2013 Adopted Budget was built on the assumption that the economic recovery would continue in 2012-2013 with modest growth. Actual collection trends support this assumption with some categories exceeding expectations. The development-related fees and taxes as well as the property-related Construction and Conveyance Taxes are continuing the strong performance that was experienced in 2011-2012.

As part of the Mid-Year Budget Review, budget adjustments are recommended in the General Fund and many special and capital funds to bring projected revenues and expenditures into alignment based on performance through the first half of the fiscal year, to account for updated cost projections, to implement technical adjustments, and to recognize various grants and reimbursements. Major actions in the General Fund include a \$6.9 million increase to the 2013-2014 Future Deficit Reserve (bringing the Reserve total to \$29.4 million) funded by a one-time payment from the County to reflect the recalculation of prior year Property Tax Administration Fees, the establishment of the 2012-2013 Ending Fund Balance Reserve of \$12.0 million funded by excess revenue and expenditure savings, and the establishment of a \$4.0 million Police Overtime Reserve funded from Police personal services savings to ensure that sufficient overtime resources are available to help mitigate the impact of vacancies next year. These recommendations will better position the City for the 2013-2014 budget process.

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

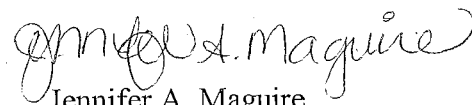


Debra Figone  
City Manager

### 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 2012-2013 monies in excess of those heretofore appropriated therefrom:

Affordable Housing Investment Fund	\$ 300,081
Airport Revenue Fund	2,722,009
Benefit Fund	10,000
Building & Structures Construction Tax Fund	210,000
Community Facilities Revenue Fund	26,000
Construction & Conveyance Tax Fund – Parks Central	5,760,000
Construction & Conveyance Tax Fund – Communications	306,000
Construction & Conveyance Tax Fund – Fire	756,000
Construction & Conveyance Tax Fund – Library	1,280,000
Construction & Conveyance Tax Fund – District 1	386,000
Construction & Conveyance Tax Fund – District 2	258,000
Construction & Conveyance Tax Fund – District 3	224,000
Construction & Conveyance Tax Fund – District 4	322,000
Construction & Conveyance Tax Fund – District 5	391,000
Construction & Conveyance Tax Fund – District 6	488,000
Construction & Conveyance Tax Fund – District 7	372,000
Construction & Conveyance Tax Fund – District 8	318,000
Construction & Conveyance Tax Fund – District 9	334,000
Construction & Conveyance Tax Fund – District 10	171,000
Construction & Conveyance Tax Fund – Park Yards	108,000
Construction & Conveyance Tax Fund – Parks City-Wide	90,000
Construction & Conveyance Tax Fund – Service Yards	790,000
Construction Excise Tax Fund	6,663,892
Convention and Cultural Affairs Fund	7,500,000
Federal Drug Forfeiture Fund	287,434
Gift Trust Fund	97,360
Integrated Waste Management Fund	880,530
Multi-Source Housing Fund	5
Sewer Service & Use Charge Capital Fund	73,577
Storm Sewer Capital Fund	444,872
Subdivision Park Trust Fund	938,000
Transient Occupancy Tax Fund	1,500,000
Water Utility Fund	304,255

  
Jennifer A. Maguire  
Budget Director



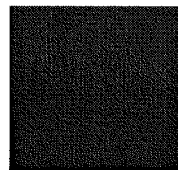
2012-2013

MID-YEAR  
BUDGET  
REVIEW



SECTION  
I

**GENERAL FUND**  
**STATUS REPORT**





<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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## **I. GENERAL FUND STATUS REPORT**

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

- A. **General Fund Source and Use of Funds** – Included is a Mid-Year Status Report Source and Use of Funds showing overall modifications to the 2012-2013 budget, actual revenues and expenditures through December 31, 2012, and proposed changes recommended as part of this document.
  
- B. **Status of General Fund Revenues** – The mid-year status of General Fund revenue collections is discussed at the revenue category level in this section. Included is a discussion of proposed revenue revisions for each revenue category.
  
- C. **Status of General Fund Expenditures** – The status of overall General Fund expenditures is provided. Included is a discussion of expenditures in the Police and Fire Departments as well as the status of the Contingency Reserve through December 2012.

**GENERAL FUND**  
**2012-2013 MID-YEAR STATUS REPORT**  
(December 31, 2012)

<u>SOURCE OF FUNDS</u>	<u>2012-2013 ADOPTED BUDGET</u>	<u>CURRENT- YEAR MODIFICATIONS</u>	<u>CARRYOVER ENCUMBRANCES</u>	<u>CURRENT MODIFIED BUDGET</u>	<u>ACTUALS THROUGH DECEMBER</u>	<u>PRIOR-YEAR ACTUALS THROUGH DECEMBER</u>	<u>2012-2013 PROPOSED CHANGES</u>
<b>FUND BALANCE</b>							
Encumbrance Reserve	20,880,882	(457,041)	20,423,841	18,578,081	18,578,081	20,401,594	0
Liquidation of Encumbrances	0	0	(1,845,760)		0	0	0
Carryover	155,467,037	12,832,533	0	168,299,570	168,299,570	137,323,534	0
<b>SUBTOTAL</b>	<u>176,347,919</u>	<u>12,375,492</u>	<u>18,578,081</u>	<u>186,877,651</u>	<u>186,877,651</u>	<u>157,725,128</u>	<u>0</u>
<b>GENERAL REVENUE</b>							
Property Tax	202,925,000	0	0	202,925,000	57,116,396	59,683,918	0
Sales Tax	152,680,000	3,140,000	0	155,820,000	40,598,888	39,420,858	5,450,000
Telephone Tax	20,525,000	0	0	20,525,000	7,008,989	6,878,010	0
Transient Occupancy Tax	8,715,000	385,000	0	9,100,000	3,645,454	3,110,438	1,000,000
Franchise Fees	43,625,000	0	0	43,625,000	18,153,304	17,334,976	0
Utility Tax	91,855,000	0	0	91,855,000	31,711,004	32,346,997	(882,000)
Business Tax	40,550,000	300,000	0	40,850,000	20,302,027	19,191,804	1,550,000
Licenses & Permits	37,812,739	122,369	0	37,935,108	25,203,438	24,052,169	58,495
Fines, Forfeitures & Penalties	16,708,500	0	0	16,708,500	6,411,173	7,901,779	(1,250,000)
Revenue From Money/Property	2,910,500	0	0	2,910,500	1,716,238	1,694,176	0
Revenue From Local Agencies	29,250,390	1,637,900	0	30,888,290	4,176,340	4,697,467	6,935,316
Revenue From State Government	10,686,292	553,147	0	11,239,439	907,034	2,613,157	1,291,340
Rev From State Gov-Recovery Act	60,590	(51,604)	0	8,986	2,059	82,494	0
Revenue From Federal Government	13,287,954	5,739,738	0	19,027,692	4,541,015	2,264,294	256,040
Rev From Fed Gov-Recovery Act	3,322,706	179,532	0	3,502,238	416,683	1,179,956	0
Departmental Charges	32,126,081	0	0	32,126,081	18,420,906	16,241,771	470,378
Other Revenue	16,270,331	130,056,451	0	146,326,782	116,025,209	108,843,448	(24,563,862)
<b>SUBTOTAL</b>	<u>723,311,083</u>	<u>142,062,533</u>	<u>0</u>	<u>865,373,616</u>	<u>356,356,157</u>	<u>347,537,712</u>	<u>(9,684,293)</u>
<b>TRANSFERS AND REIMBURSEMENTS</b>							
Overhead Reimbursements	32,348,979	0	0	32,348,979	25,284,494	24,737,120	0
Transfers	18,998,020	210,330	0	19,208,350	9,965,669	15,262,820	918,376
Reimbursements for Services	15,684,579	(500,000)	0	15,184,579	5,386,149	6,773,767	0
<b>SUBTOTAL</b>	<u>67,031,578</u>	<u>(289,670)</u>	<u>0</u>	<u>66,741,908</u>	<u>40,636,312</u>	<u>46,773,707</u>	<u>918,376</u>
<b>TOTAL SOURCE OF FUNDS</b>	<u><u>966,690,580</u></u>	<u><u>154,148,355</u></u>	<u><u>18,578,081</u></u>	<u><u>1,118,993,175</u></u>	<u><u>583,870,120</u></u>	<u><u>552,036,547</u></u>	<u><u>(8,765,917)</u></u>

**GENERAL FUND**  
**2012-2013 MID-YEAR STATUS REPORT**  
(December 31, 2012)

USE OF FUNDS	2012-2013 ADOPTED BUDGET	CURRENT- YEAR MODIFICATIONS	CARRYOVER ENCUMBRANCES	CURRENT MODIFIED BUDGET	ACTUALS THROUGH DECEMBER	PRIOR-YEAR ACTUALS THROUGH DECEMBER	2012-2013 PROPOSED CHANGES
<b>DEPARTMENTAL</b>							
City Attorney	12,114,436	(8,758)	188,415	12,294,093	4,977,762	5,378,492	(465)
City Auditor	2,010,679	(1,412)	5,591	2,014,858	907,811	901,743	(1,687)
City Clerk	2,069,210	(1,308)	2	2,067,904	825,079	785,391	0
City Manager	10,758,802	24,199	538,353	11,321,354	4,419,221	4,546,605	(555,200)
Economic Development	5,254,549	(1,873)	309,183	5,561,859	2,220,017	2,489,355	7,305
Environmental Services	427,752	10,677	24,301	462,730	189,123	219,153	(319)
Finance	12,275,583	411,942	226,575	12,914,100	5,430,404	5,177,649	0
Fire	151,324,065	2,514,680	547,889	154,386,634	71,769,058	73,870,501	510,646
Housing	253,862	(185)	0	253,677	112,842	0	0
Human Resources	5,982,542	(3,521)	38,151	6,017,172	2,531,131	2,524,811	13,540
Independent Police Auditor	1,065,761	(753)	900	1,065,908	450,027	439,558	0
Information Technology	13,361,856	76,007	2,065,757	15,503,620	4,254,665	5,534,488	(554,028)
Library	24,030,561	(170,537)	133,327	23,993,351	10,605,993	10,918,743	96,964
Mayor and City Council	11,022,359	(218,785)	15,855	10,819,429	4,000,377	4,050,392	(31,916)
Parks, Recreation & Neighb. Svcs	49,381,157	957,718	229,715	50,568,590	22,604,993	22,907,915	(491,025)
Planning, Building & Code Enforce.	33,926,588	(20,696)	196,414	34,102,306	13,298,680	12,186,256	(300,859)
Police	294,752,941	1,193,202	1,497,030	297,443,173	130,866,795	137,392,146	(3,995,593)
Public Works	30,600,031	(239,868)	294,383	30,654,546	14,170,787	12,527,210	55,982
Transportation	25,906,405	(10,279)	728,044	26,624,170	10,987,187	11,754,018	(4,427)
<b>SUBTOTAL</b>	<b>686,519,139</b>	<b>4,510,450</b>	<b>7,039,885</b>	<b>698,069,474</b>	<b>304,621,952</b>	<b>313,604,426</b>	<b>(5,261,082)</b>
<b>NON-DEPARTMENTAL</b>							
City-Wide Expenses	109,864,148	147,045,682	7,385,808	264,295,638	44,815,519	29,087,047	(24,752,467)
Capital Contributions	15,640,000	919,000	4,152,388	20,711,388	4,965,262	2,464,032	0
Transfers	39,386,581	(10,374,000)	0	29,012,581	28,698,749	29,418,864	(4,029)
Earmarked Reserves	65,090,830	12,504,264	0	77,595,094	0	0	21,251,661
Contingency Reserve	29,309,000	0	0	29,309,000	0	0	0
Encumbrance Reserve	20,880,882	(457,041)	0	20,423,841	0	0	0
<b>SUBTOTAL</b>	<b>280,171,441</b>	<b>149,637,905</b>	<b>11,538,196</b>	<b>420,923,701</b>	<b>78,479,530</b>	<b>60,969,943</b>	<b>(3,504,835)</b>
<b>TOTAL USE OF FUNDS</b>	<b>966,690,580</b>	<b>154,148,355</b>	<b>18,578,081</b>	<b>1,118,993,175</b>	<b>383,101,482</b>	<b>374,574,369</b>	<b>(8,765,917)</b>

The 2012-2013 Mid-Year General Fund Status Report excludes financial accounting adjustments and the Prior-Year Actuals Through December excludes the Special Services Assessment Revolving Fund. Both of these adjustments are included in the Monthly Financial Report prepared by the Finance Department in the Appendix Section of this document.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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## STATUS OF GENERAL FUND REVENUES

### OVERVIEW

General Fund revenues and transfers through December totaled \$397 million, or 42.6% of the budgeted estimate. Based on current collection trends, existing revenues are tracking to end the year approximately \$7.5 million to \$10 million above expected levels (variance of approximately 1%). This range does not include the technical adjustment necessary to reduce to Tax Revenue Anticipation Notes proceeds and associated expenditures by \$25.0 million or new revenues that are being brought forward as part of this document.

The following table details actual 2012-2013 General Fund revenue collections through December as compared with budgeted revenue estimates and 2011-2012 actual collections for the same period a year ago. It also details the proposed changes to each category:

#### 2012-2013 General Fund Revenue Status through December (\$ in Thousands)

Category	Budget Estimate	Y.T.D Actual	% of Estimate	2011-2012 % of Actual	Proposed Changes
<b>General Revenue</b>					
Property Tax	\$ 202,925	\$ 57,116	28.1%	29.6%	\$ -
Sales Tax	155,820	40,599	26.1%	25.6%	5,450
Telephone Tax	20,525	7,009	34.1%	33.5%	-
Transient Occupancy Tax	9,100	3,646	40.1%	34.6%	1,000
Franchise Fees	43,625	18,153	41.6%	41.6%	-
Utility Tax	91,855	31,711	34.5%	35.8%	(882)
Business Taxes	40,850	20,302	49.7%	46.7%	1,550
Licenses and Permits	37,935	25,204	66.4%	54.9%	59
Fines, Forfeitures, and Penalties	16,709	6,411	38.4%	43.0%	(1,250)
Use of Money and Property	2,911	1,716	58.9%	55.5%	-
Revenue from Local Agencies	30,888	4,176	13.5%	15.3%	6,935
Revenue from the State of California	11,239	907	8.1%	18.6%	1,291
Rev. from State Govt. - Recovery Act	9	2	22.2%	22.5%	-
Revenue from Federal Government	19,028	4,541	23.9%	14.9%	256
Rev. from Fed. Govt. - Recovery Act	3,502	417	11.9%	26.3%	-
Departmental Charges	32,126	18,421	57.3%	47.4%	471
Other Revenue	146,327	116,025	79.3%	93.9%	(24,564)
Sub-Total General Revenue	865,374	356,356	41.2%	41.5%	(9,684)
<b>Transfers and Reimbursements</b>					
Overhead Reimbursements	32,349	25,284	78.2%	76.4%	-
Transfers	19,208	9,966	51.9%	70.1%	918
Reimbursements for Services	15,185	5,386	35.5%	43.8%	-
Sub-Total Transfers and Reimbursements	66,742	40,636	60.9%	67.2%	918
<b>TOTALS</b>	<b>\$ 932,116</b>	<b>\$ 396,992</b>	<b>42.6%</b>	<b>43.4%</b>	<b>\$ (8,766)</b>

**2012-2013  
MID-YEAR BUDGET REVIEW**

**STATUS OF GENERAL FUND REVENUES**

**OVERVIEW**

Through December, revenues tracked at or above budgeted collections in a number of categories, including: Sales Tax, Transient Occupancy Tax, Business Taxes, Property Tax and Other Revenue. These positive variances are partially offset by lower collections in a number of categories, including Utility Tax, Fines, Forfeitures and Penalties, Revenue from Local Agencies, and Transfers and Reimbursements.

Recommended Adjustments

Various revenue adjustments are recommended in this document to accomplish the following actions: (1) address urgent fiscal/program needs; (2) implement required technical/rebalancing adjustments; and (3) account for additional new revenue from grants, reimbursements, and fees available to fund additional related expenditures. Significant actions include:

- Recognize \$6.9 million to reflect the receipt of a one-time payment from the County of Santa Clara to reflect the recalculation of prior year Property Tax Administration Fees (PTAF). A corresponding increase to the 2013-2014 Future Deficit Reserve is recommended bringing the Reserve from \$22.5 million to \$29.4 million;
- Implement required technical and rebalancing actions to adjust revenue estimates downward by a net \$17.6 million to bring estimates in line with revised projections. Major actions include:
  - Recognize \$7.6 million in excess revenues in Sales Tax, Transient Occupancy Tax, Business Taxes, and Revenue from the State of California to set aside in the 2012-2013 Ending Fund Balance Reserve.
  - Reduce the Other Revenue category by \$25.0 million (offset by an expenditure reduction) to reflect the lower Tax Revenue Anticipation Notes (TRANs) proceeds based on the actual issuance needed to address the City's cash flow needs. The TRANs issuance totaled \$100 million rather than the \$125 million originally budgeted.
  - Adjust other revenue estimates to more accurately align with projections; adjustments include a \$1.3 million reduction in Parking Fines.
- Recognize grant, reimbursement, and/or fee related funds (\$1.9 million).

In total, adjustments recommended in this document result in a net reduction of \$8.8 million to the General Fund revenue estimates. Additional detail on these recommended adjustments can be found in Section III of this document. The following discussion highlights major General Fund activities through December in various revenue categories.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF GENERAL FUND REVENUES**

**PROPERTY TAX**

**Revenue Status**

2012-2013		2011-2012		2012-2013
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$202,925,000	\$57,116,396	28.1%	29.6%	\$0

The Property Tax category consists of Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax (retroactive collections back to the point of sale for reassessments of value due to property resale), Airplane In-Lieu Tax, and Homeowners Property Tax Relief. Overall, Property Tax revenues are tracking to end the year within the budgeted estimate based on the most recent estimates from the County Assessor's Office.

In the 2012-2013 Adopted Budget, the **Secured Property Tax** estimate of \$185.36 million assumed a 1.3% increase from 2011-2012 estimated collection levels and was aligned with the June 2012 information provided by the Santa Clara County Assessor's Office. Based on 2011-2012 actual collections of \$184.0 million, growth of only 0.7% is needed to meet the 2012-2013 Adopted Budget level. Through December, Secured Property Tax collections of \$43.5 million were 5.8% below the prior year receipts of \$46.2 million and reflect Property Tax installments from the County. The County of Santa Clara has recently provided an updated estimate for 2012-2013 Secured Property Tax of \$185.32 million, which is consistent with the 2012-2013 Adopted Budget estimate reflecting 0.7% growth estimated for this year.

The 2012-2013 collections are based on the value of property assessed on January 1, 2012, with any tax roll corrections. In developing this most recent estimate, the County has made a projection on the value of downward adjustments that will be made during the year of approximately \$46 million county-wide (excluding former redevelopment agency areas), which is higher than in prior years and higher than actual net downward adjustments experienced in 2011-2012 which were approximately \$40 million county-wide (excluding former redevelopment agency areas). This is a preliminary estimate from the County and will be adjusted during the year based on actual experience. Because tax roll adjustments are still occurring and will continue to take place until the end of May 2013, the Budget Office will continue to work with the County to monitor actual performance and estimate year-end collections.

The 2012-2013 **Unsecured Property Taxes** budget estimate is \$11.5 million, which is 3.0% above the prior year collection level. Receipts through December of \$10.6 million typically reflect approximately 90% of the annual revenue for this category (which is received in October). Based on this historical

**2012-2013  
MID-YEAR BUDGET REVIEW**

**STATUS OF GENERAL FUND REVENUES**

**PROPERTY TAX**

collection trend and the most recent estimate provided by the County of Santa Clara of \$11.6 million, Unsecured Property Tax receipts are projected to meet or slightly exceed the budgeted estimate.

For **SB 813 Property Tax** receipts (retroactive collections back to the point of sale for reassessments of value due to property resales), collections totaled \$935,000 through December, which is up 17.1% from the \$798,000 received last year at this time. If the current collection trend continues, receipts in this category are expected to meet or exceed the budgeted estimate. Over the last few years, revenues in this category had fallen significantly, due, in part, to a substantial number of refunds that were due to property owners as a result of declining home values. In 2011-2012, however, receipts of \$3.3 million reflected strong growth and were 194.8% above the 2010-2011 actuals of \$1.1 million and also exceeded the budgeted estimate of \$2.9 million. The 2012-2013 Adopted Budget assumed receipts would remain at the estimated 2011-2012 collection level of \$2.9 million. Based on higher than anticipated receipts in 2011-2012, collections can drop 11.2% in 2012-2013 and meet the budgeted estimate. The most recent estimate from the County of \$2.4 million, however, shows a larger decline of 27.3%. The County will update this figure as the year progresses based on actual performance. Collection trends will be monitored to determine if an adjustment to this revenue estimate is necessary. It should be noted that collection levels in recent years remain well below the high of \$10.1 million received in 2005-2006 and below levels seen just a few years ago (e.g., \$8.0 million in 2006-2007 and \$7.9 million in 2007-2008).

**Aircraft Property Tax** collections of \$2.0 million through December reflect 96.5% of the budgeted revenue estimate of \$2.1 million. Similar to Unsecured Property Tax, receipts through December typically reflect approximately 90% of the annual revenue for this category. If this historical trend continues, it is estimated that revenues will exceed the budgeted estimate of \$2.1 million by year end. It should be noted that the County of Santa Clara Assessor's Office currently estimates \$2.1 million, a 3.3% decline from 2011-2012 receipts of \$2.2 million.

Based on the latest estimate from the County, the **Homeowners Property Tax Relief** revenue is projected to total \$1.03 million in 2012-2013, which is slightly below the \$1.07 million currently budgeted for this category.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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## STATUS OF GENERAL FUND REVENUES

### SALES TAX

#### Revenue Status

2012-2013		2011-2012		2012-2013
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$155,820,000	\$40,598,888	26.1%	25.6%	\$5,450,000

The Sales Tax category consists of General Sales Tax and Proposition 172 Sales Tax. Overall, revenues continue to track above budgeted estimates and an increase of \$5.5 million to the revenue estimate is recommended in this report which is recommended to be used to establish the 2012-2013 Ending Fund Balance Reserve.

The 2012-2013 modified budget estimate for **General Sales Tax** is \$151.3 million, which is approximately 1.3% above the actual 2011-2012 collection level. It is currently anticipated that underlying growth of at least 3% will be realized in 2012-2013 based on recent sales tax performance and current economic trends. The receipts for the first quarter of General Sales Tax for the current year were received in December and represented activity for July through September 2012. The first quarter General Sales Tax revenues for 2012-2013 were up 6.4% from the same quarter in the prior year. When comparing San José's cash receipts to those of other jurisdictions, San Jose's growth of 6.4% was slightly below the growth levels of Santa Clara County (up 7.8%), Northern California (up 7.4%), and the State as a whole (up 8.1%).

The City's Sales Tax consultant, MuniServices Company, provides economic performance data to the City which is considered to be a more accurate measure of the actual sales tax activity in San José for a particular period. This growth analysis measures sales tax receipts, excluding State and county pools, and adjusts for anomalies, payments to prior periods, and late payments. On an economic basis, growth of 4.2% was realized in the most recent quarter. As shown in the chart below, this growth was the result of increases in all economic sectors except Business-to-Business. The Transportation sector experienced strong growth of 9.1%, driven primarily by the increase in new auto sales (up 19.7%).



**2012-2013  
MID-YEAR BUDGET REVIEW**

**STATUS OF GENERAL FUND REVENUES**

**SALES TAX**

**Sales Tax Revenue Economic Performance  
July – September 2012**

<b>Economic Sector</b>	<b>% of Total Revenue</b>	<b>% Change July-Sept. 2012 to July – Sept. 2011</b>
General Retail	25.5%	+ 4.1%
Transportation	25.5%	+ 9.1%
Business to Business	22.6%	- 1.4%
Food Products	15.3%	+ 5.4%
Construction	10.4%	+ 3.3%
Miscellaneous	0.7%	+ 13.5%
<b>Total</b>	<b>100.0%</b>	<b>4.2%</b>

The year-over-year increase for the first quarter exceeded the 3.0% economic growth assumed in the 2012-2013 modified budget for this quarter. To reflect this higher growth and to adjust expected growth in the remaining three quarters to 3% over the 2011-2012 actual receipts (when the 2012-2013 Budget was developed, estimates were used for the last two quarters of 2011-2012), a \$4.9 million increase in the Sales Tax estimate is recommended in this report. This funding is recommended to be used to establish the 2012-2013 Ending Fund Balance Reserve.

Information on the second quarter collections (October-December sales activity) for this fiscal year will not be received until March. The City's Sales Tax performance will continue to be closely monitored to determine if any additional budget adjustments are necessary.

Through December, the **Proposition 172 Sales Tax** receipts of \$2.2 million are tracking 18.1% above the 2011-2012 collection level of \$1.8 million through the same period. Because the 2011-2012 receipts exceeded the estimate used to develop the 2012-2013 Adopted Budget, the 2012-2013 budgeted estimate of \$4.5 million allows for a decline of 3.0% from the prior year collection level of \$4.7 million. Based on 2011-2012 actual performance and current collections, receipts in this category are expected to reach at least \$5.1 million, reflecting annual growth of 8.8%. An upward adjustment of \$550,000 is recommended in this report to reflect the higher collection level. This funding is recommended to be used to establish the 2012-2013 Ending Fund Balance Reserve.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF GENERAL FUND REVENUES**

**TRANSIENT OCCUPANCY TAX**

Revenue Status				
2012-2013		2011-2012		2012-2013
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$9,100,000	\$3,645,454	40.1%	34.6%	\$1,000,000

The 2012-2013 budget estimate for the General Fund **Transient Occupancy Tax** (TOT) allocation (40% of the total tax) is \$9.1 million, which reflects growth of 1.3% from the 2011-2012 collection level of \$9.0 million (which included TOT receipts and TOT compliance revenue). Year-to-date receipts of \$3.6 million are 17.2% above the prior year. Based on current collection trends, TOT revenues in the General Fund are expected to exceed the budgeted estimate by approximately \$1.0 million.

Through December, the average hotel occupancy rate at the 14 major hotels was 64.4%, a significant improvement from the 57.9% occupancy rate for the same period in 2011-2012. Similarly, the average daily room rate through December was \$134.34, a significant improvement from the \$121.99 room rate for the same period in 2011-2012. As of December, the trailing 12-month average revenue-per-available-room (RevPAR) increased to \$87.56, a 23.7% increase from the \$70.76 level experienced in December 2011.

As a result of the higher than anticipated revenue collections, an increase of \$1.0 million to the budgeted revenue estimate is recommended at this time. The recommended increase from \$9.1 million to \$10.1 million represents an 11.0% year-over-year increase. This funding is recommended to be used to establish the 2012-2013 Ending Fund Balance Reserve.

**UTILITY TAX**

Revenue Status				
2012-2013		2011-2012		2012-2013
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$91,855,000	\$31,711,004	34.5%	35.8%	(\$882,000)

Utility Tax contains the following categories: **Electric, Gas, Water and Telephone**. Collections through December of \$31.7 million are tracking below the prior year level of \$32.3 million due to the receipt of a \$1.6 million one-time settlement agreement payment from Pacific Gas and Electric (PG&E)

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MID-YEAR BUDGET REVIEW**

**STATUS OF GENERAL FUND REVENUES**

**UTILITY TAX**

in 2011-2012. Excluding this one-time payment, receipts through December are tracking 3.0% above the prior year level. The 2012-2013 budgeted estimate assumes an increase of 3.4% from the prior year once adjusted to exclude the \$1.6 million one-time payment from the prior year. Based on current collection trends, overall, Utility Tax receipts are tracking to fall below budgeted estimates and a downward adjustment of \$882,000 is recommended in this report, bringing the budget to \$91.0 million. The majority of this decrease is attributed to lower than budgeted year-end projected receipts in Gas, Electric, and Telephone Utility Tax categories (\$1.9 million) partially offset by higher than anticipated Water Utility Tax (\$1.0 million). Below is a more detailed discussion of the revenue performance in each category and adjustments to the revenue estimate.

Through December, **Electric Utility Tax** receipts of \$15.0 million were tracking 2.4% above the prior year level of \$14.7 million, after excluding the \$1.6 million settlement agreement discussed above. Growth of 3.8% from 2011-2012 actual collections is needed to meet the 2012-2013 budgeted estimate of \$40.6 million. Therefore, based on current tracking, a downward adjustment of \$500,000 is recommended bringing the budget to \$40.1 million. This revised estimate reflects growth of 2.6% over the prior year, accounting for current performance through December and the 2.6% rate increase effective January 2013.

**Gas Utility Tax** receipts through December of \$1.7 million were 12.2% below the prior year collections of \$1.9 million. Growth of 2.4% from 2011-2012 actual collections is needed, however, to meet the 2012-2013 budgeted estimate of \$9.0 million. Based on current collection trends and anticipated performance through the end of the year, a recommended decrease of \$1.0 million is included in this document, bringing the total budgeted estimate to \$8.0 million. The revised estimate reflects a decline of 9.0% from 2011-2012 actual collections of \$8.8 million. This is consistent with information from PG&E on the drop in gas prices. Actual collections in the Gas Utility Tax area are subject to significant fluctuations from impact of weather conditions and/or rate changes, as such, revenues will continue to be monitored closely for projected year end performance.

**Water Utility Tax** collections of \$4.4 million through December are tracking 16.1% above the prior year level of \$3.8 million. The 2012-2013 estimate of \$10.0 million was based on growth of 7.5% over the projected 2011-2012 collection level of \$9.3 million based on anticipated rate increases. However, because revenues in 2011-2012 ended the year above the estimated collection level, an increase of 4.9% is now needed to achieve the budgeted estimate. Based on current collection trends, a recommended increase to the budget of \$1.0 million is included, bringing the budgeted estimate to \$11.0 million. This would require growth of 15.4% over 2011-2012 receipts. Consumption levels over the next several months will determine if further adjustments to the revenue estimate will be appropriate before the end of the year.

**Telephone Utility Tax** receipts of \$10.6 million through December are tracking 1.8% above the prior year level of \$10.4 million. The 2012-2013 Adopted Budget estimate of \$32.3 million assumed a 1%

<b>2012-2013</b> <b>MID-YEAR BUDGET REVIEW</b>
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## STATUS OF GENERAL FUND REVENUES

### UTILITY TAX

increase from the estimated 2011-2012 collections; however, because 2011-2012 actual collections of \$31.4 million fell slightly below the estimate used to develop the 2012-2013 Adopted Budget, growth of 2.7% is needed to meet the 2012-2013 budgeted estimate. Based on current collection trends, a decrease of \$382,000 is included in this document bringing the budgeted estimate to \$31.9 million. This revised estimate would allow for a 1.2% decrease from the prior year collection level.

### BUSINESS TAXES

#### Revenue Status

2012-2013		2011-2012		2012-2013
<u>Budget Estimate</u>	<u>Y.T.D Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$40,850,000	\$20,302,029	49.7%	46.7%	\$1,550,000

Business Taxes include the following major groups of revenue: **Business Tax, Cardroom Business Tax, Marijuana Business Tax and Disposal Facility Tax.** Overall, this category is tracking slightly above the modified budget estimate of \$40.9 million. As part of this report, a \$1.6 million increase to this category is recommended to reflect higher than expected receipts in Cardroom Tax (\$750,000), Disposal Facility Tax (\$700,000), and Marijuana Business Tax (MBT) (\$100,000) and would bring the total budgeted estimate to \$42.4 million.

**Business Tax** – collections of \$7.3 million through December were 3.8% above the prior year collection level of \$7.0 million. No growth from the prior year, however, is necessary to meet the budgeted estimate of \$11.3 million. The positive collection trend in this category reflects the gradual economic recovery as well as efforts by the Finance Department to maximize the receipt of this tax. Additionally, on October 23, 2012, the City Council approved a Business Tax Amnesty Program that is also expected to increase receipts in this category. A business owner may file a request for amnesty between, December 1, 2012 and March 29, 2013. Based on current trends and the implementation of the Amnesty Program, revenues are anticipated to exceed the 2012-2013 budgeted estimate. Once the results of the Amnesty Program are known, any necessary revenue estimate adjustment will be brought forward.

**Cardroom Business Tax** – collections of \$6.6 million through December were tracking 7.3% above the prior year level of \$6.2 million. However, growth of only 2.1% over the 2011-2012 actual collection level of \$14.9 million is needed to meet the 2012-2013 budgeted estimate of \$15.3 million. The increase from the prior year primarily reflects a spike in activity resulting from the opening of Casino M8trix in

<b>2012-2013</b> <b>MID-YEAR BUDGET REVIEW</b>
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## STATUS OF GENERAL FUND REVENUES

### BUSINESS TAXES

August 2012. Based on current collection trends and actual 2011-2012 receipts, collections are tracking to exceed the budgeted estimate and an increase of \$750,000 (to \$16.0 million) to this category is recommended in this document and provides funding for required rebalancing actions as recommended in this document. This will allow for a 7.1% increase in this category when compared to the prior year.

**Marijuana Business Tax** – collections of \$1.7 million through December reflect collections for July through November and are 19.8% above the prior year collection level of \$1.4 million. Based on current collection trends, receipts in this category are projected to exceed the 2012-2013 budgeted estimate of \$3.6 million. An increase of \$100,000 is recommended in this report, adjusting the budgeted estimate to \$3.7 million, which is consistent with the 2011-2012 actual collection level. If current collection trends continue, however, it is likely that an additional upward adjustment will be possible by year-end. It should be noted that there remains continued uncertainty regarding this program and the potential impacts from any federal actions. This additional revenue provides funding for required rebalancing actions as recommended in this document.

**Disposal Facility Tax (DFT)** – Receipts through December of \$4.7 million are tracking 2.6% above the prior year level of \$4.6 million. The 2012-2013 Adopted Budget estimate of \$10.7 million was built on the assumption that revenues would fall slightly from an estimated collection level of \$10.8 million in 2011-2012 as waste diversion was expected to continue to reduce receipts in this category. However, because actual 2011-2012 collections of \$11.2 million were higher than anticipated, receipts can fall 4.2% in 2012-2013. Based on current collection trends, receipts are tracking above the budgeted estimate of \$10.7 million and an increase of \$700,000 to the estimate is included in this document to set aside funding for the 2012-2013 Ending Fund Balance Reserve (\$668,000) and provide funding for required rebalancing actions as recommended in this document (\$32,000). With this adjustment, the revised estimate of \$11.4 million would require growth of 2.1% over prior year receipts. Due to the timing of billing cycles, this projection only takes into account billings through November.

### LICENSES AND PERMITS

#### Revenue Status

2012-2013		2011-2012		2012-2013
<u>Budget Estimate</u>	<u>Y.T.D Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$37,935,108	\$25,203,437	66.4%	54.9%	\$58,495

Licenses and Permits include the following major groups of revenue: **Building Permits, Fire Permits and Miscellaneous Other Licenses and Permits**. Through December, revenues of \$25.2 million are

**2012-2013  
MID-YEAR BUDGET REVIEW**

**STATUS OF GENERAL FUND REVENUES**

**LICENSES AND PERMITS**

tracking 4.8% about the prior year level of \$24.1 million. Overall, revenues are estimated to meet or exceed budgeted levels. Development-related activity experienced very significant growth in 2011-2012 and this strong performance continues in 2012-2013. Separate actions to increase revenues and staffing resources were brought forward and approved by the City Council on January 29, 2013 for the Building and Fire Fee Programs; therefore, only a \$58,000 increase in this category is recommended in this document. This reflects the overhead associated with the actions recommended in the separate memorandum, partially offset by a downward adjustment of \$4,000 to correctly categorize a cardroom table administrative fee revenue estimate adjustment from the Transfers and Reimbursements category to the Licenses and Permits category.

**Building Permits** – Building Permit revenue of \$12.4 million through December is tracking 7.6% above the 2011-2012 collection level of \$11.5 million for the same period as well as 19.2% above the 2012-2013 budgeted estimate. In the 2012-2013 Adopted Budget, the revenue estimate of \$19.7 million allows for a drop of 20.9% in this category; however, this has not been the case as revenues in building plan check, building permits, plumbing permits, mechanical permits, electrical permits, and permit processing categories are tracking well above estimated levels. Strong revenue receipts are being driven by an increase in residential and industrial permits, offset by slower commercial activity. It is anticipated that Building Permit revenues will exceed the adopted budget estimate as a result of increased development activity. This additional activity has necessitated additional staffing resources to meet the plan check and inspection service demands. Separate actions to increase revenues and staffing resources were brought forward and approved by the City Council on January 29, 2013. These actions included the addition of 10 positions for the Building Development Fee Program, offset by additional revenues of \$915,000, in order to keep pace with the increased demand. Further information on the approved actions can be found at <https://ca-sanjose.civicplus.com/DocumentCenter/View/11261>. In addition, an increase to the revenue estimate of \$50,510 is included in this report to recognize the overhead reimbursement to the General Fund as a result of the added 10 positions to the program.

**Fire Permits** – Through December, Fire Permit collections of \$5.5 million were tracking above estimated levels and 1.5% above the prior year receipts of \$5.4 million. To meet the budgeted estimate of \$9.3 million, collections in this category can decline by 2.6% when compared to the prior year. The development-related revenues, which totaled \$2.8 million through December, are currently tracking to conservatively exceed the budgeted estimate of \$5.2 million by approximately \$400,000. This increased activity has resulted in the need for additional resources to meet the plan check and inspection service demands. Separate actions to increase revenues, staffing and other resources were brought forward and approved by the City Council on January 29, 2013. The actions included the addition of 1.0 Senior Hazardous Materials Inspector, offset by additional revenue of \$114,000. In addition, an increase to the revenue estimate of \$12,116 is included in this report to recognize the overhead reimbursement to the General Fund as a result of the added position. At this time, the Fire Department projects that the Non-Development program revenues, which totaled \$2.7 through December, will end the year at budgeted revenue levels of \$4.1 million.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF GENERAL FUND REVENUES**

**LICENSES AND PERMITS**

**Miscellaneous Other Licenses and Permits** – Revenues of \$7.3 million are tracking 2.8% above prior year levels of \$7.1 million and are generally tracking at anticipated levels through December. The 2012-2013 modified budget estimate of \$9.0 million allows for a decline of 4.5% from the prior year, primarily reflecting a lower estimate for the vacant/dangerous buildings permits. Based on current collections, revenues are anticipated to meet budgeted estimates by year end.

**FINES, FORFEITURES, AND PENALTIES**

Revenue Status				
2012-2013		2011-2012		2012-2013
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$16,708,500	\$6,411,171	38.4%	43.0%	(\$1,250,000)

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

Through December, this category has received \$6.4 million, or 38.4% of the budget estimate, with collections tracking 18.9% below the prior year primarily due to lower Parking Fines. The 2012-2013 budgeted estimate allows for a decline of only 9.0%. A downward adjustment of \$1.25 million reflects significantly lower than estimated Parking Fines revenue.

Parking Fine revenue totaled \$4.0 million through December, which was 21.4% below the \$5.1 million collected through the same period last year. The 2012-2013 budget estimate of \$11.0 million allows for a drop of 6.6% from the 2011-2012 collection level of \$11.8 million. When the 2012-2013 Adopted Budget was developed, it was assumed that Parking Fine revenues would experience a decline in 2012-2013 as a result of the transition of parking compliance officers that were transferred from the Airport Department to the Department of Transportation. The reduction in collections, however, has been larger than anticipated due to several factors, including: a more significant impact associated with the training and transition of parking compliance officers; reduction in parking activity in neighborhoods around the HP Arena due to the delayed hockey season; a higher level of staff absences due to a combination of injuries and non-work related injuries/illness; and a slight decrease in the number of parking citations issued by police officers due to other police priorities. A downward adjustment of \$1.25 million to the Parking Fine revenue estimate, therefore, is recommended in this document. The reduction in revenue is partially offset by a reduction in the Parking Citations/Jail Courthouse appropriation (\$400,000).

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**STATUS OF GENERAL FUND REVENUES**

**FINES, FORFEITURES, AND PENALTIES**

Business Tax penalties of \$375,000 through December are tracking 23.7% below prior year levels due to the impacts of the Business Tax Amnesty Program and are expected to end the year below the budgeted estimate of \$1.0 million. It is anticipated, however, that lower collections in this area will be offset by higher Business Tax receipts. Once the results of the Business Tax Amnesty Program are known, any necessary revenue estimate adjustment will be brought forward.

**REVENUE FROM LOCAL, STATE, AND FEDERAL AGENCIES**

<b>Revenue Status</b>					
	<b>2012-2013</b>		<b>2011-2012</b>		<b>2012-2013</b>
	<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
Local Agencies	\$30,888,290	\$4,176,340	13.5%	15.3%	\$6,935,316
State of California	\$11,248,425	\$909,093	8.1%	18.7%	\$1,291,340
Federal Government	<u>\$22,529,930</u>	<u>\$4,957,697</u>	22.0%	17.5%	<u>\$256,040</u>
<b>TOTAL</b>	<b>\$64,666,645</b>	<b>\$10,043,130</b>	<b>15.5%</b>	<b>16.7%</b>	<b>\$8,482,696</b>

This section provides information for the revenues received from other agencies, which are budgeted separately.

**Revenue from Local Agencies** – Funding in this category is provided by many local agencies. The largest sources include reimbursement from the Successor Agency to the Redevelopment Agency of the City of San José, a public entity, reimbursement from the Central Fire District for fire services provided by the City to County properties, CAL-ID support, reimbursement for the City’s Paramedic Program, and Senior Nutrition reimbursement. Revenues are generally performing close to budgeted levels through December, however, a recommended increase of \$6.9 million to the budgeted revenue estimate is included in this report as discussed below.

The largest revenue estimate in the Revenue from Local Agencies is a reimbursement from the Successor Agency to the Redevelopment Agency for the payment of the Convention Center Debt Service. No revenues have been received through December for the 2012-2013 budgeted estimate of \$15.3 million, however, the method and timing of payment is currently under review.

A \$6.9 million increase to the 2013-2014 Future Deficit Reserve is offset by a one-time payment from the County of Santa Clara, which reflects the recalculation of prior year **Property Tax Administration Fees (PTAF)**. The City of Alhambra et al. had successfully sued the County of Los Angeles regarding



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**STATUS OF GENERAL FUND REVENUES**

**REVENUE FROM LOCAL, STATE, AND FEDERAL AGENCIES**

the calculation of these fees. The litigation concerned whether SB 1096 Triple Flip and Vehicle License Fee revenues should be excluded from the calculation of SB 2557 Property Tax Administration Fees (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 SB 2557 Property Tax Administration Fees. On January 25, 2013, the County notified the City that it was prepared to remit the disputed PTAF. The City's additional PTAF for the affected years from 2004-2005 through 2011-2012 totaled \$6.9 million, \$6.7 million in PTAF adjustments and earned interest of \$223,000. This unbudgeted revenue is recommended to be allocated to the 2013-2014 Future Deficit Reserve. In addition, PTAF for 2012-2013 and moving forward will be calculated in accordance with the Court's decision. This change is reflected in this document through a recommended reduction in the City-Wide Property Tax Administration Fee appropriation in 2012-2013 and funding levels will be adjusted as part of the 2014-2018 Five Year Forecast.

Additional budget adjustments are recommended in this report to recognize revenues and allocate funding for the following: County Public Health Department support for the Communities Putting Prevention to Work Grant – Obesity Prevention Initiative (\$36,316) and the Interactive Digital Art Spaces Grant (\$15,000). A technical clean-up of the 2011 Emergency Medical Preparedness Grant – Fire (\$16,000) corrects the categorization and reallocated this estimate to Revenue from the Federal Government. Section III of this document provides a description of these actions.

**Revenue from the State of California (including American Recovery and Reinvestment Act)** – This category includes various grants and reimbursements from the State of California, including the American Recovery and Reinvestment Act. It is currently assumed that the budgeted amounts will be collected by year-end.

This category also includes a payment from the State for the Vehicle License Fees Collection In Excess, which totaled \$525,000 in 2012-2013. Vehicle License Fee revenues collected by the Department of Motor Vehicles as a result of certain compliance procedures are allocated equally to counties and cities and are apportioned on a population basis. The payment received in 2012-2013 reflects the reconciliation for 2011-2012. When the 2012-2013 Adopted Budget was developed, the timing and amount of that payment was not known. A \$525,000 increase to the revenue estimate is recommended in this document to recognize this revenue.

Other budget adjustments totaling \$766,000 are recommended to account for new grants or changes in existing grants and include the following: California Gang Reduction, Intervention and Prevention (CALGRIP) Grant (\$426,375); State Homeland Security Grant Program (\$149,235); Anti-Drug Abuse Grant 2012-2013 (\$101,777); Partners in Reading Program Grant (\$53,902); Local Enforcement Agency Grant (\$29,451); Avoid the 13 Grant 2012-2013 (\$5,600);. Section III of this document provides a description of these actions.

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**STATUS OF GENERAL FUND REVENUES**

**REVENUE FROM LOCAL, STATE, AND FEDERAL AGENCIES**

**Revenue from the Federal Government (including American Recovery and Reinvestment Act) –** The revenue in this category is received from federal grant programs, including the American Recovery and Reinvestment Act. It is currently assumed that the budgeted grant proceeds will be collected by year-end.

Budget adjustments totaling \$256,000 are recommended to account for new grants or changes in existing grant and include the following: 2010 Urban Area Security Initiative (UASI) Grant – Police (\$100,000); National Forum Capacity-Building Grant OJJDP 2012-2015 (\$62,500); Bulletproof Vest Partnership Grant (\$36,827); Fire Department Strike Team (\$30,713); and Organized Crime Drug Enforcement Task Force Grants (\$10,000). In addition, an increase of \$16,000 correctly categorizes the 2011 Emergency Medical Preparedness Grant – Fire revenue estimate adjustment from the Revenues from the Federal Government category to the Revenue from the State category. Section III of this document provides a description of these actions.

**DEPARTMENTAL CHARGES**

Revenue Status				
2012-2013		2011-2012		2012-2013
Budget Estimate	Y.T.D. Actual	% of Estimate	% of Actual	Proposed Changes
\$32,126,081	\$18,420,906	57.3%	47.4%	\$470,378

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

Total revenues of \$18.4 million are tracking above the prior year of \$16.2 million (13.4% above) and are tracking to end the year close to the budgeted estimate of \$32.1 million. Collections in the Transportation, Public Works, Planning, and Parks, Neighborhoods and Recreation Departments are tracking to meet or exceed estimated levels, which offset the lower than anticipated collections in the Police and Library Departments, which are tracking 18.8% and 10.3% below expected levels respectively.

Two budget actions are recommended in the Departmental Charges category to account for activity anticipated in the second half of the year. This includes an increase to the Parks, Recreation and Neighborhood Services Fee Activities (\$424,000) and an increase to Public Works Fee Program to

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**DEPARTMENTAL CHARGES**

recognize the overhead associated with the staffing augmentations recommended in a separate memorandum (\$46,378) as discussed below.

Below are highlights of the current status of the development-related fee programs:

**Public Works** – Public Works revenues through December of \$4.1 million are tracking 32.3% above the prior year level of \$3.1 million. The 2012-2013 budget estimate of \$5.7 million allows for a decline of 22.2% from the prior year collection level of \$7.3 million. Revenues in most residential categories are tracking above estimated levels due to several single-family and multi-family residential projects that were received in the first six months of 2012-2013. Non-residential revenues are also performing above anticipated levels. As discussed in the Development Services Staffing Needs memorandum that was reviewed and approved by the City Council on January 29, 2013, development revenues are on track to exceed the budgeted revenue estimate by at least \$2.0 million. To address the increased workload associated with this higher activity level, an action was approved as part of that memorandum to add 2.0 Engineering Technicians, 1.0 Associate Engineering Technician, 1.0 Senior Engineering Technician, 1.0 Associate Engineer, and 1.0 Senior Engineer positions, offset by an increase to the revenue estimate of \$338,000. In addition, an increase to the revenue estimate of \$46,378 is included in this report to recognize the overhead reimbursement to the General Fund as a result of the added positions. Due to the volatile nature of these revenues, the City Manager's Budget Office and Public Works Department will continue to monitor both development and utility revenues closely.

