

**MID-YEAR**  
**BUDGET REVIEW**

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**2013-2014**

OFFICE OF THE CITY MANAGER  
JANUARY 2014

2013-2014

MID-YEAR  
BUDGET  
REVIEW

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2013-2014

MID-YEAR  
BUDGET  
REVIEW



TRANSMITTAL  
MEMORANDUM




**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jennifer A. Maguire

**SUBJECT:** 2013-2014 MID-YEAR  
BUDGET REVIEW REPORT

**DATE:** January 31, 2014

Approved



Date 1/31/14

## RECOMMENDATIONS

- A. Approval of the 2013-2014 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 2013-2014 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 2013-2014 Modified Budget based on actual performance during the first six months of 2013-2014. Based on this analysis, a limited number of budget revisions are recommended to address projected revenue and expenditure variances, account for new grants and reimbursements, and better position the City for the 2014-2015 budget process.

## EXECUTIVE SUMMARY

As a result of the recently improved economic conditions, combined with difficult budget decisions over the past decade to resolve net General Fund shortfalls totaling almost \$700 million, the City's budget has generally stabilized, although at service levels well below those that are considered satisfactory. In the 2013-2014 Adopted Budget, service reductions were avoided and targeted investments were focused on the most pressing service delivery and infrastructure needs. Budget actions in 2013-2014 enabled the City to:

- Provide limited service enhancements in core areas across the city;
- Address a small number of critical unmet/deferred infrastructure needs;
- Continue services funded on a one-time basis in 2012-2013;
- Continue investments in the City's capital infrastructure;

- Fund a limited number of programs/initiatives identified in the Mayor's March and June Budget Messages;
- Set aside reserve funding, including a new Budget Stabilization Reserve and a 2014-2015 Future Deficit Reserve; and
- Implement several service delivery efficiencies and cost reduction/revenue strategies.

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 budget stability and avoid service disruptions in any given year. Through the first half of the year, City funds are performing within expected 2013-2014 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, Business Taxes, and Licenses and Permits and Departmental Charges (Development Fee Program activity), partially offset by lower collections in other revenue categories, such as Fines, Forfeitures, and Penalties and Other Revenue. 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:
    - Reallocating Police Department salary and benefit savings to: establish a \$4.0 million Police Department Overtime Reserve for 2014-2015 that would be used to backfill for vacant sworn and civilian positions and maintain targeted enforcement of high crime activity through suppression cars; and increase Police overtime funding by \$200,000 to support a Downtown Foot Patrol program;
    - Increasing the funding for the Tree Maintenance and Sidewalk Repair Financial Hardship Assistance program by \$250,000 to meet the funding demands for this program;
    - Establishing the Property Assessed Clean Energy (PACE) Program appropriation in the amount of \$230,000 to assist in the development of a Request for Qualifications (RFQ) for a third-party administrator to form and administer a PACE District within the City's boundaries as directed by City Council on December 3, 2013;

- Dedicating \$200,000 to fund planning activities associated with the development of a lease agreement with the San José Patent and Trademark Office to occupy space in the City Hall Wing that is anticipated to be brought forward for City Council consideration this spring; and
- Adding \$50,000 in funding for a South Bay Coalition to End Human Trafficking coordinator as directed by the City Council on September 12, 2013.
- Implement required technical and rebalancing actions, as well as net-zero grants/reimbursements/fee adjustments. The largest adjustment includes actions to increase revenues based on unusually high construction activity with the four Development Fee Program partners (\$11.4 million) and allocate those funds to Development Fee Program Reserves (\$10.8 million) to ensure that funding is available to address work-in-progress and to Public Works staffing (\$0.6 million) to address current service demands. In addition, several adjustments are recommended to various revenue categories, including an increase to Sales Tax (\$2.0 million) based on actual first quarter receipts and a decrease to Fines, Forfeitures and Penalties (\$1.0 million) due to lower than anticipated Parking Fines. Technical clean-up adjustments are included in various departments to realign expenditures between appropriations and to reflect recent agreements between the City and three bargaining units and a mediator's recommended settlement with one bargaining unit.