**Planning, Building and Code Enforcement (PBCE)** – Through December, Planning Fee revenue of \$1.5 million is 20.4% above the prior year collection level of \$1.2 million. The \$2.6 million adopted Planning Fee revenue estimate allows for a drop of 9.2% from the prior year actuals; however, overall revenue collections are tracking above estimated levels and it is anticipated that Planning Fee revenues will achieve, and likely exceed, the budget estimate. The 2012-2013 Modified Budget includes a reserve of \$520,000 for this program, significantly lower than prior years. Therefore, as revenues continue to be volatile, no ongoing changes to program revenue or cost assumptions are recommended. This program will continue to be monitored and adjustments brought forward as appropriate as part of the annual budget process.

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**STATUS OF GENERAL FUND REVENUES**

**OTHER REVENUE**

**Revenue Status**

2012-2013		2011-2012		2012-2013
<u>Budget Estimate</u>	<u>Y.T.D. Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$146,326,782	\$116,025,209	79.3%	93.9%	(\$24,563,862)

The Other Revenue category contains a number of unrelated revenue sources. Other Revenue collections through December 2012 totaled \$116.0 million. This represents an increase of 6.5%, or \$7.1 million, from the December 2011 level of \$108.9 million. This increase was primarily due to the receipt of \$5.0 million in proceeds from the sale of 14.5 acres of the Airport West property to the Earthquakes, LLC with a corresponding increase in expenditures to pay off a portion of the HUD 108 loan associated with this property. When factoring out the additional sale of property proceeds, Other Revenue collections through December 2012 totaled \$111.0 million – an increase of \$2.1 million (1.9%) from the prior year level.

Collections in this category are expected to end the year approximately \$24.6 million below the budgeted estimate due almost entirely to the recommended reduction in the TRAns proceeds (\$25.0 million) based on the actual issuance level in 2012-2013 partially offset by some higher than anticipated revenue collections. These major transactions are described in more detail below.

Beginning in 2010-2011, the City has been required to issue **Tax and Revenue Anticipation Notes (TRAns)** annually for cash flow purposes due to the pre-payment of the City's retirement contributions. In 2012-2013, original estimates projected the necessary funding to be \$125.0 million; though upon execution, only \$100.0 million was required to be issued. As such, net-zero decreases to both revenues and expenditures of \$25.0 million are recommended in this document to align the budget with actual issuance levels.

Following is a discussion of the other major sub-categories in the Other Revenue category:

In the current year, the City has received \$5.3 million in **HP Pavilion Rental, Parking, and Naming** revenue, meeting the current budgeted estimate of \$5.3 million in accordance with the arena agreement.

**Investment Cost Reimbursement** and **Banking Services** revenues through December of \$887,000 and \$399,000, respectively, are tracking within estimated levels. Any variances in these categories would be offset by a corresponding variance in related expenditures.

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**STATUS OF GENERAL FUND REVENUES**

**OTHER REVENUE**

**SB 90 Reimbursements** totaled \$342,000 through December compared to the 2012-2013 Adopted Budget estimate of \$250,000. An upward adjustment may be brought forward at year-end depending on the final SB 90 reimbursements and the overall performance of the Other Revenue category.

Through December, revenue from the **Sale of Surplus Property** totaled \$5.6 million compared to \$560,000 in the prior year. This reflects a \$5.0 million increase from the receipt of proceeds from the sale of 14.5 acres to the Earthquakes, LLC as discussed above with a corresponding increase in expenditures. Once adjusting for this, revenues of \$656,000 are 17.1% above prior year levels. The Office of Economic Development currently anticipates that revenues in this category will meet the budgeted estimate of \$6.4 million in 2012-2013.

A number of additional adjustments are also recommended to recognize revenue and allocate funds to specific projects and programs, including the following: Maddie Lifesaving Grant (\$370,000), Energy Efficiency Program (\$34,200); and the Parent Project Grant (\$31,938). Section III of this document provides a description of these actions.

**TRANSFERS AND REIMBURSEMENTS**

**Revenue Status**

	2012-2013		2011-2012	2012-2013
Budget Estimate	Y.T.D. Actual	% of Estimate	% of Actual	Proposed Changes
\$66,741,908	\$40,636,311	60.9%	67.2%	\$918,376

The following are sources of revenue in this category: reimbursements to the General Fund for **Overhead** costs, revenue received as **Transfers** from other City funds, and **Reimbursements** for services rendered. Collections of \$40.6 million through December are tracking below the prior year level of \$46.8 million primarily due to lower budgeted transfer amounts and lower reimbursement amounts partially offset by higher overhead reimbursements. Overall, collections are currently tracking close to the budgeted estimate.

**Overhead Reimbursements** – Overhead reimbursements associated with special funds is currently budgeted at \$22.9 million and capital funds is budgeted at \$9.4 million for a total category revenue estimate of \$32.3 million. The 2012-2013 budget estimate is consistent with the 2011-2012 actual levels. Through December, overhead collections of \$25.3 million were tracking 2.2% above prior year levels of \$24.7 million. This reflects the net impact of higher receipts in special funds (\$1.1 million), partially offset by lower receipts in capital funds (\$529,000). While overall collections are currently

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**STATUS OF GENERAL FUND REVENUES**

**TRANSFERS AND REIMBURSEMENTS**

tracking slightly above estimated levels through December, it is anticipated that revenues may fall below the budgeted estimate by year-end. While the overhead associated with special funds is expected to end the year close to the budgeted estimate, the overhead associated with capital funds may fall below the budgeted estimate due to position vacancies in various capital programs. Overhead reimbursements will be monitored closely and adjustments will be brought forward later in the fiscal year as necessary.

**Transfers** – This category includes \$19.2 million in various transfers. Through December, transfers of \$10.0 million were tracking within estimated levels, but below the prior year level of \$15.3 million. This reduction from the prior year reflects the changes in the budgeted transfers. Recommended increases in this category of \$918,000 reflect the following adjustments: an increase in the budgeted transfer from Construction and Conveyance Tax Fund (\$880,000) based on higher revenue collections in that fund, an increase in a transfer from the Community Facilities Revenues Fund (\$26,000) for reimbursement of staffing oversight costs; and the final payment from the Standard Plans and Specification Load from the Public Works Support Fund (\$8,245). In addition, an upward adjustment of \$4,131 to correctly categorize a cardroom table administrative fee revenue estimate adjustment from the Transfers and Reimbursements category to the Licenses and Permits category is included.

**Reimbursement for Services** – The budget estimate for this category is \$15.2 million, of which \$14.5 million is expected to be generated from the three **Gas Tax Funds**. Currently, Gas Tax revenues of \$5.4 million through December are tracking to meet or slightly exceed the budgeted estimate by year-end.

**CONCLUSION**

A comprehensive review of all General Fund revenue accounts was performed based on activity through the first six months of the year. Based on current collection trends, existing revenues are generally performing within budgeted expectations and are projected to end the year with approximately \$7.5 million to \$10 million in additional revenues. This positive variance represents approximately 1% of the budget. Additional revenue is also expected to be generated from the one-time payment from the County associated with the recalculation of Property Tax Administration Fees (\$6.9 million) as well as various net-zero grants and reimbursements.

A net downward adjustment of \$8.8 million to the General Fund revenue estimate is recommended. This decrease primarily reflects a \$25.0 million reduction in the anticipated revenue from the TRANS (and associated expenditures) based on the actual debt issuance required for City cash flow purposes this year. Excluding this action, net upward adjustments total \$16.2 million and reflect higher projected collections (\$14.3 million) as well as various net-zero grants, reimbursements, and fee adjustments (\$1.9 million). Major revenue-related items include the establishment of the 2012-2013 Ending Fund Balance Reserve (\$7.6 million of excess revenues) and an increase to the 2013-2014 Future Deficit Reserve (\$6.9

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**CONCLUSION**

million) funded by a one-time payment from the County based on the recalculation of prior year Property Tax Administration Fees.

The revenue estimates for this year will continue to be updated as part of the 2014-2018 General Fund Forecast, due to be released late February, as well as the 2013-2014 Proposed Budget, due to be released on May 1, 2013. As always, staff will continue to closely monitor the City's current year financial status and report to the City Council any significant developments through the Bi-Monthly Financial Reports. The January/February Bi-Monthly Financial Report will be brought to the Public Safety, Finance and Strategic Support Committee in April.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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## STATUS OF GENERAL FUND EXPENDITURES

### OVERVIEW

General Fund expenditures through December totaled \$383.1 million, or 34.2% of the total 2012-2013 modified budget. This represents an increase of \$8.5 million, or 2.3%, from the December 2011 level of \$374.6 million. Encumbrances totaling \$36.2 million were \$556,000 (1.6%) above the December 2011 level of \$35.6 million. Expenditures and encumbrances through December of \$419.3 million constituted 41.4% of the total modified budget (excluding reserves) of \$1.0 billion.

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

**2012-2013 General Fund Expenditures through December**  
(\$ in Thousands)

Category	Current Budget	Y.T.D. Actual	% of Budget	Prior Year % of Budget
<b>Departmental Expenditures</b>				
Personal Services	586,155	269,095	45.9%	48.0%
Non-Personal/Equipment	95,907	28,840	30.1%	32.1%
Other Departmental	16,007	6,687	41.8%	45.1%
City-Wide Expenses	264,296	44,816	17.0%	11.4%
Capital Contributions	20,711	4,965	24.0%	16.4%
<i>Subtotal Departmental Expenditures</i>	<i>983,076</i>	<i>354,403</i>	<i>36.1%</i>	<i>48.1%</i>
<b>Non-Departmental Expenditures</b>				
Transfers	29,013	28,699	98.9%	98.4%
Reserves	106,904	-	0.0%	0.0%
<i>Subtotal Non-Departmental</i>	<i>135,917</i>	<i>28,699</i>	<i>21.1%</i>	<i>21.6%</i>
<b>Total</b>	<b>1,118,993</b>	<b>383,102</b>	<b>34.2%</b>	<b>35.3%</b>

Overall, General Fund expenditures are tracking within anticipated levels and are expected to end the year with savings.

#### Recommended Adjustments

Various budget adjustments are recommended in this document to accomplish the following major urgent and required items:

- Address a limited number of urgent program/fiscal needs, including: an increase of \$6.9 million to the 2013-2014 Future Deficit Reserve (from \$22.5 million to \$29.4 million) funded by a one-time payment from the County to reflect the recalculation of prior year Property Tax Administration Fees; and the establishment of a \$4.0 million Police Overtime Reserve funded from Police personal services savings to ensure that sufficient overtime resources are available to partially offset the impact of vacancies through next year.



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**STATUS OF GENERAL FUND EXPENDITURES**

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- Implement required technical and rebalancing actions (-\$17.5 million) including:
  - Recognize savings of \$4.4 million in departmental, City-Wide expenses, and reserves to set aside in the 2012-2013 Ending Fund Balance Reserve of \$12.0 million that was assumed to be available in 2012-2013 and used as a funding source for 2013-2014;
  - Reduce the City-Wide Expenses category by \$25.0 million to reflect the lower Tax Revenue Anticipation Notes (TRANS). The TRANS issuance totaled \$100 million rather than the \$125 million originally budgeted; and
  - Addresses a limited number of required technical/rebalancing needs including additional funding of \$1.0 million for the Workers Compensation Claims – Fire appropriation.
- Recognize grant, reimbursement, and/or fee related funds (\$1.9 million).

In total, adjustments recommended in this document result in a net reduction of \$8.8 million to General Fund expenditures. Additional information on these adjustments can be found in Section III of this document. The following discussion highlights major General Fund expenditure activities through December.

Departmental Expenditures

Departmental expenditures include Personal Services (salaries, other compensation, overtime retirement, health, and other fringe benefit costs), Non-Personal/Equipment, and Other Departmental expenses. Personal Services costs represent the largest single General Fund expense category for the City. These costs accounted for 70.2% of the General Fund expenditures to date.

Through December, Personal Services expenditures for all City departments totaled 45.9% of the current modified budget, which is slightly below expectations at this point of the year. This expenditure level was also below the 48.0% expended through December last year. Overall, Personal Services expenditures are tracking to end the year with significant savings. Currently, the City has nearly 600 vacancies representing over a 10% vacancy factor throughout the City (all funds). Although some of these vacancies are backfilled with temporary staffing, vacancy savings are substantial throughout the organization. As described in Section III of this document, budget actions are recommended to set aside \$2.3 million of this savings in the Parks, Recreation and Neighborhood Services (\$900,000); Information Technology (\$550,000); and Planning, Building and Code Enforcement (\$300,000) Departments, as well as the Office of the City Manager (\$500,000), into a 2012-2013 Ending Fund Balance Reserve. In addition, savings of \$4.0 million in the Police Department's Personal Services appropriation, reflecting approximately 1.5% of the Department's 2012-2013 Modified Budget, are recommended to be set aside in a Police Department Overtime Reserve to provide for anticipated overtime needs in 2013-2014. As described in Section III of this document, based on current attrition rates and projected hiring, the Police Department is expected to begin 2013-2014 with approximately 80

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sworn vacancies. It is anticipated that additional overtime funding will primarily be needed in 2013-2014 to continue backfilling for vacant patrol positions and maintain targeted enforcement of high crime activity through suppression cars.

Non-Personal/Equipment expenditures of \$28.8 million are also tracking within anticipated levels with 30.1% expended through December, slightly below prior year levels of 32.1% in December 2011. In addition to the funds actually expended, \$19.7 million was encumbered, bringing the total amount of funding committed to \$48.5 million, or 50.6% of the budget. Overall, these expenditures are expected to remain within budget for all departments with some savings generated by year-end. As described in Section III of this document, the reallocation of personal services savings to Non-Personal/Equipment appropriations is recommended for the Finance Department, Human Resources Department, and City Clerk's Office to ensure sufficient funding for recruitment support and the backfilling of vacant positions with temporary contractual staffing. In addition, vehicle maintenance and operations savings in the Police Department are recommended to be reallocated to other urgent department needs as described later in this section.

The Other Departmental category includes the budget for the Mayor and City Council, Library Grants, and Parks, Recreation and Neighborhood Services Fee Activities. Other Departmental Expenditures totaled \$6.7 million or 41.8% of the budget.

*Non-Departmental Expenditures*

Non-Departmental expenditures include City-Wide Expenses, Capital Contributions, Transfers, and Reserves.

Through December, City-Wide Expenses totaled \$44.8 million, or 17.0% of the modified budget of \$264.3 million. With encumbrances, the total amount of funding committed was 22.6% of the budget. Overall, expenditures are anticipated to generate net savings by year-end, which is recommended to be reallocated to establish a portion of the 2012-2013 Ending Fund Balance Reserve. A few upward and downward adjustments to City-Wide Expenses appropriations are recommended in this document to align the budget with the year-end expenditure projections.

Within City-Wide Expenses, the Strategic Support City Service Area (CSA) category represents the largest portion of funding with \$194.9 million budgeted. In part, this is due to the inclusion in this category of the \$126.0 million principal and interest repayment appropriation for the Tax and Revenue Anticipation Notes (TRANS) issued for cash flow purposes. For the first six months of the year, the Strategic Support CSA category is 11.0% committed (30.5% committed excluding the TRANS appropriation). The expenditure tracking for these Strategic Support allocations can vary significantly depending on payment schedules and the timing of projects. In some instances, the appropriations will not be fully expended by year-end because of the multi-year nature of some larger projects. As needed, recommendations will likely be brought forward at the end of the year to rebudget any savings to 2013-

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**STATUS OF GENERAL FUND EXPENDITURES**

**OVERVIEW**

2014 to complete projects in progress. The following highlights key appropriations in this CSA and transactions recommended in this document.

The TRANs was issued in July 2012 for a substantially lower amount than budgeted (\$100.0 million principal issuance compared to a budgeted issuance of \$125 million). Therefore, the TRANs Debt Service appropriation is recommended to be decreased \$25.2 million (partially offset by a \$25.0 million reduction in revenue) to reflect the lower issuance as well as net savings of \$200,000 due to a lower than budgeted cost of issuance. The net savings of \$200,000 is recommended to be reallocated to the 2012-2013 Ending Fund Balance Reserve.

The General Liability Claims appropriation, a \$10.0 million component of City-Wide Expenses - Strategic Support category, is 39.4% expended or encumbered through December compared to the 33.3% expended in December 2011. As described in the 2011-2012 Annual Report, the General Liability Claims appropriation would be used to fund 50% of a \$6.0 million verdict that was recently rendered against the City. The City submitted a post-trial motion to reduce the verdict, which is still pending a decision by the courts. Expenditures in this category are traditionally difficult to predict, given the nature of litigation. It should be noted that the litigation exposure far exceeds the amount in this appropriation and the corresponding reserve combined. The City Manager's Budget Office and the City Attorney's Office will continue to monitor this appropriation as the year progresses.

The Workers' Compensation State License appropriation is projected to exceed its budget by \$142,000, and an upward adjustment to this appropriation (from \$730,000 to \$872,000) is recommended to ensure sufficient funding is available. The current budget assumed a 7% increase in costs and the actual increase was 34%. Per the State, this is primarily due to the implementation of SB 863, which increased the permanent disability rates effective January 1, 2013 and requires a greater oversight by the State.

Sick Leave Payment Upon Retirement expenditures of \$795,000 through December reflect 8.8% of the total 2012-2013 budget of \$9.0 million. Typically, the majority of the expenses in this appropriation occur in the second half of the year. Historically, through December, approximately 15%-30% of the total year end expenditures occur through December. Expenditures are expected to remain within budgeted levels by year end.

The Property Tax Administration Fee (PTAF) provides a payment to the County for the cost to administer property taxes. As discussed elsewhere in this report, per the Supreme Court of California, a prior ruling in the Alhambra et al. v. County of Los Angeles case was upheld addressing how the County calculated and imposed property tax Administration fees on Cities for their share of County's costs in administering the property tax system. The Supreme Court affirmed that the County's method of calculation violated the tax code. As the City of Alhambra et al. v. County of Los Angeles is now final, the County of Santa Clara has recalculated PTAF, resulting in significant cost savings in 2012-2013. A

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**STATUS OF GENERAL FUND EXPENDITURES**

**OVERVIEW**

budget action is recommended to reduce this appropriation by \$1.5 million (from \$3.3 million to \$1.6 million) and reallocate those funds to the 2012-2013 Ending Fund Balance Reserve.

The budget for the Community and Economic Development CSA category totals \$22.6 million and is 74.4% committed through December. The largest appropriation in this category is the Convention Center Lease Payments appropriation (\$15.3 million), which accounts for its debt service payments. Expenditures in this appropriation totaled \$12.3 million through December.

The remaining City-Wide Expenses categories, Environmental and Utility Services (\$6.5 million budget), Neighborhood Services (\$9.0 million budget), Public Safety (\$23.3 million budget), and Transportation and Aviation Services (\$8.0 million budget), tracked at 49.8%, 69.4%, 40.8%, and 29.5% committed, respectively, through December. A majority of these appropriations reflect grants and reimbursed services and it is anticipated that these expenditure categories will end the year within budgeted levels with one exception. The Parking Citations/Jail Courthouse fees appropriation in the Transportation and Aviation Services category is projected to end the year significantly below (\$400,000) budgeted levels of \$2.5 million. This lower expenditure level reflects the reduction in anticipated parking citations, which is also expected to result in lower parking fines of \$1.25 million. Downward adjustments to both the revenue estimate and the expenditure line item are recommended in this document to reflect this lower activity level.

The Workers' Compensation Claims appropriations, which are spread across several of the City-Wide Expenses categories, total \$17.3 million in the General Fund. For the first half of the year, expenditures and encumbrances of \$8.6 million are tracking higher than anticipated levels with approximately 50% expended. Based on historical expenditure trends and current tracking, expenditures are projected to end the year above budgeted levels by approximately \$1.0 million, primarily due to higher Fire Department claims. Based on the data in the workers' compensation claims tracking system, the number of claims overall through the first six months of the fiscal year was down 2.2% when compared to the first six months of 2011-2012, while the costs per claim were up. It is important to note that there can be significant expenditure variances from month to month, and the claims costs for November and December do show improvement.

In the Fire Department, claims expenditures through December of \$3.0 million were up 21.6% from the prior year. The workers' compensation tracking system reflected a 10.4% increase in the number of claims through December when compared to the same time period in 2011-2012. Also, Fire medical costs have increased 49.8% (\$560,000) compared to last year as a result of a spike in the severity of injuries requiring surgery, hospital stays, and prescription drugs. In addition, permanent disability claims have increased by 11.2% (\$105,000) compared to last year. Due to the volatile nature of this appropriation, additional funding of \$300,000 is also recommended to ensure that sufficient funds for potential higher payments are available, thus, a total upward adjustment to the Fire Workers' Compensation Claims appropriation of \$1.0 million is recommended in this document. The Fire

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**OVERVIEW**

Department is developing a comprehensive and aggressive modified duty program to enhance the early return to work of employees on disability leave to help control costs. The Fire Safety Committee is prioritizing the review of injury trends, safety prevention, and overall injury reduction.

Workers' compensation claims costs for Transportation Department are also projected to exceed budgeted levels by \$50,000. New claims are up by 24% and medical expenses are higher than last year by 14%. Workers' compensation claims costs for Public Works Department are tracking below estimated levels and are recommended in this report to be reallocated to offset this projected shortfall. The Transportation Department is reviewing injuries to improve its safety prevention and to help control costs.

In addition, a number of City-Wide Expenses appropriation increases are recommended to recognize additional grant activity funding. These expenditure increases are offset by corresponding increases in grant revenue. Additional details on all these transactions can be found in Section III of this document.

Through December, General Fund Capital expenditures totaled \$5.0 million and encumbrances totaled \$1.7 million, bringing the amount committed to \$6.7 million, or 32.2% of the \$20.7 million budget. Overall, General Fund Capital expenditures are expected to end the year close to budgeted levels and no savings are anticipated at this time.

Transfers of \$28.7 million are 98.9% expended through December as anticipated. Almost all of the transfers to the General Fund are processed at the beginning of the year.

There are no expenditures against the Reserves budget of \$106.9 million because expenditures cannot be charged directly to a reserve. Several budget actions are recommended in this document that impact General Fund Reserves. The major actions are described below.

The establishment of a \$12.0 million 2012-2013 Ending Fund Balance Reserve is recommended to be funded by a combination of excess revenues (\$7.6 million) and expenditure savings (\$4.4 million). This action sets aside and secures the excess revenues and expenditure savings assumed to be available in 2012-2013 and used as a funding source for 2013-2014. In the 2013-2017 Five-Year Forecast issued in February 2012, it was assumed that \$18.5 million of fund balance generated from a combination of excess revenues, expenditure savings, and the liquidation of prior year carryover encumbrances would be available at the end of 2012-2013 as a funding source in 2013-2014. Assuming \$2.5 million will be generated from the liquidation of prior year carryover encumbrances, a total of \$16.0 million from excess revenues and expenditure savings is necessary to meet the prior Forecast estimate. The recommended actions in this document would set aside \$12.0 million of the \$16.0 million, or 75% of the targeted amount based on activity through December. The remaining \$4.0 million needed for the ending fund balance will be determined and recommended as part of the year-end clean-ups memorandum that will be brought forward for consideration in June 2013.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF GENERAL FUND EXPENDITURES**

**OVERVIEW**

An increase of \$6.9 million to the 2013-2014 Future Deficit Reserve is recommended and would be offset by a one-time payment from the County of Santa Clara to reflect the recalculation of prior year Property Tax Administration Fees (PTAF). As discussed above, the City of Alhambra had successfully sued the County of Los Angeles regarding the calculation of these fees. On January 25, 2013, the County notified the City that it was prepared to remit the disputed PTAF. The City's additional PTAF for the affected years from 2004-2005 through 2011-2012 totaled \$6.9 million, \$6.7 million in PTAF adjustments and earned interest of \$223,000.

The establishment of a \$4.0 million Police Department Overtime Reserve is recommended and would be funded from Police personal services savings. As discussed above, the Police Department is expected to begin 2013-2014 with approximately 80 sworn vacancies. It is anticipated that additional overtime funding will be needed in 2013-2014 to continue backfilling for vacant patrol positions and maintain targeted enforcement of high crime activity through suppression cars. The establishment of this reserve will provide the necessary overtime funding to continue to address these and other Police needs in 2013-2014.

A decrease of \$2.0 million to the Salaries and Benefits Reserve is recommended to reflect the reconciliation of the health benefit costs for 2012-2013. These funds are recommended to be allocated as follows: distribute funding to departments that do not have sufficient salary savings to absorb the 9.2% increase in health costs effective January 2013 (\$499,000); reallocate the savings associated with the lower than budgeted health rate increase (9.2% actual increase compared to 11% increase assumed in the Salary and Benefits Reserve) to the 2012-2013 Ending Fund Balance Reserve (\$407,000); and reallocate the funding that is not necessary to be distributed to departments due to sufficient vacancy savings to address other funding needs recommended in this document (\$1.1 million). Further details on this action as well as others can be found in Section III of this Report.

No budget action is recommended to reduce the Contingency Reserve, which is currently at the \$29.3 million level.

**DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS**

<b>Expenditure Status (\$ in thousands)</b>			
<u>Department</u>	<u>2012-2013 Budget</u>	<u>Y.T.D. Actual</u>	<u>Prior Y.T.D. Actual</u>
<b>Fire</b>	\$154,387	\$71,769	\$73,870

Overall, expenditures for the Fire Department were tracking slightly lower than budgeted estimates through December, with 47.3% expended. Personal Services expenditures through December tracked

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**STATUS OF GENERAL FUND EXPENDITURES**

**DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS**

lower than budgeted levels of \$146.2 million, with \$68.8 million expended (47.1% compared to the par of 48.1%). The Fire Department's Non-Personal/Equipment budget of \$8.2 million was 51.9% expended or encumbered through December. Both appropriations are expected to end the year within their respective budgeted allocations.

Although personal services expenditure levels were tracking slightly below budgeted estimates primarily due to the time needed to hire the SAFER 2011 Firefighters, overtime expenditures of \$3.6 million were tracking above estimated levels (63.8% compared to the par of 48.1%). The daily deployment of Engine 29 has contributed to the increased overtime usage. Engine 29 is activated daily to mitigate the impact of the temporary relocation of Fire Station 5 personnel to Fire Station 34. Fire Station 5 has been temporarily closed while urgent repairs are completed. The Fire Department will continue to implement overtime control measures specifically as it relates to activities not related to filling minimum staffing requirements. In addition, the Fire Department staff will continue to monitor minimum staffing on a daily basis to minimize any overage in the overtime and ensure that overall personal service expenditures remain within budget by year-end.

Through December, the Fire Department was staffed with 174 filled Firefighter Paramedic positions (161 front-line Firefighter Paramedics, 5 Supervisor Paramedics, and 8 Support Paramedics) compared to the 139 front-line Firefighter Paramedics that are necessary to fully staff all apparatus. The Department projects it will have no issues maintaining the target staffing level of 139 front-line Firefighter Paramedics.

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 through December was 38. The authorized number of 33 sworn administrative staff was exceeded due to the temporary administrative assignment of 1.0 Firefighter and 1.0 Fire Captain who are assisting with the October Firefighter Recruit Academy, 1.0 Fire Captain working on updates to the Fire Engineer Academy, and 2.0 Firefighters who are on temporary administrative assignments. The Fire Department is currently evaluating their staffing allocations and anticipates reducing the number of sworn administrative staff by March to more closely align with authorized levels.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF GENERAL FUND EXPENDITURES**

**DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS**

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

<u>Department</u>	<u>2012-2013 Budget</u>	<u>Y.T.D. Actual</u>	<u>Prior Y.T.D. Actual</u>
<b>Police</b>	\$297,443	\$130,867	\$137,392

On an overall basis, Police Department expenditures are tracking below estimated levels. Personal Services expenditures of \$123.9 million tracked under anticipated levels (45.7% compared to the par of 48.1%); however, overtime expenditures of \$8.3 million through December tracked at anticipated levels with 48.1% expended. Based on current trends, personal services savings are tracking to end the year with savings of approximately \$5.0 million. Budget actions are recommended in this document to allocate \$4.5 million of those projected savings to address overtime needs in both 2012-2013 and 2013-2014.

Overtime has primarily been used to backfill for vacant patrol positions, expand targeted enforcement of high crime activity related to gangs through suppression cars, and provide funding to continue backgrounding work on sworn and civilian hiring until a contract is in place. Several actions approved in the Annual Report increased the Department's overtime funding by \$3.9 million (from \$13.3 million to \$17.2 million) to ensure the Department has sufficient overtime resources in 2012-2013, based on recent increases in crime activity and discussions that occurred as part of the City Council Study Session on Public Safety on September 18, 2012. An action is recommended in this report to reallocate additional salary savings of \$500,000 to overtime to allow the Department to continue targeted investigations such as seeking out persons who are prohibited from carrying guns but are known to have them in their possession as well as account for any increased need for targeted enforcement through the remainder of 2012-2013. In addition, an action in this report recommends that \$4.0 million of the projected personal services savings be set aside to establish a Police Department Overtime Reserve for 2013-2014. Although the Department is conducting police officer recruit academies to hire for the sworn vacancies, the Department is anticipated to begin 2013-2014 with at least 80 sworn vacancies based on current attrition rates. It is anticipated that additional overtime funding will be needed in 2013-2014 to continue backfilling for vacant patrol positions and maintain targeted enforcement of high crime activity through suppression cars.

Overtime consists of overtime expenditures and compensatory time. In addition to monitoring overall overtime usage, the Memorandum of Agreement with the Police Officer's Association limits how much overtime can be earned for pay versus compensatory time. The compensatory time balance at the end of December 2012 was 160,585 hours for sworn personnel. This represents a decrease of 6,248 hours (3.7%) from the October 2012 balance of 166,833, and a 5,028 hour decrease (3.0%) compared to the December 2011 balance of 165,613. The Budget Office and Police Department will continue to closely monitor personal services to ensure expenditures are within appropriated levels by year-end.



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**STATUS OF GENERAL FUND EXPENDITURES**

**DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS**

As of January 28<sup>th</sup>, the Department had 1,109 authorized sworn staff, of which there were 56 sworn vacancies (5.0%) and 99 positions that were not filled with street ready personnel (8.9%). In order to fill the vacant sworn positions and put more Police Officers back on patrol, the Department was budgeted to conduct two Police Officer Recruit Academies, one in September 2012 and another one in April 2013. As of January 28<sup>th</sup>, the Department had 43 recruits in the September 2012 academy and these Police Officers will be street ready in June 2013. It is important to note that the 15 direct hire officers that completed an academy elsewhere and were eligible to immediately begin the Field Training Officer program became street ready in January.

Of the 441 authorized civilian positions, the Department had 70 vacancies (15.9%) as of January 28<sup>th</sup>. Within civilian positions, the department has 163 authorized positions in the Communications Division (9-1-1 Emergency Dispatch Center), and as of January 28<sup>th</sup>, 37 (22.7%) positions were vacant. The Police Department and the Human Resources Department are closely working together to develop a strategy to fill the Communications vacancies as quickly as possible as well as other critical civilian vacancies within the Police Department. The Police Department plans to conduct three Basic Dispatcher Academies in 2013, in February, June, and November, as opposed to the usual two academies. The February Academy will have 12 recruit dispatchers and call-takers, another 50 applicants are moving forward to the background phase for the June Academy, and the Department currently has approximately 1,600 applicants to screen for the November Academy.

Through mid- January the Department spent \$282,000 of its \$351,000 budget for recruitment (80.3%), which includes expenditures for equipment, event registration, and overtime to staff the events. As part of this report, an additional \$200,000 in recruitment funding is recommended in order to ensure sufficient resources are available for extended recruitment efforts in the next several months as further discussed below.

A total of \$10.5 million (40.3%) of the Department's Non-Personal/Equipment budget was expended or encumbered through December. Excluding the remaining balances for centrally-determined details, including electricity, gas, and vehicle maintenance and operation and replacement, the Department has approximately \$6.8 million, or 52.9% of the non-centrally-determined appropriation available for the remainder of the fiscal year.

Several actions in this report reallocate \$487,000 in vehicle maintenance and operations funding within the Police Department's Non-Personal/Equipment appropriation. Due to the number of sworn vacancies in the Department, fewer patrol cars are being driven, resulting in lower vehicle maintenance and operations costs. A portion of the savings (\$212,000) is recommended to be reallocated to pay for the contract with the South Bay Public Safety Consortium for the April 2013 academy which was inadvertently not funded as part of the 2012-2013 Adopted Operating Budget. In order to attract the most qualified sworn and civilian candidates to the Department, savings of \$200,000 is recommended to be reallocated for recruitment efforts and will be used to attend job fairs within in the Bay Area and

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**STATUS OF GENERAL FUND EXPENDITURES**

**DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS**

California as well as outside the State. In addition, funding will be used for advertising and informational material to be distributed to potential candidates. Savings of \$75,000 is proposed to fund the helicopter's scheduled 12-year major maintenance inspection as recommended by the manufacturer's specifications. This overhaul procedure requires a complete teardown and inspection of all components. In addition, repair work is needed to fix an engine module that recently failed in flight. It is estimated that the inspection and repair work could take up to five months to complete. During the repair work, the Department will rely on the partnership with the Santa Clara County Sheriff's Office to provide helicopter coverage for the City. The Budget Office and the Department will monitor expenditures closely to ensure expenditures are within appropriated levels by year-end.

**CONTINGENCY RESERVE**

The General Fund Contingency Reserve remains at \$29.3 million through December, with no revisions through the first six months of the fiscal year.

2012-2013

MID-YEAR  
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SECTION  
II

SELECTED SPECIAL/  
CAPITAL FUNDS  
STATUS REPORT

**2012-2013  
MID-YEAR BUDGET REVIEW**

**II. SELECTED SPECIAL/CAPITAL FUNDS STATUS REPORT**

At mid-year, the City Manager's Budget Office conducts a comprehensive review of expenditure and revenue performance of all operating and capital funds and capital programs through the first six months of the fiscal year. Revenues and expenditures are generally tracking within estimated levels. This section of the report is intended to summarize the results of that review and only discusses selected funds with issues of interest or variances.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**AIRPORT OPERATING FUNDS – AIRPORT MAINTENANCE AND OPERATION FUND &  
AIRPORT REVENUE FUND**

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Revenues – Airport Revenue Fund</i>	115,609,261	55,737,886	48.2%
<i>Expenditures – Airport Maintenance and Operation Fund</i>	63,684,827	22,945,944	36.0%

This section discusses the status of the Airport Revenue Fund and the Airport Maintenance and Operation Fund. The Airport Revenue Fund accounts for all general Airport revenues. The Airport Maintenance and Operation Fund, funded by a transfer from the Airport Revenue Fund, accounts for expenditures incurred for the maintenance and operation of the Norman Y. Mineta San José International Airport.

**FUND STATUS**

*Revenues* – General Airport revenue categories include Landing Fees, Terminal Rentals, Airfield, Terminal Concessions, Parking and Roadway, and General and Non-Aviation. Passenger activity levels at the Airport through December 2012 increased by 0.9% when compared to the same period last fiscal year. Overall revenue performance at the Airport of \$55.7 million, or 48.2%, is tracking slightly above anticipated levels, compared to a benchmark of 48.1%. Airline rates and charges, primarily landing fees and terminal rentals, are slightly above the budgeted estimates due to the higher than projected common use gates and ticket counters revenues. The performance of airfield revenues also exceeds projections due to the increase of off-airport in-flight kitchen revenues. Overall parking and roadway revenues continue to slightly exceed the estimated budget.

Total general and non-aviation revenues, consisting primarily of fees associated with hangars, land and building rental, petroleum program, general aviation, and other non-aviation (miscellaneous) revenues, are tracking on target. Within this category, petroleum revenue exceeded the estimated budget by 30% as a result of increased per gallon fuel flowage charges from \$0.10 per gallon to \$0.20 per gallon that took effect in November 2012.

In this document, a downward adjustment to Parking & Roadway revenue estimate (\$677,991) with an offsetting decrease in Non-Personal/Equipment expenditures and the Reserve Per Airline Agreement (\$246,599) is recommended. On September 18, 2012, the City Council approved a new agreement with On-Demand Ground Transportation Services (Taxi San José) which resulted in Taxi San José collecting

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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**AIRPORT OPERATING FUNDS – AIRPORT MAINTENANCE AND OPERATION FUND &  
AIRPORT REVENUE FUND**

**FUND STATUS**

permit fees and performing administrative functions directly rather than the Airport collecting and remitting the fees to Taxi San José. This allows for a reduction in both revenues and expenses.

*Expenditures* – Operating expenditures, appropriated in the Airport Maintenance and Operation Fund, include Personal Services, Non-Personal/Equipment, and overhead reimbursements. Through December, Airport Personal Services and Non-Personal/Equipment expenditures are tracking below budgeted levels.

Personal Services expenditures are tracking at 46.0%. Savings are due to vacancies in most divisions of the department. At the close of December, the department had 16 vacancies after having filled eight vacant positions since July. Some of the vacant positions were backfilled with temporary staffing. At the January 29 City Council Meeting, the City Council approved the net addition of 4.0 positions (3.0 positions in the Airport Department and 1.0 position in the Office of Economic Development) in order to drive Airport revenue generation and enhance air service development efforts, as well as to improve staffing levels and supervision at the Airport Operations Center. The estimated cost (\$330,000) for these positions for the remainder of the fiscal year will be absorbed through vacancy savings. Overtime expenditures are \$120,000 and are in line with expectations and will be closely monitored for the remainder of the fiscal year.

Non-Personal/Equipment expenditures (excluding encumbrances) are tracking at 28.3%, and when encumbrances are included, are tracking at 55.8% of budgeted levels. The department's efforts to efficiently operate and maintain the facilities while continuing to be fiscally responsible has resulted in effective cost controls. It is anticipated that through conservative spending, as in previous years, savings in the Non-Personal/Equipment appropriation will be generated in the current fiscal year.

Several Non-Personal/Equipment appropriation adjustments are recommended in this report. As noted earlier, the most significant is to decrease the Airport's Non-Personal/Equipment appropriation for changes related to the new agreement with On-Demand Ground Transportation Services (Taxi San José) that resulted in Taxi San José taking over permit fee collection and administrative duties from the Airport (\$431,392). As detailed in Section III of this report, funding reductions are also recommended for Customer Cart and Baggage Delivery Services (\$275,000), which the airlines have agreed to provide using their own contractors, and for the Lounge Operator, which was signed as a concessionaire agreement (\$600,000). A Non-Personal/Equipment appropriation increase of \$64,700 is recommended to provide funding to host the Airport Councils International World/North American Annual Conference and Exhibition in September 2013. This increase would be offset by the recommended reduction in the Reserve for Airport Councils International Conference that was set aside for this purpose. The net impact to the Non-Personal/Equipment appropriation is a recommended decrease of \$1,241,692.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**AIRPORT OPERATING FUNDS – AIRPORT MAINTENANCE AND OPERATION FUND &  
AIRPORT REVENUE FUND**

**FUND STATUS**

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Unrestricted Ending Fund Balance – Airport Revenue Fund</i>	37,108,980	N/A	N/A
<i>Unrestricted Ending Fund Balance – Airport Maintenance and Operation Fund</i>	29,250,959	N/A	N/A

Interdepartmental expenditures (charges for staff and services located in other City departments including the Police and Fire departments) total \$4.2 million through December and are tracking at anticipated levels.

Fund Balance – In the Airport Revenue Fund, a net increase of \$4,172,120 in the Ending Fund Balance is the result of the following recommendations contained in this report: an increase of \$4,418,719 for changing the source of the 2007B debt service using bond proceeds rather than airline rate and charges and a decrease of \$246,599 to the Parking & Roadway revenue associated with On-Demand Ground Transportation Services (Taxi San José).

Due to the recommendations previously discussed in this report, a net increase to the Ending Fund Balance of approximately \$802,000 in the Airport Maintenance and Operation Fund is recommended.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**BUILDING AND STRUCTURE CONSTRUCTION TAX FUND**

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Revenues</i>	20,924,000	8,059,150	38.5%
<i>Expenditures</i>	30,566,167	5,329,949	17.4%

**FUND STATUS**

Revenues – Tax revenue in the Building and Structure Construction Tax Fund, which is a major funding source for the Traffic Capital Program, is tracking above anticipated levels. Through December, Building and Structure Construction Tax receipts totaled \$6.3 million and are on pace to exceed the budgeted estimate of \$10.0 million by \$1.0 million to \$2.0 million. The budgeted estimate for this tax allowed for a 21% decline from 2011-2012 actual receipts, as prior year collections saw unusually strong collections related to new multi-family residential construction permits issued near the later portion of the fiscal year, as well as higher than expected commercial and industrial alteration activity. However, construction activity in 2012-2013 has sustained the previous year’s surge, especially in the multi-family and industrial sectors. Staff will continue to monitor revenue performance and, while no budget adjustments are recommended at this time, construction revenue estimates for 2012-2013 will be revised upward as appropriate in the 2014-2018 Five-Year General Fund Forecast and Revenue Projections document, scheduled for release late February 2013. Federal and State grants are the other major revenue sources in the Building and Structure Construction Tax Fund.

Expenditures – Overall, current year expenditures in the Building and Structure Construction Tax Fund are tracking within expected levels, however a number of expenditure adjustments are recommended in this report, offset with a decrease in the Ending Fund Balance, to keep projects moving forward that have encountered challenges in project implementation.

An increase of funding in the amount of \$644,000 is recommended for The Alameda: A Plan for the Beautiful Way project to modify the project’s design. The project was originally designed with landscaping elements beyond the City’s typical standard as the City had an expectation that a new Maintenance District approved by property owners would help maintain the enhanced landscaping elements. However, the Maintenance District did not pass so the project required a partial redesign to eliminate the enhanced landscaping elements. Further, once the project was advertised, the lowest qualified bidder came in \$1.5 million over the grant amount authorized by the Metropolitan Transportation Commission. Therefore, the project was redesigned to reduce lighting, electrical and other non-essential higher cost elements, while still maintaining the core scope of the project intact.



<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**BUILDING AND STRUCTURE CONSTRUCTION TAX FUND**

**FUND STATUS**

An increase of funding in the amount of \$550,000 is recommended for the San Carlos Multimodal Streetscape Improvements Phase II project to address several unforeseen design challenges, especially with regard to utility conflicts. The additional funding of \$360,000 will provide for higher Public Works Department construction management expenses, and \$190,000 will be directed to VTA to redesign several facilities, including the relocation of light rail communication cabinets that were unknown until design work had been underway. Other recommended increases in project funding include Traffic Signal Communications and Synchronization (\$291,000), Traffic Signal and Lighting Program (\$108,000), Bus Rapid Transit (\$100,000), San Carlos Multimodal Streetscape Improvements Phase I (\$95,000), and Capital Program and Public Works Department Support Service Costs (\$50,000), as described in Section III, Recommended Budget Adjustments and Clean-up Actions.

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Unrestricted Ending Fund Balance</i>	2,968,768	N/A	N/A

*Fund Balance* – A recommendation to decrease the Ending Fund Balance by \$1.6 million, from \$3.0 million to \$1.4 million is included in this report as a result of the additional resources allocated to the projects described above and in Section III, Recommended Budget Adjustments and Clean-up Actions.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**COMMUNITY FACILITIES REVENUE FUND**

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Revenues</i>	9,141,543	6,803,295	74.4%
<i>Expenditures</i>	9,851,043	611,616	6.2%

**FUND STATUS**

Revenues – Revenue in the Community Facilities Revenue Fund accounts for income from two primary sources: (1) net revenues from the operation of the Hayes Center paid to the City by the operator of the facility (Dolce) (\$4.6 million), and (2) transfers from the General Fund to cover operating shortfalls (\$4.5 million). In addition, a small amount of interest earnings (\$32,000) is assumed. Through December, revenues of \$6.8 million, or 74.4% of the budgeted estimate have been received. The primary reason for this is the receipt of the full \$4.5 million Transfer from the General Fund. Excluding this transfer, revenues of \$2.3 million reflect 49.6% of the budgeted earned revenues estimate of \$4.6 million.

The revenues from operating the Hayes Center provide funding for debt, operating, and capital expenditures. Through December, \$1.95 million has been received from the operator for debt expenses, or 50% of the budgeted estimate. The balance of this transfer from the Hayes Center for Debt Expenses will be received in the second half of the year, and the amount will be reconciled and adjusted in alignment with the actual debt expense. The debt has a variable interest rate, thus the debt expense may vary slightly from the budgeted amount, as described in the Expenditures section below. The first installment of the transfers from the Hayes Mansion for Capital Improvements and City expenses have been received as expected, with the remaining reimbursements for actual costs anticipated to be received in the second half of the year. Interest earnings are tracking below the budgeted estimate; however, as this revenue stream constitutes less than 1.0% of the budgeted revenues, the impact to the fund is minimal.

Expenditures – Expenditures in this fund include Hayes Center Debt Service, Hayes Repair and Improvement, Hayes Consultant Costs, and a Transfer to the General Fund to provide reimbursement to the City for expenses such as accounting support, bond administration, and insurance. Expenditures of \$612,000 reflect 6.2% of the budget in the Community Facilities Revenue Fund and are tracking within expected levels. The primary reason for the low expenditure level is that a \$5.2 million budgeted operating subsidy transfer to the Hayes Center will take place later in the year. Overall expenditures are anticipated to end the year within budgeted levels, with the exception of one, for which an adjustment is recommended, as described below.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS  
COMMUNITY FACILITIES REVENUE FUND**

**FUND STATUS**

The facility operator of the Hayes Center receives an annual subsidy from the City to cover operating shortfalls. The facility operator's expenditures include direct and indirect expenditures (not reflected in this fund), debt service, as well as expenses associated with the City's management of the fund. Because the facility operator's revenues are tracking \$971,000 (16.8%) above expected levels with corresponding expenditures tracking only \$432,000 (7.2%) above expected levels, and because lower than anticipated variable interest rates may lower the debt expense for the year, the facility operator is tracking to recognize net operating savings in 2012-2013. If this tracking remains, it may be possible to lower the General Fund subsidy to the operator later this year or in 2013-2014.

An increase of \$26,000 to the Transfer to the General Fund is recommended as part of this report to ensure the full reimbursement of City staff time (Principal Accountant) directly associated with the Community Facilities Revenue Fund. A corresponding increase to the revenue estimate for the transfer from the Hayes Center – City Expenses is also recommended, as it is anticipated sufficient revenues will be available from the Hayes Mansion operations to reimburse this cost.

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Unrestricted Ending Fund Balance</i>	1,274,840	N/A	N/A

Fund Balance – No adjustment to the Ending Fund Balance in the Community Facilities Revenue Fund is recommended at this time.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS  
CONSTRUCTION AND CONVEYANCE TAX FUNDS**

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Revenues</i>	38,163,500	15,370,472	40.3%
<i>Expenditures</i>	83,249,822	13,769,918	16.5%

**FUND STATUS**

*Revenues* – A total of 17 Construction and Conveyance (C&C) Tax Funds are budgeted throughout the Capital Budget. A majority of these funds (13) support the Parks and Community Facilities Development Capital Program, with the remaining four funds supporting the Public Safety Capital Program, Library Capital Program, Service Yards Capital Program, and Communications Capital Program. The primary source of funding in the C&C Tax Funds is C&C Tax receipts. However, grant funding, transfer revenue, and other miscellaneous revenue may also be included in these funds. Through December 2012 revenue in the C&C Tax Funds totaled \$15.4 million, which is 40.3% of the 2012-2013 Modified Budget of \$38.2 million. While C&C Tax receipts are tracking higher than budgeted levels, as discussed in more detail below, the year-to-date revenues are tracking low primarily as the result of grant revenue that has not yet been received, but is anticipated to be received by year-end.

As previously reported in the Bi-Monthly Financial Reports, continuing the trend experienced since mid 2011-2012, C&C Tax revenues are experiencing strong growth compared to receipts from the prior fiscal year. Receipts through December 2012 totaled \$12.4 million, which is an increase of 41.0% from the \$8.8 million collected during the same time period last year. The City has also received notification from the County of Santa Clara that the January Conveyance receipt totals \$6.7 million, an unprecedented single month receipt. This high collection level is likely due to the timing of tax receipt processing, and not an indicator that revenues will continue at this significantly higher collection level.

Nearly 99% of the total C&C Taxes are comprised of conveyance receipts, a tax based on the value of property transfers. Consistent with the C&C Tax performance, housing statistics are also performing strongly when compared to activity levels experienced during the same time period in 2011-2012. The median single-family home price totaled \$584,500 in December 2012, which is an increase of 23.2% from the \$474,500 home price in December 2011. In addition, it is taking less time to sell these homes, as the average days-on-market for single-family and multi-family dwellings totaled 36 days in December 2012, which is a 57.1% drop from the 84 days experienced in December 2011. The number of listings of new single-family and multi-family dwellings on the market has dropped approximately 33.3% from 583 listings in December 2011 to 389 in December 2012. Likely as a result of the lower level of inventory, the property transfers (sales) for all types of residences dropped approximately

**2012-2013  
MID-YEAR BUDGET REVIEW**

**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONSTRUCTION AND CONVEYANCE TAX FUNDS**

**FUND STATUS**

5.3% from 713 in December 2011 to 675 in December 2012. Cumulatively, property transfers from July through December totaled 4,171, which was up 3.4% from the 4,032 transfers during the first six months of 2011-2012.

The 2012-2013 Adopted Capital Budget estimate for C&C Taxes is \$21.0 million, which allows for a 17.3% drop from the actual 2011-2012 collection level. However, as discussed above, year-to-date collection levels have far exceeded expectations; therefore, a recommendation is included in this report to increase the 2012-2013 C&C Tax estimate from \$21.0 million to \$30.0 million. The \$9.0 million increase to the C&C Tax revenue estimate would be distributed as follows: Parks C&C Tax allocation (\$5.8 million); Library C&C Tax allocation (\$1.3 million); Service Yards C&C Tax allocation (\$790,000); Fire C&C Tax allocation (\$756,000); Communications C&C Tax allocation (\$306,000); and Park Yards C&C Tax allocation (\$108,000). With the exception of the Service Yards C&C Tax Fund and the Fire C&C Tax Fund, as described below, the additional revenue is recommended to be placed in each respective funds' Ending Fund Balance for future allocation. Further detail regarding these transactions can be found in Section III, Recommended Budget Adjustments and Clean-up Actions, of this report.

*Expenditures* – Overall, expenditures in the various C&C Tax Funds are tracking within expected levels through December and are anticipated to end the year within budgeted levels. This report, however, includes a few expenditure adjustments or new expenditure allocations, as described below.

- The Service Yards C&C Tax Fund includes a recommendation to establish a Reserve: Debt Service Payments in the amount of \$790,000. This reserve will be available to offset 2013-2014 General Fund contributions to the debt service payments related to the Central Service Yard Phase I project. In 2012-2013, the General Fund is providing funding in the amount of \$1.3 million of the \$1.7 million debt service payment. In the 2013-2017 Capital Improvement Program, it is assumed that the General Fund would fund the entire \$1.7 million debt service payment in 2013-2014. This new reserve will be offset by the additional C&C Tax revenue allocated to the Service Yards C&C Fund that is recommended to be recognized as part of this report.
- The Fire C&C Tax Fund includes a recommendation to establish a Reserve: Fire Facilities Improvements in the amount of \$756,000. There are many fire stations in the City that are more than 50 years old and they are recently showing signs of significant maintenance and repair needs. This reserve will help to ensure that funding is available for any critical fire station needs that may arise in the near future. This new reserve will be offset by the additional C&C Tax revenue allocated to the Fire C&C Fund that is recommended to be recognized as part of this report.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS  
CONSTRUCTION AND CONVEYANCE TAX FUNDS**

**FUND STATUS**

- The Parks Central and Park Yards C&C Tax Funds include recommendations to increase the transfer to the General Fund by \$864,000 and \$16,000, respectively. Per City Council policy, 15% of Parks C&C Tax revenue is transferred to the General Fund for Parks, Recreation and Neighborhood Services Department operating and maintenance costs. Therefore, as this report includes upward adjustments to the C&C Tax revenue estimate, an increase to the General Fund transfer is recommended as well. These transfers will be offset by the additional C&C Tax revenue allocated to the Parks Central and Park Yards C&C Tax Funds that is recommended to be recognized as part of this report.
- The Parks Central C&C Tax Fund includes recommendations to increase the transfer budgets to each of the ten Council District C&C Tax Funds as well as the Parks City-Wide C&C Tax Fund. These budget adjustments are the result of the recommendation to increase the C&C Tax revenue estimate, which is recognized in the Parks Central C&C Tax Fund.

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Unrestricted Ending Fund Balance</i>	25,692,466	N/A	N/A

*Fund Balance* – As previously mentioned, this report includes a recommendation to increase the current year C&C Tax revenue estimate by \$9.0 million. With the exception of the Service Yards (\$790,000) and Fire (\$756,000) C&C Tax Funds, the increased C&C Tax revenue for the remaining funds is recommended to be allocated to the respective Ending Fund Balances (\$3.3 million). This additional funding will be programmed as part of the upcoming 2013-2014 Proposed Capital Budget and the 2014-2018 Proposed Capital Improvement Program. For more detailed information regarding the Ending Fund Balance adjustments by fund, please refer to Section III, Recommended Budget Adjustments and Clean-up Actions of this report.

<b>2012-2013</b> <b>MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONSTRUCTION EXCISE TAX FUND**

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Revenues</i>	49,626,543	17,324,286	34.9%
<i>Expenditures</i>	66,232,574	21,045,544	31.8%

**FUND STATUS**

*Revenues* – Construction Excise Tax receipts are the single largest source of revenue in the Traffic Capital Program, constituting approximately 26% of the budgeted revenue estimate for this fund. Through December, Construction Excise Tax receipts are tracking above anticipated levels at \$7.8 million and are on pace to exceed the budgeted estimate of \$13.0 million by \$1.0 million to \$2.0 million. The budgeted estimate for this tax allowed for a 28% decline from 2011-2012, as prior year collections saw unusually strong gains late in the year related to new multi-family residential construction, as well as higher than expected commercial alteration activity. Residential construction activity in 2012-2013 has sustained the previous year’s surge, but growth is tempered by a decline in commercial-related construction. Staff will continue to monitor revenue performance and, while no budget adjustments are recommended at this time, construction revenue estimates for 2012-2013 will be revised upward as appropriate in the 2014-2018 Five-Year General Fund Forecast and Revenue Projections document, scheduled for release late February 2013.

Other major revenue sources in this fund include funds for pavement maintenance from the State Gas Tax allocation (\$7.5 million), the Federal Transportation Bill (\$7.3 million), federal government revenues related to Caltrans’ relinquishment of certain state routes (\$5.8 million), the County of Santa Clara (\$5.0 million), and various grants. Most of these revenue sources are received on a reimbursement basis and are tracking within anticipated levels. Traffic Impact Fees are appropriated as they are collected from developers and are set aside in a reserve until they can be expended. Included in this report is a recommendation to increase the estimate for Traffic Impact Fees collected in the North San José area (\$3.0 million) and the Evergreen area (\$1.2 million), and their reserves, respectively.

This report also includes recommendations to recognize additional revenue received from the County of Santa Clara for maintenance of streets relinquished by the County to the City (\$400,000), and from greater than anticipated State Gas Tax proceeds (\$1.8 million) which will establish a State Gas Tax Pavement Maintenance Reserve in the same amount for use in 2013-2014.

*Expenditures* – Overall, expenditures in the Construction Excise Tax Fund are tracking within expected levels and are anticipated to end the year within budgeted levels. However, a number of expenditure adjustments recommended in this report decrease the Ending Fund Balance or increase grant revenue, as

**2012-2013  
MID-YEAR BUDGET REVIEW**

**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONSTRUCTION EXCISE TAX FUND**

**FUND STATUS**

summarized below, as well as in Section III, Recommended Budget Adjustments and Clean-Up Actions of this report.

A decrease of funding in the amount of \$2.0 million is recommended for the Montague Expressway North San Jose - County Settlement Agreement, from \$6.0 million to \$4.0 million, to reflect the settlement payment schedule agreed to with the County of Santa Clara. According to the schedule, \$4.0 million will be paid from the City to the County in 2012-2013, \$2.0 million per year from 2013-2014 to 2015-2016, and a final payment of \$1.0 million in 2016-2017, yielding a total payment of \$11.0 million. It is further recommended to set aside the \$2.0 million reduction in the 2012-2013 settlement payment into a reserve for the 2013-2014 settlement payment.

In this report, it is also recommended to turn on approximately 900 streetlights previously turned off in 2008-2009 due to budget reductions. Generally located along arterial streets, these streetlights will improve street and public safety, as well as street appearance, and will be turned on beginning in March at the rate of approximately 225 per month. One-time costs totaling \$44,000 are needed for equipment, materials, and overtime to replace various lamps and fuses. The increased electricity costs in 2012-2013 can be absorbed in the General Fund due to one-time PG&E credits related to LED installations. If this recommendation is approved, starting in 2013-2014, ongoing annual electricity costs of \$92,000 will be included in the General Fund as part of the Department of Transportation's 2013-2014 Base Budget.

As detailed in Section III of this report, other recommended increases to project funding include San Fernando Street Enhanced Bikeway and Pedestrian Access (\$318,000), Safety: Traffic Signals & Rehabilitation (\$127,000) offset with revenue from the Valley Transportation Authority, Jackson Avenue and Alexian Drive Pedestrian Improvements (\$125,000) offset with developer fees, Safe Access San José (\$100,000), Bicycle and Pedestrian Facilities (\$48,000) offset with a Clean Air grant, and Land Management and Weed Abatement (\$25,000).

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Unrestricted Ending Fund Balance</i>	1,613,578	N/A	N/A

Fund Balance – A recommendation to decrease the Ending Fund Balance by \$487,000, from \$1.6 million to \$1.1 million is included in this report as a result of the additional resources allocated to the projects described above and in Section III, Recommended Budget Adjustments and Clean-up Actions.



<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONVENTION AND CULTURAL AFFAIRS FUND**

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Revenues</i>	28,723,783	6,846,092	23.8%
<i>Expenditures</i>	33,731,757	14,773,547	43.8%

**FUND STATUS**

Revenues – The Convention and Cultural Affairs Fund is funded primarily from revenues received through the operations of the Convention Center and other cultural facilities (\$11.5 million), through transfers from the Transient Occupancy Tax (TOT) Fund (\$7.2 million), and the issuance of commercial paper to remodel the Convention Center kitchen and HVAC (\$10.0 million). For the first half of the fiscal year, revenues of \$6.8 million are tracking at 23.8% of the budget and include operations revenue of \$5.2 million and a transfer of \$1.6 million from the TOT Fund. Commercial paper has not yet been issued through December.

While operations revenues of \$5.2 million have been recognized, the operator of the Convention and Cultural Facilities, Team San Jose (TSJ), has provided financial reports reviewed by the City showing operations revenues through December of \$8.4 million, compared to a December target of \$4.3 million. The better than anticipated revenue performance is primarily due to the increase of food and beverage and contract labor revenues driven by a greater than expected number of contracted events in the facilities managed by TSJ. The 2012-2013 budget was developed with the expectation that construction activity from the Convention Center expansion project would adversely impact contracted events, yet demand for facilities remains relatively strong. Due to the strong performance thus far, and the number of contracted bookings for the remainder of the fiscal year, this report includes a recommendation to increase operating revenues by \$6.3 million, from \$11.5 million to \$17.8 million, partially offset by related expenditure increases as described below. Revenues will continue to be closely monitored as the year progresses.

In November 2012, the City Council authorized staff to negotiate and execute agreements for naming rights at the San José Civic Auditorium and sponsorship rights at the Center for the Performing Arts (CPA) for a period of five years and total fee of \$1.2 million. Consequently, a \$1.2 million increase in revenues is recommended to recognize funds scheduled to be received from City National Bank for naming and sponsorship. A corresponding expenditure increase is recommended and discussed below.

The full transfer of \$7.2 million from the Transient Occupancy Tax is expected to be received by year-end. The commercial paper will be issued as necessary to support the Convention Center kitchen and HVAC project.

**2012-2013  
MID-YEAR BUDGET REVIEW**

**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONVENTION AND CULTURAL AFFAIRS FUND**

**FUND STATUS**

Expenditures – Through December, expenditures of \$14.8 million were tracking at 43.8% of the budget. Based on current activity levels, operating appropriations are anticipated to end the year at higher than budgeted levels, due to a greater number of contracted events, as described previously. To account for this increase and TSJ's future activity forecast, this report includes a recommendation to increase the Convention Facilities Operations appropriation by \$5.1 million, from \$16.4 million to \$21.5 million. The increase will primarily cover food and beverage expenses and contract labor costs, which are passed on to facility users.

As recommended in this report, \$870,000 of the \$1.2 million naming rights revenue will be allocated to capital improvements and marketing of the Civic Auditorium and the Center for Performing Arts and \$330,000 will be allocated to Front Row and Nederlander as an incentive fee for their efforts in securing the naming rights agreement.

Additionally, it is recommended that an appropriation in the amount of \$150,000 be established to fund efforts for the Public Works Department to develop and administer a Request for Proposal (RFP) process to select two separate vendors for coffee concessions and business center services at the newly remodeled Convention Center. The Coffee Shop RFP will select an operator/vendor to establish a coffee concessions site at the Convention Center Plaza. In return for receiving a prime downtown location on City property, the operator/vendor will provide funding in the form of a loan or prepaid lease to construct related improvements and final build-out of the plaza. The Business Center RFP will select an operator/vendor to add essential services to event managers and participants, such as printing, copying, shipping, electronic communication, and office supplies. In return, the operator/vendor shall pay to the City as a Concession Fee, the greater of a Minimum Annual Guarantee or a Percentage Fee of revenues as described in the RFP. This appropriation only funds staff time related to the RFP processes; all construction and other physical improvement costs will be paid by the selected operators/vendors.

Due to a large volume of unanticipated urgent repairs and maintenance issues experienced at the Convention Center and Center for the Performing Arts, this report includes a recommendation to increase funding for Miscellaneous Improvements and Repairs in the amount of \$500,000. The additional funds will be spent on items such as carts, trash cans, kitchen equipment, pressure washing equipment, and electrical maintenance equipment.

In assessing TSJ's performance for 2011-2012, the City Auditor determined that TSJ achieved only 84% of the target for theater performance days. While TSJ achieved an overall weighted incentive fee score of nearly 137% for 2011-2012, which would typically earn it the maximum incentive fee of \$350,000, the Management Agreement stipulates that TSJ must achieve at least 90% of each performance measure to receive any incentive fee. Therefore, a recommendation is included to eliminate the Team San José Incentive Fee appropriation, yielding an expenditure reduction in the amount of \$200,000.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONVENTION AND CULTURAL AFFAIRS FUND**

**FUND STATUS**

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Unrestricted Ending Fund Balance</i>	2,057,982	N/A	N/A

*Fund Balance* – A recommendation to increase the Ending Fund Balance by \$750,000, from \$2.1 million to \$2.9 million, is included in this report as a result of the net revenue from additional activity (\$1.2 million) offset with net expenditure adjustment recommendations (\$450,000) as described above.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**INTEGRATED WASTE MANAGEMENT FUND**

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Revenues</i>	130,965,917	67,438,177	51.5%
<i>Expenditures</i>	134,359,317	42,801,206	31.9%

**FUND STATUS**

Revenues – Revenues in the Integrated Waste Management Fund include payments received from residential solid waste generators under the Recycle Plus Integrated Waste Management Program (Recycle Plus Collection Charges) (\$105.7 million); New Market Tax Credit Reimbursements (NMTC) (\$10.9 million); Lien-Related Charges (\$7.2 million); (AB 939) fees (\$4.2 million); payments received from the Construction and Demolition Deposit (CDDD) Program (\$820,000) that are identified as ineligible deposits for refund; SB 332 Beverage Container Recycling payments (\$255,428); NMTC leverage loan interest (\$96,142); interest earnings (\$78,000); franchise applications (\$390); and various grants, including the California Energy Commission (CEC ) Grant: Biomass to Energy Technology Project (\$745,492), and Safe Routes to Schools Creative (SRTC) Grant (\$110,000).

Through December, revenues totaled \$67.4 million, or 51.5% of budget, and were generated primarily from the following: Recycle Plus Collection Charges (\$57.1 million); Lien-Related Charges (\$5.4 million); AB939 Fees (\$2.5 million); New Market Tax Credit (NMTC) Reimbursements (\$1.4 million); Recycle Plus – Late Fees (\$951,295); Construction and Demolition Diversion Deposit (CDDD) Ineligible Refunds (\$564,199); and New Market Tax Credit - Loan Interest (\$96,142). Through December, there have been no reimbursements from the California Energy Commission (CEC) Grant: Biomass to Energy Technology Project or the Safe Routes to Schools Creative (SRTC) Grant.

Although the Recycle Plus Collection Charges, AB939 Fees, Lien-Related Charges, CDDD, Franchise Applications, and NMTC leverage loan interest are tracking to end the year at or above budgeted estimates, overall revenues are expected to end the year \$6.9 million below budgeted levels primarily due to lower than expected NMTC proceeds scheduled to be received during the current fiscal year and delays in projects reimbursed with grant funds. Reimbursements of only \$5.3 million of the \$10.9 million budgeted NMTC proceeds are estimated to be received by year-end due to unexpected delays in the construction of the Environmental Innovation Center (EIC) project as discussed below. The City will be reimbursed for eligible costs incurred, per the NMTC agreements. Upon project completion, the City will be fully reimbursed for all eligible project expenses which is anticipated for 2013-2014. Delay in several grant-funded projects resulted in lower than expected grant revenue received during the first half of the year. The Safe Routes to Schools Creative (SRTC) Grant (\$110,000) is in the process of preparing for its first reimbursement request and it is anticipated that approximately 50% of the projected revenue will be received by the end of 2012-2013. The California Energy Commission (CEC)

**2012-2013  
MID-YEAR BUDGET REVIEW**

**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**INTEGRATED WASTE MANAGEMENT FUND**

**FUND STATUS**

Grant: Biomass to Energy Technology Project (\$745,492) has previously accrued revenue of \$39,919 and the Department anticipates receiving the next reimbursement of \$125,495 before the end of this fiscal year. The Administration will recommend rebudgeting any remaining balances for the two grants as well as any outstanding NMTC reimbursements as part of the 2013-2014 budget process.

In fall 2012, the City received a settlement payment in the amount of \$880,530 for unpaid Source Reduction and Recycling Fees (AB939 fees) for solid waste disposed at Kirby Canyon Landfill. The County is authorized by the City to collect AB939 fees from landfills through an agency agreement between the County and each city in the County and to remit a portion of these fees to cities for their waste diversion programs. County AB939 fees are broken into two parts: the part remitted back to each jurisdiction and the part the County uses to run the Household Hazardous Waste (HHW) program. Since the payment of these funds is a settlement of unpaid AB939 fees, these funds are restricted. The HHW part of the fee is further restricted by the City's agreement with the County which stipulates that unused HHW funds remitted to cities can only be used to support HHW activities (e.g. HHW facility capital costs, operational costs, public outreach). This report recommends recognizing the settlement revenue in the amount of \$880,530, offset with an increase to the HHW Las Plumas Facility appropriation as discussed below.

*Expenditures* – Through December, \$42.8 million, or 31.9% of the budget, has been expended, and an additional \$74.8 million or 55.7% encumbered. The year-to-date expenditures of \$117.6 million were primarily attributed to the actual expenditures and encumbrances of Recycle Plus contracts for Single Family Dwelling (\$50.5 million), Yard Trimmings/Street Sweeping (\$22.9 million), and Multi-Family Dwelling (\$17.6 million). Additional expenditures include IDC Disposal Agreement (\$8.8 million), Household Hazardous Waste Las Plumas Facility (\$5.6 million), and Environmental Services Department (ESD) Personal Services (\$3.0 million) and Non-Personal/Equipment (\$2.3 million) appropriations.

The Administration projects savings at the end of 2012-2013 in various appropriations. The Household Hazardous Waste Las Plumas Facility project is funded by various sources which include Lien Related Charges, CDDD, and NMTC reimbursements. The Household Hazardous Waste Las Plumas Facility appropriation (\$11.8 million), is expected to generate \$2.0 million in savings due to unexpected delays in the construction of the project as discussed below. These expenditure savings are not sufficient to offset the anticipated reduction in NMTC reimbursements described above. Although expenditures will exceed reimbursements, as a result of the hazardous material abatement issues and construction delays, it is anticipated that savings in other appropriations as discussed below will be sufficient to offset the anticipated decrease in NMTC reimbursements. Upon completion of this project, which is anticipated in the fall 2013, remaining NMTC reimbursements will be received.

<b>2012-2013</b> <b>MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**INTEGRATED WASTE MANAGEMENT FUND**

**FUND STATUS**

It is anticipated that the Recycle Plus Contracts appropriations of \$91.0 million will generate savings of approximately \$800,000 due to a lower than anticipated rate increases as stipulated in the contracts with the haulers, savings from the haulers' incentive payments for achieving diversion targets, and lower than anticipated expenses for on-demand services (e.g. large civic tonnage fluctuations/changes in yard trimmings, carts subscriptions, and variable enhances street sweeps requested by the Department of Transportation). It is anticipated that the ESD Personal Services appropriation will have savings of approximately \$647,000 due to approximately seven vacancies in this fund and the ESD Non-Personal appropriation is anticipated to have savings of approximately \$300,000-\$400,000 primarily due to savings in marketing expenses and various other non-personal/equipment expenditures.

Grant expenditures are tracking below anticipated levels. As discussed above, staff does not anticipate expending the entire amount for the CEC Grant: Biomass to Energy Technology Project by the end of the fiscal year due to reduced need for consultant services on the feasibility study. Upon completion of the feasibility study, if it is recommended to proceed with the Biomass to Energy Technology Project, the Administration will recommend to rebudget the grant funding and expenditure appropriation for this project. The Safe Routes to Schools Creative Grant is anticipating savings by year end due to project delays. The Administration will recommend rebudgets of this appropriation and the related grant revenue as part of the 2012-2013 year-end cleanup process as well as the 2013-2014 budget process.

Due to the hazardous material found inside the existing warehouse, which requires abatement, the construction timeline of the HHW Facility has been extended and additional project delivery costs will need to be incurred for abatement related contracts. Therefore, as discussed above, it is recommended in this report to increase to the HHW Las Plumas Facility appropriation by \$880,530, offset by additional AB939 fees received this year.

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Unrestricted Ending Fund Balance</i>	154,389	N/A	N/A

Fund Balance – No adjustment to the Ending Fund Balance in the Integrated Waste Management Fund is recommended at this time.

<b>2012-2013</b> <b>MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**MUNICIPAL GOLF COURSE FUND**

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Revenues</i>	2,374,500	2,111,762	88.9%
<i>Expenditures</i>	2,272,000	1,406,249	61.9%

**FUND STATUS**

*Revenues* –Budget revenues for this fund consist of the following: subsidy from the General Fund (\$1.8 million), course fees from the San José Municipal and Los Lagos Golf Courses (\$554,000), and miscellaneous revenues and interest (\$20,500). Through December, the full subsidy of \$1.8 million has been received from the General Fund. Course revenues totaled \$293,000, or 52.8% of the budgeted estimate, and are tracking close to estimated levels. Miscellaneous revenues and interest totaled \$19,000, or 93.7% of the budgeted estimate.

Revenues from the San José Municipal Golf Course, which totaled \$260,000 through December, are based on a fixed percentage of the gross sales, regardless of operator costs, and are estimated to end the year at budgeted levels of \$444,000.

For the Rancho del Pueblo and Los Lagos Golf Courses, only the net profits from the operation of the courses are paid into the Municipal Golf Course Fund. Based on estimated activity, the 2012-2013 Adopted Budget included a revenue estimate of \$110,000 for the Los Lagos Golf Course only, with no revenue assumed for the Rancho del Pueblo Golf Course. During the first three months of the fiscal year, activity levels at the Los Lagos and Rancho del Pueblo were slightly higher than the same period a year ago. However, due to comparably lower activity levels from October to December due to inclement weather and a colder fall, activity at the two municipal golf courses is down in comparison to the first six months of 2011-2012. Specifically, rounds of golf played through December 2012 decreased by 11.1% at Los Lagos and by 8.7% at Rancho del Pueblo. The Los Lagos Golf Course revenue projection for 2012-2013 was built on the assumption that activity levels would remain stable at estimated 2011-2012 levels. However, based on actual performance in 2011-2012 and activity through the first six months of 2012-2013, Los Lagos revenues are anticipated to end the year at \$85,000, which is 22.7% below the budgeted estimate of \$110,000. In accordance with the budgeted estimate, Rancho del Pueblo is not projected to generate a net operating profit or revenue for this fund.

All revenues generated in this fund are intended to offset or partially offset the debt service costs of these facilities. Though the San José Municipal Golf Course has no debt service obligations, its revenue helps offset the debt service costs of the other two courses. Due to the fact that the course fees have been unable to cover both the fixed costs of operating the facilities and the debt service, a General Fund

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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**MUNICIPAL GOLF COURSE FUND**

**FUND STATUS**

subsidy has been required to support the debt service payments. For 2012-2013, a General Fund subsidy of \$1.8 million is necessary.

*Expenditures* – Expenditures in this fund are generally made for two purposes: payments to course operators in months when course fees are unable to cover the fixed costs of operating the facilities at the Rancho del Pueblo and Los Lagos Golf Courses, and payment of the debt service for the bonds used to develop the two courses. Although activity levels at the Rancho del Pueblo Golf Course have declined, the Rancho del Pueblo Golf Course appropriation of \$290,000 is tracking within anticipated levels and appears to be sufficient at this time. For the Los Lagos Golf Course, it was assumed that an expenditure appropriation of \$115,000 would be necessary and would be almost entirely offset by revenues of \$110,000, for a net operating loss of \$5,000. However, because costs are outpacing revenues beyond the level assumed in the 2012-2013 Adopted Budget during the first half of the year and anticipated during the remainder of the year, an increase to the Los Lagos Golf Course appropriation by \$115,000 from \$115,000 to \$230,000 is recommended to ensure sufficient funds are available to support course operating costs. In the meantime, City staff continues to work with the operators to identify and implement expenditure reduction strategies at the courses.

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Unrestricted Ending Fund Balance</i>	477,982	N/A	N/A

*Fund Balance* – As the result of the significant decline in activity at Los Lagos, a decrease to the Ending Fund Balance in the amount of \$115,000 is recommended to offset the increase to the Los Lagos Golf Course appropriation for operating costs for the remainder of the year.



<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**SAN JOSÉ/SANTA CLARA TREATMENT PLANT CAPITAL FUND**

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Revenues</i>	39,703,000	13,000,231	32.7%
<i>Expenditures</i>	96,902,525	13,465,274	13.9%

**FUND STATUS**

*Revenues* – Budgeted revenue for this fund in the San José/Santa Clara Treatment Plant Capital Fund in 2012-2013 consists of transfers from the City of San José Sewer Service and Use Charge Fund (\$23.3 million) and the Sewage Treatment Plant Connection Fee Fund (\$3.1 million); contributions from the City of Santa Clara and other tributary agencies (\$9.2 million) and from the Santa Clara Valley Water District (\$750,000); Calpine Metcalf Energy Center Facilities Repayments (\$389,000); two federal grants from the US Bureau of Reclamation (\$2.6 million); and interest earnings (\$327,000). Although, year-to-date only about 32.7% of revenues have been received, it is anticipated that all revenues will be received by the end of the year, as budgeted.

*Expenditures* – Expenditures in this fund represent the costs of improvements and rehabilitation of the Water Pollution Control Plant. Through December, \$13.5 million, or 13.9%, of the budget had been expended and an additional \$13.2 million, or 13.6%, encumbered.

It is expected that at year-end, approximately \$5.4 million, or 5.8%, of the expenditure budget will fall to fund balance in 2013-2014 as part of the 2013-2014 Proposed Capital Budget and 2014-2018 Proposed Capital Improvement Program (CIP). Year-end savings are anticipated in the Plant Backup Water Supply, Urgent & Unscheduled Treatment Plant Rehabilitation, Inactive Lagoons Bio Solids Removal, Equipment Replacement, Unanticipated/Critical Repairs, and Treatment Plant Street Rehabilitation projects.

The Water Pollution Control Plant (WPCP) currently has approximately 70 vacancies and projects have been delayed in the first half of the year due to staffing shortages. However, it is currently estimated that approximately \$91.4 million, or 94.2%, will be expended or encumbered on projects and related expenses by the end of the year. Staff anticipates completing and/or awarding projects in 2012-2013, focusing on large efforts such as: Digester Rehabilitation project (\$12.8 million), Headworks Enhancement project (\$6.8 million), Plant Infrastructure Improvements (\$5.8 million), Secondary & Nitrification Clarifier Rehabilitation (\$3.2 million), Treatment Plant Distributed Control System (\$2.5 million), Urgent and Unscheduled Treatment Plant Rehabilitation (\$2.2 million), Advanced Process Control & Automation (\$1.9 million), Iron Salt Feed Station project (\$1.9 million), Plant Electrical Reliability project (\$1.8 million), Combined Heat and Power Technology Evaluation (\$1.3 million), Dissolved Air Flotation Dissolution Improvement project (\$1.0 million), New Filter Technology project

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
---

**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**SAN JOSÉ/SANTA CLARA TREATMENT PLANT CAPITAL FUND**

**FUND STATUS**

(\$1.0 million), Biosolids Transition Technology project (\$1.0 million), and Alternative Disinfection project (\$1.0 million). This estimated expenditure level is contingent on successful procurement of significant consultant and contractor resources to help deliver the program. Efforts are well underway to procure a program advisor and project management services; and procurement of technical consultants is anticipated to occur towards the end of the fiscal year.

The Administration plans to recommend using the reserves in this fund as part of the 2013-2014 Proposed Capital and the 2014-2018 Proposed Capital Improvement Program to accelerate two key projects: Energy Generation Improvements and Biosolids Transition Technology. The delivery schedule for these two projects has been accelerated based on direction from the City Council and Treatment Plant Advisory Committee in February 2012.

	<b>2012-2013 Current Modified</b>	<b>2012-2013 YTD Actual</b>	<b>2012-2013 % of Budget</b>
<i>Unrestricted Ending Fund Balance</i>	30,051,043	N/A	N/A

Fund Balance – No adjustment to the Ending Fund Balance in the San José/Santa Clara Treatment Plant Capital Fund is recommended at this time.

<b>2012 - 2013</b> <b>MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**SAN JOSÉ-SANTA CLARA TREATMENT PLANT OPERATING FUND**

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Revenues</i>	76,371,000	16,883,711	22.1%
<i>Expenditures</i>	89,065,307	36,341,688	40.8%

**FUND STATUS**

Revenues – Revenue for the San José-Santa Clara Treatment Plant Operating Fund consists of contributions from participating tributary agencies, interest earnings, and transfers from the Sewer Service and Use Charge Fund. Through December, revenues totaled \$16.9 million, or 22.1% of the budgeted estimate. The largest source of revenue in this fund, the transfer from the Sewer Service and Use Charge Fund (\$49 million), has not yet been received. This transfer occurs in two installments which occur on February 1<sup>st</sup> and June 1<sup>st</sup>. All revenues are expected to be received by the end of the year, as budgeted.

Expenditures – Expenditures in this fund represent the costs required for the operation and maintenance of the San José-Santa Clara Water Pollution Control Plant (WPCP), including the South Bay Water Recycling System and associated regulatory activities. Through December, \$36.3 million, or 40.8% of the budget, has been expended, and an additional \$16.5 million, or 18.5%, has been encumbered. Spending is lower than expected in several appropriations, with the largest savings expected in the Environmental Services Department (ESD) Personal Services and Workers’ Compensation appropriations. It is estimated that the \$42.7 million ESD Personal Services appropriation may have \$4.5 million in savings by year-end and the \$700,000 Workers’ Compensation appropriation is estimated to have \$390,000 in savings. These savings are primarily due to 70 positions in the fund having been vacant including positions in the following classifications: Plant Operators, Plant Mechanics, Heavy Diesel Equipment Operator/Mechanics, Instrumentation, and Electricians. Recruiting efforts have been underway to fill many of these positions; however, there have been significant challenges in recruiting and retaining staff at the Water Pollution Control Plant.

The Administration has been making substantial efforts to strategize and manage the WPCP staffing challenges. On August 14, 2012, Council approved a contract for temporary staffing to fill critical vacancies in the industrial electrician and instrument control technician positions. Additionally, the Administration has filled other positions with temporary staffing for operations and maintenance and realigned the existing staffing complement to supervise new and temporary entry level staff. In September 2012, the Industrial Electrician job classification series was also established to recognize the specialized training, experience, and duties required to maintain high-electrical power generation equipment at the WPCP. ESD will continue to work with the Human Resources Department to recruit for these positions.

<b>2012-2013</b> <b>MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**SAN JOSÉ-SANTA CLARA TREATMENT PLANT OPERATING FUND**

**FUND STATUS**

All other appropriations in this fund are tracking to meet the estimated budget or are estimated to have slight savings by year end.

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Unrestricted Ending Fund Balance</i>	4,761,500	N/A	N/A

Fund Balance – No adjustment to the Ending Fund Balance in the San José-Santa Clara Treatment Plant Operating Fund is recommended at this time. However, due to expenditure savings, it is anticipated that the year-end unrestricted ending fund balance will be higher than budgeted.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**SANITARY SEWER CONNECTION FEE FUND**

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Revenues</i>	1,801,000	447,349	24.8%
<i>Expenditures</i>	8,243,633	590,874	7.2%

**FUND STATUS**

Revenues – Revenue for this fund in the Sanitary Sewer Capital Program consists of joint participation payments, connection fees, and interest earnings. Joint participation revenues reflect cost sharing of actual expenditures incurred in areas benefiting the County Sanitation Districts 2-3 and West Valley Sanitation District (WVSD). Through December, approximately \$447,000, or 24.8%, in revenues from Connection Fees and Interest have been received. All revenues are expected to be received by the end of the year, as budgeted.

Expenditures – Expenditures in this fund represent the costs for increasing the capacity of and expanding the Sanitary Sewer System. Through December, \$590,874, or 7.2%, of the budget had been expended and an additional \$1.2 million or 14.5% encumbered.

Staff anticipates expending and encumbering approximately \$6.4 million, or 77.5%, in projects in 2012-2013 focusing primarily on large efforts such as the Flow Monitoring, Immediate Replacement and Diversion, and Monterey Riverside Relief projects. The Flow Monitoring Program, a city-wide sanitary sewer master planning effort to identify capacity improvement needs and provide for flow analysis and condition assessments, has an unspent balance of approximately \$1.0 million, or 52.5%, through December. It is anticipated that this appropriation will end the year with \$150,000 in savings. The Immediate Replacement & Diversion Projects appropriation (\$1.0 million), which is used for areas that require immediate sewer replacement as part of maintenance activities and in response to sanitary sewer overflows, has \$968,793, or 93.3%, of the budget unexpended through December. It is anticipated all funds will be expended or encumbered by year-end. The Monterey-Riverside Relief Sanitary Sewer appropriation, which is used for the installation of approximately 4,100 linear feet of 27-inch vitrified clay pipe along Cottle Road between Beswick Drive and Monterey Highway, has had no expenditures through December. It is anticipated, however, that these funds will be expended or encumbered by year-end.

The North San José Sanitary Sewer Improvement appropriation which funds capacity studies, flow monitoring, preliminary engineering, and potential cost sharing arrangements for developer installed sanitary improvements in the North San José area has an unspent balance of \$211,474, or 99.8%, through December. Development in the area did not occur in the first part of 2012-2013, but is anticipated to be completed by year-end.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**SANITARY SEWER CONNECTION FEE FUND**

**FUND STATUS**

It is expected that at year-end, approximately \$1.9 million, or 22.5%, of the expenditure budget will fall to fund balance or be recommended for rebudget into 2013-2014 as part of the 2013-2014 Proposed Capital Budget and 2014-2018 Proposed Capital Improvement Program (CIP). This is due to the delay of several projects, such as the Mackey Avenue Sanitary Sewer Replacement, Coleman Road Sanitary Sewer Supplement, and the 30" Old Bayshore Supplement projects. Reasons for these delays include staffing shortages and permitting issues with the Santa Clara Valley Water District and County Sanitation District.

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Unrestricted Ending Fund Balance</i>	7,681,095	N/A	N/A

*Fund Balance* – No adjustment to the Ending Fund Balance in the Sanitary Sewer Connection Fee Fund is recommended at this time.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**SEWER SERVICE AND USE CHARGE CAPITAL IMPROVEMENT FUND**

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Revenues</i>	25,094,000	8,496,364	33.9%
<i>Expenditures</i>	98,399,656	7,649,108	7.8%

**FUND STATUS**

*Revenues* – Budgeted revenue for this fund in the Sanitary Sewer Capital Program in 2012-2013 consists of transfers from the Sewer Service and Use Charge Fund (\$25.0 million) and Interest (\$94,000). Transfers from the Sewer Service and Use Charge Fund take place in three installments over the year and the remaining two transfers will take place as scheduled in the second half of the fiscal year. All revenues are expected to be received by the end of the year, as budgeted. As part of this report, it is recommended elsewhere, to recognize grant revenue in the amount of \$73,577 from an Environmental Protection Agency grant that reimburses the City for costs incurred in 2011-2012 for the Japantown Sewer Infrastructure project.

*Expenditures* – Expenditures in this fund represent the costs of improvements and rehabilitation of the Sanitary Sewer System. Through December, \$7.6 million, or 7.8%, of the budget had been expended and an additional \$12.2 million, or 12.4%, encumbered. Staff anticipates expending approximately \$57.5 million, or 58.5%, in projects in 2012-2013, focusing on such large efforts such as the Spreckles Sanitary Sewer Force Main Supplement and Almaden Expressway Sanitary Sewer Improvement projects and a number of neighborhood sewer improvement projects that will reduce sanitary sewer overflows.

However, it is expected that at year-end, approximately \$40.9 million, or 41.5%, of the expenditure budget will primarily be recommended for rebudget into 2013-2014 as part of the 2013-2014 Proposed Capital Budget and 2014-2018 Proposed Capital Improvement Program (CIP). This is due to the delay of several projects. Reasons for these delays include a more extensive environmental review process for larger projects, permitting issues with the Union Pacific Railroad, and the coordination and timing of the large sewer interceptor projects to limit construction impacts on the Water Pollution Control Plant.

The 60” Brick Interceptor Rehabilitation Project comprises the largest portion that is anticipated to be unexpended (\$26.0 million) this year due to the added scope for the design work that will be included in this project and staffing changes. The Almaden Road Supplement Sewer Rehabilitation (North) project (\$2.2 million) is delayed due to a longer than expected permitting process for work under the Union Pacific Railroad tracks and within other portions of the railroad company’s right of way. The Fourth Major Interceptor Phase IIB (\$2.0 million) and Minnesota Sanitary Sewer Improvement (\$1.7 million)

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**SEWER SERVICE AND USE CHARGE CAPITAL IMPROVEMENT FUND**

**FUND STATUS**

projects will be rescheduled to coincide with related construction to be performed at the Water Pollution Control Plant. This work is expected to begin in spring 2013.

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Unrestricted Ending Fund Balance</i>	14,503,414	N/A	N/A

Fund Balance – A recommendation to increase the Ending Fund Balance by \$73,577, from \$14.5 million to \$14.58 million is included in this report to recognize a grant reimbursement for the Japantown Sewer Infrastructure project that was completed in 2011-2012.



<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**STORM SEWER CAPITAL FUND**

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Revenues</i>	5,626,000	1,880,684	33.4%
<i>Expenditures</i>	17,758,906	2,003,596	11.3%

**FUND STATUS**

*Revenues* – The budgeted revenue estimate for this fund in the Storm Sewer Capital Program consists of transfers from the Storm Sewer Operating Fund (\$5.6 million) and interest earnings (\$26,000). Although, through December, revenues totaled \$1.9 million, or 34% of the budgeted estimate, it is anticipated that the transfers will end the year at the budgeted estimate.

This report includes a recommendation to transfer unused funds in the amount of \$444,873 from the Alviso Ring Levee Fund to this fund. The Alviso Ring Levee Fund was created to record the deposit of direct assessments originally from properties identified in the “Alviso Ring Levee Special Benefit District” in order to construct portions of a ring levee around the community of Alviso. Established in 1983, moneys deposited in this fund were used for the construction of the southeast section of the Alviso Ring Levee. The ordinance that established this fund provides that upon completion of the levee, which occurred several years ago, any remaining balance be transferred to the Storm Sewer Capital Fund.

*Expenditures* – Expenditures in this fund represent the costs of improvements and rehabilitation of the Storm Sewer System. Through December, \$2.0 million or 11.3% of the budget, had been expended, and an additional \$2.0 million or 11.3% had been encumbered.

It is expected that at year-end, approximately \$4.5 million, or 25.4%, of the expenditure budget will primarily be recommended for rebudget into 2013-2014 as part of the 2013-2014 Proposed Capital Budget and 2014-2018 Proposed Capital Improvement Program (CIP). It is anticipated that the Storm Sewer Master Plan appropriation will be rebudgeted due to delays in the selection of consultant services for hydraulic modeling of the existing storm system. The Gold Street Pump Station Force Main appropriation is anticipated to be rebudgeted due to delays in obtaining necessary permits for work in the wetland area.

It is currently estimated that approximately \$13.3 million, or 74.6%, will be expended on projects and related expenses by the end of the year including the award of the following construction projects: Citywide Storm Sewer Inlet and Lateral Replacement, Lincoln Avenue/San Carlos Street Storm Improvements, Gateway East Storm Sewer Improvements, Gateway Storm Pump Station Rehabilitation, and Bird Avenue Storm Improvements.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**STORM SEWER CAPITAL FUND**

**FUND STATUS**

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Unrestricted Ending Fund Balance</i>	873,691	N/A	N/A

*Fund Balance* – A recommendation to increase the Ending Fund Balance by \$444,872, from \$873,691 to \$1.32 million is included in this report to recognize the transfer from the Alviso Ring Levee Fund. The additional funding will be available for future use.

<b>2012-2013 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**TRANSIENT OCCUPANCY TAX FUND**

	2012-2013 Current Modified	2012-2013 YTD Actual	2012-2013 % of Budget
<i>Revenues</i>	13,657,254	5,494,884	40.2%
<i>Expenditures</i>	16,607,960	6,707,596	40.4%

**FUND STATUS**

Revenues – Revenues in the Transient Occupancy Tax (TOT) Fund are tracking above estimated levels and are anticipated to end the year above the budgeted level. The 2012-2013 Modified Budget assumed a 5.0% increase from 2011-2012 revenues. Through December 2012, year-to-date Transient Occupancy Tax receipts of \$5.4 million are 16.7% above December 2011 receipts. As a result of the higher than anticipated revenue collections, an increase to the budgeted revenue estimate by \$1.5 million from \$13.7 million to \$15.2 million is recommended as part of this report, representing an increase of 12.8% from 2011-2012 collection levels. This \$1.5 million of additional revenue is further recommended to be placed into a reserve for future distribution in 2013-2014 as described below.

The increase in TOT receipts is due to increased occupancy and average daily room rates. Through December, the average hotel occupancy rate at the City’s 14 major hotels was 64.4%, up from 57.9% for the same period last year, while room rates have increased from \$121.99 to \$134.34 (10.1%). As of December, the trailing 12-month average revenue-per-available-room (RevPAR) increased to \$87.56, a 23.7% increase from the \$70.76 level experienced in December 2011.

Expenditures – Expenditures through December are generally tracking within budgeted levels. The allocations to the three recipient organizations are based on a fixed percentage of TOT receipts, guided by the formula outlined in the Municipal Code. When collections exceed or fall short of anticipated levels, the allocations to the recipients are adjusted. Based on the additional revenue as discussed above, it is recommended to establish a reserve for future distribution with allocations to the three recipient organizations as follows: \$750,000 to the Convention and Cultural Affairs Fund for operation of convention facilities, \$375,000 for the Convention and Visitors Bureau, and \$375,000 for Cultural Development. Placing the additional funding in reserve, rather than increasing the 2012-2013 recipient appropriations, will allow for further monitoring of the tax collections to ensure all funding is received as projected by year-end.

**2012-2013  
MID-YEAR BUDGET REVIEW**

**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**TRANSIENT OCCUPANCY TAX FUND**

**FUND STATUS**

	<b>2012-2013 Current Modified</b>	<b>2012-2013 YTD Actual</b>	<b>2012-2013 % of Budget</b>
<i>Unrestricted Ending Fund Balance</i>	1,464,498	N/A	N/A

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

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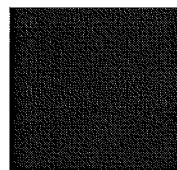
2012-2013

MID-YEAR  
BUDGET  
REVIEW



SECTION  
III

RECOMMENDED  
BUDGET ADJUSTMENTS AND  
CLEAN-UP ACTIONS



**2012-2013  
MID-YEAR BUDGET REVIEW**

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

**RECOMMENDED BUDGET ADJUSTMENTS**

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

**General Fund**

**Urgent Fiscal/Program Needs** – This section recommends expenditure adjustments totaling \$6.9 million based on an evaluation of urgent program or fiscal needs. These include the following actions:

- 2013-2014 Future Deficit Reserve – As described in further detail later in this section, an increase to the 2013-2014 Future Deficit Reserve by \$6.9 million will bring this reserve to \$29.4 million. The City was notified by the County of Santa Clara of the receipt of \$6.9 million due to the recalculation of Property Tax Administration Fees and that funding will offset this increase.
- Net-Zero Funding Shifts in Police Department – Reallocation of vacancy savings to establish a Police Department Overtime Reserve (\$4.0 million); reallocation of vacancy savings for Police Department Overtime (\$500,000); and reallocation of vehicle maintenance and operations funding for the contract with the South Bay Public Safety Consortium for the April 2013 Academy, recruiting activities, and helicopter maintenance inspection and repair work (\$487,000).

**Required Technical/Rebalancing Actions** – This section recommends adjustments to revenues and expenditures that are necessary for General Fund revenue or departmental rebalancing, to realign expenditure line-items, and set aside funding for a 2012-2013 Ending Fund Balance Reserve.