### **Special/Capital Funds**

- Most of 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 cases 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 are highlighted below.
  - In the Building and Structure Construction Tax Fund and Construction Excise Tax Fund, increases to revenue estimates related to taxes received from private development projects totaling \$19.0 million are recommended due to extremely high levels of construction activity through December and anticipated through the remainder of 2013-2014. The additional revenue is recommended to be used as a local match for new grant funding of transportation projects and allocated to reserves for future distribution within the Traffic Capital Program.
  - In the Parks City-Wide Construction and Conveyance (C&C) Tax Fund, a recommendation is included to initially fund \$900,000 for the Family Camp Repairs – Rim Fire project that will provide for timely critical repair and rehabilitation efforts to ensure campers enjoy access to most of the facilities this summer. It is anticipated that the City will be reimbursed in whole or in part through the City's insurance policy covering San José Family Camp, the California Office of Emergency Services (Cal OES), and the Federal Emergency Management Agency (FEMA).

- In the Home Investment Partnership Program Fund, a recommendation is included to recognize and allocate grant funds of \$4.9 million to fund the Japantown Seniors Apartments project, a 75-unit apartment development that will service low-income seniors earning 30-60% of the area median income.

Looking forward, the Administration is scheduled to release the 2015-2019 General Fund Five-Year Forecast on February 28, 2014, and the 2014-2015 Proposed Capital and Operating Budgets on April 21, 2014 and May 1, 2014, 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 2013-2014 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; a status report on selected special and capital funds; and status on two City Council referrals associated with the Multiple Permit Housing Program and Anti-Human Trafficking efforts.

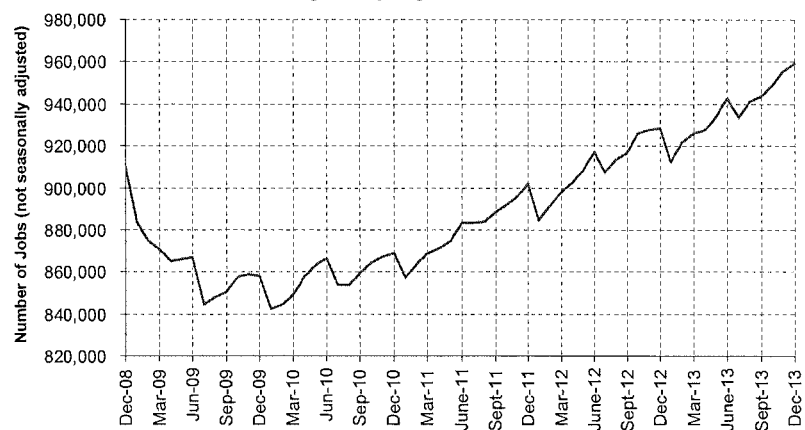


## ECONOMIC ENVIRONMENT

Economic performance in Silicon Valley continues to show signs of strength and recovery, consistent with the assumptions used in the development of the 2013-2014 Adopted Budget. Actual revenue performance through the first six months of the year supports the continuance of the economic recovery. Local economic indicators, including employment indicators, and local construction and real estate activity measures all show continuing growth and marked improvement. National economic indicators, including consumer confidence, also demonstrate a growing economy, though at a more moderate pace.

The San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) continues to report positive trends in employment. Total employment grew by 31,000 jobs, or 3.3% from 928,300 in December 2012 to a preliminary estimate of 959,300 in December 2013. The entire increase is due to non-farm jobs, the most significant of which are in the Professional and Business Services (6,800); Construction (5,500); Manufacturing (5,200); Trade, Transportation and Utilities (5,100); followed by Leisure and Hospitality (4,000) industries. Financial Activities was the only industry to experience a decline in growth when compared to December of the prior year.<sup>1</sup> The Administrative Support industry continues to be one of the fastest growing sectors in the State.<sup>2</sup> By August 2013, the South Bay labor market was one of the few in California whose levels had already exceeded its pre-recession employment peak.