- TRANs Debt Service/Other Revenue – This transaction lowers the TRANs Debt Service appropriation and the associated TRANs proceeds revenue estimate by \$25.0 million due to lower than estimated issuance of Tax and Revenue Anticipation Notes (TRANs) for 2012-2013. These notes are used to pre-fund City contributions to the Retirement System, as described in a memorandum to the City Council on June 1, 2012, because sufficient cash is not available on the pre-payment date. Due to the prudent management of the City's cash flows, it was possible to issue only \$100.0 million in TRANs, rather than the full \$125.0 million available through the City's agreement with the notes purchaser.
- 2012-2013 Ending Fund Balance Reserve – In order to set aside funding for the 2012-2013 Ending Fund Balance Reserve, recommendations are included in this document to increase revenues (\$7.6 million) and realize vacancy savings in departmental personal services allocations (\$2.3 million), savings in City-Wide Expenses appropriations (\$1.7 million), and liquidations in Earmarked Reserves (\$407,000). The recommended actions in this section would set aside \$12.0

**2012-2013  
MID-YEAR BUDGET REVIEW**

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

**RECOMMENDED BUDGET ADJUSTMENTS**

**General Fund**

million of the \$16.0 million, or 75% of the targeted amount based on information through December. The source of the remaining \$4.0 million needed for the ending fund balance estimate will be determined and recommended as part of the year-end clean-ups memorandum that will be brought forward for consideration in June 2013.

- **Other Net Adjustments** – A number of adjustments to various revenue and expenditure line items are recommended to bring the budget in line with current projections. Major recommendations include: decrease the Parking Fine revenue estimate to reflect a decline in the number of parking citations issued, increase the transfer from the Parks Construction and Conveyance Tax Funds for Parks operating and maintenance costs, decrease the Salaries and Benefits Reserve to reflect the elimination of the Benefits Program funding that had been set aside to cover projected health rate increases, increase the workers' compensation claims payments for the Fire Department due to an increase in claims and a spike in the severity of injuries, increase the Wellness Program Reserve to reconcile revenues and expenditures in the program, and increase the Workers' Compensation State License funding due to implementation of SB863 that increased the permanent disability rates effective January 1, 2013 and required greater claims oversight. In addition, several net-zero expenditure adjustments are recommended to align the budget with actual expenditure patterns. These adjustments include departmental shifts between Personal Services and Non-Personal/Equipment appropriations to address projected cost overruns, as well as net-zero shifts between non-departmental appropriations.

**Grants/Reimbursements/Fees** – This section recognizes new or updated grant, reimbursement, or fee activity revenue and appropriates the funds for these purposes in the following departments: Environmental Services; Fire; Library; Parks, Recreation and Neighborhood Services fees and grants; Planning, Building and Code Enforcement; Police; and Public Works (\$1.9 million).

**Special/Capital Funds**

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



**2012-2013  
MID-YEAR BUDGET REVIEW**

**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 based on ongoing review and monitoring of the budget through the first six months of the current fiscal year. Revisions are required to technically correct existing appropriations or to implement benefit changes that have been approved by the City Council in 2012-2013. The following types of adjustments are included:

**Benefits Program** – The 2012-2013 Benefits Program includes net-zero appropriation adjustments to various departments and funds to reflect new health plan contribution rates, effective January 1, 2013. The General Fund increase is provided for by funding set-aside in the Salaries and Benefits Earmarked Reserve. In the Special and Capital funds, sufficient funding is available in the Ending Fund Balance and/or Contingency Reserve to offset the higher Benefits Program costs. The actions recommended in this section will only provide funding for the departments that are not tracking with sufficient vacancy savings to absorb the health rate increase.

**Fund Balance Reconciliation** – These actions revise the Beginning Fund Balance estimates in the 2012-2013 budget based on a reconciliation to the final audited Comprehensive Annual Financial Report.

**Voluntary Furlough/Reduced Work Week Program** – These net-zero adjustments to various departments reflect implementation of the Voluntary Furlough/Reduced Work Week Program. Savings (\$222,000 in the General Fund) are generated from employees taking unpaid time off (up to 45 hours) without the loss of accrued benefits (vacation, sick leave, and seniority) or reducing their weekly scheduled hours by as much as eight hours per week during the year. Savings of \$100,000 was assumed in the development of the 2012-2013 Adopted Operating Budget and was temporarily funded from the Salaries and Benefits Earmarked Reserve. The actions reflected in this report remove the actual savings from the departmental budgets and restore the funding to the Salaries and Benefits Earmarked Reserve. The remaining savings are recommended to offset other budget actions as described elsewhere in this report.

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

- **Net-Zero Funding Transfers/Reallocations** – These actions include net-zero transfers between appropriations and funds, redistributing funding allocations. Revenue reclassifications are also included in this category.

**2012-2013  
MID-YEAR BUDGET REVIEW**

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

**CLEAN-UP ACTIONS**

**General Fund & Special/Capital Funds**

- Health Premiums – Included in this report are funding adjustments to decrease the Health Premiums allocation as well as the corresponding transfer in the Benefit Fund to reflect the lower amount of premiums that will be transferred to the provider as a result of a high number of vacancies in the City.
- Public Works Facilities Capital Repairs and Maintenance Funding – Included in this report is a funding adjustment in the Sewer Service and Use Charge Fund to correct ongoing funding for facilities maintenance to the Public Works Department. The ongoing allocation was approved as part of the 2011-2012 Mid-Year Budget Review; however, it was inadvertently omitted during the development of the 2012-2013 Adopted Operating Budget.
- Technical Corrections – These actions revise Beginning Fund Balance and/or project appropriations in the 2012-2013 budget to correct inadvertent rebudget or allocation errors, offset by Ending Fund Balance or corresponding project appropriation actions.

# General Fund Recommended Budget Adjustments Summary

## 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>URGENT FISCAL/PROGRAM NEEDS</b>				
<b><i>2013-2014 Future Deficit Reserve</i></b>	EARMARKED RESERVES		\$6,900,000	
<p>This action increases the 2013-2014 Future Deficit Reserve by \$6.9 million, funded by a one-time payment from the County of Santa Clara to reflect the recalculation of prior year Property Tax Administrative Fees (PTAF) for 2004-2005 to 2011-2012 as described elsewhere in this report. This action will bring the 2013-2014 Future Deficit Reserve level from \$22.5 million to \$29.4 million and will be available for allocation, as needed, as part of the upcoming 2013-2014 budget process.</p>				
<b><i>Departmental Savings - Police</i></b>	POLICE		(\$4,000,000)	
<p>This action decreases the Police Department's Personal Services appropriation by \$4.0 million to establish a Police Department Overtime Earmarked Reserve for 2013-2014. As of January 28, the Department had 114 vacant sworn positions which were offset by 61 temporary positions, including 43 police officer recruits, 15 direct hire police officers in field training, and three sworn positions funded through various grants awarded to the Department, leaving a net of 43 sworn vacancies in the Department. Although the Department is conducting police officer recruit academies to hire for the sworn vacancies, the Department is anticipated to begin 2013-2014 with at least 80 sworn vacancies based on current attrition rates. It is anticipated that additional overtime funding will be needed in 2013-2014 to continue backfilling for vacant patrol positions and maintain targeted enforcement of high crime activity through suppression cars. A corresponding action establishes a Police Department Overtime Earmarked Reserve as described elsewhere in this report.</p>				
<b><i>Police Department Helicopter Maintenance</i></b>	POLICE			
<p>This action reallocates \$75,000 of vehicle maintenance and operations funding within the Police Department's Non-Personal/Equipment appropriation to increase the amount of funding available for helicopter maintenance. Due to the number of sworn vacancies in the Department, fewer patrol cars are being driven, resulting in lower vehicle maintenance and operations costs. The Department's helicopter is scheduled to undergo its 12 year major maintenance inspection as recommended by the manufacturer's specifications. This overhaul procedure requires a complete teardown and inspection of all components. In addition, repair work is needed to fix an engine module that recently failed in flight. It is estimated that the inspection and repair work could take up to five months to complete. During the repair work the Department will rely on the partnership with the Santa Clara County Sheriff's Office to provide helicopter coverage for the City.</p>				

# General Fund Recommended Budget Adjustments Summary

## 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>URGENT FISCAL/PROGRAM NEEDS</b>				
<b><i>Police Department Overtime</i></b>	POLICE			
This action increases the Police Department's current year overtime funding by \$500,000 (\$17.2 million to \$17.7 million) to deploy additional patrol teams on overtime to expand the gang suppression cars and/or address other critical issues as needed in the second half of the year. In addition, this funding will allow the Department to conduct targeted investigations, such as seeking out persons who are prohibited from carrying guns but are known to have them in their possession. This action reallocates anticipated departmental vacancy savings to the overtime line item to give the Department overtime expenditure flexibility through the remainder of 2012-2013.				
<b><i>Police Department Overtime Reserve</i></b>	EARMARKED RESERVES		\$4,000,000	
This action establishes a \$4.0 million Police Department Overtime Earmarked Reserve for 2013-2014. As of January 28, the Department had 114 vacant sworn positions which were offset by 61 temporary positions, including 43 police officer recruits, 15 direct hire police officers in field training, and three sworn positions funded through various grants awarded to the Department, leaving a net of 53 sworn vacancies in the Department. Although the Department is conducting police officer recruit academies to hire for the sworn vacancies, the Department is anticipated to begin 2013-2014 with approximately 80 sworn vacancies based on current attrition rates. It is anticipated that additional overtime funding will be needed in 2013-2014 to continue backfilling for vacant patrol positions and maintain targeted enforcement of high crime activity through suppression cars. The funding will also be available for additional non-sworn staffing as needed. A corresponding action to reduce the Police Department's Personal Services appropriation as described elsewhere in this report is recommended.				
<b><i>Police Department Recruit Academy Contract</i></b>	POLICE			
This action reallocates \$212,000 of vehicle maintenance and operations funding within the Police Department's Non-Personal/Equipment appropriation to increase the amount of funding available for the April Recruit Academy contract with the South Bay Public Safety Consortium (South Bay). Due to the number of sworn vacancies in the Department, fewer patrol cars are being driven, resulting in lower vehicle maintenance and operations costs. As part of the 2012-2013 Adopted Operating Budget, the Department established a partnership with South Bay to provide two annual Police Officer Recruit Academies for the San José Police Department; however, funding for the contract for the second academy in 2012-2013 was inadvertently not set aside as part of the budget. This action reallocates funding to pay for the contract with South Bay for the April 2013 academy.				

# General Fund Recommended Budget Adjustments Summary

## 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>URGENT FISCAL/PROGRAM NEEDS</b>				
<i>Police Department Recruiting</i>	POLICE			
<p>This action reallocates \$200,000 of vehicle maintenance and operations funding within the Police Department's Non-Personal/Equipment appropriation to increase the amount of funding available for recruiting activities. Due to the number of sworn vacancies in the Department, fewer patrol cars are being driven, resulting in lower vehicle maintenance and operations costs. As of January 28, the Police Department had 184 vacant positions (114 sworn and 70 non-sworn). In order to attract the most qualified candidates to the Department, both sworn and non-sworn, funding will be used to attend job fairs within in the Bay Area and California as well as outside the State. In addition, funding will be used for advertising and informational material to be distributed to potential candidates.</p>				
<i>Revenues - Revenue from Local Agencies</i>	REVENUE ADJUSTMENTS			\$6,900,000
<p>This action increases the Revenue from Local Agencies estimate by \$6.9 million to recognize a one-time payment from the County of Santa Clara for the recalculation of prior year Property Tax Administrative Fees (PTAF). The City of Alhambra et al. had successfully sued the County of Los Angeles regarding the calculation of these fees. The litigation concerned whether SB 1096 Triple Flip and Vehicle License Fee revenues 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 City was notified by the County of Santa Clara of the receipt of \$6.9 million due to the recalculation of PTAF in accordance with this court decision. The City's additional PTAF for the affected years from 2004-2005 through 2011-2012 was recalculated at \$6.7 million in adjustments and earned interest of \$223,000. From this point forward, this revised methodology will be used which will generate ongoing savings in the Property Tax Administration Fee city-wide appropriation, described elsewhere in this report. This additional revenue is recommended to be used to increase the 2013-2014 Future Deficit Reserve as described elsewhere in this report.</p>				
<b>TOTAL URGENT FISCAL/PROGRAM NEEDS</b>			<b>\$6,900,000</b>	<b>\$6,900,000</b>

# General Fund Recommended Budget Adjustments Summary

## 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>2012-2013 Ending Fund Balance Reserve</i></b>	EARMARKED RESERVES		\$12,000,000	
<p>This action establishes a 2012-2013 Ending Fund Balance Reserve of \$12.0 million in the General Fund. A total of \$18.5 million in 2012-2013 Ending Fund Balance was assumed as a funding source for 2013-2014 in the 2013-2017 General Fund Five-Year Forecast from a combination of excess revenue, expenditure savings, and liquidation of carryover encumbrances. Currently, it is estimated that approximately \$2.5 million in liquidation of carryover encumbrances will be available by year end, leaving \$16.0 million in fund balance to be identified and set aside by year-end. This action sets aside 75% (\$12.0 million) of this balance at mid-year, which is available from the cumulative result of various actions described in this report, including \$7.6 million of additional revenues and savings of \$2.3 million in departmental personal services allocations, \$1.7 million in City-Wide Expenses appropriations, and \$407,000 in Earmarked Reserve liquidations. The source of the remaining \$4.0 million needed for the ending fund balance estimate will be determined and recommended as part of the year-end clean-ups memorandum that will be brought forward for consideration in June 2013.</p>				
<b><i>City Clerk Recruitment</i></b>		CITY CLERK	\$20,000	
<p>This action increases the City Clerk's Office Non-Personal/Equipment appropriation to provide for contractual recruitment support for a new City Clerk. Vacancy savings are available in the Personal Services appropriation to offset this expense, and a corresponding action is recommended in this report to decrease the Personal Services appropriation.</p>				
<b><i>City Clerk's Office Personal Services</i></b>		CITY CLERK	(\$20,000)	
<p>This action decreases the City Clerk's Office Personal Services appropriation to offset the increase to the Non-Personal/Equipment appropriation recommended in this report. The City Clerk's Office is projected to end the year with Personal Services savings in the General Fund due to higher than budgeted vacancies.</p>				
<b><i>City's Standard Plans and Specifications Loan Repayment/Transfers and Reimbursements</i></b>		REVENUE ADJUSTMENTS		\$8,245
<p>This action increases the Transfers and Reimbursements revenue estimate to recognize a transfer from the Public Works Program Support Fund for a portion of the final payment for the City's Standard Plans and Specifications long-term loan in the amount of \$8,254. The remaining balance of the City's Standard Plans and Specifications Loan of \$1,456 will be accounted for in the year-end reconciliation of revenues and expenses in the General Fund Public Works Development Fee Program. This funding is recommended to be used to offset other budget actions as described in this report.</p>				

# General Fund Recommended Budget Adjustments Summary

## 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>City-Wide Savings - Property Tax Administration Fee</i></b>	CITY-WIDE EXPENSES		(\$1,500,000)	
<p>This action decreases the Property Tax Administration Fee appropriation to reflect a revised calculation methodology for SB 2557 Property Tax Administrative Fees. As discussed elsewhere in this report, per the Supreme Court of California, a prior ruling in the Alhambra et al. v. County of Los Angeles case was upheld addressing how the County calculated and imposed property tax administrative fees on Cities for their share of County's costs in administering the property tax system. The Supreme Court affirmed that the County's method of calculation violated the tax code. As such, property tax administrative fees beginning 2004-2005 were recalculated and \$6.9 million was remitted to the City from the County of Santa Clara. In 2012-2013, savings of \$1.5 million is anticipated as a result of this change in methodology and adjustments to the 2013-2014 Forecast will include the impact of this change. An increase in the Other Revenue estimate is included elsewhere in this report to reflect the receipt of the \$6.9 million payment. This funding is recommended to be used to establish the 2012-2013 Ending Fund Balance Reserve as described elsewhere in this report.</p>				
<b><i>City-Wide Savings - TRANs Debt Service</i></b>	CITY-WIDE EXPENSES		(\$200,000)	
<p>This action decreases the TRANs (Tax Revenue Anticipation Notes) Debt Service appropriation to account for savings in the interest charges associated with the debt issuance required for City cash flow purposes. A lower than anticipated TRANs issuance amount in 2012-2013 (\$100.0 million compared to \$125.0 million) generated these savings. A technical adjustment to account for the lower TRANs issuance is recommended elsewhere in this report. This funding is recommended to be used to establish the 2012-2013 Ending Fund Balance Reserve as described elsewhere in this report.</p>				
<b><i>Departmental Savings - City Manager's Office</i></b>	CITY MANAGER		(\$500,000)	
<p>This action decreases the City Manager's Office Personal Services appropriation by \$500,000. The City Manager's Office is projected to end the year with Personal Services savings in the General Fund due to higher than budgeted vacancies. This funding is recommended to be used to establish the 2012-2013 Ending Fund Balance Reserve as described elsewhere in this report.</p>				
<b><i>Departmental Savings - Information Technology</i></b>	INFORMATION TECHNOLOGY		(\$550,000)	
<p>This action decreases the Information Technology (IT) Department's Personal Services appropriation by \$550,000. The IT Department is projected to end the year with personal services savings in the General Fund due to higher than budgeted vacancies. This funding is recommended to be used to establish the 2012-2013 Ending Fund Balance Reserve as described elsewhere in this report.</p>				

# General Fund Recommended Budget Adjustments Summary

## 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>Departmental Savings - Parks, Recreation and Neighborhood Services</i></b>	PARKS, REC, & NEIGH SVCS		(\$900,000)	
<p>This action decreases the Parks, Recreation and Neighborhood Services (PRNS) Department's Personal Services appropriation by \$900,000. The PRNS Department is projected to end the year with Personal Services savings in the General Fund due to higher than budgeted vacancies. This funding is recommended to be used to establish the 2012-2013 Ending Fund Balance Reserve as described elsewhere in this report.</p>				
<b><i>Departmental Savings - Planning, Building and Code Enforcement</i></b>	PLANNING, BLDG, & CODE ENF		(\$300,000)	
<p>This action decreases the Planning, Building and Code Enforcement Department's Personal Services appropriation by \$300,000 to reflect anticipated savings as a result of higher than anticipated vacancies. This funding is recommended to be used to establish the 2012-2013 Ending Fund Balance Reserve as described elsewhere in this report.</p>				
<b><i>Finance Department Personal Services</i></b>	FINANCE		(\$400,000)	
<p>This action decreases the Finance Department's Personal Services appropriation to offset an increase to the Finance Department's Non-Personal/Equipment appropriation, as recommended elsewhere in this report. Personal Services savings are available due to a high number of vacancies in the Department. As of January 28th, there were 18.5 vacant positions in the Finance Department. This high vacancy rate has necessitated the use of temporary staffing for critical functions, increasing costs in the Non-Personal/Equipment appropriation.</p>				
<b><i>Finance Department Temporary Staffing</i></b>	FINANCE		\$400,000	
<p>This action increases the Finance Department's Non-Personal/Equipment appropriation to provide for temporary staffing. Due to a high level of vacancies in the Finance Department, temporary staffing is being utilized to support critical functions in areas including revenue management, purchasing, and payroll services until recruitments for permanent staff can be completed. To provide funding for these costs, vacancy savings are available and are recommended to be shifted from the Finance Department's Personal Services appropriation to the Non-Personal/Equipment appropriation as described elsewhere in this report.</p>				
<b><i>Human Resources Department Personal Services</i></b>	HUMAN RESOURCES		(\$50,000)	
<p>This action decreases the Human Resources Department's Personal Services appropriation to offset an increase to the Human Resources Department's Non-Personal/Equipment appropriation for recruitment costs related to two high level positions in the Human Resources Department, as recommended elsewhere in this report. Personal Services savings are available due to the Human Resources Director and Benefits Manager vacancies in the Department.</p>				



## General Fund Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<i>Human Resources Director and Benefits Manager Recruitments</i>	HUMAN RESOURCES		\$50,000	
<p>This action increases the Human Resources Department's Non-Personal/Equipment appropriation by \$50,000 to provide funding for recruitment efforts for the Human Resources Director (\$28,500) and Benefits Manager (\$21,500) positions. To provide funding for these costs, vacancy savings are available and are recommended to be shifted from the Human Resources Department's Personal Services appropriation to the Non-Personal/Equipment appropriation.</p>				
<i>Parking Citations/Jail Courthouse Fees/Fines, Forfeitures and Penalties</i>	CITY-WIDE EXPENSES		(\$400,000)	(\$1,250,000)
<p>This action decreases the revenue estimate for Fines, Forfeitures and Penalties by \$1,250,000 due to lower than expected Parking Fines Revenue and reduces the Parking Citations/Jail Courthouse Fees appropriation to reflect a reduction in activity. The reduction in Parking Fines revenue is due to several factors, including the training and transition of parking compliance officers that were reassigned from the Airport Department to the Department of Transportation during the first six months of the current fiscal year, which resulted in the bumping of 15 veteran officers; reduction in parking activity in neighborhoods around the HP Arena due to the delayed hockey season; a higher level of staff absences due to a combination of injuries and non-work related injuries/illness; and a slight decrease in the number of parking citations issued by police officers due to other police priorities. The reduction in revenue is partially offset by a reduction in the Parking Citations/Jail Courthouse Fees appropriation (\$400,000) to reflect a reduction in activity consistent with the reduction in parking fines. The remaining balance is recommended to be offset by other budget actions, as described elsewhere in this report.</p>				

## General Fund Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<i>Reserve Savings - Salaries and Benefits Reserve (Benefits Program)</i>	EARMARKED RESERVES		(\$1,470,049)	
<p>This action decreases the Salaries and Benefits Reserve to realize savings based on the actual health rate increase on January 1, 2013 as well as savings not necessary to be distributed to departments due to sufficient vacancy savings. During the development of the 2012-2013 Budget, \$2.0 million was set aside in the Salaries and Benefits Reserve based on the actuarial assumption that the City's health rate contribution would increase by 11% on January 1, 2013. The actual health rate increase implemented totaled 9.2%, generating \$407,000 in savings from the \$2.0 million Benefits Program allocation and that savings is recommended to be reallocated to the 2012-2013 Ending Fund Balance Reserve as part of this report. Due to a large number of vacancies city-wide, the majority of City departments are tracking with sufficient vacancy savings to absorb the 9.2% health rate increase; therefore, funding of \$1.063 million of the \$2.0 million Benefits Program allocation is not necessary to be distributed to departments and is recommended to be liquidated to provide funding for other actions recommended in this report. The remaining \$500,000 of the \$2.0 million Benefits Program allocation is recommended to be distributed to the few departments that are not tracking with sufficient vacancy savings to absorb the 9.2% health rate increase. These actions are displayed elsewhere in this report.</p>				
<i>Revenue - Departmental Charges (Public Works Development Fee)</i>				\$46,378
<p>This action increases the Departmental Charges revenue estimate by \$46,378 to reflect the overhead reimbursement from the addition of Public Works Development Fee Program positions in the Public Works Department as approved by the City Council on January 29, 2013. This funding is recommended to be used to offset other budget actions as described in this report.</p>				
<i>Revenue - Licenses and Permits (Building Fees)</i>				\$50,510
<p>This action increases the Licenses and Permits revenue estimate by \$50,510 to reflect the overhead reimbursement from the addition of Building Development Fee Program positions in the Planning, Building and Code Enforcement Department as approved by the City Council on January 29, 2013. This funding is recommended to be used to offset other budget actions as described in this report.</p>				
<i>Revenue - Licenses and Permits (Fire Fees)</i>				\$12,116
<p>This action increases the Licenses and Permits revenue estimate by \$12,116 to reflect the overhead reimbursement from the addition of Fire Development Fee Program positions in the Fire Department as approved by the City Council on January 29, 2013. This funding is recommended to be used to offset other budget actions as described in this report.</p>				

# General Fund Recommended Budget Adjustments Summary

## 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b>Revenue - Sales Tax</b>				\$5,450,000
REVENUE ADJUSTMENTS				
<p>This action increases the Sales Tax revenue estimate by \$5.45 million, from \$155.8 million to \$161.3 million, to reflect higher projected General Sales Tax (\$4.9 million) and Proposition 172 Sales Tax (\$550,000) in 2012-2013. The increase in the General Sales Tax revenue estimate reflects stronger than anticipated actual first quarter 2012-2013 revenue performance as well as the assumption that 3% year-over-year growth will be realized in the remaining three quarters. The increase in the Proposition 172 Sales Tax estimate is based on actual collection trends. Please refer to the Status of the General Fund Revenues section of this document (Section I. B.) for more detailed information. This funding is recommended to be used to establish the 2012-2013 Ending Fund Balance Reserve as described elsewhere in this report.</p>				
<b>Revenues - Business Taxes</b>				\$1,550,000
REVENUE ADJUSTMENTS				
<p>This action increases the Business Taxes revenue estimate by \$1.55 million, from \$40.9 million to \$42.4 million, based on stronger than budgeted collection levels in the Cardroom Tax (\$750,000), Disposal Facility Tax (\$700,000), and Marijuana Business Tax (\$100,000). The increase in the Cardroom Tax and Disposal Facility Tax are recommended based on current year collections trends. The increase in the Marijuana Business Tax is based on both 2011-2012 actual performance as well as current year collections trends. Please refer to the Status of the General Fund Revenues section of this document (Section I. B.) for more detailed information. The funding from Cardrooms, Marijuana Business Tax, and a small portion of the Disposal Facilities Tax (\$32,000) is recommended to be used to offset other budget actions as described elsewhere in this report. The remaining increase to Disposal Facility Tax (\$668,000) is recommended to be used to establish the 2012-2013 Ending Fund Balance Reserve as described elsewhere in this report.</p>				
<b>Revenues - Revenue from the State</b>				\$525,000
REVENUE ADJUSTMENTS				
<p>This action increases the Revenue from the State of California estimate by \$525,000 to recognize a payment from the State for excess Vehicle License Fees collections. Vehicle License Fee revenues collected by the Department of Motor Vehicles as a result of certain compliance procedures are allocated equally to counties and cities and are apportioned on a population basis. This is anticipated to be a new ongoing source of revenue and will be factored into the 2013-2014 Forecast. Please refer to the Status of the General Fund Revenues section of this document (Section I. B.) for more detailed information. This funding is recommended to be used to establish the 2012-2013 Ending Fund Balance Reserve as described elsewhere in this report.</p>				

# General Fund Recommended Budget Adjustments Summary

## 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<p><b>Revenues - Transfers and Reimbursements</b>  <b>(Transfer from Parks C&amp;C Tax Funds - Parks Operating and Maintenance Costs)</b></p> <p>This action increases the Transfers and Reimbursements revenue estimate by \$880,000 to recognize an increase to the transfer from the Parks Construction and Conveyance Tax Funds for Parks Operating and Maintenance Costs to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections. The remaining balance is recommended to be offset by other budget actions, as described elsewhere in this report.</p>				\$880,000
			REVENUE ADJUSTMENTS	
<p><b>Revenues - Transfers and Reimbursements</b>  <b>(Transfer from the Community Facilities Revenue Fund)</b></p> <p>This action increases the Transfers and Reimbursements revenue estimate to recognize an additional transfer from the Community Facilities Revenue Fund. The General Fund is eligible to be reimbursed for 50% of the cost of the Principal Accountant overseeing the Community Facilities Revenue Fund. This action adjusts the transfer to account for the full 50% cost of that position, the cost of which was inadvertently underestimated when the 2012-2013 transfer amount was established. This funding is recommended to be used to offset other budget actions as described in this report.</p>				\$26,000
			REVENUE ADJUSTMENTS	
<p><b>Revenues - Transient Occupancy Tax</b></p> <p>This action increases the Transient Occupancy Tax revenue estimate by \$1.0 million, from \$9.1 million to \$10.1 million, to reflect the strong year-to-date collections which continue to track well above the prior year and current budgeted levels. This increase reflects a year-over-year increase of 12.4% in General Fund receipts in 2011-2012. A corresponding increase is recommended in the Transient Occupancy Fund, which receives 60% of this tax. Please refer to the Status of the General Fund Revenues section of this document (Section I. B.) for more detailed information of the General Fund performance and the Status of Selected Special and Capital Funds (Section II) for a discussion of the actions in the Transient Occupancy Tax Fund. This funding is recommended to be used to establish the 2012-2013 Ending Fund Balance Reserve as described elsewhere in this report.</p>				\$1,000,000
			REVENUE ADJUSTMENTS	
<p><b>Revenues - Utility Tax</b></p> <p>This action decreases the Utility Tax revenue estimate by \$882,000 from \$91.9 million to \$91.1 million due to net lower collection levels in the category. This action reflects lower collections levels in Gas (\$1.0 million), Electricity (\$500,000), and Telephone (\$382,000) Utility Taxes, partially offset by higher collection in Water (\$1.0 million) Utility Tax. Please refer to the Status of the General Fund Revenues section of this document (Section I. B.) for more detailed information. This reduced revenue is recommended to be offset by budget actions as described elsewhere in this report.</p>				(\$882,000)
			REVENUE ADJUSTMENTS	

# General Fund Recommended Budget Adjustments Summary

## 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<b><i>TRANS Debt Service/Other Revenue</i></b>	CITY-WIDE EXPENSES		(\$25,000,000)	(\$25,000,000)
<p>This action decreases the TRANS Debt Service appropriation and associated estimate for Other Revenue by \$25.0 million due to a lower than estimated issuance of Tax and Revenue Anticipation Notes (TRANS) for 2012-2013. These notes are used to pre-fund City contributions to the Retirement System, as described in a memorandum to the City Council on June 1, 2012, because sufficient cash is not available on the pre-payment date. Due to the prudent management of the City's cash flows, it was possible to issue only \$100.0 million in TRANS, rather than the full \$125.0 available through the City's agreement with the notes purchaser.</p>				
<b><i>Transfer to the Downtown Property &amp; Business Improvement District Fund</i></b>	TRANSFERS		(\$4,029)	
<p>This action decreases the Transfer to the Downtown Property &amp; Business Improvement District (PBID) Fund by \$4,029 from \$623,920 to \$619,891. On August 7, 2007, the City Council approved formation of the Downtown PBID for a five-year period ending December 31, 2012, and directed assessments to be levied and collected. A reconciliation of the fund's finances at the close of the contract indicated that the net transfers from the General Fund for assessments of City properties and the baseline level of service were higher than needed. A downward adjustment of \$4,029 to the 2012-2013 General Fund transfer will align the transfer with fund obligations. The remaining balance is recommended to be offset by other budget actions, as described elsewhere in this report. On December 18, 2012, the City Council approved a new PBID contract for a term of 10 years.</p>				
<b><i>Wellness Program Reserve</i></b>	EARMARKED RESERVES		\$220,254	
<p>This action increases the Wellness Program Reserve by \$220,254. Consistent with a budget practice that was enacted when the City began to receive funding from its health care providers to promote Wellness, a year-end reconciliation of revenues and expenditures in the Wellness Program is conducted to determine if revenues exceeded or fell below costs. Based on the 2011-2012 results, which were not included in the 2011-2012 Annual Report, \$220,254 is recommended to be added to the Wellness Program Reserve, preserving any net savings between revenues and expenditures in this program. Recommendations for the use of this funding for wellness activities are anticipated to be brought forward as part of the 2013-2014 budget process. This additional funding is recommended to be offset by other budget actions as described elsewhere in this report.</p>				

# General Fund Recommended Budget Adjustments Summary

## 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>				
<i>Workers' Compensation Claims - Fire Department</i>	CITY-WIDE EXPENSES		\$1,000,000	
<p>This action increases the Workers' Compensation Claims - Fire appropriation by \$1.0 million, from \$5.7 million to \$6.7 million. The workers' compensation tracking system reflected a 10.4% increase in the number of claims through December when compared to the same time period last fiscal year. Fire Department medical costs have increased 59% (\$560,000) compared to last year as a result of a spike in the severity of injuries requiring surgery, hospital stays, and prescription drugs. In addition, permanent disability claims have increased by 11.2% (\$105,000) over the last year. Due to the volatile nature of this appropriation, additional funding of approximately \$300,000 is recommended to ensure sufficient funds for potential higher payments is available. The Fire Department is developing a comprehensive and aggressive modified duty program to enhance the early return to work of employees on disability leave to help control costs.</p>				
<i>Workers' Compensation Claims - Public Works Department</i>	CITY-WIDE EXPENSES		(\$50,000)	
<p>This action decreases the Workers' Compensation Claims - Public Works appropriation by \$50,000, from \$530,000 to \$480,000. Claims for Public Works employees are projected to end the year with savings of \$50,000 and are available to offset the increase in Workers' Compensation Claims - Transportation appropriation as described elsewhere in this report.</p>				
<i>Workers' Compensation Claims - Transportation Department</i>	CITY-WIDE EXPENSES		\$50,000	
<p>This action increases the Workers' Compensation Claims Payments - Transportation appropriation by \$50,000, from \$600,000 to \$650,000. New claims are up by 24% and medical expenses are higher than last year by 14%. The Transportation Department is reviewing injuries to improve its safety prevention and to help control costs. A corresponding decrease to Workers' Compensation Claims - Public Works appropriation is included elsewhere in this report to offset this action.</p>				
<i>Workers' Compensation State License</i>	CITY-WIDE EXPENSES		\$142,000	
<p>This action increases the Workers' Compensation State License appropriation by \$142,000 (from \$730,000 to \$872,000) due to implementation of SB863. One of the major components of this bill is increasing the permanent disability rates effective January 1, 2013 and requires a greater claims oversight by the State. The current budget assumed a 7% increase in costs and the actual increase was 34%. The additional funding is recommended to be offset by other budget actions as described elsewhere in this report.</p>				
<b>TOTAL REQUIRED TECHNICAL/REBALANCING ACTIONS</b>			<b>(\$17,461,824)</b>	<b>(\$17,583,751)</b>

## General Fund Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<b><i>Anti-Drug Abuse Grant 2012-2013/Revenue from State of California</i></b>	CITY-WIDE EXPENSES		\$101,777	\$101,777
<p>This action recognizes and appropriates grant funding to the Police Department from the State of California Governor's Office of Emergency Services to reimburse the Department for equipment and training related to anti-drug abuse activities. The Department will purchase night vision monocular kits, night vision cameras, and tactical vests. In addition, the funding will allow 13 officers to attend the California Narcotics Officers' Association (CNOA) Conference, four officers to attend the California Association of Tactical Officers Conference, and four officers to attend the California Homicide Investigators Association Conference to learn best practices in these fields and relate these practices when narcotics are involved.</p>				
<b><i>Avoid the 13 Grant 2012-2013/Revenue from State of California</i></b>	CITY-WIDE EXPENSES		\$5,600	\$5,600
<p>This action recognizes and appropriates grant funding to the Police Department from the State of California Office of Traffic Safety to reimburse the Department for overtime staffing while working DUI checkpoints. The funding award of \$5,600 reimburses the Department for work done as part of the Santa Clara County Avoid the 13 Program. San José Police Officers in the Traffic Enforcement Unit are reimbursed for overtime worked to conduct seven DUI saturation patrols within the grant period of October 1, 2012 through September 1, 2013.</p>				
<b><i>Bulletproof Vest Partnership Grant/Revenue from Federal Government</i></b>	CITY-WIDE EXPENSES		\$36,827	\$36,827
<p>This action recognizes and appropriates federal grant funding to the Police Department for the purchase of bulletproof vests. The United States Department of Justice will reimburse the Police Department for 50% of the cost to purchase each bulletproof vest through August 31, 2013; however, the grant funding is anticipated to be expended by June 30, 2013. With matching funds from the Police Department to cover the other 50% of the vest purchases, the Department will purchase 123 vests this year.</p>				
<b><i>California Gang Reduction, Intervention and Prevention (CALGRIP) Grant/Revenue from State of California</i></b>	CITY-WIDE EXPENSES		\$426,375	\$426,375
<p>This action recognizes and appropriates grant funding to the Parks, Recreation and Neighborhood Services Department from the State of California's Board of State and Community Corrections in the total amount of \$500,000, of which \$426,375 is appropriated in 2012-2013 and the remaining amount of \$73,625 will be appropriated in 2013-2014. This CALGRIP grant is a collaborative effort targeting gang-impacted youth through the implementation of proven intervention, substance abuse and remedial (GED)/vocational education strategies with the intent to reduce gang and youth violence.</p>				

## General Fund Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<i>Communities Putting Prevention to Work Grant - Obesity Prevention Initiative/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$36,316	\$36,316
<p>This action increases the grant allocation and corresponding revenue estimate to the Parks, Recreation and Neighborhood Services Department in recognition of a grant amendment from the County of Santa Clara's Public Health Department for the Communities Putting Prevention to Work - Obesity Prevention Initiative. This increase continues the county-wide obesity prevention efforts which focus on high-impact nutrition and physical activity for youth.</p>				
<i>Energy Efficiency Program/Other Revenue</i>	CITY-WIDE EXPENSES		\$34,200	\$34,200
<p>This action increases the Other Revenue revenue estimate and appropriates funding for PG&amp;E rebates of \$34,200 received between August and December 2012 to the Energy Efficiency Program. Qualifying energy efficient products, including energy efficient lighting, heating, ventilation, and air conditioning equipment, and thermostats and controls that are installed at City facilities, are eligible for rebates from PG&amp;E. The funding will be utilized for energy efficiency projects throughout the City.</p>				
<i>Fire Department Strike Team/Revenue from Federal Government</i>	FIRE		\$30,713	\$30,713
<p>This action increases the Fire Department's Personal Services appropriation to reimburse for a Strike Team that was deployed to assist in the Robbers Fire (Placer County) in July 2012. Strike Team reimbursements include costs associated with the backfill need of the department while teams are deployed. A corresponding increase to the estimate for Revenue from the Federal Government is also recommended.</p>				
<i>Interactive Digital Art Spaces Grant/Revenue from Local Agencies</i>	LIBRARY		\$15,000	\$15,000
<p>This action increases the Library Department's Library Grants appropriation and recognizes revenue of \$15,000 from the Pacific Library Partnership (PLP) for the PLP Interactive Digital Art Spaces Grant. These funds will be used to empower teens in the Teen Center of the Bascom Branch Library to virtually explore art collections from museums around the world and to create their own collections of art to display.</p>				
<i>Local Enforcement Agency Grant/Revenue from State of California</i>	PLANNING, BLDG, & CODE ENF		\$29,451	\$29,451
<p>This action increases the Planning, Building and Code Enforcement Department's Non-Personal/Equipment appropriation and recognizes grant funding from the State of California for supplies, training, and software maintenance associated with the solid waste facilities permit and inspection program.</p>				



## General Fund Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<p><i>Maddie Lifesaving Grant/Other Revenue</i></p> <p>This action appropriates funding to the Public Works Department and increases the estimate for Other Revenue to enhance the Animal Care and Services Division's ability to treat and save animals that require services that are typically beyond the resource capability of the division. On June 19, 2012, the City Council accepted a grant from the Duffield Family, dba Maddie's Fund to fund these services. A corresponding increase to the Other Revenue revenue estimate is also recommended.</p>	CITY-WIDE EXPENSES		\$370,000	\$370,000
<p><i>National Forum Capacity-Building Grant OJJDP 2012-2015/Revenue from Federal Government</i></p> <p>This action recognizes and appropriates grant funding to the Parks, Recreation and Neighborhood Services (PRNS) Department from the Federal Government's Office of Juvenile Justice and Delinquency Prevention (OJJDP) in the total amount of \$125,000, of which \$62,500 is appropriated in 2012-2013 and the remaining amount of \$62,500 will be appropriated in 2013-2014. Per executive order of the President, the Department of Justice will launch the National Forum on Youth Violence Prevention, representing a collaborative and diverse group of stakeholders at the federal, state and local levels who focus their efforts and attentions on finding effective ways of addressing youth and gang violence through partnerships, sharing common challenges, data-driven strategies, and comprehensive planning. This grant, which will enable capacity-building among Mayor's Gang Prevention Task Force partnering organizations, funds a portion of an Analyst and an intern in the PRNS Department.</p>	CITY-WIDE EXPENSES		\$62,500	\$62,500
<p><i>Organized Crime Drug Enforcement Task Force Grants/Revenue from Federal Government</i></p> <p>This action recognizes and appropriates grant funding to the Police Department's Personal Services appropriation to support overtime staffing while working on the Organized Crime Drug Enforcement Task Force (OCDETF). The award of \$10,000 reimburses the Department for work done on two separate OCDETF operations, Operation Sandbox (\$5,000), and Operation Crystal Hopper (\$5,000). San José Police Officers in the Covert Response Unit worked overtime to assist the task force with narcotics related investigations, operations, and prosecutions.</p>	POLICE		\$10,000	\$10,000
<p><i>PRNS Fee Activities/Departmental Charges</i></p> <p>This action increases the Parks, Recreation and Neighborhood Services Department (PRNS) Fee Activities appropriation and the PRNS Departmental Charges revenue estimate by \$424,000. The PRNS Fee Activities appropriation is tracking to exceed the budgeted revenue estimate by approximately \$424,000 due to increased participation levels in recreation classes including piano, fitness and group exercise, and Early Childhood Recreation. The increase in the Fee Activities appropriation will provide for additional staff hours needed to support the increased participation in piano and Early Childhood Recreation classes and additional vendor hours for the fitness and group exercise programs.</p>	PARKS, REC, & NEIGH SVCS		\$424,000	\$424,000

## General Fund Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<i>Parent Project/Other Revenue</i>	CITY-WIDE EXPENSES		\$31,938	\$31,938
<p>This action increases the San José BEST Program appropriation by \$31,938. Parents who attend anti-gang seminars reimburse the program for training materials received. A corresponding increase to the estimate for Other Revenue is also recommended.</p>				
<i>Partners in Reading Program/Revenue from State of California</i>	LIBRARY		\$53,902	\$53,902
<p>This action increases the Personal Services appropriation in the Library Department to reflect the receipt of a grant from the State of California to support the Adult Literacy and Families for Literacy programs. These funds support a portion of a position (Literacy Program Specialist) that manages the program and supports both participants and tutors by providing tutor training, conducting reading assessments, monitoring the progress of participants, collecting data, and recruiting of volunteer tutors and program participants. As part of State budget reductions, this grant was suspended indefinitely in 2011-2012. Actions taken in the 2012-2013 Adopted Budget restored funding for this position with Library Parcel Tax funding. However, the City has been notified that it will once again receive this grant in 2012-2013 in the amount of \$53,902. A corresponding action to reduce this funding in the Library Parcel Tax Fund is also included elsewhere in this report to offset this action.</p>				
<i>State Homeland Security Grant Program/Revenue from State of California</i>	FIRE		\$149,235	\$149,235
<p>This action increases the Fire Department's Personal Services appropriation and recognizes Revenue from the State of California to reimburse for Urban Search and Rescue specialized training activities. Training activities included rescue systems, confined space, trench rescue, river flood, and urban shield. A corresponding increase to the estimate for Revenue from the State of California is also recommended.</p>				
<i>Urban Area Security Initiative Grant - Police 2010/Revenue from Federal Government</i>	CITY-WIDE EXPENSES		\$100,000	\$100,000
<p>This action appropriates additional federal grant funding to the Police Department from the Bay Area Urban Area Security Initiative (UASI) for the 2010 UASI Grant as a result of the UASI Board granting more funding to the San José Police Department. The additional funding will be used to purchase 13 UHF-R2 and 700-800 Dual Band handpack radios to continue the Department's transition to 700-800 Mhz, in order to allow all Bay Area public safety jurisdictions to communicate with each other.</p>				
<b>TOTAL GRANTS/REIMBURSEMENTS/FEES</b>			<b>\$1,917,834</b>	<b>\$1,917,834</b>

**General Fund Recommended Budget Adjustments Summary  
2012-2013 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<i>General Fund Recommended Budget Adjustments Totals</i>			<u>Expenditure Change</u>	<u>Revenue Change</u>
		<u>Positions</u>	(\$8,643,990)	(\$8,765,917)

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AFFORDABLE HSG INVEST FD (346)</b>				
<i>Ending Fund Balance Adjustment</i>	Housing		(\$134,440)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
<i>Homeowner Education Program</i>	Housing		\$34,440	
This action establishes the Homeowner Education Program. The State and federal funded downpayment assistance programs require all recipients of homebuyer loans participate in a homeownership class. This funding ensures that the homeownership classes are offered.				
<i>Successor Agency to the Redevelopment Agency</i>	Housing		\$100,000	
This action increases the Successor Agency to the Redevelopment Agency (SARA) appropriation to reflect the payment associated with a loan agreement between the former San Jose Redevelopment Agency (SJRA) and the City of San José (City). In 1994, SJRA advanced \$1.0 million of a \$4.0 million loan made by the City to the YWCA Third Street. An agreement was made between the former SJRA and the City that for every dollar received by the City in repayment of the YWCA Third Street loan, the City would transfer 24.5 cents to SARA. This funding will provide for the payment to SARA for the amount of repayments collected year-to-date.				
<b>TOTAL AFFORDABLE HSG INVEST FD (346)</b>			\$0	\$0
<b>AIRPORT CUST FAC &amp; TRANS FD (519)</b>				
<i>ConRac Underground Fuel Storage Tanks</i>	Airport		\$100,000	
This action increases the Airport's Non-Personal/Equipment appropriation to modify the leak detection system in the Consolidated Rental Car Garage (ConRac) underground fuel storage tanks in order to comply with the new Santa Clara County Department of Environmental Health permit requirements. A corresponding decrease to the Airport's Contingency Reserve is also recommended in this report.				
<i>Contingency Reserve</i>	Airport		(\$100,000)	
This action decreases the Airport's Contingency Reserve to offset the action recommended in this report.				
<b>TOTAL AIRPORT CUST FAC &amp; TRANS FD (519)</b>			\$0	\$0

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT FISCAL AGENT FUND (525)</b>				
<i>Transfer from Airport Revenue Bond Improvement Fund</i>	Airport			\$4,418,719
<p>This action recognizes a Transfer from the Airport Revenue Bond Improvement Fund (Fund 526) for the February 2013 debt service payment on the Airport's Series 2007B Revenue Bonds. Based on advice from Bond Counsel and a review of the Airport's future financial projections, it is recommended that eligible projects anticipated to be funded from the 2007B bond proceeds be funded from remaining 2007A bond proceeds. The remaining 2007B unspent bond proceeds will be allocated toward future debt service on the 2007B bonds. This recommendation meets legal requirements, continues to provide a funding source for the 2007B eligible projects, and provides an alternative source of funds for debt service on the 2007B bonds.</p>				
<i>Transfer from Airport Revenue Fund</i>	Airport			(\$4,418,719)
<p>This action decreases the estimate for Transfer from the Airport Revenue Fund (Fund 521) to offset the action recommended in this report.</p>				
<b>TOTAL AIRPORT FISCAL AGENT FUND (525)</b>			\$0	\$0
 <b>AIRPORT MAINT &amp; OPER FUND (523)</b>				
<i>Airport Councils International World/North American Conference</i>	Airport		\$64,700	
<p>This action increases the Airport's Non-Personal/Equipment appropriation by \$64,700 to host the Airport Councils International World/North American Conference in September 2013. Funds were set aside in anticipation of costs associated with hosting the event including staff costs, transportation costs, food costs, and uniform costs for volunteers. A corresponding decrease to the Reserve for Airport Councils International Conference is also recommended in this report.</p>				
<i>Airport Lounge Operator</i>	Airport		(\$600,000)	
<p>This action decreases the Airport's Non-Personal/Equipment appropriation by \$600,000 for the operation of a shared use lounge. The funds are no longer necessary because a concession agreement was signed with a vendor who will operate the lounge and provide monthly revenues to the City.</p>				
<i>Contingency Reserve</i>	Airport		\$867,700	
<p>This action increases the Airport's Contingency Reserve to offset the actions recommended in this report.</p>				
<i>Customer Cart and Baggage Delivery Services</i>	Airport		(\$275,000)	
<p>This action decreases the Airport's Non-Personal/Equipment appropriation by \$275,000 for the operation of electric carts to assist passengers to their gates and delivery services of oversize baggage. The funds are no longer necessary because the airlines have agreed to provide these services using their own contractors for greater control over service levels and costs.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>				
<b><i>On-Demand Ground Transportation Services/Transfer from Airport Revenue Fund</i></b>	Airport		(\$431,392)	(\$431,392)
<p>This action decreases the Airport's Non-Personal/Equipment appropriation and the Transfer from the Airport Revenue Fund (Fund 521) estimate to reflect the changes approved by City Council on September 18, 2012 related to the new agreement with On-Demand Ground Transportation Services (Taxi San José). This action resulted in Taxi San José taking over permit fee collection and administrative duties from the Airport.</p>				
<b><i>Reserve for Airport Councils International Conference</i></b>	Airport		(\$64,700)	
<p>This action decreases the Reserve for Airport Councils International Conference to offset the cost of hosting the Airport Councils International World/North American Conference in September 2013. A corresponding increase to the Airport's Non-Personal/Equipment appropriation is also recommended in this report.</p>				
<b><i>Planning, Building and Code Enforcement Department Personal Services</i></b>	Planning, Bldg, & Code Enf		\$7,300	
<p>This action increases the Planning, Building and Code Enforcement Department's Personal Services appropriation to reflect higher than anticipated staffing costs for a Division Manager position. Since the development of the 2012-2013 Adopted Budget, a vacant position was filled and hired at a salary higher than budgeted, causing a projected overage.</p>				
<b>TOTAL AIRPORT MAINT &amp; OPER FUND (523)</b>			(\$431,392)	(\$431,392)
<b>AIRPORT REV BOND IMP FUND (526)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Airport Capital Program		(\$4,418,719)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<b><i>Transfer to Airport Fiscal Agent Fund</i></b>	Airport Capital Program		\$4,418,719	
<p>This action establishes a Transfer to the Airport Fiscal Agent Fund (Fund 525) for the February 2013 debt service payment on the Airport's Series 2007B Revenue Bonds. Based on advice from Bond Counsel and a review of the Airport's future financial projections, it is recommended that eligible projects anticipated to be funded from the 2007B bond proceeds be funded from remaining 2007A bond proceeds. The remaining 2007B unspent bond proceeds will be allocated toward future debt service on the 2007B bonds. This recommendation meets legal requirements, continues to provide a funding source for the 2007B eligible projects, and provides an alternative source of funds for debt service on the 2007B bonds.</p>				
<b>TOTAL AIRPORT REV BOND IMP FUND (526)</b>			\$0	\$0

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT REVENUE FUND (521)</b>				
<b><i>Earned Revenue – Parking and Roadways</i></b>	Airport			(\$677,991)
<p>This action decreases the estimate for Earned Revenue for Parking and Roadways by \$677,991. Corresponding reductions to the Transfer to the Airport Maintenance and Operation Fund (Fund 523) for \$431,392 and the Reserve Per Airline Agreement for \$246,599 are also recommended to reflect changes approved by City Council on September 18, 2012. The changes are related to the new agreement with On-Demand Ground Transportation Services (Taxi San José) that resulted in Taxi San José taking over permit fee collection and administrative duties from the Airport.</p>				
<b><i>Reserve Per Airline Agreement</i></b>	Airport		\$4,172,120	
<p>This action increases the Reserve Per Airline Agreement to offset the actions recommended in this report.</p>				
<b><i>Transfer to Airport Fiscal Agent Fund</i></b>	Airport		(\$4,418,719)	
<p>This action decreases the Transfer to the Airport Fiscal Agent Fund (Fund 525) for the February 2013 debt service payment on the Airport's Series 2007B Revenue Bonds. Based on advice from Bond Counsel and a review of the Airport's future financial projections, it is recommended that eligible projects anticipated to be funded from the 2007B bond proceeds be funded from remaining 2007A bond proceeds. The remaining 2007B unspent bond proceeds will be allocated toward future debt service on the 2007B bonds. This recommendation meets legal requirements, continues to provide a funding source for the 2007B eligible projects, and provides an alternative source of funds for debt service on the 2007B bonds.</p>				
<b><i>Transfer to Airport Maintenance and Operation Fund</i></b>	Airport		(\$431,392)	
<p>This action decreases the Transfer to the Airport Maintenance and Operation Fund (Fund 523) by \$431,392. A corresponding reduction to the estimate for Earned Revenue for Parking and Roadways is also recommended to reflect changes approved by City Council on September 18, 2012. The changes are related to the new agreement with On-Demand Ground Transportation Services (Taxi San José) that resulted in Taxi San José taking over permit fee collection and administrative duties from the Airport.</p>				
<b>TOTAL AIRPORT REVENUE FUND (521)</b>			(\$677,991)	(\$677,991)
<b>BENEFIT FUND (160)</b>				
<b><i>401(a) Defined Contribution Retirement Plan/Transfers</i></b>	Human Resources		\$10,000	\$10,000
<p>This action establishes an appropriation for a Defined Contribution Retirement Plan for Unit 99 employees that are hired new to the City on or after January 20, 2013, as well as an estimate for Transfers from various funds. On December 14, 2012, the City Council approved the creation of a Defined Contribution Plan Option which would allow for eligible employees who are hired directly into Unit 99 a one-time election between the Tier 2 benefit option and the defined contribution 401(a) plan (Tier 3). The 401(a) plan was established with a City contribution of 3.75% and an employee contribution of 3.75%.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>BENEFIT FUND (160)</b>				
<i>FICA-Medicare/Transfers</i>	Human Resources		\$200,000	\$200,000
<p>This action increases the FICA-Medicare appropriation and estimate for Transfers from various City funds by \$200,000 to reflect higher than anticipated expenditures as a result of more staffing in this category than was assumed in the 2012-2013 budget. This action is offset by a recommended increase to the estimate for Transfers.</p>				
<i>PTC 456/Transfers</i>	Human Resources		\$200,000	\$200,000
<p>This action increases the Part-time, Temporary, and Contractual (PTC) 457 (Deferred Compensation Retirement Plan) appropriation and estimate for Transfers from various City funds by \$200,000 to reflect higher than anticipated expenditures as a result of higher temporary staffing levels than were assumed in the 2012-2013 budget. This action is offset by a recommended increase to the estimate for Transfers.</p>				
<b>TOTAL BENEFIT FUND (160)</b>			<b>\$410,000</b>	<b>\$410,000</b>
 <b>BLDG &amp; STRUCT CONST TAX FD (429)</b>				
<i>Bus Rapid Transit</i>	Traffic Capital Program		\$100,000	
<p>This action increases funding for the Bus Rapid Transit (BRT) program in the amount of \$100,000. Existing funding in the BRT program pays for the planning staff time and expenses the City incurs to support VTA's development of BRT. The additional funding is needed for project development expenses resulting from higher than anticipated staff resource needs to support the planning of BRT's Santa Clara/Alum Rock, El Camino Real, and Stevens Creek corridors.</p>				
<i>Capital Program and Public Works Department Support Service Costs</i>	Traffic Capital Program		\$50,000	
<p>This action increases the appropriation for Capital Program and Public Works Department Support Service Costs in the amount of \$50,000 as several capital improvement projects were inadvertently not included in the cost estimating module used to forecast Public Works Department Support Costs allocations.</p>				
<i>Ending Fund Balance Adjustment</i>	Traffic Capital Program		(\$1,628,000)	
<p>This action decreases the Ending Fund Balance to offset actions recommended in this report.</p>				
<i>San Carlos Multimodal Streetscape Improvements Phase I</i>	Traffic Capital Program		\$95,000	
<p>This action increases funding for the San Carlos Multimodal Streetscape Improvements Phase I project in the amount of \$95,000 due to unforeseen traffic signal and electrical installation issues causing delays in the project. The additional funding will allow for project completion and closeout.</p>				



## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>BLDG &amp; STRUCT CONST TAX FD (429)</b>				
<b><i>San Carlos Multimodal Streetscape Improvements Phase II</i></b>	Traffic Capital Program		\$550,000	
<p>This action increases funding for the San Carlos Multimodal Streetscape Improvements Phase II project in the amount of \$550,000 to address several unforeseen design challenges, especially with regard to utility conflicts. The additional funding of \$360,000 will provide for higher Public Works Department construction management expenses, and \$190,000 will be directed to VTA to redesign several facilities, including the relocation of light rail communication cabinets that were unknown until design work had been underway.</p>				
<b><i>The Alameda: A Plan for the Beautiful Way</i></b>	Traffic Capital Program		\$644,000	
<p>This action increases funding for The Alameda: A Plan for the Beautiful Way project in the amount of \$644,000 to complete additional design work. The project was designed with landscaping elements beyond the City's typical standard as the City had an expectation that a new Maintenance District would help maintain the enhanced landscaping elements. However, at the City Council meeting on March 27, 2012 where the votes were counted, the District failed to receive enough votes in favor of formation, so the project was redesigned to eliminate the enhanced landscaping elements. Further, once the project was advertised in October 2012, the lowest qualified bidder came in \$1.5 million over the grant amount authorized by the Metropolitan Transportation Commission. Therefore, the project was redesigned to reduce lighting, electrical and other non-essential elements higher cost elements, while still maintaining the core scope of the project intact.</p>				
<b><i>Traffic Signal Communications and Synchronization/ Earned Revenue</i></b>	Traffic Capital Program		\$291,000	\$194,000
<p>This action increases funding for the Traffic Signal Communications and Synchronization project in the amount of \$291,000 to fund staff resources to complete the installation of project elements, including traffic surveillance cameras, wireless and network switch communication devices, traffic signal adaptive control detection equipment, and fiber optic cable. A portion of these funds will be made available by recognizing a vendor reimbursement of \$194,000. A decrease to the Ending Fund Balance of \$97,000 is also recommended elsewhere in this report to fund this action.</p>				
<b><i>Traffic Signal and Lighting Program</i></b>	Traffic Capital Program		\$108,000	\$16,000
<p>This action increases funding for the Traffic Signal and Lighting Program in the amount of \$108,000 for the following activities: the installation of streetlight control gateways at the end of 2011-2012 with the vendor submitting an invoice in July 2012 (\$50,000); a part-time intern to reconcile City and PG&amp;E streetlight databases to ensure accurate billing, staffing and materials related to testing and commissioning of a newly installed LED control system (\$42,000); and the purchase and installation of a traffic control and LED fixture paid for by developer fees (\$16,000).</p>				
<b>TOTAL BLDG &amp; STRUCT CONST TAX FD (429)</b>			\$210,000	\$210,000

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>COMM DEV BLOCK GRANT FUND (441)</b>				
<i>Code Enforcement Operations</i>	Planning, Bldg, & Code Enf		(\$31,000)	
<p>This action decreases the Code Enforcement Operations appropriation to reflect the reduced funding needed for non-personal/equipment expenses. As part of the 2012-2013 Adopted Operating Budget, six Code Enforcement Inspector positions were eliminated from this program; however, the associated reduction of the non-personal/equipment funding was inadvertently omitted.</p>				
<i>Ending Fund Balance Adjustment</i>	Planning, Bldg, & Code Enf		\$31,000	
<p>This action increases the Ending Fund Balance to offset the action recommended in this report.</p>				
<b>TOTAL COMM DEV BLOCK GRANT FUND (441)</b>			\$0	\$0
<b>COMMTY FACIL REVENUE FUND (422)</b>				
<i>Transfer to the General Fund/Earned Revenue (Hayes Center City Expenses)</i>	Finance		\$26,000	\$26,000
<p>This action increases the Transfer to the General Fund and the Earned Revenue estimate to fully reimburse the General Fund for eligible costs associated with the management of the Community Facilities Revenue Fund. The General Fund is eligible to be reimbursed for 50% of the cost of the Principal Accountant overseeing the Community Facilities Revenue Fund. This action adjusts the transfer to account for the full 50% cost of that position, the cost of which was inadvertently underestimated when the 2012-2013 transfer amount was established. An increase in the Eamed Revenue estimate from the Hayes Center to the City as reimbursement for agreed upon City expenses associated with the management of the Community Facilities Revenue Fund is recommended to offset this increased expenditure. A corresponding action to increase the Transfers revenue estimate in the General Fund from the Community Facilities Revenue Fund is included elsewhere in this report.</p>				
<b>TOTAL COMMTY FACIL REVENUE FUND (422)</b>			\$26,000	\$26,000
<b>CONST/CONV TAX CENTRAL FD (390)</b>				
<i>Earned Revenue - Construction and Conveyance Tax</i>	Parks & Comm Fac Dev Capital Program			\$5,760,000
<p>This action increases the Parks Construction and Conveyance Tax revenue estimate by \$5,760,000, from \$13,440,000 to \$19,200,000, due to higher than anticipated year-to-date Construction and Conveyance Tax revenue collections. The overall Construction and Conveyance Tax estimate is recommended to increase from \$21.0 million to \$30.0 million to reflect the increased activity in the local real estate market. Further detail regarding the performance of the Construction and Conveyance Tax revenue as well as a discussion of the housing statistics for the local real estate market can be found in Section II, Status of Selected Special and Capital Funds, of this report.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX CENTRAL FD (390)</b>				
<p><b><i>Transfer to the Council District 1 C&amp;C Tax Fund: Needs-Based Allocation</i></b></p> <p>This action increases the Needs-Based Transfer to the Council District 1 Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$320,000	
<p><b><i>Transfer to the Council District 1 C&amp;C Tax Fund: Special Needs</i></b></p> <p>This action increases the Special Needs Transfer to the Council District 1 Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$66,000	
<p><b><i>Transfer to the Council District 10 C&amp;C Tax Fund: Needs-Based Allocation</i></b></p> <p>This action increases the Needs-Based Transfer to the Council District 10 Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$105,000	
<p><b><i>Transfer to the Council District 10 C&amp;C Tax Fund: Special Needs</i></b></p> <p>This action increases the Special Needs Transfer to the Council District 10 Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$66,000	
<p><b><i>Transfer to the Council District 2 C&amp;C Tax Fund: Needs-Based Allocation</i></b></p> <p>This action increases the Needs-Based Transfer to the Council District 2 Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$192,000	
<p><b><i>Transfer to the Council District 2 C&amp;C Tax Fund: Special Needs</i></b></p> <p>This action increases the Special Needs Transfer to the Council District 2 Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$66,000	
<p><b><i>Transfer to the Council District 3 C&amp;C Tax Fund: Needs-Based Allocation</i></b></p> <p>This action increases the Needs-Based Transfer to the Council District 3 Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$158,000	
<p><b><i>Transfer to the Council District 3 C&amp;C Tax Fund: Special Needs</i></b></p> <p>This action increases the Special Needs Transfer to the Council District 3 Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$66,000	

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX CENTRAL FD (390)</b>				
<p><b><i>Transfer to the Council District 4 C&amp;C Tax Fund: Needs-Based Allocation</i></b></p> <p>This action increases the Needs-Based Transfer to the Council District 4 Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$256,000	
<p><b><i>Transfer to the Council District 4 C&amp;C Tax Fund: Special Needs</i></b></p> <p>This action increases the Special Needs Transfer to the Council District 4 Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$66,000	
<p><b><i>Transfer to the Council District 5 C&amp;C Tax Fund: Needs-Based Allocation</i></b></p> <p>This action increases the Needs-Based Transfer to the Council District 5 C&amp;C Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$325,000	
<p><b><i>Transfer to the Council District 5 C&amp;C Tax Fund: Special Needs</i></b></p> <p>This action increases the Special Needs Transfer to the Council District 5 Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$66,000	
<p><b><i>Transfer to the Council District 6 C&amp;C Tax Fund: Needs-Based Allocation</i></b></p> <p>This action increases the Needs-Based Transfer to the Council District 6 Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$422,000	
<p><b><i>Transfer to the Council District 6 C&amp;C Tax Fund: Special Needs</i></b></p> <p>This action increases the Special Needs Transfer to the Council District 6 Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$66,000	
<p><b><i>Transfer to the Council District 7 C&amp;C Tax Fund: Needs-Based Allocation</i></b></p> <p>This action increases the Needs-Based Transfer to the Council District 7 Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$306,000	
<p><b><i>Transfer to the Council District 7 C&amp;C Tax Fund: Special Needs</i></b></p> <p>This action increases the Special Needs Transfer to the Council District 7 Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$66,000	

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX CENTRAL FD (390)</b>				
<p><b><i>Transfer to the Council District 8 C&amp;C Tax Fund: Needs-Based Allocation</i></b></p> <p>This action increases the Needs-Based Transfer to the Council District 8 Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$252,000	
<p><b><i>Transfer to the Council District 8 C&amp;C Tax Fund: Special Needs</i></b></p> <p>This action increases the Special Needs Transfer to the Council District 8 Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$66,000	
<p><b><i>Transfer to the Council District 9 C&amp;C Tax Fund: Needs-Based Allocation</i></b></p> <p>This action increases the Needs-Based Transfer to the Council District 9 Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$268,000	
<p><b><i>Transfer to the Council District 9 C&amp;C Tax Fund: Special Needs</i></b></p> <p>This action increases the Special Needs Transfer to the Council District 9 Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$66,000	
<p><b><i>Transfer to the General Fund: Parks Eligible Maintenance Costs</i></b></p> <p>This action increases the transfer to the General Fund for operating and maintenance costs to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections. Per previous City Council direction, 15% of all the Parks Construction and Conveyance Tax revenue must be transferred to the General Fund for operating and maintenance costs associated with the Parks, Recreation and Neighborhood Services Department.</p>	Parks & Comm Fac Dev Capital Program		\$864,000	
<p><b><i>Transfer to the Parks City-Wide C&amp;C Tax Fund</i></b></p> <p>This action increases the transfer allocation to the Parks City-Wide Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>	Parks & Comm Fac Dev Capital Program		\$1,632,000	
<b>TOTAL CONST/CONV TAX CENTRAL FD (390)</b>			<b>\$5,760,000</b>	<b>\$5,760,000</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX COMM FUND (397)</b>				
<b><i>Earned Revenue - Construction and Conveyance Tax</i></b>	Communications Capital Program			\$306,000
<p>This action increases the Communications Construction and Conveyance Tax revenue estimate by \$306,000, from \$714,000 to \$1,020,000, due to higher than anticipated year-to-date Construction and Conveyance Tax revenue collections. The overall Construction and Conveyance Tax estimate is recommended to increase from \$21.0 million to \$30.0 million to reflect the increased activity in the local real estate market. Further detail regarding the performance of the Construction and Conveyance Tax revenue as well as a discussion of the housing statistics for the local real estate market can be found in Section II, Status of Selected Special and Capital Funds, of this report.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Communications Capital Program		\$306,000	
<p>This action increases the Ending Fund Balance to offset the action recommended in this report.</p>				
<b>TOTAL CONST/CONV TAX COMM FUND (397)</b>			<b>\$306,000</b>	<b>\$306,000</b>
<b>CONST/CONV TAX FIRE FUND (392)</b>				
<b><i>Earned Revenue - Construction and Conveyance Tax</i></b>	Public Safety Capital Program			\$756,000
<p>This action increases the Fire Construction and Conveyance Tax revenue estimate by \$756,000, from \$1,764,000 to \$2,520,000, due to higher than anticipated year-to-date Construction and Conveyance Tax revenue collections. The overall Construction and Conveyance Tax estimate is recommended to increase from \$21.0 million to \$30.0 million to reflect the increased activity in the local real estate market. Further detail regarding the performance of the Construction and Conveyance Tax revenue as well as a discussion of the housing statistics for the local real estate market can be found in Section II, Status of Selected Special and Capital Funds, of this report.</p>				
<b><i>Reserve: Facilities Improvements</i></b>	Public Safety Capital Program		\$756,000	
<p>This action establishes a reserve for fire facilities improvements in the amount of \$756,000 to fund urgent facility maintenance and repairs. There are many fire stations that are more than fifty years old and are recently showing signs of significant maintenance and repair needs. This reserve will help to ensure that funding is available for any critical fire station needs that may arise in the near future.</p>				
<b>TOTAL CONST/CONV TAX FIRE FUND (392)</b>			<b>\$756,000</b>	<b>\$756,000</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX LIBRARY FD (393)</b>				
<b><i>Earned Revenue - Construction and Conveyance Tax</i></b>	Library Capital Program			\$1,280,000
<p>This action increases the Library Construction and Conveyance Tax revenue estimate by \$1,280,000, from \$2,986,000 to \$4,266,000, due to higher than anticipated year-to-date Construction and Conveyance Tax revenue collections. The overall Construction and Conveyance Tax estimate is recommended to increase from \$21.0 million to \$30.0 million to reflect the increased activity in the local real estate market. Further detail regarding the performance of the Construction and Conveyance Tax revenue as well as a discussion of the housing statistics for the local real estate market can be found in Section II, Status of Selected Special and Capital Funds, of this report.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Library Capital Program		\$1,280,000	
<p>This action increases the Ending Fund Balance to offset the action recommended in this report.</p>				
<b>TOTAL CONST/CONV TAX LIBRARY FD (393)</b>			<b>\$1,280,000</b>	<b>\$1,280,000</b>
<b>CONST/CONV TAX PK CD 1 FUND (377)</b>				
<b><i>Council District 1 C&amp;C Tax Fund: Needs-Based Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$320,000
<p>This action increases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>				
<b><i>Council District 1 C&amp;C Tax Fund: Special Needs Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$66,000
<p>This action increases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		\$386,000	
<p>This action increases the Ending Fund Balance to offset actions recommended in this report.</p>				
<b>TOTAL CONST/CONV TAX PK CD 1 FUND (377)</b>			<b>\$386,000</b>	<b>\$386,000</b>
<b>CONST/CONV TAX PK CD 2 FUND (378)</b>				
<b><i>Council District 2 C&amp;C Tax Fund: Needs-Based Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$192,000
<p>This action increases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>				
<b><i>Council District 2 C&amp;C Tax Fund: Special Needs Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$66,000
<p>This action increases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		\$258,000	
<p>This action increases the Ending Fund Balance to offset actions recommended in this report.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>TOTAL CONST/CONV TAX PK CD 2 FUND (378)</b>			<b>\$258,000</b>	<b>\$258,000</b>
<b>CONST/CONV TAX PK CD 3 FUND (380)</b>				
<b><i>Council District 3 C&amp;C Tax Fund: Needs-Based Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$158,000
This action increases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.				
<b><i>Council District 3 C&amp;C Tax Fund: Special Needs Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$66,000
This action increases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		\$224,000	
This action increases the Ending Fund Balance to offset actions recommended in this report.				
<b>TOTAL CONST/CONV TAX PK CD 3 FUND (380)</b>			<b>\$224,000</b>	<b>\$224,000</b>
<b>CONST/CONV TAX PK CD 4 FUND (381)</b>				
<b><i>Council District 4 C&amp;C Tax Fund: Needs-Based Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$256,000
This action increases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.				
<b><i>Council District 4 C&amp;C Tax Fund: Special Needs Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$66,000
This action increases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		\$322,000	
This action increases the Ending Fund Balance to offset actions recommended in this report.				
<b>TOTAL CONST/CONV TAX PK CD 4 FUND (381)</b>			<b>\$322,000</b>	<b>\$322,000</b>
<b>CONST/CONV TAX PK CD 5 FUND (382)</b>				
<b><i>Council District 5 C&amp;C Tax Fund: Needs-Based Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$325,000
This action increases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.				
<b><i>Council District 5 C&amp;C Tax Fund: Special Needs Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$66,000
This action increases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.				



## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PK CD 5 FUND (382)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		\$391,000	
This action increases the Ending Fund Balance to offset actions recommended in this report.				
<b>TOTAL CONST/CONV TAX PK CD 5 FUND (382)</b>			<b>\$391,000</b>	<b>\$391,000</b>
<b>CONST/CONV TAX PK CD 6 FUND (384)</b>				
<b><i>Council District 6 C&amp;C Tax Fund: Needs-Based Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$422,000
This action increases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.				
<b><i>Council District 6 C&amp;C Tax Fund: Special Needs Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$66,000
This action increases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		\$488,000	
This action increases the Ending Fund Balance to offset actions recommended in this report.				
<b>TOTAL CONST/CONV TAX PK CD 6 FUND (384)</b>			<b>\$488,000</b>	<b>\$488,000</b>
<b>CONST/CONV TAX PK CD 7 FUND (385)</b>				
<b><i>Council District 7 C&amp;C Tax Fund: Needs-Based Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$306,000
This action increases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.				
<b><i>Council District 7 C&amp;C Tax Fund: Special Needs Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$66,000
This action increases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		\$372,000	
This action increases the Ending Fund Balance to offset actions recommended in this report.				
<b>TOTAL CONST/CONV TAX PK CD 7 FUND (385)</b>			<b>\$372,000</b>	<b>\$372,000</b>
<b>CONST/CONV TAX PK CD 8 FUND (386)</b>				
<b><i>Council District 8 C&amp;C Tax Fund: Needs-Based Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$252,000
This action increases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PK CD 8 FUND (386)</b>				
<b><i>Council District 8 C&amp;C Tax Fund: Special Needs Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$66,000
This action increases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		\$318,000	
This action increases the Ending Fund Balance to offset actions recommended in this report.				
<b>TOTAL CONST/CONV TAX PK CD 8 FUND (386)</b>			<b>\$318,000</b>	<b>\$318,000</b>
<b>CONST/CONV TAX PK CD 9 FUND (388)</b>				
<b><i>Council District 9 C&amp;C Tax Fund: Needs-Based Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$268,000
This action increases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.				
<b><i>Council District 9 C&amp;C Tax Fund: Special Needs Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$66,000
This action increases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		\$334,000	
This action increases the Ending Fund Balance to offset actions recommended in this report.				
<b>TOTAL CONST/CONV TAX PK CD 9 FUND (388)</b>			<b>\$334,000</b>	<b>\$334,000</b>
<b>CONST/CONV TAX PK CD10 FD (389)</b>				
<b><i>Council District 10 C&amp;C Tax Fund: Needs-Based Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$105,000
This action increases the Needs-Based Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.				
<b><i>Council District 10 C&amp;C Tax Fund: Special Needs Transfer</i></b>	Parks & Comm Fac Dev Capital Program			\$66,000
This action increases the Special Needs Transfer allocation from the Parks Central Construction and Conveyance Tax Fund to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections.				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		\$171,000	
This action increases the Ending Fund Balance to offset actions recommended in this report.				
<b>TOTAL CONST/CONV TAX PK CD10 FD (389)</b>			<b>\$171,000</b>	<b>\$171,000</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PK YARDS FD (398)</b>				
<p><b><i>Earned Revenue - Construction and Conveyance Tax</i></b></p> <p>This action increases the Park Yards Construction and Conveyance Tax revenue estimate by \$108,000, from \$252,000 to \$360,000, due to higher than anticipated year-to-date Construction and Conveyance Tax revenue collections. The overall Construction and Conveyance Tax estimate is recommended to increase from \$21.0 million to \$30.0 million to reflect the increased activity in the local real estate market. Further detail regarding the performance of the Construction and Conveyance Tax revenue as well as a discussion of the housing statistics for the local real estate market can be found in Section II, Status of Selected Special and Capital Funds, of this report.</p>	Parks & Comm Fac Dev Capital Program			\$108,000
<p><b><i>Ending Fund Balance Adjustment</i></b></p> <p>This action increases the Ending Fund Balance to offset actions recommended in this report.</p>	Parks & Comm Fac Dev Capital Program		\$92,000	
<p><b><i>Transfer to the General Fund: Park Yards Operating and Maintenance Expenses</i></b></p> <p>This action increases the transfer to the General Fund for operating and maintenance costs to reflect higher than anticipated year-to-date Construction and Conveyance Tax revenue collections. Per previous City Council direction, 15% of all the Park Yards Construction and Conveyance Tax revenue must be transferred to the General Fund for operating and maintenance costs associated with the Parks, Recreation and Neighborhood Services Department.</p>	Parks & Comm Fac Dev Capital Program		\$16,000	
<b>TOTAL CONST/CONV TAX PK YARDS FD (398)</b>			\$108,000	\$108,000
<b>CONST/CONV TAX SRVC YDS FD (395)</b>				
<p><b><i>Earned Revenue - Construction and Conveyance Tax</i></b></p> <p>This action increases the Service Yards Construction and Conveyance Tax revenue estimate by \$790,000, from \$1,844,000 to \$2,634,000, due to higher than anticipated year-to-date Construction and Conveyance Tax revenue collections. The overall Construction and Conveyance Tax estimate is recommended to increase from \$21.0 million to \$30.0 million to reflect the increased activity in the local real estate market. Further detail regarding the performance of the Construction and Conveyance Tax revenue as well as a discussion of the housing statistics for the local real estate market can be found in Section II, Status of Selected Special and Capital Funds, of this report.</p>	Service Yards Capital Program			\$790,000
<p><b><i>Reserves: Debt Service Payments</i></b></p> <p>This action establishes a reserve for debt service payments in the amount of \$790,000 to offset General Fund contributions to the debt service payments related to the Central Service Yard Phase I project. In 2012-2013, the General Fund is contributing \$1.3 million of the total \$1.7 million debt service payment.</p>	Service Yards Capital Program		\$790,000	
<b>TOTAL CONST/CONV TAX SRVC YDS FD (395)</b>			\$790,000	\$790,000

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONSTRUCTION EXCISE TAX FD (465)</b>				
<b><i>Bicycle and Pedestrian Facilities/Earned Revenue</i></b>	Traffic Capital Program		\$48,000	\$48,000
This action increases the Earned Revenue estimate and funding for the Bicycle and Pedestrian Facilities project in the amount of \$48,000 due to a state Transportation Fund for Clean Air grant for the purchase and installation of public bike racks.				
<b><i>Ending Fund Balance Adjustment</i></b>	Traffic Capital Program		(\$487,000)	
This action decreases the Ending Fund Balance to offset actions recommended elsewhere in this report.				
<b><i>Jackson Avenue and Alexian Drive Pedestrian Improvements/Earned Revenue</i></b>	Traffic Capital Program		\$125,000	\$125,000
This action increases the Earned Revenue estimate and funding for the Jackson Avenue and Alexian Drive Pedestrian Improvements project in the amount of \$125,000. Developer fees received from Falk Development, Inc. will be used for the purchase and installation of pedestrian flashing beacons and other minor improvements.				
<b><i>Land Management and Weed Abatement</i></b>	Traffic Capital Program		\$25,000	
This action increases funding for the Land Management and Weed Abatement project in the amount of \$25,000 for unplanned tree trimming work on City property, replacement of 500 feet of sidewalk at 500 S. 1st Street, and additional security fencing around vacant City properties.				
<b><i>Montague Expressway NSJ - County Settlement Agreement</i></b>	Traffic Capital Program		(\$2,000,000)	
This action decreases funding for the Montague Expressway NSJ - County Settlement Agreement in the amount of \$2.0 million, from \$6.0 million to \$4.0 million, to reflect the settlement payment schedule agreed to with the County of Santa Clara. According to the schedule, \$4 million will be paid from the City to the County in 2012-2013, \$2.0 million per year from 2013-2014 to 2015-2016, and a final payment of \$1 million in 2016-2017, yielding a total payment of \$11.0 million. Establishment of a \$2.0 million reserve for the 2013-2014 payment is recommended elsewhere in this report.				
<b><i>Pavement Maintenance – City/Earned Revenue</i></b>	Traffic Capital Program		\$392,453	\$392,453
The action increases the Earned Revenue estimate and funding for the Pavement Maintenance – City project in the amount of \$392,453 to recognize funds from the County of Santa Clara for maintenance of streets relinquished by the County to the City.				
<b><i>Reserve - Pavement Maintenance - State Gas Tax/Earned Revenue</i></b>	Traffic Capital Program		\$1,814,549	\$1,814,549
This action increases the Earned Revenue estimate in the amount of \$1,814,549 to recognize unanticipated State Gas Tax revenue, and establishes a Pavement Maintenance – State Gas Tax reserve in the same amount for use in 2013-2014.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONSTRUCTION EXCISE TAX FD (465)</b>				
<i>Reserve – Evergreen Traffic Impact Fees/Earned Revenue</i>	Traffic Capital Program		\$1,167,406	\$1,167,406
<p>This action increases the estimate for Earned Revenue and funding to the Reserve – Evergreen Traffic Impact Fees in the amount of \$1,167,406 to reflect actual traffic impact fees collected from developers through December 2012. The funds are restricted to traffic improvements within the Evergreen Area and will be allocated as projects are identified.</p>				
<i>Reserve – Montague Expressway NSJ - County Settlement Agreement</i>	Traffic Capital Program		\$2,000,000	
<p>This action establishes a reserve in the amount of \$2.0 million for the 2013-2014 payment to the County of Santa Clara according to an agreed upon settlement payment schedule between the City and County. According to the schedule, \$4 million will be paid from the City to the County in 2012-2013, \$2.0 million per year from 2013-2014 to 2015-2016, and a final payment of \$1 million in 2016-2017, yielding a total payment of \$11.0 million. A decrease in the \$2.0 million appropriation for the 2012-2013 payment is addressed elsewhere in this report.</p>				
<i>Reserve – North San José Traffic Impact Fees/Earned Revenue</i>	Traffic Capital Program		\$2,989,484	\$2,989,484
<p>This action increases the estimate for Earned Revenue and funding to the Reserve – North San José Traffic Impact Fees in the amount of \$2,989,484 to reflect actual traffic impact fees collected from developers through December 2012. The funds are restricted to traffic improvements within the North San José area and will be allocated as projects are identified.</p>				
<i>Safe Access San José</i>	Traffic Capital Program		\$100,000	
<p>This action increases funding for the Safe Access San José project in the amount of \$100,000 to finish traffic signal design and start Safe Access route evaluation, thereby enabling environmental work to complete so that the remaining \$470,000 of the Metropolitan Transportation Commission Climate Initiative grant can be obligated. This project constructs a variety of traffic and pedestrian safety improvements, such as roadway markings, signage, crosswalk enhancements, and ADA ramps along designated safe routes to school.</p>				
<i>Safety: Traffic Signals &amp; Rehabilitation/Earned Revenue</i>	Traffic Capital Program		\$127,000	\$127,000
<p>This action increases the Earned Revenue estimate and increases funding for the Safety: Traffic Signals &amp; Rehabilitation project in the amount of \$127,000. The City has secured Vehicle Registration Fee grant funding from the VTA to repair critical traffic signal communications on First Street, Brokaw Road, and McKee Road corridors, and install vehicle detection sensors at signalized intersections city-wide.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONSTRUCTION EXCISE TAX FD (465)</b>				
<p><b><i>San Fernando Street Enhanced Bikeway and Pedestrian Access</i></b></p> <p>This action increases funding for the San Fernando Street Enhanced Bikeway and Pedestrian Access project in the amount of \$318,000 to finalize design and take the project into construction. Of this amount, \$95,000 is needed to fund design changes requested by various stakeholders relatively late in the design process, and \$223,000 is needed for Public Works Department construction support that was not planned to be requested until the final scope of construction was known.</p>	Traffic Capital Program		\$318,000	
<p><b><i>Streetlight Turn On</i></b></p> <p>Establishes an appropriation to turn on 900 streetlights, primarily along arterial streets, that were previously darkened in 2008-2009 due to budget reductions. Beginning in March, approximately 225 streetlights will be turned on each month, improving the public safety and appearance of these routes. One-time costs totaling \$44,000 are needed for equipment, materials, and overtime to replace various lamps and fuses. The increased electricity costs in 2012-2013 can be absorbed due to one-time PG&amp;E credits related to LED installations. If approved, the ongoing annual electricity cost of \$92,000 will be included in the General Fund as part of the Department of Transportation's 2013-2014 Base Budget.</p>	Traffic Capital Program		\$44,000	
			\$6,663,892	\$6,663,892
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>				
<p><b><i>Civic Auditorium and Center for the Performing Arts Naming Rights Revenue/Marketing and Capital Impr</i></b></p> <p>This action increases the Earned Revenue estimate to recognize revenue from City National Bank in the amount of \$1,200,000 for naming rights to the Civic Auditorium and the Center for the Performing Arts (CPA). This action also establishes an appropriation to disburse the naming rights funds to Team San Jose for use in marketing the Civic Auditorium and CPA and conducting various capital improvements at both facilities (\$870,000), and will fund \$330,000 for an incentive payment to Front Row and Nederlander Concerts for their efforts in securing the naming rights partnership.</p>	Convention Facilities Dept		\$1,200,000	\$1,200,000
<p><b><i>Convention Facilities Revenue and Expense</i></b></p> <p>This action increases the estimate for Earned Revenue in the amount of \$6,300,000 and increases the appropriation for Convention Facilities Operations in the amount of \$5,100,000. The Convention and Cultural facilities operated by Team San Jose continue to see greater than anticipated activity. The resulting increased sales result in greater revenues, especially related to food and beverage and contract labor, which also have corresponding expenditures. The recommended revenue and expenditure adjustments are estimates based on bookings to date. As more bookings are scheduled later in the year, these estimates could rise further, warranting adjustment at year-end. Staff will continue to track these appropriations over the coming months.</p>	Convention Facilities Dept		\$5,100,000	\$6,300,000

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Convention Facilities Dept		\$750,000	
This action increases the Ending Fund Balance by \$750,000 to offset other actions recommended in this report.				
<b><i>Miscellaneous Improvements and Repairs</i></b>	Convention Facilities Dept		\$500,000	
This action increases the appropriation for Miscellaneous Improvements and Repairs in the amount of \$500,000 to address a large unanticipated volume of urgent repairs and maintenance issues experienced at the Convention Center and Center for the Performing Arts. Such expenditures for equipment replacement and major repairs fall outside of typical operating expenses. The additional funds will be spent on items such as carts, trash cans, kitchen equipment, pressure washing equipment, and electrical maintenance equipment.				
<b><i>Team San Jose Incentive Fee</i></b>	Convention Facilities Dept		(\$200,000)	
This action eliminates the Team San Jose Incentive Fee appropriation, resulting in an expenditure reduction in the amount of \$200,000. In 2011-2012, Team San Jose (TSJ) achieved only 84% of the target for theatre performance days. While TSJ achieved an overall weighted incentive fee score of nearly 137 percent for 2011-2012, which would typically earn it the maximum incentive fee of \$350,000, the Management Agreement stipulates that TSJ must achieve at least 90 percent of each measure to receive any incentive fee.				
<b><i>Coffee Shop &amp; Business Center Procurement</i></b>	Public Works		\$150,000	
This action establishes an appropriation in the amount of \$150,000 for the Department of Public Works to develop and administer a Request for Proposal (RFP) process to select two separate vendors for coffee concessions and business center services at the newly remodeled Convention Center. The Coffee Shop RFP will select an operator/vendor to establish a coffee concessions site at the Convention Center Plaza. In return for receiving a prime downtown location on City property, it is anticipated that the operator/vendor will provide funding in the form of a loan or prepaid lease to construct related improvements and final build-out of the plaza. The Business Center RFP will select an operator/vendor to add essential services to event managers and participants, such as printing, copying, shipping, electronic communication, and office supplies. In return, the operator/vendor shall pay to the City as a Concession Fee, the greater of a Minimum Annual Guarantee or a Percentage Fee of revenues as spelled out in the RFP. This appropriation only provides funding for staff time related to the RFP process; all construction and other physical improvement costs will be borne by the selected operators/vendors.				
<b>TOTAL CONV/CULTURAL AFFAIRS FUND (536)</b>			\$7,500,000	\$7,500,000

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>DENTAL INSURANCE FUND (155)</b>				
<i>Human Resources Department Non-Personal/Equipment</i>				
<p>This action increases Human Resources Department's Non-Personal/Equipment appropriation by \$10,000 to provide funding for higher than anticipated expenditures. The Non-Personal/Equipment appropriation is estimated to exceed budgeted levels for the year due to the use of a temporary agency to backfill two vacant positions in Employee Benefits. Total agency costs for these positions is \$45,000, however, only \$10,000 is required due to savings in the administrative fees for the Delta Dental PPO plan. A corresponding decrease to the Personal Services appropriation is also recommended in this report.</p>	Human Resources		\$10,000	
<i>Human Resources Personal Services</i>				
<p>This action decreases Human Resources' Personal Services allocation by \$10,000 to offset the higher than anticipated temporary agency expenditures in the Non-Personal/Equipment appropriation. Vacancy savings are available due to two Staff Technician positions being vacant for several months during the year.</p>	Human Resources		(\$10,000)	
<b>TOTAL DENTAL INSURANCE FUND (155)</b>			\$0	\$0
<b>DOWNTOWN PBID FUND (302)</b>				
<i>Downtown Property &amp; Business Improvement District</i>				
<p>This action increases the Downtown Property &amp; Business Improvement District (PBID) appropriation to account for PBID revenues not previously distributed. Due to delayed 2011-2012 property assessment billings, combined with the reconciliation performed at the close-out of the first PBID contract, additional revenues from the prior year have been identified that need to be distributed to the San José Downtown Property Owners Association in March.</p>	Transportation		\$37,500	
<i>Downtown Property &amp; Business Improvement District Fund General Fund Transfer</i>				
<p>This action decreases the Transfer from the General Fund the Downtown Property &amp; Business Improvement District (PBID) Fund by \$4,029 from \$623,920 to \$619,891. On August 7, 2007, the City Council approved formation of the Downtown PBID for a five-year period ending December 31, 2012, and directed assessments to be levied and collected. A reconciliation of the fund's finances at the close of the current contract indicated that the net transfers from the General Fund for assessments of City properties and the baseline level of service were higher than needed. A downward adjustment of \$4,029 to the 2012-2013 General Fund transfer will align with PBID fund obligations.</p>	Transportation			(\$4,029)
<i>Ending Fund Balance Adjustment</i>				
<p>This action decreases the Ending Fund Balance to offset actions recommended in this report.</p>	Transportation		(\$41,529)	
<b>TOTAL DOWNTOWN PBID FUND (302)</b>			(\$4,029)	(\$4,029)



## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>FEDERAL DRUG FORFEITURE FUND (419)</b>				
<i>Ending Fund Balance Adjustment</i>	Police		\$721,616	
This action increases the Ending Fund Balance to offset the actions recommended in this report.				
<i>Police Department Personal Services</i>	Police		(\$434,182)	
This action decreases the Police Department's Personal Services appropriation by the amount budgeted for the 16 2010 and three 2011 COPS Hiring Grant Police Officer positions in 2012-2013. The COPS grant funding reimburses the Department for the cost of the 19 entry level Police Officer positions; however, because the actual cost of the positions is higher than the grant reimbursement, the difference was budgeted in the Federal Asset Forfeiture Fund. The United States Department of Justice recently determined that the Federal Asset Forfeiture Fund cannot cover the costs associated with the COPS Hiring Grant, but the State Asset Forfeiture Fund can cover these costs. A corresponding action to budget the 2012-2013 costs in the State Asset Forfeiture Fund is recommended elsewhere in this report.				
<i>Transfer from the State Asset Forfeiture Fund</i>	Police			\$287,434
This action establishes a transfer from the State Asset Forfeiture Fund to reimburse the Federal Asset Forfeiture Fund for 2011-2012 expenditures related to the 16 2010 and three 2011 COPS Hiring Grant Police Officer positions. The COPS grant funding reimburses the Department for the cost of the 19 entry level Police Officer positions; however, because the actual cost of the positions is higher than the grant reimbursement, the difference was budgeted and expended in the Federal Asset Forfeiture Fund in 2011-2012. The United States Department of Justice recently determined that the Federal Asset Forfeiture Fund cannot cover the costs associated with COPS Hiring Grant, but the State Asset Forfeiture Fund can cover these costs. A corresponding action to establish a transfer to the Federal Asset Forfeiture Fund is recommended elsewhere in this report.				
<b>TOTAL FEDERAL DRUG FORFEITURE FUND (419)</b>			\$287,434	\$287,434
 <b>GIFT TRUST FUND (139)</b>				
<i>Library - General Gifts/Earned Revenue</i>	Library		\$41,798	\$41,798
This action increases the Library - General Gifts appropriation and Earned Revenue estimate to recognize and appropriate gifts made in support of the following: Cambrian Branch Library (\$9,725), Almaden Branch Library (\$8,100), general library needs (from vending commissions, \$7,253), Evergreen Branch Library (\$3,000), Pearl Avenue Branch Library (\$2,100), Vineland Branch Library (\$1,825), Rose Garden Branch Library (\$1,798), Willow Glen Branch Library (\$1,508), Dr. Martin Luther King Jr. Library (\$1,500), Beryessa Branch Library (\$1,500), Alum Rock Branch Library (\$1,125), Edenvale Branch Library (\$875), Santa Teresa Branch Library (\$500), and Hillview Branch Library (\$300). The funding will be used for programming, supplies, and materials.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>GIFT TRUST FUND (139)</b>				
<b><i>Lake Cunningham Skate Park/Earned Revenue</i></b>	Parks, Rec, & Neigh Svcs		\$2,204	\$2,204
This action increases the Lake Cunningham Skate Park appropriation and the corresponding Earned Revenue estimate by \$2,204 to recognize a gift and associated interest from the Fox Head apparel company, a well-known world-wide motorcross apparel company. These funds will be used to offset operating costs at the Skate Park.				
<b><i>Mayor's Gang Prevention Task Force Clean Slate Program/Earned Revenue</i></b>	Parks, Rec, & Neigh Svcs		\$3,000	\$3,000
This action increases the Mayor's Gang Prevention Task Force Clean Slate Program appropriation and increases the corresponding estimate for Earned Revenue in the amount of \$3,000 to recognize a gift from an anonymous donor. These funds will be used for program supplies, graduation expenses, and general support of participants.				
<b><i>RP &amp; CS General Gifts Over \$1,000/Earned Revenue</i></b>	Parks, Rec, & Neigh Svcs		\$1,933	\$1,933
This action increases the Recreation, Parks, and Community Services (RP & CS) General Gifts Over \$1,000 appropriation and increases the corresponding estimate for Earned Revenue by \$1,933 to recognize and appropriate a gift to fund the purchase and installation of a dedicated park bench at Carrabelle Park in Council District 10.				
<b><i>Rose Garden Fountain/Earned Revenue</i></b>	Parks, Rec, & Neigh Svcs		\$5,406	\$5,406
This action increases the Rose Garden Fountain appropriation and increases the corresponding Earned Revenue estimate by \$5,406 to accept and recognize a gift and associated interest earnings from the Friends of the San José Rose Garden to continue the funding of the monthly maintenance of the Rose Garden Fountain.				
<b><i>Safe Summer Initiative/Earned Revenue</i></b>	Parks, Rec, & Neigh Svcs		\$15,015	\$15,015
This action increases the Safe Summer Initiative appropriation and the corresponding Earned Revenue estimate by \$15,015 to recognize and appropriate a gift and associated interest that support the Safe Summer Initiative Program. The Safe Summer Initiative Program engages youth between the ages of six and 18 through fun and safe community events and activities during the summer months, and is intended to encourage youth to participate in outdoor activities and build social skills.				
<b><i>San José Vietnam War Memorial/Earned Revenue</i></b>	Parks, Rec, & Neigh Svcs		\$12,004	\$12,004
This action establishes the San José Vietnam War Memorial appropriation and a corresponding estimate for Earned Revenue in the amount of \$12,004 to recognize a gift and associated interest to be used toward the long-term maintenance needs of this new San Jose landmark. These funds were raised by the San Jose Vietnam War Memorial Foundation.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>GIFT TRUST FUND (139)</b>				
<p><b><i>Coleman/Guadalupe Traffic Study and Mitigation/Earned Revenue</i></b></p> <p>This action establishes a Coleman/Guadalupe Traffic Study and Mitigation appropriation and increases the corresponding Earned Revenue estimate by \$15,000 to accept and recognize a gift from Brookfield Brookside, LLC to conduct traffic study on the section of Camden Avenue between Coleman Avenue/Guadalupe Mines Road and Hicks Road.</p>	Transportation		\$15,000	\$15,000
<p><b><i>ThinkBike Workshop/Earned Revenue</i></b></p> <p>This action establishes a ThinkBike Workshop appropriation and increases the estimate for Earned Revenue by \$1,000 to accept and recognize a gift from the Mineta Transportation Institute to defray the costs of a ThinkBike workshop the City hosted in October 2012, aimed at encouraging bicycle use.</p>	Transportation		\$1,000	\$1,000
			\$97,360	\$97,360
<b>HOUSING TRUST FUND (440)</b>				
<p><b><i>Ending Fund Balance Adjustment</i></b></p> <p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>	Housing		(\$167,150)	
<p><b><i>Housing Department Personal Services</i></b></p> <p>This action increases the Housing Department's Personal Services appropriation as a result of increased staffing expenditures spent on handling issues associated with the City's homeless activities. This increase will provide funding for a temporary position (\$81,250) to focus on the broad concern of encampments, the impacts of homeless encampments on neighborhoods, and the need to connect the homeless residents with services and housing. Also, this action will provide for the reallocation of existing staffing resources (from the Multi-Source Housing Fund to the Housing Trust Fund) to work on immediate issues with homeless activities (\$85,000). A corresponding decrease of \$85,000 to the Housing Department's Personal Services appropriation in the Multi-Source Housing Fund is also recommended in this report.</p>	Housing		\$167,150	
			\$0	\$0
<b>TOTAL HOUSING TRUST FUND (440)</b>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>INTEGRATED WASTE MGT FUND (423)</b>				
<i>AB 939 Settlement Funds from County of Santa Clara</i>	Environmental Services			\$880,530
<p>This action increases the AB 939 Revenue-Landfill revenue estimate from \$900,000 to \$1.8 million. In September 2012, Santa Clara County notified the City that in October 2012, it would receive an allocation of funds from a settlement between the County and Waste Management, Inc., for unpaid Source Reduction and Recycling Fees (AB 939 fees) for solid waste disposed at Kirby Canyon Landfill. The County is authorized by the City to collect AB 939 fees from landfills through an agency agreement between the County and each city in the County and to remit a portion of these fees to cities for their waste diversion programs. County AB 939 fees are divided into two parts: the part remitted back to each jurisdiction and the part the County uses to run the Household Hazardous Waste (HHW) program. ESD received \$369,091 for the jurisdictional portion and \$511,439 for the HHW program. Since the payment of these funds is a settlement of unpaid AB 939 fees, these funds are restricted. The HHW part of the fee is further restricted by the City's agreement with the County which stipulates that unused HHW funds remitted to cities can only be used to support HHW activities (i.e. HHW facility capital costs, operational costs, and public outreach). These settlement funds were not included in the 2012-2013 Adopted Operating Budget as the litigation had not been settled.</p>				
<i>Environmental Services Department Non-Personal/Equipment</i>	Environmental Services		\$880,530	
<p>This action increases the Non-Personal/Equipment appropriation to fund the construction of the Environmental Innovation Center (EIC), including permanent HHW Facility. As a result of the hazardous material abatement inside the existing warehouse, the EIC's Phase II construction timeline has been significantly extended, and is now anticipated to be completed in late September 2013. ESD is anticipating incurring an additional \$480,530 in project delivery costs including those associated with inspections and consultant contracts. The Department of Public Works is also forecasting a shortage in contingency funding and this recommendation will increase the contingency in the amount of \$400,000 for the Phase II construction. The additional contingency funds would be utilized to process payments of change orders associated with the hazardous material abatement and compliance with worker safety regulations, and other unknown conditions if needed.</p>				
<b>TOTAL INTEGRATED WASTE MGT FUND (423)</b>			<b>\$880,530</b>	<b>\$880,530</b>
<b>LIBRARY PARCEL TAX FUND (418)</b>				
<i>Ending Fund Balance Adjustment</i>	Library		\$53,902	
<p>This action increases the Ending Fund Balance to offset the action recommended in this report.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>LIBRARY PARCEL TAX FUND (418)</b>				
<i>Partners in Reading Program Technical Adjustment</i>	Library		(\$53,902)	
<p>This action decreases the Library Department's Personal Services appropriation for the Adult Literacy and Families for Literacy programs. As part of State budget reductions, a grant which previously supported literacy programs in the General Fund was suspended indefinitely in 2011-2012. Actions taken in the 2012-2013 Adopted Budget restored funding for this position with Library Parcel Tax funding. However, the City has since been notified that it will once again receive this grant in 2012-2013, therefore funding is no longer necessary in the Library Parcel Tax Fund. A corresponding action to recognize the grant funding in the General Fund is included elsewhere in this report.</p>				
<b>TOTAL LIBRARY PARCEL TAX FUND (418)</b>			\$0	\$0
<b>M.D. #15 SILVER CREEK FUND (368)</b>				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$6,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Workers' Compensation Claims</i>	Transportation		\$6,000	
<p>This action increases the Workers' Compensation Claims appropriation by \$6,000 due to higher than anticipated claims activity in the Department of Transportation.</p>				
<b>TOTAL M.D. #15 SILVER CREEK FUND (368)</b>			\$0	\$0
<b>M.D. #18 MEADOWLANDS FUND (372)</b>				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$15,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Non-Personal/Equipment</i>	Transportation		\$15,000	
<p>This action increases the Non-Personal/Equipment appropriation to provide for irrigation repairs, painting of entryway monuments, and plant replacement needed in the district.</p>				
<b>TOTAL M.D. #18 MEADOWLANDS FUND (372)</b>			\$0	\$0
<b>MULTI-SOURCE HOUSING FD (448)</b>				
<i>Ending Fund Balance Adjustment</i>	Housing		\$58,740	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Housing Department Personal Services</i>	Housing		(\$85,000)	
<p>This action decreases the Housing Department's Personal Services appropriation as a result of the reallocation of existing staffing resources (from the Multi-Source Housing Fund to the Housing Trust Fund) to work on immediate issues with homeless activities. A corresponding increase to the Housing Department's Personal Services appropriation in the Housing Trust Fund is also recommended in this report.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>MULTI-SOURCE HOUSING FD (448)</b>				
<i>Water Street Project</i>	Housing		\$26,260	
<p>This action establishes the Water Street Project. The Housing Department will purchase one property located on Water Street this fiscal year and rehabilitate and resell the property to a qualified moderate income household. This action is consistent with the purpose of this fund.</p>				
<b>TOTAL MULTI-SOURCE HOUSING FD (448)</b>			\$0	\$0
<b>MUNICIPAL GOLF COURSE FUND (518)</b>				
<i>Ending Fund Balance Adjustment</i>	Parks, Rec, & Neigh Svcs		(\$115,000)	
<p>This action decreases the Ending Fund Balance to offset the action described below.</p>				
<i>Los Lagos Golf Course</i>	Parks, Rec, & Neigh Svcs		\$115,000	
<p>This action increases the Los Lagos Golf Course expenditure appropriation in the Municipal Golf Course Fund by \$115,000. This appropriation covers payments to course operators in months when course fees are unable to cover the fixed costs of operating the facilities. Activity during the months of July through September increased above last year's levels, however activity levels declined significantly during October through December, fully expending the Los Lagos Golf Course annual allocation of \$115,000. The Parks, Recreation and Neighborhood Services Department is actively working with the course operator to ensure that the operator is minimizing costs to the extent possible while maintaining the course to the required standards. A corresponding decrease to the Ending Fund Balance is recommended above.</p>				
<b>TOTAL MUNICIPAL GOLF COURSE FUND (518)</b>			\$0	\$0
<b>PUBLIC WKS PRO SUPPORT FD (150)</b>				
<i>City's Standard Plans and Specifications Loan Reimbursement</i>	Public Works		\$8,254	
<p>This action transfers a portion of the final payment for the City's Standard Plans and Specifications long-term loan in the amount of \$8,254. The remaining balance of the City's Standard Plans and Specifications long-term loan in the amount of \$1,456 will be accounted for in the year-end reconciliation of revenues and expenses in the General Fund Public Works Development Fee Program. This funding is recommended to be used to offset other budget action as described in this report.</p>				
<i>Ending Fund Balance Adjustment</i>	Public Works		(\$8,254)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<b>TOTAL PUBLIC WKS PRO SUPPORT FD (150)</b>			\$0	\$0
<b>SEWER SVC &amp; USE CHARGE FD (541)</b>				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		(\$32,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SEWER SVC &amp; USE CHARGE FD (541)</b>				
<i>Information Technology Personal Services</i>	Information Technology		\$25,000	
<p>This action increases the Information Technology Department's Personal Services appropriation to reflect higher than anticipated staffing costs. Since the development of the 2012-2013 Adopted Budget, a vacant Division Manager position was filled and hired at a salary higher than budgeted, causing a projected overage.</p>				
<i>Planning, Building and Code Enforcement Department Personal Services</i>	Planning, Bldg, & Code Enf		\$7,000	
<p>This action increases the Planning, Building and Code Enforcement Department's Personal Services appropriation to reflect higher than anticipated staffing costs. Since the development of the 2012-2013 Adopted Budget, a vacant Division Manager position was filled and hired at a salary higher than budgeted, causing a projected overage.</p>				
<b>TOTAL SEWER SVC &amp; USE CHARGE FD (541)</b>			<b>\$0</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHG CAP FD (545)</b>				
<i>Japantown Sewer Infrastructure/Earned Revenue</i>	Public Works		\$73,577	\$73,577
<p>This action increases the estimate for Earned Revenue and Ending Fund Balance to reflect a grant reimbursement from the Environmental Protection Agency for the Japantown Sewer Infrastructure project that was completed in 2011-2012.</p>				
<b>TOTAL SEWER SVC &amp; USE CHG CAP FD (545)</b>			<b>\$73,577</b>	<b>\$73,577</b>
<b>STATE DRUG FORF FUND (417)</b>				
<i>Ending Fund Balance Adjustment</i>	Police		(\$721,616)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Police Department Personal Services</i>	Police		\$434,182	
<p>This action increases the Police Department's Personal Services appropriation by the amount budgeted for the 16 2010 and three 2011 COPS Hiring Grant Police Officer positions in 2012-2013. The COPS grant funding reimburses the Department for the cost of the 19 entry level Police Officer positions; however, because the actual cost of the positions is higher than the grant reimbursement, the difference was budgeted in the Federal Asset Forfeiture Fund. The United States Department of Justice recently determined that the Federal Asset Forfeiture Fund cannot cover the costs associated with COPS Hiring Grant, but the State Asset Forfeiture Fund can cover these costs. A corresponding action to reduce the budget for the 2012-2013 costs in the Federal Asset Forfeiture Fund is recommended elsewhere in this report.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>STATE DRUG FORF FUND (417)</b>				
<i>Transfer to the Federal Asset Forfeiture Fund</i>	Police		\$287,434	
<p>This action establishes a transfer to the Federal Asset Forfeiture Fund to reimburse the federal fund for 2011-2012 expenditures related to the 16 2010 and three 2011 COPS Hiring Grant Police Officer positions. The COPS grant funding reimburses the Department for the cost of the 19 entry level Police Officer positions; however, because the actual cost of the positions is higher than the grant reimbursement, the difference was budgeted and expended in the Federal Asset Forfeiture Fund in 2011-2012. The United States Department of Justice recently determined that the Federal Asset Forfeiture Fund cannot cover the costs associated with COPS Hiring Grant, but the State Asset Forfeiture Fund can cover these costs. A corresponding action to establish a transfer from the State Asset Forfeiture Fund is recommended elsewhere in this report.</p>				
<b>TOTAL STATE DRUG FORF FUND (417)</b>			\$0	\$0
<b>STORM SEWER CAPITAL FUND (469)</b>				
<i>Transfer from Alviso Ring Levee Fund</i>	Environmental Services		\$444,872	\$444,872
<p>This action liquidates the Alviso Ring Levee Fund (\$444,872) and transfers the funds to the Storm Sewer Capital Fund. The fund was created to record the deposit of direct assessments originally from properties identified in the "Alviso Ring Levee Special Benefit District" in order to construct portions of a ring levee around the community of Alviso. Established in 1983, moneys deposited in this fund were used for the construction of the southeast section of the Alviso Ring Levee, which was completed several years ago. The ordinance that established this fund provides that upon completion of the levee, any remaining balance be transferred to the Storm Sewer Capital Fund.</p>				
<b>TOTAL STORM SEWER CAPITAL FUND (469)</b>			\$444,872	\$444,872
<b>STORM SEWER OPERATING FD (446)</b>				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		(\$21,400)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Information Technology Personal Services</i>	Information Technology		\$10,000	
<p>This action increases the Information Technology Department's Personal Services appropriation to reflect higher than anticipated staffing costs. Since the development of the 2012-2013 Adopted Budget, a vacant Division Manager position was filled and hired at a salary higher than budgeted, causing a projected overage.</p>				
<i>Planning, Building and Code Enforcement Department Personal Services</i>	Planning, Bldg, & Code Enf		\$11,400	
<p>This action increases the Planning, Building and Code Enforcement Department's Personal Services appropriation to reflect higher than anticipated staffing costs. Since the development of the 2012-2013 Adopted Budget, a vacant Division Manager position was filled and hired at a salary higher than budgeted, causing a projected overage.</p>				



## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>TOTAL STORM SEWER OPERATING FD (446)</b>			\$0	\$0
<b>SUBDIVISION PARK TRUST FUND (375)</b>				
<b><i>Earned Revenue - Parkland Dedication Fees</i></b>	Parks & Comm Fac Dev Capital Program			\$938,000
<p>This action increases the estimate for Earned Revenue by \$938,000 to recognize the receipt of Parkland Dedication Fees from Thompson/Dorfman Partners, LLC for costs associated with design review and inspection of Riverview Park. A corresponding recommendation is included in this report to allocate this funding to the Riverview Park Design Review and Inspection appropriation.</p>				
<b><i>Martin Park Expansion</i></b>	Parks & Comm Fac Dev Capital Program		\$250,000	
<p>This action establishes a new allocation totaling \$250,000 for design costs associated with the expansion of Martin Park; currently a 9.3 neighborhood park located in Council District 3. If this funding allocation is approved, design work will resume immediately to complete capping off the former landfill and provide additional recreation opportunities for the community. Once the design of the expansion of the park has been completed, a recommendation will be brought forward for City Council consideration to allocate funding for the construction of the expanded facility. A corresponding recommendation is included in this report to decrease funding from the Reserve: Martin Park Expansion allocation.</p>				
<b><i>Reserve: Martin Park Expansion</i></b>	Parks & Comm Fac Dev Capital Program		(\$250,000)	
<p>This action decreases the Reserve: Martin Park Expansion allocation by \$250,000. A corresponding recommendation is included in this report to allocate this funding for design costs related to expanding Martin Park.</p>				
<b><i>Riverview Park Design Review and Inspection</i></b>	Parks & Comm Fac Dev Capital Program		\$938,000	
<p>This action establishes a new allocation totaling \$938,000 for design review and inspection costs related to Riverview Park. Once completed, the 5.0 acre neighborhood park will include play areas, a restroom, two tennis courts, one basketball court, two bocce courts, a gazebo, a shade pergola, game tables, an open turf area, walking paths, and plantings. As fulfillment of its parkland dedication ordinance obligation, Riverview Park is being designed and constructed by a developer, with the developer also providing funding to the City for the design review and inspection of the facility. A corresponding action is recommended in this report to recognize the revenue received from the developer for these costs.</p>				
<b>TOTAL SUBDIVISION PARK TRUST FUND (375)</b>			<b>\$938,000</b>	<b>\$938,000</b>
<b>TRANSIENT OCCUPANCY TX FD (461)</b>				
<b><i>Future Distribution Reserve</i></b>	Earmarked Reserves		\$1,500,000	
<p>Due to the action described elsewhere in this report to increase Transient Occupancy Tax revenues, this action establishes a reserve in the Transient Occupancy Tax Fund in the amount of \$1.5 million for distribution to the following recipients in 2013-2014: the Convention and Cultural Affairs Fund (\$750,000), San Jose Convention and Visitors Bureau (\$375,000), and the Cultural Grants appropriation (\$375,000).</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>TRANSIENT OCCUPANCY TX FD (461)</b>				
<i>Transient Occupancy Tax</i>	Revenue Adjustments			\$1,500,000
<p>This action increases the Transient Occupancy Tax Earned Revenue estimate in the amount of \$1.5 million, from \$13.7 million to \$15.2 million, due to increased Transient Occupancy Tax revenue receipts, which continue to track well above prior year and current budgeted levels. Based on year-to-date collections, it is currently estimated that revenue growth of 20% will be realized by year-end compared to a budgeted estimate of 5%. A corresponding increase is recommended in the General Fund, which receives 40% of this tax. An action to establish a reserve in the Transient Occupancy Tax Fund for distribution in 2013-2014 is discussed elsewhere in this report. Further detail regarding the performance of the Transient Occupancy Tax Fund can be found in Section II, Status of Selected Special and Capital Funds, of this report.</p>				
<b>TOTAL TRANSIENT OCCUPANCY TX FD (461)</b>			<b>\$1,500,000</b>	<b>\$1,500,000</b>
 <b>UNEMPLOYMENT INSUR FD (157)</b>				
<i>Human Resources Department Non-Personal/Equipment</i>	Human Resources		\$5,000	
<p>This action increases Human Resources Department's Non-Personal/Equipment appropriation by \$5,000 to provide funding for higher than anticipated expenditures. The Non-Personal/Equipment appropriation is estimated to exceed budgeted levels for the year due to the use of a temporary agency to backfill two vacant positions in Employee Benefits. A corresponding decrease to the Human Resources Department's Personal Services appropriation is also recommended in this report.</p>				
<i>Human Resources Department Personal Services</i>	Human Resources		(\$5,000)	
<p>This action decreases Human Resources Department's Personal Services allocation by \$5,000 to offset the higher than anticipated temporary agency expenditures in the Non-Personal/Equipment appropriation. Vacancy savings are available due to two Staff Technician positions being vacant for several months during the year. A corresponding increase the Human Resources Department's Non-Personal/Equipment appropriation is also recommended in this report.</p>				
<b>TOTAL UNEMPLOYMENT INSUR FD (157)</b>			<b>\$0</b>	<b>\$0</b>
 <b>WATER UTILITY CAPITAL FUND (500)</b>				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		(\$130,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>System Maintenance/Repairs</i>	Environmental Services		\$130,000	
<p>This action increases the System Maintenance/Repairs appropriation by \$130,000. The current 10-year water system maintenance and repair contract expires on May 2013 and requires renewal prior to the end of the fiscal year. The contract is utilized for emergency and scheduled repairs and is crucial to the operation of the water system to avoid unintermittible water supply to customers.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2012-2013 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>TOTAL WATER UTILITY CAPITAL FUND (500)</b>			<b>\$0</b>	<b>\$0</b>
<b>WATER UTILITY FUND (515)</b>				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		(\$125,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
<i>Environmental Services Department Non-Personal/Equipment</i>	Environmental Services		\$75,000	
This action increases the Environmental Services Department's Non-Personal/Equipment appropriation to purchase a camera security system with a 24-hour monitoring service for the San José Municipal Water facility located off of Tuers Road and Capital Expressway. In recent months, there have been several break-ins of city vehicles parked at the facility and equipment was stolen.				
<i>Workers' Compensation Claims</i>	Environmental Services		\$50,000	
This action increases the Environmental Services Department's Workers' Compensation Claims appropriation by \$50,000 due to higher than anticipated claims activity in the Environmental Services Department.				
<b>TOTAL WATER UTILITY FUND (515)</b>			<b>\$0</b>	<b>\$0</b>
<b>WORKFORCE INVSTMNT ACT FD (290)</b>				
<i>Cisco Systems Layoff Award Grant/Earned Revenue</i>	Economic Development		(\$1,886,806)	(\$1,886,806)
This action decreases the Cisco Systems Layoff Award Grant appropriation and the corresponding grant funding from the State of California to reflect lower than estimated enrollment of displaced Cisco workers in the program.				
<i>Recovery Act – OJT NEG Grant/Earned Revenue</i>	Economic Development		(\$10,000)	(\$10,000)
This action eliminates the Recovery Act – On-the-Job National Emergency Grant appropriation and decreases the corresponding grant funding from the State of California to reflect the completion of the on-the-job training program.				
<i>Solyndra Project/Earned Revenue</i>	Economic Development		(\$1,138,791)	(\$1,138,791)
This action decreases the Solyndra Project appropriation and the corresponding grant funding from the State of California to reflect lower than estimated enrollment of displaced Solyndra workers in the program.				
<b>TOTAL WORKFORCE INVSTMNT ACT FD (290)</b>			<b>(\$3,035,597)</b>	<b>(\$3,035,597)</b>

General Fund  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>CITY ATTORNEY</b>							
Clean-Up Actions							
Furlough/Reduced Work Week Program	(\$465)			(\$465)		\$0	(\$465)
<b>Clean-Up Actions Total</b>	<b>(\$465)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$465)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$465)</b>
<b>CITY ATTORNEY TOTAL</b>	<b>(\$465)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$465)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$465)</b>
<b>CITY AUDITOR</b>							
Clean-Up Actions							
Furlough/Reduced Work Week Program	(\$11,687)			(\$11,687)		\$0	(\$11,687)
<b>Clean-Up Actions Total</b>	<b>(\$11,687)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$11,687)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$11,687)</b>
<b>CITY AUDITOR TOTAL</b>	<b>(\$11,687)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$11,687)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$11,687)</b>
<b>CITY CLERK</b>							
Budget Adjustments							
City Clerk Recruitment		\$20,000		\$20,000		\$0	\$20,000
City Clerk's Office Personal Services	(\$20,000)			(\$20,000)		\$0	(\$20,000)
<b>Budget Adjustments Total</b>	<b>(\$20,000)</b>	<b>\$20,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CITY CLERK TOTAL</b>	<b>(\$20,000)</b>	<b>\$20,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CITY MANAGER</b>							
Budget Adjustments							
Departmental Savings - City Manager's Office	(\$500,000)			(\$500,000)		\$0	(\$500,000)
<b>Budget Adjustments Total</b>	<b>(\$500,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$500,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$500,000)</b>

General Fund  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>CITY MANAGER</b>							
Clean-Up Actions							
Furlough/Reduced Work Week Program	(\$55,200)			(\$55,200)		\$0	(\$55,200)
<b>Clean-Up Actions Total</b>	<b>(\$55,200)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$55,200)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$55,200)</b>
<b>CITY MANAGER TOTAL</b>	<b>(\$555,200)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$555,200)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$555,200)</b>
<b>CITY-WIDE EXPENSES</b>							
<b>Budget Adjustments</b>							
Anti-Drug Abuse Grant 2012-2013/Revenue from State of California			\$101,777	\$101,777	\$101,777	\$0	\$0
Avoid the 13 Grant 2012-2013/Revenue from State of California			\$5,600	\$5,600	\$5,600	\$0	\$0
Bulletproof Vest Partnership Grant/Revenue from Federal Government			\$36,827	\$36,827	\$36,827	\$0	\$0
California Gang Reduction, Intervention and Prevention (CALGRIP) Grant/Revenue from State of California			\$426,375	\$426,375	\$426,375	\$0	\$0
City-Wide Savings - Property Tax Administration Fee			(\$1,500,000)	(\$1,500,000)		\$0	(\$1,500,000)
City-Wide Savings - TRANs Debt Service			(\$200,000)	(\$200,000)		\$0	(\$200,000)
Communities Putting Prevention to Work Grant - Obesity Prevention Initiative/Revenue from Local Agencies			\$36,316	\$36,316	\$36,316	\$0	\$0
Energy Efficiency Program/Other Revenue			\$34,200	\$34,200	\$34,200	\$0	\$0
Maddie Lifesaving Grant/Other Revenue			\$370,000	\$370,000	\$370,000	\$0	\$0
National Forum Capacity-Building Grant OJJDP 2012-2015/Revenue from Federal Government			\$62,500	\$62,500	\$62,500	\$0	\$0

General Fund  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>CITY-WIDE EXPENSES</b>							
<b>Budget Adjustments</b>							
Parent Project/Other Revenue			\$31,938	\$31,938	\$31,938	\$0	\$0
Parking Citations/Jail Courthouse Fees/Fines, Forfeitures and Penalties			(\$400,000)	(\$400,000)	(\$1,250,000)	\$0	\$850,000
TRANs Debt Service/Other Revenue			(\$25,000,000)	(\$25,000,000)	(\$25,000,000)	\$0	\$0
Urban Area Security Initiative Grant - Police 2010/Revenue from Federal Government			\$100,000	\$100,000	\$100,000	\$0	\$0
Workers' Compensation Claims - Fire Department			\$1,000,000	\$1,000,000		\$0	\$1,000,000
Workers' Compensation Claims - Public Works Department			(\$50,000)	(\$50,000)		\$0	(\$50,000)
Workers' Compensation Claims - Transportation Department			\$50,000	\$50,000		\$0	\$50,000
Workers' Compensation State License			\$142,000	\$142,000		\$0	\$142,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$24,752,467)</b>	<b>(\$24,752,467)</b>	<b>(\$25,044,467)</b>	<b>\$0</b>	<b>\$292,000</b>
<b>Clean-Up Actions</b>							
Tech Adjust: Enhance Fitness Grant			(\$45,000)	(\$45,000)		\$0	(\$45,000)
Tech Adjust: Enhance Fitness and Matter of Balance Program Grant			\$45,000	\$45,000		\$0	\$45,000
Tech Adjust: Internet Crimes Against Children Continuation Grant 2011			\$360,756	\$360,756		\$0	\$360,756
Tech Adjust: Internet Crimes Against Children Continuation Grant 2012			(\$360,756)	(\$360,756)		\$0	(\$360,756)
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

General Fund  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>CITY-WIDE EXPENSES TOTAL</b>	\$0	\$0	(\$24,752,467)	(\$24,752,467)	(\$25,044,467)	\$0	\$292,000
<b>EARMARKED RESERVES</b>							
<b>Budget Adjustments</b>							
2012-2013 Ending Fund Balance Reserve			\$12,000,000	\$12,000,000		\$0	\$12,000,000
2013-2014 Future Deficit Reserve			\$6,900,000	\$6,900,000		\$0	\$6,900,000
Police Department Overtime Reserve			\$4,000,000	\$4,000,000		\$0	\$4,000,000
Reserve Savings - Salaries and Benefits Reserve (Benefits Program)			(\$1,470,049)	(\$1,470,049)		\$0	(\$1,470,049)
Wellness Program Reserve			\$220,254	\$220,254		\$0	\$220,254
<b>Budget Adjustments Total</b>	\$0	\$0	\$21,650,205	\$21,650,205	\$0	\$0	\$21,650,205
<b>Clean-Up Actions</b>							
Benefits Program - Salaries and Benefits Reserve			(\$498,544)	(\$498,544)		\$0	(\$498,544)
Furlough/Reduced Work Week Program - Salaries and Benefits Reserve			\$100,000	\$100,000		\$0	\$100,000
<b>Clean-Up Actions Total</b>	\$0	\$0	(\$398,544)	(\$398,544)	\$0	\$0	(\$398,544)
<b>EARMARKED RESERVES TOTAL</b>	\$0	\$0	\$21,251,661	\$21,251,661	\$0	\$0	\$21,251,661
<b>ECONOMIC DEVELOPMENT</b>							
<b>Clean-Up Actions</b>							
Benefits Program	\$8,009			\$8,009		\$0	\$8,009
Furlough/Reduced Work Week Program	(\$704)			(\$704)		\$0	(\$704)
<b>Clean-Up Actions Total</b>	\$7,305	\$0	\$0	\$7,305	\$0	\$0	\$7,305

General Fund  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>ECONOMIC DEVELOPMENT TOTAL</b>	\$7,305	\$0	\$0	\$7,305	\$0	\$0	\$7,305
<b>ENVIRONMENTAL SERVICES</b>							
<b>Clean-Up Actions</b>							
Furlough/Reduced Work Week Program	(\$319)			(\$319)		\$0	(\$319)
<b>Clean-Up Actions Total</b>	(\$319)	\$0	\$0	(\$319)	\$0	\$0	(\$319)
<b>ENVIRONMENTAL SERVICES TOTAL</b>	(\$319)	\$0	\$0	(\$319)	\$0	\$0	(\$319)
<b>FINANCE</b>							
<b>Budget Adjustments</b>							
Finance Department Personal Services	(\$400,000)			(\$400,000)		\$0	(\$400,000)
Finance Department Temporary Staffing		\$400,000		\$400,000		\$0	\$400,000
<b>Budget Adjustments Total</b>	(\$400,000)	\$400,000	\$0	\$0	\$0	\$0	\$0
<b>FINANCE TOTAL</b>	(\$400,000)	\$400,000	\$0	\$0	\$0	\$0	\$0
<b>FIRE</b>							
<b>Budget Adjustments</b>							
Fire Department Strike Team/Revenue from Federal Government	\$30,713			\$30,713	\$30,713	\$0	\$0
State Homeland Security Grant Program/Revenue from State of California	\$149,235			\$149,235	\$149,235	\$0	\$0
<b>Budget Adjustments Total</b>	\$179,948	\$0	\$0	\$179,948	\$179,948	\$0	\$0
<b>Clean-Up Actions</b>							
Benefits Program	\$335,855			\$335,855		\$0	\$335,855
Furlough/Reduced Work Week Program	(\$5,157)			(\$5,157)		\$0	(\$5,157)



General Fund  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE		NET COST	
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance		
<b>FIRE</b>								
Clean-Up Actions								
	Clean-Up Actions Total	\$330,698	\$0	\$0	\$330,698	\$0	\$0	\$330,698
	<b>FIRE TOTAL</b>	\$510,646	\$0	\$0	\$510,646	\$179,948	\$0	\$330,698
<b>HUMAN RESOURCES</b>								
Budget Adjustments								
	Human Resources Department Personal Services	(\$50,000)			(\$50,000)		\$0	(\$50,000)
	Human Resources Director and Benefits Manager Recruitments		\$50,000		\$50,000		\$0	\$50,000
	<b>Budget Adjustments Total</b>	(\$50,000)	\$50,000	\$0	\$0	\$0	\$0	\$0
Clean-Up Actions								
	Benefits Program	\$18,867			\$18,867		\$0	\$18,867
	Furlough/Reduced Work Week Program	(\$5,327)			(\$5,327)		\$0	(\$5,327)
	<b>Clean-Up Actions Total</b>	\$13,540	\$0	\$0	\$13,540	\$0	\$0	\$13,540
	<b>HUMAN RESOURCES TOTAL</b>	(\$36,460)	\$50,000	\$0	\$13,540	\$0	\$0	\$13,540
<b>INFORMATION TECHNOLOGY</b>								
Budget Adjustments								
	Departmental Savings - Information Technology	(\$550,000)			(\$550,000)		\$0	(\$550,000)
	<b>Budget Adjustments Total</b>	(\$550,000)	\$0	\$0	(\$550,000)	\$0	\$0	(\$550,000)
Clean-Up Actions								
	Furlough/Reduced Work Week Program	(\$4,028)			(\$4,028)		\$0	(\$4,028)
	<b>Clean-Up Actions Total</b>	(\$4,028)	\$0	\$0	(\$4,028)	\$0	\$0	(\$4,028)

General Fund  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>INFORMATION TECHNOLOGY TOTAL</b>	(\$554,028)	\$0	\$0	(\$554,028)	\$0	\$0	(\$554,028)
<b>LIBRARY</b>							
<b>Budget Adjustments</b>							
Interactive Digital Art Spaces Grant/Revenue from Local Agencies			\$15,000	\$15,000	\$15,000	\$0	\$0
Partners in Reading Program/Revenue from State of California	\$53,902			\$53,902	\$53,902	\$0	\$0
<b>Budget Adjustments Total</b>	<b>\$53,902</b>	<b>\$0</b>	<b>\$15,000</b>	<b>\$68,902</b>	<b>\$68,902</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>							
Benefits Program	\$67,647			\$67,647		\$0	\$67,647
Furlough/Reduced Work Week Program	(\$39,585)			(\$39,585)		\$0	(\$39,585)
<b>Clean-Up Actions Total</b>	<b>\$28,062</b>	<b>\$0</b>	<b>\$0</b>	<b>\$28,062</b>	<b>\$0</b>	<b>\$0</b>	<b>\$28,062</b>
<b>LIBRARY TOTAL</b>	<b>\$81,964</b>	<b>\$0</b>	<b>\$15,000</b>	<b>\$96,964</b>	<b>\$68,902</b>	<b>\$0</b>	<b>\$28,062</b>
<b>MAYOR &amp; COUNCIL</b>							
<b>Clean-Up Actions</b>							
Benefits Program			\$7,614	\$7,614		\$0	\$7,614
Furlough/Reduced Work Week Program			(\$39,530)	(\$39,530)		\$0	(\$39,530)
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$31,916)</b>	<b>(\$31,916)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$31,916)</b>
<b>MAYOR &amp; COUNCIL TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$31,916)</b>	<b>(\$31,916)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$31,916)</b>
<b>PARKS, REC, &amp; NEIGH SVCS</b>							
<b>Budget Adjustments</b>							
Departmental Savings - Parks, Recreation and Neighborhood Services	(\$900,000)			(\$900,000)		\$0	(\$900,000)

General Fund  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>PARKS, REC, &amp; NEIGH SVCS</b>							
Budget Adjustments							
PRNS Fee Activities/Departmental Charges			\$424,000	\$424,000	\$424,000	\$0	\$0
<b>Budget Adjustments Total</b>	<b>(\$900,000)</b>	<b>\$0</b>	<b>\$424,000</b>	<b>(\$476,000)</b>	<b>\$424,000</b>	<b>\$0</b>	<b>(\$900,000)</b>
Clean-Up Actions							
Furlough/Reduced Work Week Program	(\$15,025)			(\$15,025)		\$0	(\$15,025)
<b>Clean-Up Actions Total</b>	<b>(\$15,025)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$15,025)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$15,025)</b>
<b>PARKS, REC, &amp; NEIGH SVCS TOTAL</b>	<b>(\$915,025)</b>	<b>\$0</b>	<b>\$424,000</b>	<b>(\$491,025)</b>	<b>\$424,000</b>	<b>\$0</b>	<b>(\$915,025)</b>
<b>PLANNING, BLDG, &amp; CODE ENF</b>							
Budget Adjustments							
Departmental Savings - Planning, Building and Code Enforcement	(\$300,000)			(\$300,000)		\$0	(\$300,000)
Local Enforcement Agency Grant/Revenue from State of California		\$29,451		\$29,451	\$29,451	\$0	\$0
<b>Budget Adjustments Total</b>	<b>(\$300,000)</b>	<b>\$29,451</b>	<b>\$0</b>	<b>(\$270,549)</b>	<b>\$29,451</b>	<b>\$0</b>	<b>(\$300,000)</b>
Clean-Up Actions							
Furlough/Reduced Work Week Program	(\$30,310)			(\$30,310)		\$0	(\$30,310)
<b>Clean-Up Actions Total</b>	<b>(\$30,310)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$30,310)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$30,310)</b>
<b>PLANNING, BLDG, &amp; CODE ENF TOTAL</b>	<b>(\$330,310)</b>	<b>\$29,451</b>	<b>\$0</b>	<b>(\$300,859)</b>	<b>\$29,451</b>	<b>\$0</b>	<b>(\$330,310)</b>
<b>POLICE</b>							
Budget Adjustments							
Departmental Savings - Police	(\$4,000,000)			(\$4,000,000)		\$0	(\$4,000,000)

General Fund  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>POLICE</b>							
<b>Budget Adjustments</b>							
Organized Crime Drug Enforcement Task Force Grants/Revenue from Federal Government	\$10,000			\$10,000	\$10,000	\$0	\$0
Police Department Helicopter Maintenance				\$0		\$0	\$0
Police Department Overtime				\$0		\$0	\$0
Police Department Recruit Academy Contract				\$0		\$0	\$0
Police Department Recruiting				\$0		\$0	\$0
<b>Budget Adjustments Total</b>	<b>(\$3,990,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,990,000)</b>	<b>\$10,000</b>	<b>\$0</b>	<b>(\$4,000,000)</b>
<b>Clean-Up Actions</b>							
Furlough/Reduced Work Week Program	(\$5,593)			(\$5,593)		\$0	(\$5,593)
<b>Clean-Up Actions Total</b>	<b>(\$5,593)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,593)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,593)</b>
<b>POLICE TOTAL</b>	<b>(\$3,995,593)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,995,593)</b>	<b>\$10,000</b>	<b>\$0</b>	<b>(\$4,005,593)</b>
<b>PUBLIC WORKS</b>							
<b>Clean-Up Actions</b>							
Benefits Program	\$60,552			\$60,552		\$0	\$60,552
Furlough/Reduced Work Week Program	(\$4,570)			(\$4,570)		\$0	(\$4,570)
<b>Clean-Up Actions Total</b>	<b>\$55,982</b>	<b>\$0</b>	<b>\$0</b>	<b>\$55,982</b>	<b>\$0</b>	<b>\$0</b>	<b>\$55,982</b>
<b>PUBLIC WORKS TOTAL</b>	<b>\$55,982</b>	<b>\$0</b>	<b>\$0</b>	<b>\$55,982</b>	<b>\$0</b>	<b>\$0</b>	<b>\$55,982</b>

General Fund  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>REVENUE ADJUSTMENTS</b>							
<b>Budget Adjustments</b>							
City's Standard Plans and Specifications Loan Repayment/Transfers and Reimbursements				\$0	\$8,245	\$0	(\$8,245)
Revenue - Departmental Charges (Public Works Development Fee)				\$0	\$46,378	\$0	(\$46,378)
Revenue - Licenses and Permits (Building Fees)				\$0	\$50,510	\$0	(\$50,510)
Revenue - Licenses and Permits (Fire Fees)				\$0	\$12,116	\$0	(\$12,116)
Revenue - Sales Tax				\$0	\$5,450,000	\$0	(\$5,450,000)
Revenues - Business Taxes				\$0	\$1,550,000	\$0	(\$1,550,000)
Revenues - Revenue from Local Agencies				\$0	\$6,900,000	\$0	(\$6,900,000)
Revenues - Revenue from the State				\$0	\$525,000	\$0	(\$525,000)
Revenues - Transfers and Reimbursements (Transfer from Parks C&C Tax Funds - Parks Operating and Maintenance Costs)				\$0	\$880,000	\$0	(\$880,000)
Revenues - Transfers and Reimbursements (Transfer from the Community Facilities Revenue Fund)				\$0	\$26,000	\$0	(\$26,000)
Revenues - Transient Occupancy Tax				\$0	\$1,000,000	\$0	(\$1,000,000)
Revenues - Utility Tax				\$0	(\$882,000)	\$0	\$882,000
<b>Budget Adjustments Total</b>	\$0	\$0	\$0	\$0	\$15,566,249	\$0	(\$15,566,249)
<b>Clean-Up Actions</b>							
Tech Adjust: Emergency Management Performance Grant/Revenue from Federal Government				\$0	\$16,000	\$0	(\$16,000)

General Fund  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>REVENUE ADJUSTMENTS</b>							
<b>Clean-Up Actions</b>				\$0	(\$16,000)	\$0	\$16,000
Tech Adjust: Emergency Management Performance Grant/Revenue from Local Agencies				\$0	\$4,131	\$0	(\$4,131)
Tech Adjust: Retirement Contributions Reconciliation - Licenses and Permits (Police Cardroom)				\$0	(\$4,131)	\$0	\$4,131
Tech Adjust: Retirement Contributions Reconciliation - Transfers and Reimbursements (Police Cardroom)							
<b>Clean-Up Actions Total</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>REVENUE ADJUSTMENTS TOTAL</b>	\$0	\$0	\$0	\$0	\$15,566,249	\$0	(\$15,566,249)
<b>TRANSFERS</b>							
<b>Budget Adjustments</b>						\$0	(\$4,029)
Transfer to the Downtown Property & Business Improvement District Fund			(\$4,029)	(\$4,029)			
<b>Budget Adjustments Total</b>	\$0	\$0	(\$4,029)	(\$4,029)	\$0	\$0	(\$4,029)
<b>TRANSFERS TOTAL</b>	\$0	\$0	(\$4,029)	(\$4,029)	\$0	\$0	(\$4,029)
<b>TRANSPORTATION</b>							
<b>Clean-Up Actions</b>						\$0	(\$4,427)
Furlough/Reduced Work Week Program	(\$4,427)			(\$4,427)			
<b>Clean-Up Actions Total</b>	(\$4,427)	\$0	\$0	(\$4,427)	\$0	\$0	(\$4,427)
<b>TRANSPORTATION TOTAL</b>	(\$4,427)	\$0	\$0	(\$4,427)	\$0	\$0	(\$4,427)
<b>GENERAL FUND TOTAL</b>	(\$6,167,617)	\$499,451	(\$3,097,751)	(\$8,765,917)	(\$8,765,917)	\$0	\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>AFFORDABLE HSG INVEST FD (346)</b>								
<b>Budget Adjustments</b>								
<b>HOUSING</b>								
Ending Fund Balance Adjustment				(\$134,440)	(\$134,440)			(\$134,440)
Homeowner Education Program			\$34,440		\$34,440			\$34,440
Successor Agency to the Redevelopment Agency			\$100,000		\$100,000			\$100,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$134,440</b>	<b>(\$134,440)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>CITY ATTORNEY</b>								
Benefits Program	\$1,300			(\$1,300)	\$0			\$0
<b>HOUSING</b>								
Benefits Program	\$14,361			(\$14,361)	\$0			\$0
Fund Balance Reconciliation				\$300,081	\$300,081		\$300,081	\$0
<b>Clean-Up Actions Total</b>	<b>\$15,661</b>	<b>\$0</b>	<b>\$0</b>	<b>\$284,420</b>	<b>\$300,081</b>	<b>\$0</b>	<b>\$300,081</b>	<b>\$0</b>
<b>AFFORDABLE HSG INVEST FD (346) TOTAL</b>	<b>\$15,661</b>	<b>\$0</b>	<b>\$134,440</b>	<b>\$149,980</b>	<b>\$300,081</b>	<b>\$0</b>	<b>\$300,081</b>	<b>\$0</b>
<b>AIRPORT CUST FAC &amp; TRANS FD (519)</b>								
<b>Budget Adjustments</b>								
<b>AIRPORT</b>								
ConRac Underground Fuel Storage Tanks		\$100,000			\$100,000			\$100,000
Contingency Reserve				(\$100,000)	(\$100,000)			(\$100,000)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>	<b>(\$100,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT CUST FAC &amp; TRANS FD (519) TOTAL</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>	<b>(\$100,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>AIRPORT FISCAL AGENT FUND (525)</b>								
<b>Budget Adjustments</b>								
<b>AIRPORT</b>								
Transfer from Airport Revenue Bond Improvement Fund						\$0	\$4,418,719	(\$4,418,719)
Transfer from Airport Revenue Fund						\$0	(\$4,418,719)	\$4,418,719
<b>Budget Adjustments Total</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>AIRPORT FISCAL AGENT FUND (525) TOTAL</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>								
<b>Budget Adjustments</b>								
<b>PLANNING, BLDG, &amp; CODE ENF</b>								
Planning, Building and Code Enforcement Department Personal Services	\$7,300					\$7,300		\$7,300
<b>AIRPORT</b>								
Airport Councils International World/North American Conference		\$64,700				\$64,700		\$64,700
Airport Lounge Operator		(\$600,000)				(\$600,000)		(\$600,000)
Contingency Reserve				\$867,700		\$867,700		\$867,700
Customer Cart and Baggage Delivery Services		(\$275,000)				(\$275,000)		(\$275,000)
On-Demand Ground Transportation Services/Transfer from Airport Revenue Fund		(\$431,392)				(\$431,392)	(\$431,392)	\$0
Reserve for Airport Councils International Conference				(\$64,700)		(\$64,700)		(\$64,700)
<b>Budget Adjustments Total</b>	\$7,300	(\$1,241,692)	\$0	\$803,000	(\$431,392)	(\$431,392)	\$0	\$0
<b>Clean-Up Actions</b>								
<b>CITY ATTORNEY</b>								
Benefits Program	\$1,037			(\$1,037)		\$0		\$0



Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>								
<b>AIRPORT</b>								
Fund Balance Reconciliation - Reserve Per Master Trust Agreement				(\$3,400,000)	(\$3,400,000)		(\$3,400,000)	\$0
Tech Adjust: Reserve Per Master Trust Agreement				\$3,400,000	\$3,400,000			\$3,400,000
Tech Adjust: Transfer from Airport Revenue Fund					\$0	\$3,400,000		(\$3,400,000)
<b>Clean-Up Actions Total</b>	<b>\$1,037</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,037)</b>	<b>\$0</b>	<b>\$3,400,000</b>	<b>(\$3,400,000)</b>	<b>\$0</b>
<b>AIRPORT MAINT &amp; OPER FUND (523) TOTAL</b>	<b>\$8,337</b>	<b>(\$1,241,692)</b>	<b>\$0</b>	<b>\$801,963</b>	<b>(\$431,392)</b>	<b>\$2,968,608</b>	<b>(\$3,400,000)</b>	<b>\$0</b>
<b>AIRPORT REV BOND IMP FUND (526)</b>								
<b>Budget Adjustments</b>								
<b>AIRPORT CAPITAL PROGRAM</b>								
Ending Fund Balance Adjustment				(\$4,418,719)	(\$4,418,719)			(\$4,418,719)
Transfer to Airport Fiscal Agent Fund			\$4,418,719		\$4,418,719			\$4,418,719
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,418,719</b>	<b>(\$4,418,719)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT REV BOND IMP FUND (526) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,418,719</b>	<b>(\$4,418,719)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT REVENUE FUND (521)</b>								
<b>Budget Adjustments</b>								
<b>AIRPORT</b>								
Earned Revenue - Parking and Roadways					\$0	(\$677,991)		\$677,991
Reserve Per Airline Agreement				\$4,172,120	\$4,172,120			\$4,172,120
Transfer to Airport Fiscal Agent Fund			(\$4,418,719)		(\$4,418,719)			(\$4,418,719)
Transfer to Airport Maintenance and Operation Fund			(\$431,392)		(\$431,392)			(\$431,392)