Monthly Employment - San Jose MSA



As noted in The Beacon Employment Report, non-farm jobs added in California in December represented 18.4% of all jobs added across the nation. California added 13,600 non-farm jobs in December 2013, which is an increase of 1.6% over December 2012.<sup>3</sup>

<sup>1</sup> State of California Employment Development Department Labor Market Information Division Press Release, January 24, 2014

<sup>2</sup> Beacon Economics, The Regional Outlook – South Bay

<sup>3</sup> Beacon Economics, Employment Report, January 2014

Another positive indicator is the continuing decline in the unemployment rate. In December 2013, the unemployment rate in the San José Metropolitan Statistical Area (MSA) fell to 5.8%, down from the December 2012 rate of 7.8%. This compares favorably to the revised rate from November 2013 of 6.3%, to the unadjusted employment rate for California of 7.9%, and to the overall rate for the nation of 6.5%.

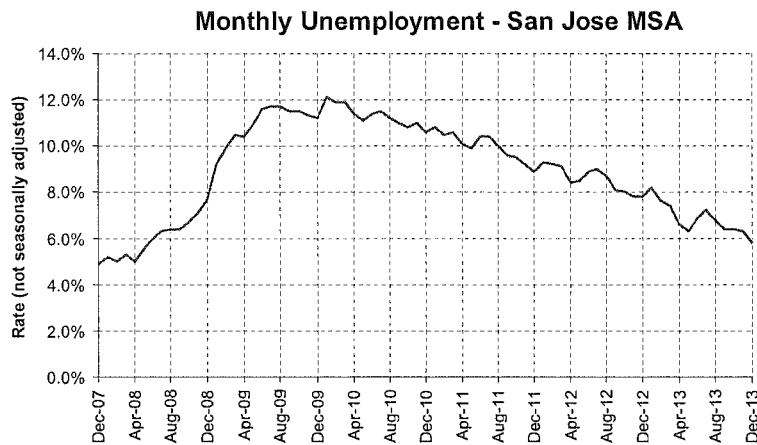
**Unemployment Rate (Unadjusted)**

	<b>Dec. 2012</b>	<b>Nov. 2013</b>	<b>Dec. 2013**</b>
San José Metropolitan Statistical Area*	7.8%	6.3%	5.8%
State of California	9.8%	8.3%	7.9%
United States	7.6%	6.6%	6.5%

\* San Benito and Santa Clara Counties

\*\* Preliminary Estimate

Source: California Employment Development Department



Construction activity in the private sector has also surged to levels not seen in over a decade. Through December, the table below shows substantial growth in all development categories when compared to last year.

In addition to the continued strong performance of new multi-family residential construction in North San José, the residential category was strongly influenced

by two downtown high rises, *Centerra* at North Almaden Avenue and West St. John Street and *One South Market* at E. Santa Clara Street and Market Street, and two developments at the “Hitachi site” at the northeast corner of Highway 85 and Cottle Road, *Ascent Apartments* and *South Village*. The number of new residential units through December 2013 totaled 2,522 compared to 1,519 through December 2012.

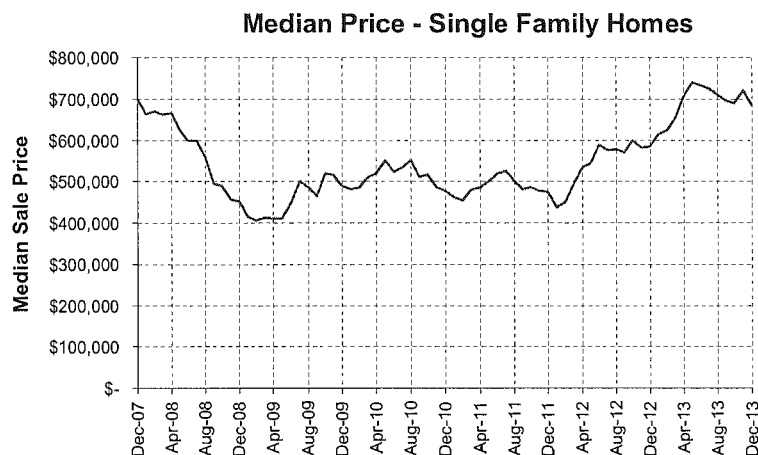
**Private Sector Construction Activity  
 (Valuation in \$ Millions)**

	<b>July-Dec. 2012</b>	<b>July-Dec. 2013</b>	<b>% Increase</b>
Residential	\$ 257.6	\$ 451.1	75%
Commercial	\$ 93.0	\$ 239.5	158%
Industrial	\$ 126.1	\$ 379.2	201%