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Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>AIRPORT REVENUE FUND (521)</b>								
Budget Adjustments Total	\$0	\$0	(\$4,850,111)	\$4,172,120	(\$677,991)	(\$677,991)	\$0	\$0
<b>Clean-Up Actions</b>								
<b>AIRPORT</b>								
Fund Balance Reconciliation - Reserve Per Airline Agreement				\$3,400,000	\$3,400,000		\$3,400,000	\$0
Tech Adjust: Reserve Per Airline Agreement				(\$3,435,340)	(\$3,435,340)			(\$3,435,340)
Tech Adjust: Reserve for Future Deficit				\$42	\$42			\$42
Tech Adjust: Transfer to Airport Maintenance and Operation Fund			\$3,435,298		\$3,435,298			\$3,435,298
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,435,298</b>	<b>(\$35,298)</b>	<b>\$3,400,000</b>	<b>\$0</b>	<b>\$3,400,000</b>	<b>\$0</b>
<b>AIRPORT REVENUE FUND (521) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,414,813)</b>	<b>\$4,136,822</b>	<b>\$2,722,009</b>	<b>(\$677,991)</b>	<b>\$3,400,000</b>	<b>\$0</b>
<b>BENEFIT FUND (160)</b>								
<b>Budget Adjustments</b>								
<b>HUMAN RESOURCES</b>								
401(a) Defined Contribution Retirement Plan/Transfers			\$10,000		\$10,000	\$10,000		\$0
FICA-Medicare/Transfers			\$200,000		\$200,000	\$200,000		\$0
PTC 456/Transfers			\$200,000		\$200,000	\$200,000		\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$410,000</b>	<b>\$0</b>	<b>\$410,000</b>	<b>\$410,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>HUMAN RESOURCES</b>								
Health Premiums/Interfund Transfers			(\$400,000)		(\$400,000)	(\$400,000)		\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$400,000)</b>	<b>\$0</b>	<b>(\$400,000)</b>	<b>(\$400,000)</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST	
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance		
<b>BENEFIT FUND (160)</b>									
<b>BENEFIT FUND (160) TOTAL</b>	\$0	\$0	\$10,000	\$0	\$10,000	\$10,000	\$0	\$0	\$0
<b>BLDG &amp; STRUCT CONST TAX FD (429)</b>									
<b>Budget Adjustments</b>									
<b>TRAFFIC CAPITAL PROGRAM</b>									
Bus Rapid Transit			\$100,000		\$100,000			\$100,000	
Capital Program and Public Works Department Support Service Costs			\$50,000		\$50,000			\$50,000	
Ending Fund Balance Adjustment				(\$1,628,000)	(\$1,628,000)			(\$1,628,000)	
San Carlos Multimodal Streetscape Improvements Phase I			\$95,000		\$95,000			\$95,000	
San Carlos Multimodal Streetscape Improvements Phase II			\$550,000		\$550,000			\$550,000	
The Alameda: A Plan for the Beautiful Way			\$644,000		\$644,000			\$644,000	
Traffic Signal Communications and Synchronization/ Earned Revenue			\$291,000		\$291,000	\$194,000		\$97,000	
Traffic Signal and Lighting Program			\$108,000		\$108,000	\$16,000		\$92,000	
<b>Budget Adjustments Total</b>	\$0	\$0	\$1,838,000	(\$1,628,000)	\$210,000	\$210,000	\$0	\$0	\$0
<b>BLDG &amp; STRUCT CONST TAX FD (429) TOTAL</b>	\$0	\$0	\$1,838,000	(\$1,628,000)	\$210,000	\$210,000	\$0	\$0	\$0
<b>COMM DEV BLOCK GRANT FUND (441)</b>									
<b>Budget Adjustments</b>									
<b>PLANNING, BLDG, &amp; CODE ENF</b>									
Code Enforcement Operations			(\$31,000)		(\$31,000)			(\$31,000)	
Ending Fund Balance Adjustment				\$31,000	\$31,000			\$31,000	
<b>Budget Adjustments Total</b>	\$0	\$0	(\$31,000)	\$31,000	\$0	\$0	\$0	\$0	\$0
<b>COMM DEV BLOCK GRANT FUND (441) TOTAL</b>	\$0	\$0	(\$31,000)	\$31,000	\$0	\$0	\$0	\$0	\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST	
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>COMMTY FACIL REVENUE FUND (422)</b>								
<b>Budget Adjustments</b>								
<b>FINANCE</b>								
Transfer to the General Fund/Earned Revenue (Hayes Center City Expenses)			\$26,000		\$26,000	\$26,000		\$0
<b>Budget Adjustments Total</b>	\$0	\$0	\$26,000	\$0	\$26,000	\$26,000	\$0	\$0
<b>COMMTY FACIL REVENUE FUND (422) TOTAL</b>	\$0	\$0	\$26,000	\$0	\$26,000	\$26,000	\$0	\$0

**CONST/CONV TAX CENTRAL FD (390)**

**Budget Adjustments**

**PARKS & COMM FAC DEV CAPITAL PROGRAM**

Earned Revenue - Construction and Conveyance Tax					\$0	\$5,760,000		(\$5,760,000)
Transfer to the Council District 1 C&C Tax Fund: Needs-Based Allocation			\$320,000		\$320,000			\$320,000
Transfer to the Council District 1 C&C Tax Fund: Special Needs			\$66,000		\$66,000			\$66,000
Transfer to the Council District 10 C&C Tax Fund: Needs-Based Allocation			\$105,000		\$105,000			\$105,000
Transfer to the Council District 10 C&C Tax Fund: Special Needs			\$66,000		\$66,000			\$66,000
Transfer to the Council District 2 C&C Tax Fund: Needs-Based Allocation			\$192,000		\$192,000			\$192,000
Transfer to the Council District 2 C&C Tax Fund: Special Needs			\$66,000		\$66,000			\$66,000
Transfer to the Council District 3 C&C Tax Fund: Needs-Based Allocation			\$158,000		\$158,000			\$158,000
Transfer to the Council District 3 C&C Tax Fund: Special Needs			\$66,000		\$66,000			\$66,000
Transfer to the Council District 4 C&C Tax Fund: Needs-Based Allocation			\$256,000		\$256,000			\$256,000
Transfer to the Council District 4 C&C Tax Fund: Special Needs			\$66,000		\$66,000			\$66,000
Transfer to the Council District 5 C&C Tax Fund: Needs-Based Allocation			\$325,000		\$325,000			\$325,000
Transfer to the Council District 5 C&C Tax Fund: Special Needs			\$66,000		\$66,000			\$66,000
Transfer to the Council District 6 C&C Tax Fund: Needs-Based Allocation			\$422,000		\$422,000			\$422,000

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONST/CONV TAX CENTRAL FD (390)</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Transfer to the Council District 6 C&C Tax Fund: Special Needs			\$66,000		\$66,000			\$66,000
Transfer to the Council District 7 C&C Tax Fund: Needs-Based Allocation			\$306,000		\$306,000			\$306,000
Transfer to the Council District 7 C&C Tax Fund: Special Needs			\$66,000		\$66,000			\$66,000
Transfer to the Council District 8 C&C Tax Fund: Needs-Based Allocation			\$252,000		\$252,000			\$252,000
Transfer to the Council District 8 C&C Tax Fund: Special Needs			\$66,000		\$66,000			\$66,000
Transfer to the Council District 9 C&C Tax Fund: Needs-Based Allocation			\$268,000		\$268,000			\$268,000
Transfer to the Council District 9 C&C Tax Fund: Special Needs			\$66,000		\$66,000			\$66,000
Transfer to the General Fund: Parks Eligible Maintenance Costs			\$864,000		\$864,000			\$864,000
Transfer to the Parks City-Wide C&C Tax Fund			\$1,632,000		\$1,632,000			\$1,632,000
<b>Budget Adjustments Total</b>	\$0	\$0	\$5,760,000	\$0	\$5,760,000	\$5,760,000	\$0	\$0
<b>CONST/CONV TAX CENTRAL FD (390) TOTAL</b>	\$0	\$0	\$5,760,000	\$0	\$5,760,000	\$5,760,000	\$0	\$0
<b>CONST/CONV TAX COMM FUND (397)</b>								
<b>Budget Adjustments</b>								
<b>COMMUNICATIONS CAPITAL PROGRAM</b>								
Earned Revenue - Construction and Conveyance Tax					\$0	\$306,000		(\$306,000)
Ending Fund Balance Adjustment				\$306,000	\$306,000			\$306,000
<b>Budget Adjustments Total</b>	\$0	\$0	\$0	\$306,000	\$306,000	\$306,000	\$0	\$0
<b>CONST/CONV TAX COMM FUND (397) TOTAL</b>	\$0	\$0	\$0	\$306,000	\$306,000	\$306,000	\$0	\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONST/CONV TAX FIRE FUND (392)</b>								
<b>Budget Adjustments</b>								
<b>PUBLIC SAFETY CAPITAL PROGRAM</b>								
Earned Revenue - Construction and Conveyance Tax					\$0	\$756,000		(\$756,000)
Reserve: Facilities Improvements			\$756,000		\$756,000			\$756,000
<b>Budget Adjustments Total</b>	\$0	\$0	\$756,000	\$0	\$756,000	\$756,000	\$0	\$0
<b>CONST/CONV TAX FIRE FUND (392) TOTAL</b>	\$0	\$0	\$756,000	\$0	\$756,000	\$756,000	\$0	\$0
<b>CONST/CONV TAX LIBRARY FD (393)</b>								
<b>Budget Adjustments</b>								
<b>LIBRARY CAPITAL PROGRAM</b>								
Earned Revenue - Construction and Conveyance Tax					\$0	\$1,280,000		(\$1,280,000)
Ending Fund Balance Adjustment				\$1,280,000	\$1,280,000			\$1,280,000
<b>Budget Adjustments Total</b>	\$0	\$0	\$0	\$1,280,000	\$1,280,000	\$1,280,000	\$0	\$0
<b>CONST/CONV TAX LIBRARY FD (393) TOTAL</b>	\$0	\$0	\$0	\$1,280,000	\$1,280,000	\$1,280,000	\$0	\$0
<b>CONST/CONV TAX PK CD 1 FUND (377)</b>								
<b>Budget Adjustments</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Council District 1 C&C Tax Fund: Needs-Based Transfer					\$0	\$320,000		(\$320,000)
Council District 1 C&C Tax Fund: Special Needs Transfer					\$0	\$66,000		(\$66,000)
Ending Fund Balance Adjustment			\$386,000	\$386,000				\$386,000
<b>Budget Adjustments Total</b>	\$0	\$0	\$0	\$386,000	\$386,000	\$386,000	\$0	\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST	
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance		
<b>CONST/CONV TAX PK CD 1 FUND (377)</b>									
<b>CONST/CONV TAX PK CD 1 FUND (377) TOTAL</b>	\$0	\$0	\$0	\$386,000	\$386,000	\$386,000	\$0	\$0	\$0
<b>CONST/CONV TAX PK CD 2 FUND (378)</b>									
<b>Budget Adjustments</b>									
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>						\$0	\$192,000		(\$192,000)
Council District 2 C&C Tax Fund: Needs-Based Transfer						\$0	\$66,000		(\$66,000)
Council District 2 C&C Tax Fund: Special Needs Transfer				\$258,000	\$258,000				\$258,000
Ending Fund Balance Adjustment									
<b>Budget Adjustments Total</b>	\$0	\$0	\$0	\$258,000	\$258,000	\$258,000	\$0	\$0	\$0
<b>CONST/CONV TAX PK CD 2 FUND (378) TOTAL</b>	\$0	\$0	\$0	\$258,000	\$258,000	\$258,000	\$0	\$0	\$0
<b>CONST/CONV TAX PK CD 3 FUND (380)</b>									
<b>Budget Adjustments</b>									
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>						\$0	\$158,000		(\$158,000)
Council District 3 C&C Tax Fund: Needs-Based Transfer						\$0	\$66,000		(\$66,000)
Council District 3 C&C Tax Fund: Special Needs Transfer				\$224,000	\$224,000				\$224,000
Ending Fund Balance Adjustment									
<b>Budget Adjustments Total</b>	\$0	\$0	\$0	\$224,000	\$224,000	\$224,000	\$0	\$0	\$0
<b>CONST/CONV TAX PK CD 3 FUND (380) TOTAL</b>	\$0	\$0	\$0	\$224,000	\$224,000	\$224,000	\$0	\$0	\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONST/CONV TAX PK CD 4 FUND (381)</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Council District 4 C&C Tax Fund: Needs-Based Transfer						\$0	\$256,000	(\$256,000)
Council District 4 C&C Tax Fund: Special Needs Transfer						\$0	\$66,000	(\$66,000)
Ending Fund Balance Adjustment				\$322,000	\$322,000			\$322,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$322,000</b>	<b>\$322,000</b>	<b>\$322,000</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 4 FUND (381) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$322,000</b>	<b>\$322,000</b>	<b>\$322,000</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 5 FUND (382)</b>								
<b>Budget Adjustments</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Council District 5 C&C Tax Fund: Needs-Based Transfer						\$0	\$325,000	(\$325,000)
Council District 5 C&C Tax Fund: Special Needs Transfer						\$0	\$66,000	(\$66,000)
Ending Fund Balance Adjustment				\$391,000	\$391,000			\$391,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$391,000</b>	<b>\$391,000</b>	<b>\$391,000</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 5 FUND (382) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$391,000</b>	<b>\$391,000</b>	<b>\$391,000</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 6 FUND (384)</b>								
<b>Budget Adjustments</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Council District 6 C&C Tax Fund: Needs-Based Transfer						\$0	\$422,000	(\$422,000)
Council District 6 C&C Tax Fund: Special Needs Transfer						\$0	\$66,000	(\$66,000)
Ending Fund Balance Adjustment				\$488,000	\$488,000			\$488,000



Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST	
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance		
<b>CONST/CONV TAX PK CD 6 FUND (384)</b>									
Budget Adjustments Total	\$0	\$0	\$0	\$488,000	\$488,000	\$488,000	\$0	\$0	\$0
<b>CONST/CONV TAX PK CD 6 FUND (384) TOTAL</b>	\$0	\$0	\$0	\$488,000	\$488,000	\$488,000	\$0	\$0	\$0
<b>CONST/CONV TAX PK CD 7 FUND (385)</b>									
<b>Budget Adjustments</b>									
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>									
Council District 7 C&C Tax Fund: Needs-Based Transfer						\$0	\$306,000		(\$306,000)
Council District 7 C&C Tax Fund: Special Needs Transfer						\$0	\$66,000		(\$66,000)
Ending Fund Balance Adjustment				\$372,000	\$372,000				\$372,000
Budget Adjustments Total	\$0	\$0	\$0	\$372,000	\$372,000	\$372,000	\$0	\$0	\$0
<b>CONST/CONV TAX PK CD 7 FUND (385) TOTAL</b>	\$0	\$0	\$0	\$372,000	\$372,000	\$372,000	\$0	\$0	\$0
<b>CONST/CONV TAX PK CD 8 FUND (386)</b>									
<b>Budget Adjustments</b>									
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>									
Council District 8 C&C Tax Fund: Needs-Based Transfer						\$0	\$252,000		(\$252,000)
Council District 8 C&C Tax Fund: Special Needs Transfer						\$0	\$66,000		(\$66,000)
Ending Fund Balance Adjustment				\$318,000	\$318,000				\$318,000
Budget Adjustments Total	\$0	\$0	\$0	\$318,000	\$318,000	\$318,000	\$0	\$0	\$0
<b>CONST/CONV TAX PK CD 8 FUND (386) TOTAL</b>	\$0	\$0	\$0	\$318,000	\$318,000	\$318,000	\$0	\$0	\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONST/CONV TAX PK CD 9 FUND (388)</b>								
<b>Budget Adjustments</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Council District 9 C&C Tax Fund: Needs-Based Transfer						\$0	\$268,000	(\$268,000)
Council District 9 C&C Tax Fund: Special Needs Transfer						\$0	\$66,000	(\$66,000)
Ending Fund Balance Adjustment				\$334,000	\$334,000			\$334,000
<b>Budget Adjustments Total</b>	\$0	\$0	\$0	\$334,000	\$334,000	\$334,000	\$0	\$0
<b>CONST/CONV TAX PK CD 9 FUND (388) TOTAL</b>	\$0	\$0	\$0	\$334,000	\$334,000	\$334,000	\$0	\$0
<b>CONST/CONV TAX PK CD10 FD (389)</b>								
<b>Budget Adjustments</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Council District 10 C&C Tax Fund: Needs-Based Transfer						\$0	\$105,000	(\$105,000)
Council District 10 C&C Tax Fund: Special Needs Transfer						\$0	\$66,000	(\$66,000)
Ending Fund Balance Adjustment				\$171,000	\$171,000			\$171,000
<b>Budget Adjustments Total</b>	\$0	\$0	\$0	\$171,000	\$171,000	\$171,000	\$0	\$0
<b>CONST/CONV TAX PK CD10 FD (389) TOTAL</b>	\$0	\$0	\$0	\$171,000	\$171,000	\$171,000	\$0	\$0
<b>CONST/CONV TAX PK YARDS FD (398)</b>								
<b>Budget Adjustments</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Earned Revenue - Construction and Conveyance Tax						\$0	\$108,000	(\$108,000)
Ending Fund Balance Adjustment				\$92,000	\$92,000			\$92,000
Transfer to the General Fund: Park Yards Operating and Maintenance Expenses			\$16,000			\$16,000		\$16,000

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK YARDS FD (398)	\$0	\$0	\$16,000	\$92,000	\$108,000	\$108,000	\$0	\$0
Budget Adjustments Total								
CONST/CONV TAX PK YARDS FD (398) TOTAL	\$0	\$0	\$16,000	\$92,000	\$108,000	\$108,000	\$0	\$0
CONST/CONV TAX PKS CW FUND (391)								
Clean-Up Actions								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$90,000	\$90,000	\$90,000	\$90,000	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$90,000	\$90,000	\$0	\$90,000	\$0
CONST/CONV TAX PKS CW FUND (391) TOTAL	\$0	\$0	\$0	\$90,000	\$90,000	\$0	\$90,000	\$0
CONST/CONV TAX SRVC YDS FD (395)								
Budget Adjustments								
<b>SERVICE YARDS CAPITAL PROGRAM</b>								
Earned Revenue - Construction and Conveyance Tax				\$0	\$0	\$790,000	\$790,000	(\$790,000)
Reserves: Debt Service Payments				\$790,000	\$790,000	\$0	\$0	\$790,000
Budget Adjustments Total	\$0	\$0	\$790,000	\$0	\$790,000	\$790,000	\$0	\$0
CONST/CONV TAX SRVC YDS FD (395) TOTAL	\$0	\$0	\$790,000	\$0	\$790,000	\$790,000	\$0	\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONSTRUCTION EXCISE TAX FD (465)</b>								
<b>TRAFFIC CAPITAL PROGRAM</b>								
Bicycle and Pedestrian Facilities/Earned Revenue			\$48,000		\$48,000	\$48,000		\$0
Ending Fund Balance Adjustment				(\$487,000)	(\$487,000)			(\$487,000)
Jackson Avenue and Alexian Drive Pedestrian Improvements/Earned Revenue			\$125,000		\$125,000	\$125,000		\$0
Land Management and Weed Abatement			\$25,000		\$25,000			\$25,000
Montague Expressway NSJ - County Settlement Agreement				(\$2,000,000)	(\$2,000,000)			(\$2,000,000)
Pavement Maintenance - City/Earned Revenue			\$392,453		\$392,453	\$392,453		\$0
Reserve - Pavement Maintenance - State Gas Tax/Earned Revenue			\$1,814,549		\$1,814,549	\$1,814,549		\$0
Reserve - Evergreen Traffic Impact Fees/Earned Revenue			\$1,167,406		\$1,167,406	\$1,167,406		\$0
Reserve - Montague Expressway NSJ - County Settlement Agreement			\$2,000,000		\$2,000,000			\$2,000,000
Reserve - North San José Traffic Impact Fees/Earned Revenue			\$2,989,484		\$2,989,484	\$2,989,484		\$0
Safe Access San José			\$100,000		\$100,000			\$100,000
Safety: Traffic Signals & Rehabilitation/Earned Revenue			\$127,000		\$127,000	\$127,000		\$0
San Fernando Street Enhanced Bikeway and Pedestrian Access			\$318,000		\$318,000			\$318,000
Streetlight Turn On			\$44,000		\$44,000			\$44,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,150,892</b>	<b>(\$487,000)</b>	<b>\$6,663,892</b>	<b>\$6,663,892</b>	<b>\$0</b>	<b>\$0</b>
<b>CONSTRUCTION EXCISE TAX FD (465) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,150,892</b>	<b>(\$487,000)</b>	<b>\$6,663,892</b>	<b>\$6,663,892</b>	<b>\$0</b>	<b>\$0</b>

**CONV/CULTURAL AFFAIRS FUND (536)**

**Budget Adjustments**

**PUBLIC WORKS**

Coffee Shop & Business Center Procurement

\$150,000 \$150,000 \$150,000

**CONVENTION FACILITIES DEPT**

Civic Auditorium and Center for the Performing Arts Naming Rights Revenue/Marketing and Capital Improvements

\$1,200,000 \$1,200,000 \$1,200,000 \$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>								
<b>CONVENTION FACILITIES DEPT</b>								
Convention Facilities Revenue and Expense			\$5,100,000		\$5,100,000	\$6,300,000		(\$1,200,000)
Ending Fund Balance Adjustment				\$750,000	\$750,000			\$750,000
Miscellaneous Improvements and Repairs			\$500,000		\$500,000			\$500,000
Team San Jose Incentive Fee			(\$200,000)		(\$200,000)			(\$200,000)
<b>Budget Adjustments Total</b>	\$0	\$0	\$6,750,000	\$750,000	\$7,500,000	\$7,500,000	\$0	\$0
<b>CONV/CULTURAL AFFAIRS FUND (536) TOTAL</b>	\$0	\$0	\$6,750,000	\$750,000	\$7,500,000	\$7,500,000	\$0	\$0
<b>DENTAL INSURANCE FUND (155)</b>								
<b>Budget Adjustments</b>								
<b>HUMAN RESOURCES</b>								
Human Resources Department Non-Personal/Equipment		\$10,000			\$10,000			\$10,000
Human Resources Personal Services	(\$10,000)				(\$10,000)			(\$10,000)
<b>Budget Adjustments Total</b>	(\$10,000)	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0
<b>Clean-Up Actions</b>								
<b>HUMAN RESOURCES</b>								
Fund Balance Reconciliation				(\$42)	(\$42)		(\$42)	\$0
<b>Clean-Up Actions Total</b>	\$0	\$0	\$0	(\$42)	(\$42)	\$0	(\$42)	\$0
<b>DENTAL INSURANCE FUND (155) TOTAL</b>	(\$10,000)	\$10,000	\$0	(\$42)	(\$42)	\$0	(\$42)	\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>DOWNTOWN PBID FUND (302)</b>								
<b>Budget Adjustments</b>								
<b>TRANSPORTATION</b>								
Downtown Property & Business Improvement District			\$37,500		\$37,500			\$37,500
Downtown Property & Business Improvement District Fund General Fund Transfer					\$0	(\$4,029)		\$4,029
Ending Fund Balance Adjustment				(\$41,529)	(\$41,529)			(\$41,529)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$37,500</b>	<b>(\$41,529)</b>	<b>(\$4,029)</b>	<b>(\$4,029)</b>	<b>\$0</b>	<b>\$0</b>
<b>DOWNTOWN PBID FUND (302) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$37,500</b>	<b>(\$41,529)</b>	<b>(\$4,029)</b>	<b>(\$4,029)</b>	<b>\$0</b>	<b>\$0</b>
<b>FEDERAL DRUG FORFEITURE FUND (419)</b>								
<b>Budget Adjustments</b>								
<b>POLICE</b>								
Ending Fund Balance Adjustment				\$721,616	\$721,616			\$721,616
Police Department Personal Services	(\$434,182)				(\$434,182)			(\$434,182)
Transfer from the State Asset Forfeiture Fund					\$0	\$287,434		(\$287,434)
<b>Budget Adjustments Total</b>	<b>(\$434,182)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$721,616</b>	<b>\$287,434</b>	<b>\$287,434</b>	<b>\$0</b>	<b>\$0</b>
<b>FEDERAL DRUG FORFEITURE FUND (419) TOTAL</b>	<b>(\$434,182)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$721,616</b>	<b>\$287,434</b>	<b>\$287,434</b>	<b>\$0</b>	<b>\$0</b>
<b>GIFT TRUST FUND (139)</b>								
<b>Budget Adjustments</b>								
<b>TRANSPORTATION</b>								
Coleman/Guadalupe Traffic Study and Mitigation/Earned Revenue			\$15,000		\$15,000	\$15,000		\$0
ThinkBike Workshop/Earned Revenue			\$1,000		\$1,000	\$1,000		\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>GIFT TRUST FUND (139)</b>								
<b>PARKS, REC, &amp; NEIGH SVCS</b>								
Lake Cunningham Skate Park/Earned Revenue			\$2,204		\$2,204	\$2,204		\$0
Mayor's Gang Prevention Task Force Clean Slate Program/Earned Revenue			\$3,000		\$3,000	\$3,000		\$0
RP & CS General Gifts Over \$1,000/Earned Revenue			\$1,933		\$1,933	\$1,933		\$0
Rose Garden Fountain/Earned Revenue			\$5,406		\$5,406	\$5,406		\$0
Safe Summer Initiative/Earned Revenue			\$15,015		\$15,015	\$15,015		\$0
San José Vietnam War Memorial/Earned Revenue			\$12,004		\$12,004	\$12,004		\$0
<b>LIBRARY</b>								
Library - General Gifts/Earned Revenue			\$41,798		\$41,798	\$41,798		\$0
<b>Budget Adjustments Total</b>	\$0	\$0	\$97,360	\$0	\$97,360	\$97,360	\$0	\$0
<b>GIFT TRUST FUND (139) TOTAL</b>	\$0	\$0	\$97,360	\$0	\$97,360	\$97,360	\$0	\$0
<b>HOUSING TRUST FUND (440)</b>								
<b>Budget Adjustments</b>								
<b>HOUSING</b>								
Ending Fund Balance Adjustment				(\$167,150)	(\$167,150)			(\$167,150)
Housing Department Personal Services	\$167,150				\$167,150			\$167,150
<b>Budget Adjustments Total</b>	\$167,150	\$0	\$0	(\$167,150)	\$0	\$0	\$0	\$0
<b>HOUSING TRUST FUND (440) TOTAL</b>	\$167,150	\$0	\$0	(\$167,150)	\$0	\$0	\$0	\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>INTEGRATED WASTE MGT FUND (423)</b>								
<b>ENVIRONMENTAL SERVICES</b>								
AB 939 Settlement Funds from County of Santa Clara					\$0	\$880,530		(\$880,530)
Environmental Services Department Non-Personal/Equipment		\$880,530			\$880,530			\$880,530
<b>Budget Adjustments Total</b>	\$0	\$880,530	\$0	\$0	\$880,530	\$880,530	\$0	\$0
<b>INTEGRATED WASTE MGT FUND (423) TOTAL</b>	\$0	\$880,530	\$0	\$0	\$880,530	\$880,530	\$0	\$0
<b>LIBRARY PARCEL TAX FUND (418)</b>								
<b>Budget Adjustments</b>								
<b>LIBRARY</b>								
Ending Fund Balance Adjustment				\$53,902	\$53,902			\$53,902
Partners in Reading Program Technical Adjustment	(\$53,902)				(\$53,902)			(\$53,902)
<b>Budget Adjustments Total</b>	(\$53,902)	\$0	\$0	\$53,902	\$0	\$0	\$0	\$0
<b>Clean-Up Actions</b>								
<b>LIBRARY</b>								
Benefits Program	\$9,984			(\$9,984)	\$0			\$0
<b>Clean-Up Actions Total</b>	\$9,984	\$0	\$0	(\$9,984)	\$0	\$0	\$0	\$0
<b>LIBRARY PARCEL TAX FUND (418) TOTAL</b>	(\$43,918)	\$0	\$0	\$43,918	\$0	\$0	\$0	\$0



Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>M.D. #15 SILVER CREEK FUND (368)</b>								
<b>TRANSPORTATION</b>								
Ending Fund Balance Adjustment				(\$6,000)	(\$6,000)			(\$6,000)
Workers' Compensation Claims			\$6,000		\$6,000			\$6,000
<b>Budget Adjustments Total</b>	\$0	\$0	\$6,000	(\$6,000)	\$0	\$0	\$0	\$0
<b>M.D. #15 SILVER CREEK FUND (368) TOTAL</b>	\$0	\$0	\$6,000	(\$6,000)	\$0	\$0	\$0	\$0
<b>M.D. #18 MEADOWLANDS FUND (372)</b>								
<b>Budget Adjustments</b>								
<b>TRANSPORTATION</b>								
Ending Fund Balance Adjustment				(\$15,000)	(\$15,000)			(\$15,000)
Non-Personal/Equipment		\$15,000			\$15,000			\$15,000
<b>Budget Adjustments Total</b>	\$0	\$15,000	\$0	(\$15,000)	\$0	\$0	\$0	\$0
<b>M.D. #18 MEADOWLANDS FUND (372) TOTAL</b>	\$0	\$15,000	\$0	(\$15,000)	\$0	\$0	\$0	\$0
<b>MULTI-SOURCE HOUSING FD (448)</b>								
<b>Budget Adjustments</b>								
<b>HOUSING</b>								
Ending Fund Balance Adjustment				\$58,740	\$58,740			\$58,740
Housing Department Personal Services	(\$85,000)				(\$85,000)			(\$85,000)
Water Street Project			\$26,260		\$26,260			\$26,260
<b>Budget Adjustments Total</b>	(\$85,000)	\$0	\$26,260	\$58,740	\$0	\$0	\$0	\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST	
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance		
<b>MULTI-SOURCE HOUSING FD (448)</b>									
<b>Clean-Up Actions</b>									
<b>HOUSING</b>					\$5	\$5		\$5	\$0
Fund Balance Reconciliation									
<b>Clean-Up Actions Total</b>	\$0	\$0	\$0	\$5	\$5	\$0	\$5	\$5	\$0
<b>MULTI-SOURCE HOUSING FD (448) TOTAL</b>	(\$85,000)	\$0	\$26,260	\$58,745	\$5	\$0	\$5	\$5	\$0
<b>MUNICIPAL GOLF COURSE FUND (518)</b>									
<b>Budget Adjustments</b>									
<b>PARKS, REC, &amp; NEIGH SVCS</b>									(\$115,000)
Ending Fund Balance Adjustment					(\$115,000)	(\$115,000)			\$115,000
Los Lagos Golf Course			\$115,000			\$115,000			
<b>Budget Adjustments Total</b>	\$0	\$0	\$115,000	(\$115,000)	\$0	\$0	\$0	\$0	\$0
<b>MUNICIPAL GOLF COURSE FUND (518) TOTAL</b>	\$0	\$0	\$115,000	(\$115,000)	\$0	\$0	\$0	\$0	\$0
<b>PUBLIC WKS PRO SUPPORT FD (150)</b>									
<b>Budget Adjustments</b>									
<b>PUBLIC WORKS</b>									\$8,254
City's Standard Plans and Specifications Loan Reimbursement			\$8,254			\$8,254			(\$8,254)
Ending Fund Balance Adjustment					(\$8,254)	(\$8,254)			
<b>Budget Adjustments Total</b>	\$0	\$0	\$8,254	(\$8,254)	\$0	\$0	\$0	\$0	\$0
<b>PUBLIC WKS PRO SUPPORT FD (150) TOTAL</b>	\$0	\$0	\$8,254	(\$8,254)	\$0	\$0	\$0	\$0	\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>SANITARY SEWER CONN FEE FD (540)</b>								
<b>Clean-Up Actions</b>								
<b>PUBLIC WORKS</b>								
Tech Adjust: Myrtle Avenue Sanitary Sewer Improvement			\$134,000	(\$134,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	\$0	\$0	\$134,000	(\$134,000)	\$0	\$0	\$0	\$0
<b>SANITARY SEWER CONN FEE FD (540) TOTAL</b>	\$0	\$0	\$134,000	(\$134,000)	\$0	\$0	\$0	\$0
<b>SEWER SVC &amp; USE CHARGE FD (541)</b>								
<b>Budget Adjustments</b>								
<b>INFORMATION TECHNOLOGY</b>								
Information Technology Personal Services	\$25,000				\$25,000			\$25,000
<b>PLANNING, BLDG, &amp; CODE ENF</b>								
Planning, Building and Code Enforcement Department Personal Services	\$7,000				\$7,000			\$7,000
<b>ENVIRONMENTAL SERVICES</b>								
Ending Fund Balance Adjustment				(\$32,000)	(\$32,000)			(\$32,000)
<b>Budget Adjustments Total</b>	\$32,000	\$0	\$0	(\$32,000)	\$0	\$0	\$0	\$0
<b>Clean-Up Actions</b>								
<b>INFORMATION TECHNOLOGY</b>								
Benefits Program	\$1,252			(\$1,252)	\$0			\$0
<b>CITY ATTORNEY</b>								
Benefits Program	\$1,339			(\$1,339)	\$0			\$0
<b>TRANSPORTATION</b>								
Benefits Program	\$50,061			(\$50,061)	\$0			\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>SEWER SVC &amp; USE CHARGE FD (541)</b>								
<b>PUBLIC WORKS</b>								
Benefits Program	\$5,706			(\$5,706)	\$0			\$0
Facilities Capital Repairs and Maintenance			\$40,000	(\$40,000)	\$0			\$0
<b>ENVIRONMENTAL SERVICES</b>								
Benefits Program	\$3,008			(\$3,008)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$61,366</b>	<b>\$0</b>	<b>\$40,000</b>	<b>(\$101,366)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHARGE FD (541) TOTAL</b>	<b>\$93,366</b>	<b>\$0</b>	<b>\$40,000</b>	<b>(\$133,366)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHG CAP FD (545)</b>								
<b>Budget Adjustments</b>								
<b>PUBLIC WORKS</b>								
Japantown Sewer Infrastructure/Earned Revenue				\$73,577	\$73,577	\$73,577		\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$73,577</b>	<b>\$73,577</b>	<b>\$73,577</b>	<b>\$0</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHG CAP FD (545) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$73,577</b>	<b>\$73,577</b>	<b>\$73,577</b>	<b>\$0</b>	<b>\$0</b>
<b>STATE DRUG FORF FUND (417)</b>								
<b>Budget Adjustments</b>								
<b>POLICE</b>								
Ending Fund Balance Adjustment				(\$721,616)	(\$721,616)			(\$721,616)
Police Department Personal Services	\$434,182				\$434,182			\$434,182
Transfer to the Federal Asset Forfeiture Fund			\$287,434		\$287,434			\$287,434

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>STATE DRUG FORF FUND (417)</b>								
Budget Adjustments Total	\$434,182	\$0	\$287,434	(\$721,616)	\$0	\$0	\$0	\$0
<b>STATE DRUG FORF FUND (417) TOTAL</b>	<b>\$434,182</b>	<b>\$0</b>	<b>\$287,434</b>	<b>(\$721,616)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>STORM SEWER CAPITAL FUND (469)</b>								
Budget Adjustments								
<b>ENVIRONMENTAL SERVICES</b>								
Transfer from Alviso Ring Levee Fund				\$444,872	\$444,872	\$444,872		\$0
Budget Adjustments Total	\$0	\$0	\$0	\$444,872	\$444,872	\$444,872	\$0	\$0
<b>STORM SEWER CAPITAL FUND (469) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$444,872</b>	<b>\$444,872</b>	<b>\$444,872</b>	<b>\$0</b>	<b>\$0</b>
<b>STORM SEWER OPERATING FD (446)</b>								
Budget Adjustments								
<b>INFORMATION TECHNOLOGY</b>								
Information Technology Personal Services	\$10,000				\$10,000			\$10,000
<b>PLANNING, BLDG, &amp; CODE ENF</b>								
Planning, Building and Code Enforcement Department Personal Services	\$11,400				\$11,400			\$11,400
<b>ENVIRONMENTAL SERVICES</b>								
Ending Fund Balance Adjustment				(\$21,400)	(\$21,400)			(\$21,400)
Budget Adjustments Total	\$21,400	\$0	\$0	(\$21,400)	\$0	\$0	\$0	\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>STORM SEWER OPERATING FD (446)</b>								
<b>TRANSPORTATION</b>								
Benefits Program	\$25,674			(\$25,674)	\$0			\$0
Clean-Up Actions Total	\$25,674	\$0	\$0	(\$25,674)	\$0	\$0	\$0	\$0
<b>STORM SEWER OPERATING FD (446) TOTAL</b>	<b>\$47,074</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$47,074)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SUBDIVISION PARK TRUST FUND (375)</b>								
<b>Budget Adjustments</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Earned Revenue - Parkland Dedication Fees					\$0	\$938,000		(\$938,000)
Martin Park Expansion			\$250,000		\$250,000			\$250,000
Reserve: Martin Park Expansion			(\$250,000)		(\$250,000)			(\$250,000)
Riverview Park Design Review and Inspection			\$938,000		\$938,000			\$938,000
Budget Adjustments Total	\$0	\$0	\$938,000	\$0	\$938,000	\$938,000	\$0	\$0
<b>SUBDIVISION PARK TRUST FUND (375) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$938,000</b>	<b>\$0</b>	<b>\$938,000</b>	<b>\$938,000</b>	<b>\$0</b>	<b>\$0</b>
<b>TRANSIENT OCCUPANCY TX FD (461)</b>								
<b>Budget Adjustments</b>								
<b>EARMARKED RESERVES</b>								
Future Distribution Reserve			\$1,500,000		\$1,500,000			\$1,500,000
<b>REVENUE ADJUSTMENTS</b>								
Transient Occupancy Tax					\$0	\$1,500,000		(\$1,500,000)

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>TRANSIENT OCCUPANCY TX FD (461)</b>								
Budget Adjustments Total	\$0	\$0	\$1,500,000	\$0	\$1,500,000	\$1,500,000	\$0	\$0
<b>TRANSIENT OCCUPANCY TX FD (461) TOTAL</b>	\$0	\$0	\$1,500,000	\$0	\$1,500,000	\$1,500,000	\$0	\$0
<b>UNEMPLOYMENT INSUR FD (157)</b>								
Budget Adjustments								
<b>HUMAN RESOURCES</b>								
Human Resources Department Non-Personal/Equipment		\$5,000			\$5,000			\$5,000
Human Resources Department Personal Services	(\$5,000)				(\$5,000)			(\$5,000)
Budget Adjustments Total	(\$5,000)	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0
<b>UNEMPLOYMENT INSUR FD (157) TOTAL</b>	(\$5,000)	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0
<b>WATER UTILITY CAPITAL FUND (500)</b>								
Budget Adjustments								
<b>ENVIRONMENTAL SERVICES</b>								
Ending Fund Balance Adjustment				(\$130,000)	(\$130,000)			(\$130,000)
System Maintenance/Repairs			\$130,000		\$130,000			\$130,000
Budget Adjustments Total	\$0	\$0	\$130,000	(\$130,000)	\$0	\$0	\$0	\$0
<b>WATER UTILITY CAPITAL FUND (500) TOTAL</b>	\$0	\$0	\$130,000	(\$130,000)	\$0	\$0	\$0	\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2012-2013 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>WATER UTILITY FUND (515)</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Ending Fund Balance Adjustment				(\$125,000)	(\$125,000)			(\$125,000)
Environmental Services Department Non-Personal/Equipment		\$75,000			\$75,000			\$75,000
Workers' Compensation Claims			\$50,000		\$50,000			\$50,000
<b>Budget Adjustments Total</b>	\$0	\$75,000	\$50,000	(\$125,000)	\$0	\$0	\$0	\$0
<b>Clean-Up Actions</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Benefits Program	\$13,791			(\$13,791)	\$0			\$0
Fund Balance Reconciliation				\$304,255	\$304,255		\$304,255	\$0
<b>Clean-Up Actions Total</b>	\$13,791	\$0	\$0	\$290,464	\$304,255	\$0	\$304,255	\$0
<b>WATER UTILITY FUND (515) TOTAL</b>	\$13,791	\$75,000	\$50,000	\$165,464	\$304,255	\$0	\$304,255	\$0
<b>WORKFORCE INVSTMNT ACT FD (290)</b>								
<b>Budget Adjustments</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Cisco Systems Layoff Award Grant/Earned Revenue		(\$1,886,806)			(\$1,886,806)	(\$1,886,806)		\$0
Recovery Act - OJT NEG Grant/Earned Revenue		(\$10,000)			(\$10,000)	(\$10,000)		\$0
Solyndra Project/Earned Revenue		(\$1,138,791)			(\$1,138,791)	(\$1,138,791)		\$0
<b>Budget Adjustments Total</b>	\$0	(\$3,035,597)	\$0	\$0	(\$3,035,597)	(\$3,035,597)	\$0	\$0
<b>WORKFORCE INVSTMNT ACT FD (290) TOTAL</b>	\$0	(\$3,035,597)	\$0	\$0	(\$3,035,597)	(\$3,035,597)	\$0	\$0





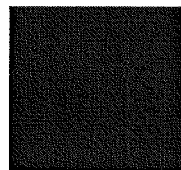
2012-2013

MID-YEAR  
BUDGET  
REVIEW



SECTION  
IV

APPENDIX





**FINANCE DEPARTMENT**  
Monthly Financial Report

Financial Results for the Six Months Ended December 31, 2012  
Fiscal Year 2012-2013  
(*UNAUDITED*)

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**Finance Department, City of San José**  
**Monthly Financial Report**  
**Financial Results for the Six Months Ended December 31, 2012**  
**Fiscal Year 2012-2013**  
*(UNAUDITED)*

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**Finance Department, City of San José**  
**Monthly Financial Report**  
**Financial Results for the Six Months Ended December 31, 2012**  
**Fiscal Year 2012-2013**  
**(UNAUDITED)**

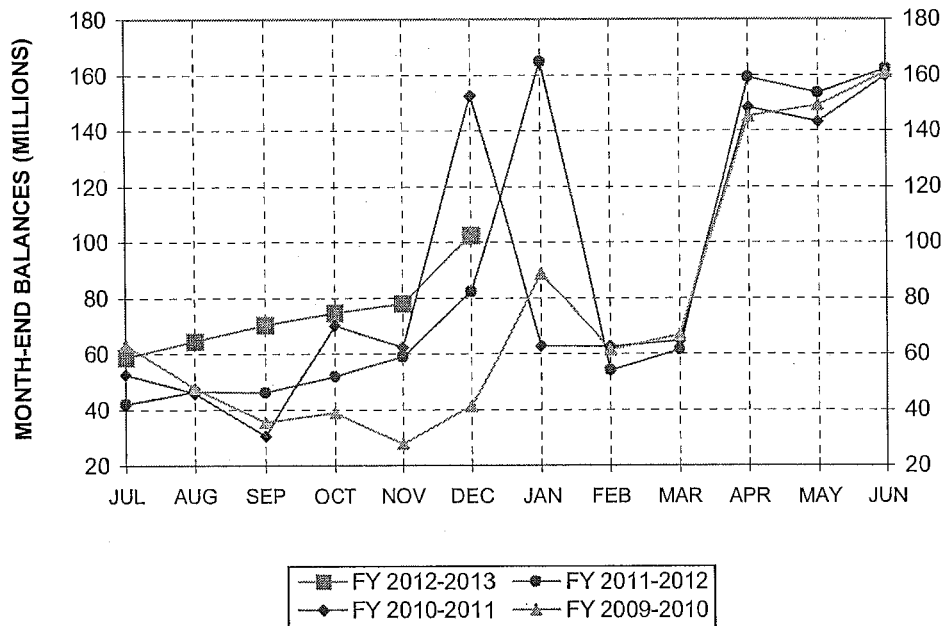
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Source and Use of Funds.....	16

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)		164,958,541	62,749,463	88,749,418
FEBRUARY (3)		54,118,810	62,572,017	61,606,869
MARCH		61,586,562	64,768,564	66,979,823
APRIL (4)		159,137,277	148,465,097	145,213,763
MAY		153,526,766	143,186,930	149,064,276
JUNE		162,325,519	159,719,466	161,013,785

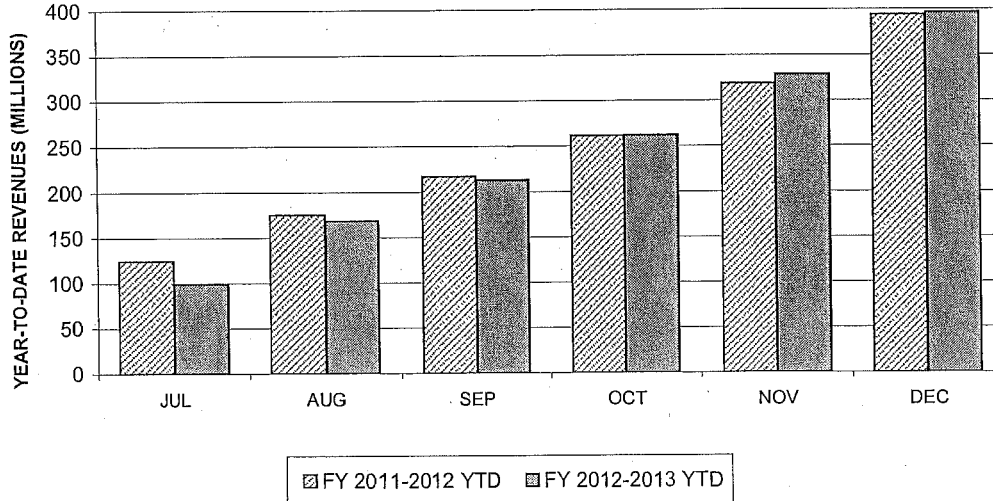
Note: (1) The General Fund cash balance decreases each July mainly due to the Council's direction to annually pre-fund the employer share of retirement contributions in a lump-sum to achieve budgetary savings to the City.

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.

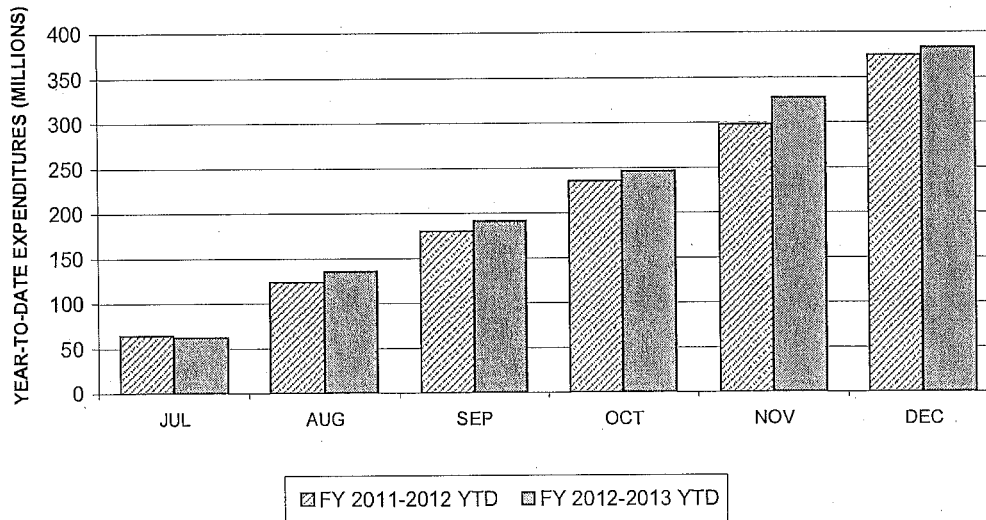
Note: (3) The General Fund cash balance decrease in January 2011 and February 2012 was mainly due to the repayment of the Tax and Revenue Anticipation Notes (TRANS) in the amount of \$75 million and \$100 million, respectively.

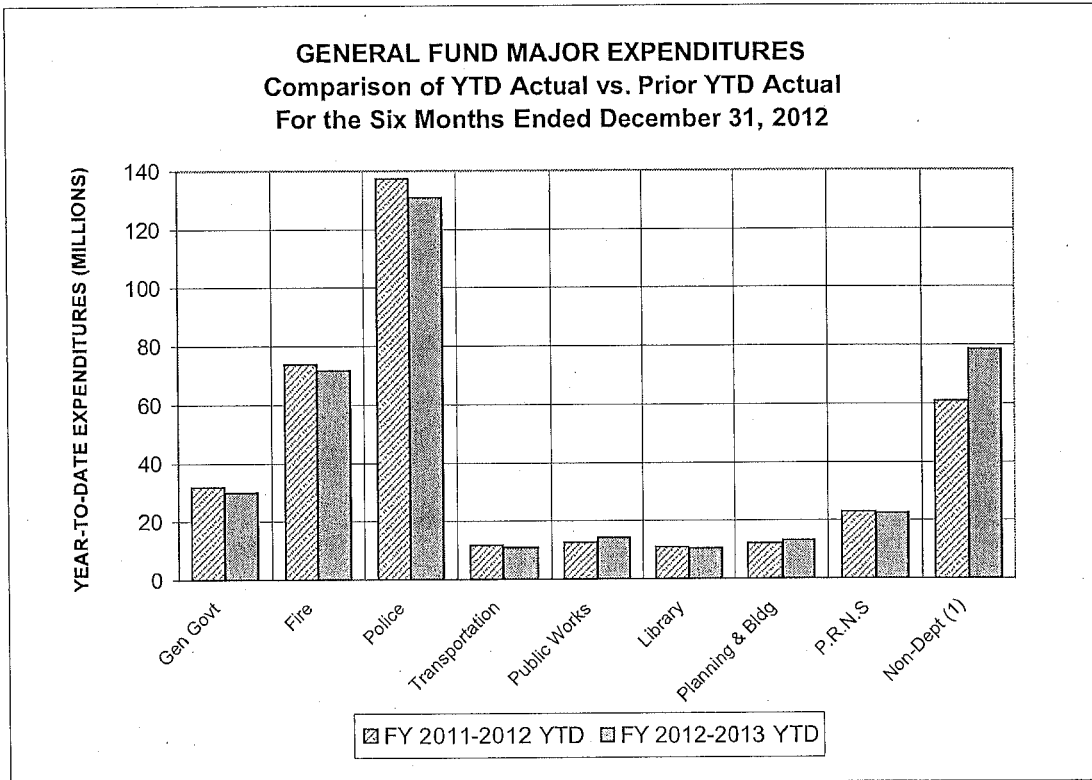
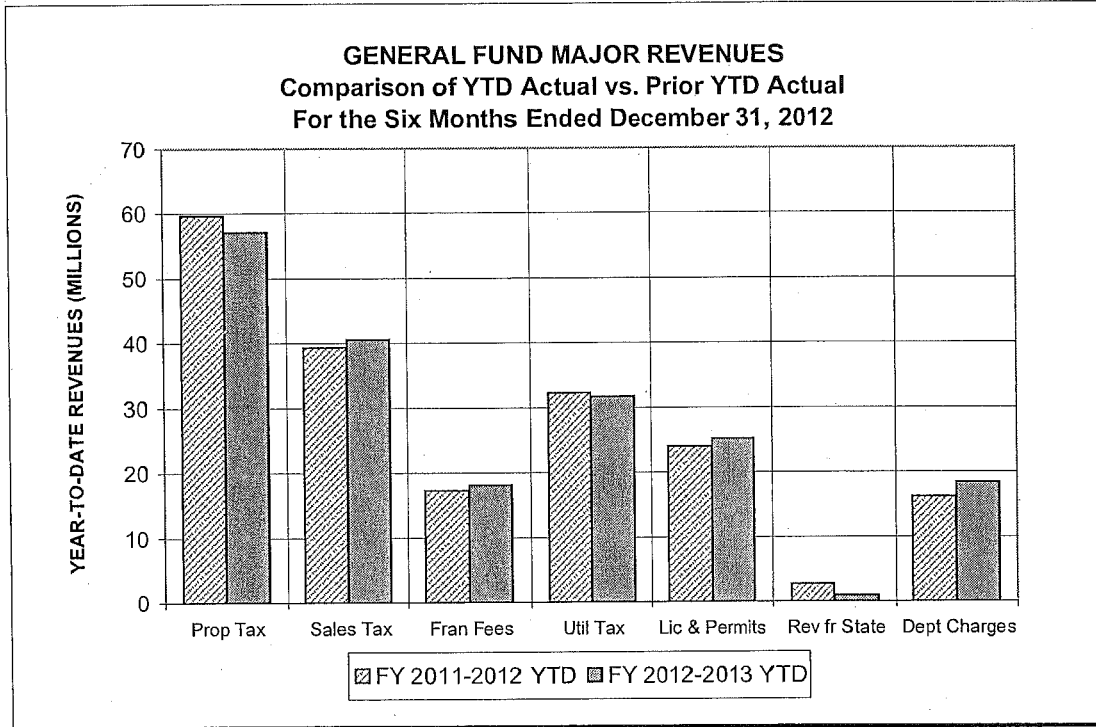
Note: (4) The General Fund cash balance increases each April mainly due to the receipt of the second annual installment of property taxes from Santa Clara County.

**GENERAL FUND  
Comparison of YTD Revenues  
Actual**



**GENERAL FUND  
Comparison of YTD Expenditures  
Actual**





(1) Non-Departmental year-over-year variance is mainly due to the City's payment to the Successor Agency of the Redevelopment Agency (SARA) for the principal and first interest installment of the 2001F bond payment. This was characterized as the Convention Center Lease expenditure in FY 2011-2012 and was not reflected in that year until June 2012.

**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**  
*(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
<b>Fund Balance</b>											
Prior Year Encumbrances	\$ -	-	18,578	18,578	18,578	100.00%	20,402	115.55%	17,656	(1,824)	-8.94%
Available Balance	155,467	12,833	-	168,300	168,300	100.00%	137,323	99.84%	137,537	30,977	22.56%
<b>Total Fund Balance</b>	<b>155,467</b>	<b>12,833</b>	<b>18,578</b>	<b>186,878</b>	<b>186,878</b>	<b>100.00%</b>	<b>157,725</b>	<b>101.63%</b>	<b>155,193</b>	<b>29,153</b>	<b>18.48%</b>
<b>General Revenues</b>											
Property Tax	202,925	-	-	202,925	57,116	28.15%	59,684	29.59%	201,712	(2,568)	-4.30%
Sales Tax (1)	152,680	3,140	-	155,820	40,599	26.06%	39,421	25.59%	154,027	1,178	2.99%
Telephone Line Tax	20,525	-	-	20,525	7,009	34.15%	6,878	33.50%	20,529	131	1.90%
Transient Occupancy Tax	8,715	385	-	9,100	3,646	40.07%	3,110	34.62%	8,984	536	17.23%
Franchise Fees	43,625	-	-	43,625	18,153	41.61%	17,335	41.56%	41,709	818	4.72%
Utility Tax	91,855	-	-	91,855	31,711	34.52%	32,347	35.79%	90,383	(636)	-1.97%
Business Taxes	40,550	300	-	40,850	20,302	49.70%	19,192	46.66%	41,134	1,110	5.78%
Licenses and Permits	37,813	122	-	37,935	25,204	66.44%	24,052	54.87%	43,838	1,152	4.79%
Fines, Forfeits and Penalties	16,708	-	-	16,708	6,411	38.37%	7,902	43.04%	18,358	(1,491)	-18.87%
Use of Money and Property	2,911	-	-	2,911	1,718	59.02%	1,695	55.43%	3,058	23	1.36%
Revenue from Local Agencies	29,250	1,638	-	30,888	4,176	13.52%	4,698	15.65%	30,017	(522)	-11.11%
Revenue from State of Cal.	10,747	501	-	11,248	909	8.08%	2,695	18.69%	14,419	(1,786)	-66.27%
Revenue from Federal Government	16,611	5,919	-	22,530	4,958	22.01%	3,444	17.48%	19,700	1,514	43.96%
Departmental Charges (2)	32,126	-	-	32,126	18,421	57.34%	16,242	47.39%	34,276	2,179	13.42%
Other Revenues	16,270	130,057	-	146,327	115,990	79.27%	108,865	93.67%	116,221	7,125	6.54%
<b>Total General Revenues</b>	<b>723,311</b>	<b>142,062</b>	<b>-</b>	<b>865,373</b>	<b>356,323</b>	<b>41.18%</b>	<b>347,560</b>	<b>41.46%</b>	<b>838,365</b>	<b>8,763</b>	<b>2.52%</b>
<b>Transfers &amp; Reimbursements</b>											
Overhead Reimbursements	32,349	-	-	32,349	25,284	78.16%	25,116	77.42%	32,441	168	0.67%
Transfers from Other Funds	18,998	210	-	19,208	9,966	51.88%	14,884	68.57%	21,706	(4,918)	-33.04%
Reimbursements for Services	15,685	(500)	-	15,185	5,386	35.47%	6,774	43.82%	15,459	(1,388)	-20.49%
<b>Total Transfers &amp; Reimburse</b>	<b>67,032</b>	<b>(290)</b>	<b>-</b>	<b>66,742</b>	<b>40,636</b>	<b>60.89%</b>	<b>46,774</b>	<b>67.20%</b>	<b>69,606</b>	<b>(6,138)</b>	<b>-13.12%</b>
<b>Total Sources</b>	<b>\$ 945,810</b>	<b>154,605</b>	<b>18,578</b>	<b>1,118,993</b>	<b>583,837</b>	<b>52.18%</b>	<b>552,059</b>	<b>51.93%</b>	<b>1,063,164</b>	<b>31,778</b>	<b>5.76%</b>

(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 December 2012 is approximately \$12.4 million.

(2) - See Supplemental Schedule on Page 7.



**CITY OF SAN JOSE  
GENERAL FUND SOURCE AND USE OF FUNDS  
EXPENDITURES  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2012  
( UNAUDITED )  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END	BUDGETARY	CUR YTD LESS	% CHANGE
	FY 2012-2013	BUDGET		FY 2012-2013	ACTUAL	ENCUMBR	ACTUAL %	YTD	OF PRIOR	BUDGETARY	PRIOR YTD	LESS PRIOR YTD	LESS PRIOR YTD
	BUDGET	AMENDMENTS		BUDGET	ACTUAL	ENCUMBR	OF BUDGET	ACTUAL(1)	YEAR-END	BASIS	PRIOR YTD	ACTUAL (1)	ACTUAL
<b>General Government</b>													
Mayor and Council	\$ 11,022	(218)	16	10,820	4,000	38	36.97%	4,050	47.86%	8,463	(50)	-1.23%	
City Attorney	12,114	(8)	188	12,294	4,978	289	40.49%	5,379	49.66%	10,832	(401)	-7.45%	
City Auditor	2,011	(2)	6	2,015	908	6	45.06%	902	50.65%	1,781	6	0.67%	
City Clerk	2,069	(1)	-	2,068	825	11	39.89%	785	47.23%	1,662	40	5.10%	
City Manager	10,759	24	538	11,321	4,419	822	39.03%	4,547	46.90%	9,696	(128)	-2.82%	
Finance	12,276	411	227	12,914	5,430	645	42.05%	5,178	47.39%	10,927	252	4.87%	
Information Technology	13,362	76	2,066	15,504	4,255	2,418	27.44%	5,535	46.31%	11,953	(1,280)	-23.13%	
Human Resources	5,982	(3)	38	6,017	2,531	368	42.06%	2,525	47.06%	5,365	6	0.24%	
Independent Police Auditor	1,066	(1)	1	1,066	450	1	42.21%	440	47.11%	934	10	2.27%	
Office of Economic Development	5,255	(2)	309	5,562	2,220	989	39.91%	2,489	55.76%	4,464	(269)	-10.81%	
<b>Total General Government</b>	<b>75,916</b>	<b>276</b>	<b>3,389</b>	<b>79,581</b>	<b>30,016</b>	<b>5,587</b>	<b>37.72%</b>	<b>31,830</b>	<b>48.17%</b>	<b>66,077</b>	<b>(1,814)</b>	<b>-5.70%</b>	
<b>Public Safety</b>													
Fire	151,324	2,515	548	154,387	71,769	1,299	46.49%	73,870	48.03%	153,790	(2,101)	-2.84%	
Police	294,753	1,183	1,498	297,444	130,867	3,559	44.00%	137,392	47.59%	288,670	(6,525)	-4.75%	
<b>Total Public Safety</b>	<b>446,077</b>	<b>3,708</b>	<b>2,046</b>	<b>451,831</b>	<b>202,636</b>	<b>4,858</b>	<b>44.85%</b>	<b>211,262</b>	<b>47.75%</b>	<b>442,460</b>	<b>(8,626)</b>	<b>-4.08%</b>	
<b>Capital Maintenance</b>													
Transportation	25,906	(10)	728	26,624	10,987	1,388	41.27%	11,754	48.53%	24,218	(767)	-6.53%	
Public Works	30,600	(240)	294	30,654	14,171	2,109	46.23%	12,528	47.23%	26,523	1,643	13.11%	
<b>Total Capital Maintenance</b>	<b>56,506</b>	<b>(250)</b>	<b>1,022</b>	<b>57,278</b>	<b>25,158</b>	<b>3,497</b>	<b>43.92%</b>	<b>24,282</b>	<b>47.85%</b>	<b>50,741</b>	<b>876</b>	<b>3.61%</b>	
<b>Community Service</b>													
Housing	254	-	-	254	113	-	44.49%	-	0.00%	-	113	100.00%	
Library	24,031	(171)	133	23,993	10,606	400	44.20%	10,919	49.81%	21,920	(313)	-2.87%	
Planning, Bldg & Code Enf.	33,927	(21)	196	34,102	13,299	1,026	39.00%	12,186	47.31%	25,759	1,113	9.13%	
Park, Rec & Neigh Svcs	49,381	958	230	50,569	22,605	4,273	44.70%	22,907	48.74%	47,003	(302)	-1.32%	
Environmental Services	428	10	24	462	189	34	40.91%	219	56.30%	389	(30)	-13.70%	
<b>Total Community Services</b>	<b>108,021</b>	<b>776</b>	<b>583</b>	<b>109,380</b>	<b>46,812</b>	<b>5,733</b>	<b>42.80%</b>	<b>46,231</b>	<b>48.63%</b>	<b>95,071</b>	<b>581</b>	<b>1.26%</b>	
<b>Total Dept. Expenditures</b>	<b>\$ 686,520</b>	<b>4,510</b>	<b>7,040</b>	<b>698,070</b>	<b>304,622</b>	<b>19,675</b>	<b>43.64%</b>	<b>313,605</b>	<b>47.93%</b>	<b>654,349</b>	<b>(8,983)</b>	<b>-2.86%</b>	

(1) Does not include encumbrance balance.

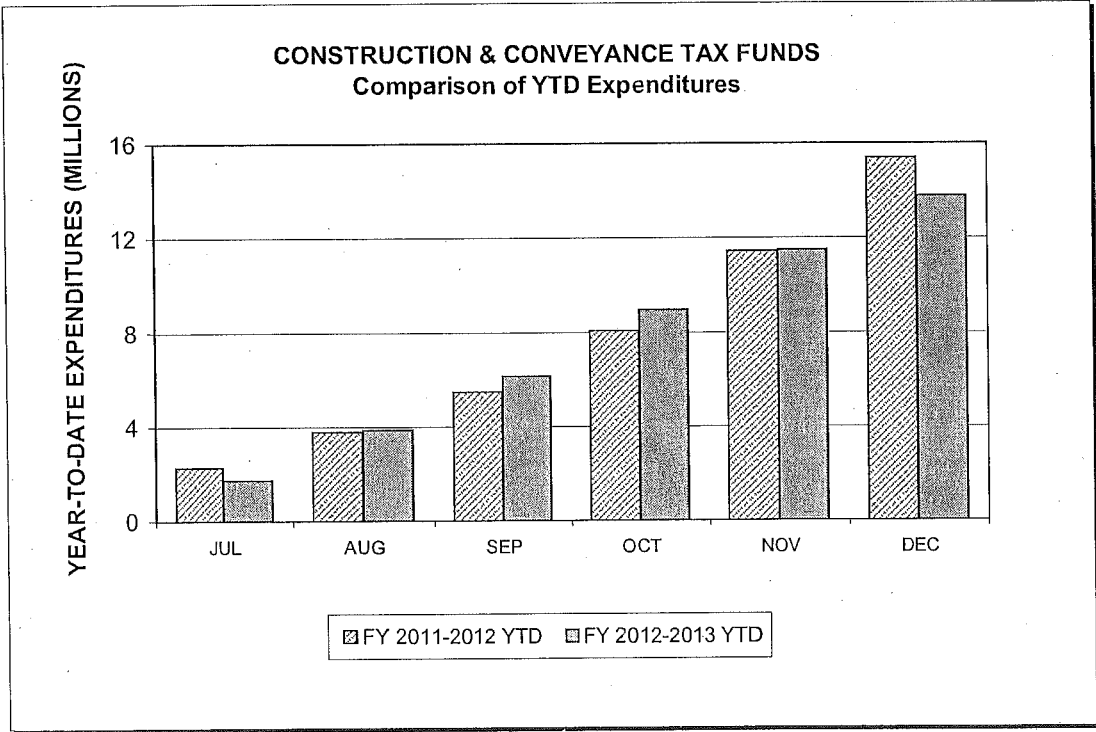
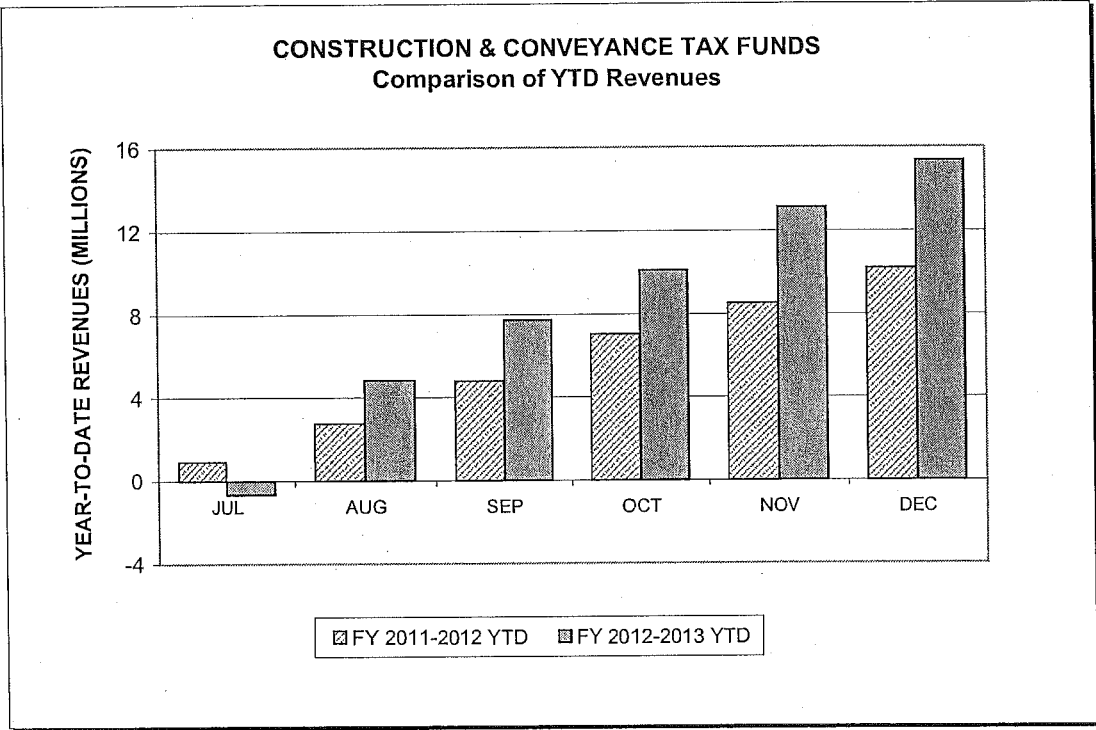
CITY OF SAN JOSE  
GENERAL FUND SOURCE AND USE OF FUNDS  
EXPENDITURES  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2012  
( UNAUDITED )  
( \$000's )

	ADOPTED FY 2012-2013 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2012-2013 BUDGET	YEAR-TO-DATE		CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL(1)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL (1)	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
					ACTUAL	ENCUMBR						
Non-Dept Expenditures												
City-wide Expenditures:												
Community & Econ. Develop.	\$ 21,744	575	278	22,597	15,701	1,118	69.48%	4,026	17.41%	23,126	11,675	289.99%
Environmental & Utility Services	5,951	505	63	6,519	2,194	1,052	33.66%	1,907	35.33%	5,398	287	15.05%
Public Safety	19,815	2,432	792	23,039	9,225	289	40.04%	9,500	42.43%	22,390	(275)	-2.89%
Neighborhood Services	7,592	1,156	207	8,955	2,893	3,318	32.31%	3,335	41.82%	7,975	(442)	-13.25%
Transportation Services	7,776	-	259	8,035	1,794	576	22.33%	1,915	41.52%	4,612	(121)	-6.32%
Strategic Support	46,985	142,199	5,787	194,971	13,002	8,456	6.67%	8,404	6.79%	123,744	4,598	54.71%
Total City-wide Expenditures	109,863	146,867	7,386	264,116	44,809	14,809	16.97%	29,087	15.53%	187,245	15,722	54.05%
Other Non-Dept Expenditures:												
Capital Improvements	15,640	919	4,152	20,711	4,965	1,700	23.97%	2,464	44.23%	5,571	2,501	101.50%
Transfers to Other Funds	39,387	(10,375)	-	29,012	28,699	-	98.92%	29,508	97.64%	30,222	(809)	-2.74%
Other Operating Expenditures	-	180	-	180	6	3	3.33%	-	0.00%	-	6	100.00%
Total Non-Dept Expenditures	164,890	137,591	11,538	314,019	78,479	16,512	24.99%	61,059	27.38%	223,038	17,420	28.53%
Reserves												
Contingency Reserves	29,309	-	-	29,309	-	-	0.00%	-	0.00%	-	-	0.00%
Earmarked Reserves	65,091	12,504	-	77,595	-	-	0.00%	-	0.00%	-	-	0.00%
Total Reserves	94,400	12,504	-	106,904	-	-	0.00%	-	0.00%	-	-	0.00%
Total Uses	\$ 945,810	154,605	18,578	1,118,993	383,101	36,187	34.24%	374,664	42.70%	877,387	8,437	2.25%

(1) Does not include encumbrance balance.

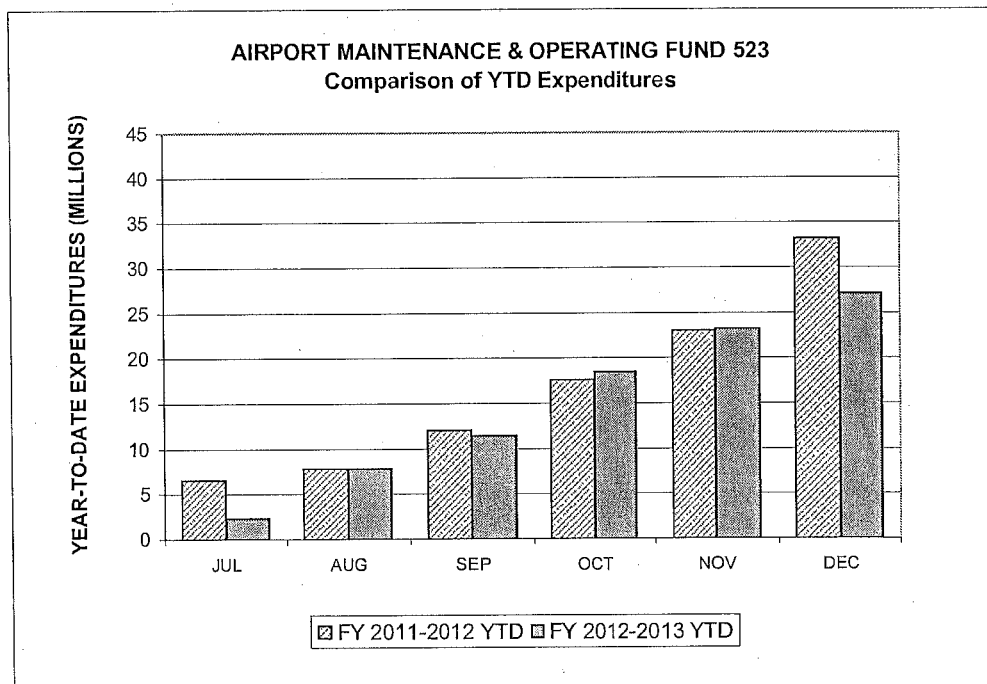
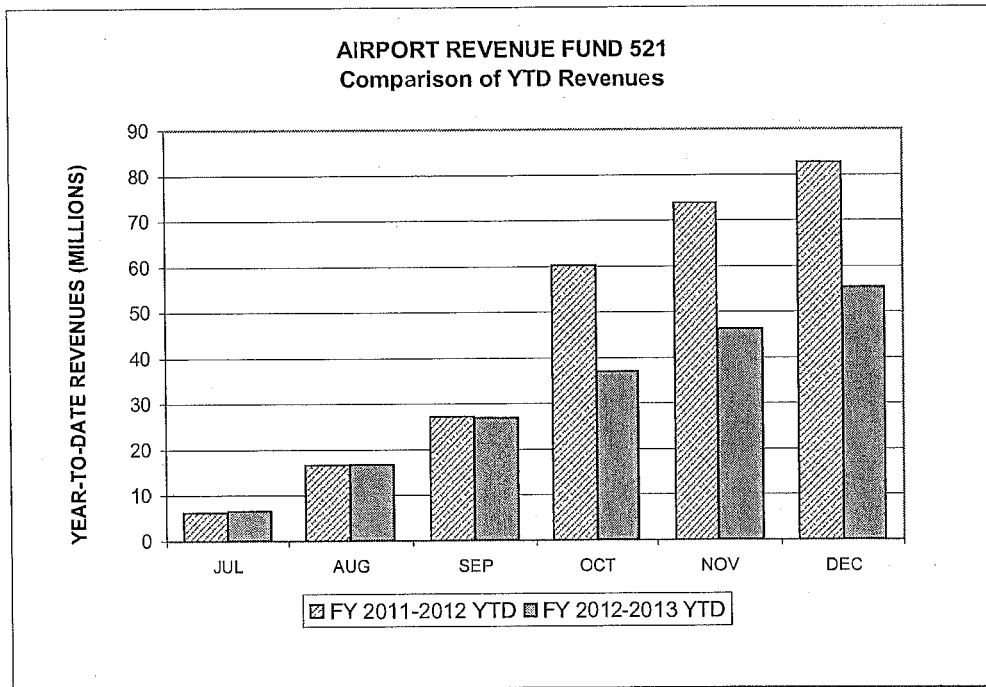
CITY OF SAN JOSE  
 GENERAL FUND SOURCE AND USE OF FUNDS  
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2012  
 SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES  
 (UNAUDITED)  
 (\$000's)

	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	-	-	1,436	559	38.93%	809	53.36%	1,516	(250)	-30.90%
Public Works	5,650	-	-	5,650	4,099	72.55%	3,098	42.67%	7,261	1,001	32.31%
Transportation	1,135	-	-	1,135	747	65.81%	616	47.57%	1,295	131	21.27%
Library	1,305	-	-	1,305	371	28.43%	409	34.87%	1,173	(38)	-9.29%
Planning, Bldg & Code Enf	2,600	-	-	2,600	1,462	56.23%	1,214	42.08%	2,885	248	20.43%
Parks Rec & Neigh Svcs	14,460	-	-	14,460	7,954	55.01%	7,393	50.46%	14,652	561	7.59%
Miscellaneous Dept Charges	5,540	-	-	5,540	3,229	58.29%	2,703	49.20%	5,494	526	19.46%
<b>Total Departmental Revenues \$</b>	<b>32,126</b>	<b>-</b>	<b>-</b>	<b>32,126</b>	<b>18,421</b>	<b>57.34%</b>	<b>16,242</b>	<b>47.39%</b>	<b>34,276</b>	<b>2,179</b>	<b>13.42%</b>



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.

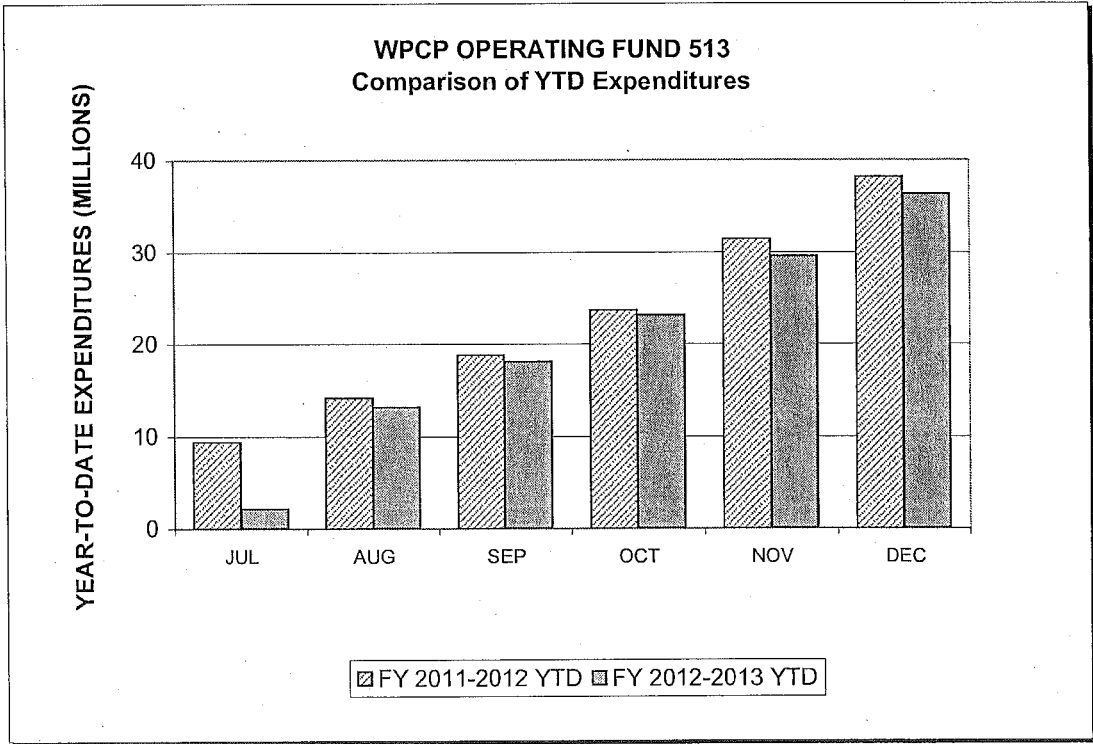
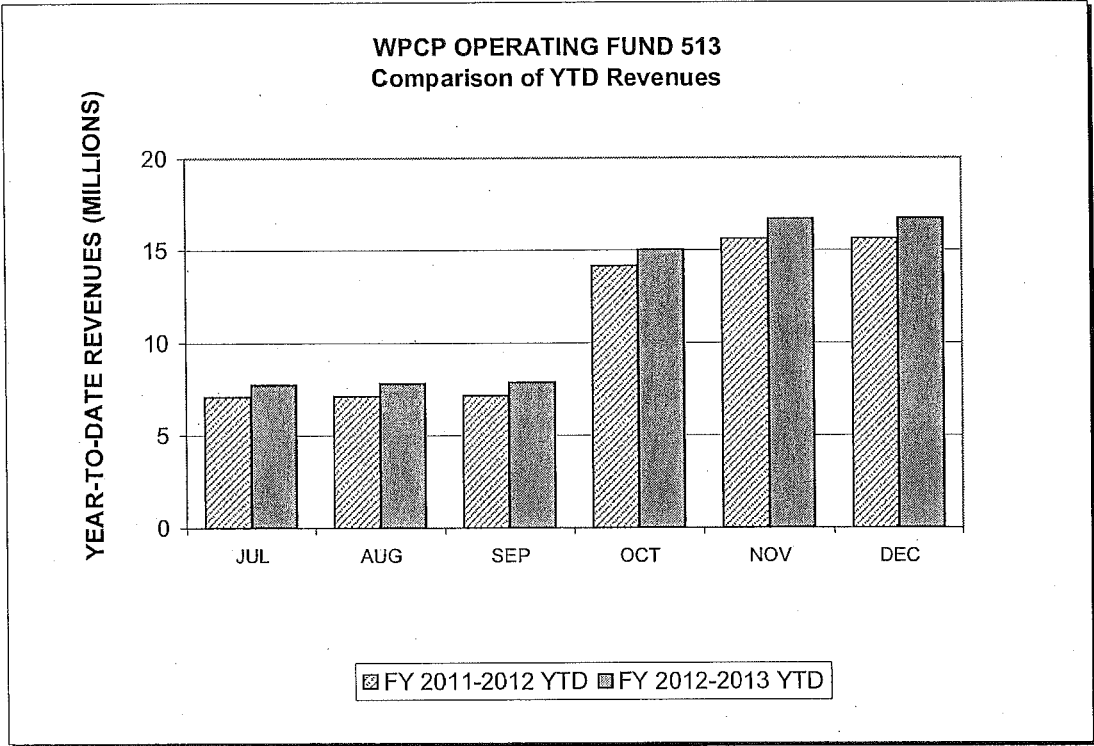
Increase in Revenues year over year is mainly due to a \$2.47 million increase in Tax Collections and a \$2.34 million increase in transfers from other funds.



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.

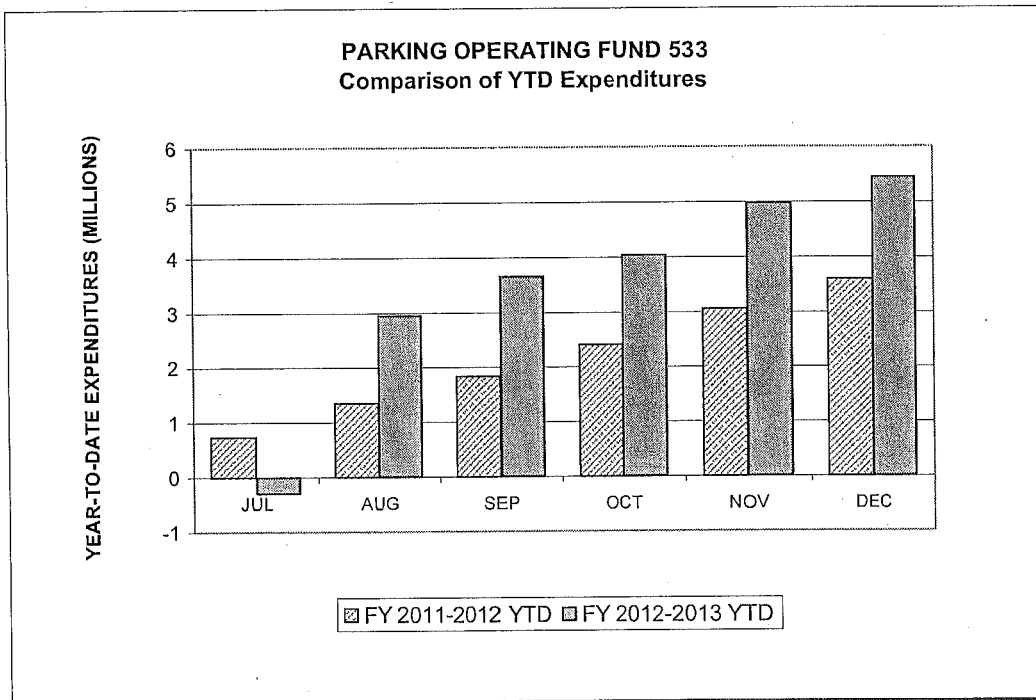
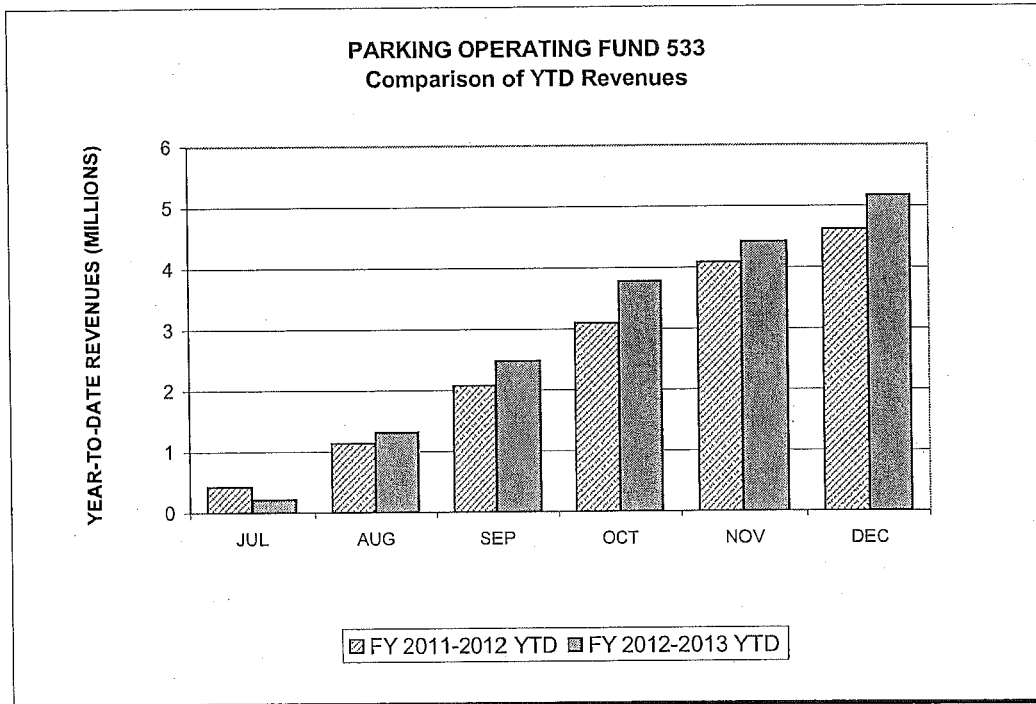
Low Expenditures in July 2012 were caused by a combination of two factors: 1) the reversal of FY 2011-2012 year-end accrued expenditures that exceeded the amount of actual year-end expenditures and 2) the timing of the payment of July expenditures in August.

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 was due to a \$1.68 million payment made to the Successor Agency of the Redevelopment Agency that was used to pay the debt service on the Series 2001A bond.

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 SIX MONTHS ENDED DECEMBER 31, 2012  
(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
<b>Construction/Conveyance Tax</b>							
Prior Year Encumbrance \$	-	-	3,901	3,901	3,901	N/A	7,908
Beginning Fund Balance	52,553	21,944	-	74,497	74,497	N/A	70,785
Revenues	27,346	10,818	-	38,164	15,370	N/A	10,196
<b>Total Sources</b>	<b>79,899</b>	<b>32,762</b>	<b>3,901</b>	<b>116,562</b>	<b>93,768</b>	<b>N/A</b>	<b>88,889</b>
<b>Total Uses</b>	<b>79,899</b>	<b>32,762</b>	<b>3,901</b>	<b>116,562</b>	<b>13,770</b>	<b>8,776</b>	<b>15,397</b>
<b>Airport (1)</b>							
Prior Year Encumbrance	-	-	8,774	8,774	8,774	N/A	12,769
Beginning Fund Balance	370,663	(32,092)	-	338,571	338,571	N/A	423,647
Revenues	340,377	(5,240)	-	335,137	146,508	N/A	150,455
<b>Total Sources</b>	<b>711,040</b>	<b>(37,332)</b>	<b>8,774</b>	<b>682,482</b>	<b>493,853</b>	<b>N/A</b>	<b>586,871</b>
<b>Total Uses</b>	<b>711,040</b>	<b>(37,332)</b>	<b>8,774</b>	<b>682,482</b>	<b>122,978</b>	<b>21,256</b>	<b>99,737</b>
<b>Waste Water Treatment (2)</b>							
Prior Year Encumbrance	-	-	31,394	31,394	31,394	N/A	44,052
Beginning Fund Balance	246,362	32,958	-	279,320	279,320	N/A	242,538
Revenues	275,183	-	-	275,183	165,875	N/A	179,276
<b>Total Sources</b>	<b>521,545</b>	<b>32,958</b>	<b>31,394</b>	<b>585,897</b>	<b>476,589</b>	<b>N/A</b>	<b>465,866</b>
<b>Total Uses</b>	<b>521,545</b>	<b>32,958</b>	<b>31,394</b>	<b>585,897</b>	<b>83,417</b>	<b>45,251</b>	<b>102,947</b>
<b>Parking</b>							
Prior Year Encumbrance	-	-	712	712	712	N/A	1,005
Beginning Fund Balance	11,524	1,783	-	13,307	13,307	N/A	10,712
Revenues	10,456	669	-	11,125	5,182	N/A	4,624
<b>Total Sources</b>	<b>21,980</b>	<b>2,452</b>	<b>712</b>	<b>25,144</b>	<b>19,201</b>	<b>N/A</b>	<b>16,341</b>
<b>Total Uses</b>	<b>21,980</b>	<b>2,452</b>	<b>712</b>	<b>25,144</b>	<b>5,446</b>	<b>3,382</b>	<b>3,598</b>
<b>Municipal Water</b>							
Prior Year Encumbrance	-	-	1,241	1,241	1,241	N/A	1,424
Beginning Fund Balance	13,545	2,036	-	15,581	15,581	N/A	15,206
Revenues	31,803	-	-	31,803	19,381	N/A	18,448
<b>Total Sources</b>	<b>45,348</b>	<b>2,036</b>	<b>1,241</b>	<b>48,625</b>	<b>36,203</b>	<b>N/A</b>	<b>35,078</b>
<b>Total Uses</b>	<b>\$ 45,348</b>	<b>2,036</b>	<b>1,241</b>	<b>48,625</b>	<b>14,924</b>	<b>1,828</b>	<b>15,310</b>

(1) - All Airport Funds, including operating, revenue, capital and debt service.

(2) - All Waste Water Funds, including operating, revenue, capital and debt service.



**CITY OF SAN JOSE  
SPECIAL FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2012  
(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
<b>Gas Tax</b>							
Revenues	\$ 15,000	-	-	15,000	5,287	N/A	6,512
<b>Total Sources</b>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>5,287</u>	<u>N/A</u>	<u>6,512</u>
<b>Total Uses</b>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>5,287</u>	<u>0</u>	<u>6,512</u>
<b>Building and Structures</b>							
Prior Year Encumbrance	-	-	3,338	3,338	3,338	N/A	3,733
Beginning Fund Balance	11,597	2,790	-	14,387	14,387	N/A	13,869
Revenues	20,073	851	-	20,924	8,059	N/A	6,637
<b>Total Sources</b>	<u>31,670</u>	<u>3,641</u>	<u>3,338</u>	<u>38,649</u>	<u>25,784</u>	<u>N/A</u>	<u>24,239</u>
<b>Total Uses</b>	<u>31,670</u>	<u>3,641</u>	<u>3,338</u>	<u>38,649</u>	<u>5,330</u>	<u>4,558</u>	<u>8,644</u>
<b>Residential Construction</b>							
Beginning Fund Balance	1,074	184	-	1,258	1,258	N/A	1,108
Revenues	102	-	-	102	154	N/A	100
<b>Total Sources</b>	<u>1,176</u>	<u>184</u>	<u>-</u>	<u>1,360</u>	<u>1,412</u>	<u>N/A</u>	<u>1,208</u>
<b>Total Uses</b>	<u>1,176</u>	<u>184</u>	<u>-</u>	<u>1,360</u>	<u>12</u>	<u>0</u>	<u>20</u>
<b>Transient Occupancy Tax</b>							
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	576	-	13,657	5,495	N/A	4,671
<b>Total Sources</b>	<u>15,287</u>	<u>2,669</u>	<u>116</u>	<u>18,072</u>	<u>9,910</u>	<u>N/A</u>	<u>8,687</u>
<b>Total Uses</b>	<u>15,287</u>	<u>2,669</u>	<u>116</u>	<u>18,072</u>	<u>6,708</u>	<u>1,220</u>	<u>6,385</u>
<b>Conventions, Arts &amp; Entertainment</b>							
Prior Year Encumbrance	-	-	387	387	387	N/A	495
Beginning Fund Balance	7,654	872	-	8,526	8,526	N/A	8,422
Revenues	27,826	898	-	28,724	6,846	N/A	9,352
<b>Total Sources</b>	<u>35,480</u>	<u>1,770</u>	<u>387</u>	<u>37,637</u>	<u>15,759</u>	<u>N/A</u>	<u>18,269</u>
<b>Total Uses</b>	<u>\$ 35,480</u>	<u>1,770</u>	<u>387</u>	<u>37,637</u>	<u>14,774</u>	<u>817</u>	<u>14,258</u>

**CITY OF SAN JOSE  
SPECIAL FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2012  
(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
<b>Golf</b>							
Prior Year Encumbrance	\$ -	-	-	-	-	N/A	7
Beginning Fund Balance	328	47	-	375	375	N/A	301
Revenues	2,375	-	-	2,375	2,112	N/A	1,805
<b>Total Sources</b>	<u>2,703</u>	<u>47</u>	<u>-</u>	<u>2,750</u>	<u>2,487</u>	<u>N/A</u>	<u>2,113</u>
<b>Total Uses</b>	<u>2,703</u>	<u>47</u>	<u>-</u>	<u>2,750</u>	<u>1,406</u>	<u>0</u>	<u>1,538</u>
<b>Other Funds</b>							
Prior Year Encumbrance	-	-	32,356	32,356	32,356	N/A	47,248
Beginning Fund Balance	186,132	16,689	-	202,821	202,821	N/A	200,283
Revenues	399,756	8,058	-	407,814	192,755	N/A	187,233
<b>Total Sources</b>	<u>585,888</u>	<u>24,747</u>	<u>32,356</u>	<u>642,991</u>	<u>427,932</u>	<u>N/A</u>	<u>434,764</u>
<b>Total Uses</b>	<u>\$ 585,888</u>	<u>24,747</u>	<u>32,356</u>	<u>642,991</u>	<u>142,975</u>	<u>112,964</u>	<u>196,413</u>

**CITY OF SAN JOSE  
CAPITAL PROJECT FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2012  
(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
<b>Construction Excise</b>							
Prior Year Encumbrance	\$ -	-	2,492	2,492	2,492	N/A	8,227
Beginning Fund Balance	35,268	11,208	-	46,476	46,476	N/A	27,924
Revenues	42,294	7,333	-	49,627	17,239	N/A	16,271
<b>Total Sources</b>	<b>77,562</b>	<b>18,541</b>	<b>2,492</b>	<b>98,595</b>	<b>66,207</b>	<b>N/A</b>	<b>52,422</b>
<b>Total Uses</b>	<b>77,562</b>	<b>18,541</b>	<b>2,492</b>	<b>98,595</b>	<b>21,070</b>	<b>10,789</b>	<b>17,140</b>
<b>Redevelopment Projects</b>							
Prior Year Encumbrance	-	-	37	37	37	N/A	214
Beginning Fund Balance	-	2	-	2	2	N/A	1,297
Revenues	-	-	-	-	-	N/A	152
<b>Total Sources</b>	<b>-</b>	<b>2</b>	<b>37</b>	<b>39</b>	<b>39</b>	<b>N/A</b>	<b>1,663</b>
<b>Total Uses</b>	<b>-</b>	<b>2</b>	<b>37</b>	<b>39</b>	<b>24</b>	<b>13</b>	<b>195</b>
<b>Other</b>							
Prior Year Encumbrance	-	-	1,450	1,450	1,450	N/A	5,285
Beginning Fund Balance	53,165	(152)	-	53,013	53,013	N/A	58,745
Revenues	14,233	950	-	15,183	3,544	N/A	1,843
<b>Total Sources</b>	<b>67,398</b>	<b>798</b>	<b>1,450</b>	<b>69,646</b>	<b>58,007</b>	<b>N/A</b>	<b>65,873</b>
<b>Total Uses</b>	<b>\$ 67,398</b>	<b>798</b>	<b>1,450</b>	<b>69,646</b>	<b>5,530</b>	<b>15,051</b>	<b>5,683</b>

**CITY OF SAN JOSE  
OTHER FUND TYPES  
SOURCE AND USE OF FUNDS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2012  
(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
<b>Trust and Agency</b>							
Prior Year Encumbrance	\$ -	-	2	2	2	N/A	1
Beginning Fund Balance	4,106	(295)	-	3,811	3,811	N/A	2,397
Revenues	80	274	-	354	470	N/A	927
<b>Total Sources</b>	<u>4,186</u>	<u>(21)</u>	<u>2</u>	<u>4,167</u>	<u>4,283</u>	<u>N/A</u>	<u>3,325</u>
<b>Total Uses</b>	\$ <u>4,186</u>	<u>(21)</u>	<u>2</u>	<u>4,167</u>	<u>275</u>	<u>38</u>	<u>181</u>

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