Commercial activity was boosted by the new 16,000 seat outdoor soccer stadium for the San Jose Earthquakes, and two new hotels, Residence Inn (175 rooms) and Spring Hill Suites (146 rooms) at North First Street and Skyport Drive. Growth within the industrial sector was strongly influenced by Samsung Semiconductor, the 10-story, 680,000-square foot research and development building and 1,545-space parking garage at North First Street and Tasman Drive. In addition to the significant number of new high-value construction projects, alteration activities

through December 2013 also rose a combined 43% across all sectors, to \$282.7 million compared to \$197.1 million from the same period last year.

Performance in the housing market continues to be strong, namely when compared to activity levels experienced during the same period last year. The median single-family home price was \$685,000 in December 2013, which is an increase of 17.2% from the median home price of \$584,500 in December 2012. The average days-on-market for single-family and multi-family dwellings was 37, essentially unchanged from the



prior year average days-on-market of 36. The number of listings of new single-family and multi-family dwellings on the market has dropped approximately 8.7%, from 389 listings in December 2012 to 355 in December 2013. The number of property transfers (sales) for all types of residences fell below last year's levels, from 675 in December 2012 to 654 in December 2013. Cumulatively, property transfers from July through December totaled 4,190, which was up slightly by 0.5% from the 4,171 transfers during the first six months of 2012-2013.

The leading Consumer Confidence indicator, The Conference Board's *Consumer Confidence Survey*, reports that consumer confidence of 78.1 in December is up from November's 72.0 (in 1985 it was at 100)<sup>4</sup>. In general, consumers' expectations of overall conditions have improved. Sentiment about the job market is positive; those who say that jobs are "hard to get" decreased from 34.1% to 32.5%, and those anticipating more jobs in the future is up, from 13.1% to 17.1%. According to Lynn Franco, Director of Economic Indicators at The Conference Board, "Consumer confidence rebounded in December and is now close to pre-government shutdown levels (September 2013, 80.2). Sentiment regarding current conditions increased to a five and a half year high (April 2008, 81.9), with consumers attributing the improvement to more favorable economic and labor market conditions. Looking ahead, consumers expressed a greater degree of confidence in future economic and job prospects, but were moderately more pessimistic about their earning prospect. Despite the many challenges throughout 2013, consumers are in better spirits today than when the year began."<sup>5</sup>

On a national level, despite the 16 day partial shutdown of the federal government and the difficult rollout of the Affordable Care Act, modest growth in the near term continues to be anticipated. According to the December 2013 UCLA Anderson Forecast, real Gross Domestic Product (GDP) will sustain a 3% growth path. Should this growth rate be achieved, it is estimated that the unemployment rate will decline to about 6% by the end of 2015. Similar to

<sup>4</sup> The Conference Board, Consumer Confidence Survey, December 31, 2013

<sup>5</sup> The Conference Board, Consumer Confidence Survey, December 31, 2013

current economic activities in San José, UCLA Anderson Forecast notes that both the housing sector and the automobile sector will be aiding to the growth outlook, with housing starts increasing over 35% in 2014 and 12% in 2015 and automobile sales increasing by \$500,000 units to \$16.0 million in 2014 and \$16.5 million in 2015.<sup>6</sup>

Economic conditions will continue to be closely monitored and factored into the 2015-2019 General Fund Five-Year Forecast, scheduled to be released on February 28, 2014, and the upcoming releases of both the Proposed Capital and Operating Budgets, scheduled to be released on April 21, 2014 and May 1, 2014, respectively.

### **GENERAL FUND PERFORMANCE**

General Fund revenues and transfers through December totaled \$420.4 million, or 44.5% of the budgeted estimate. Based on current collection trends, existing revenues are tracking to end the year approximately \$12 million to \$16 million above budgeted levels (variance of approximately 1.5%). Approximately \$10 million to \$12 million of this higher collection level can be attributed to significant growth seen in the Development Fee Program collections. Through December, the majority of revenues tracked at or above budgeted collections, including: Sales Tax, Transient Occupancy Tax, Business Taxes, Property Tax, Licenses and Permits, and Departmental Charges. These positive variances are partially offset by lower collections in a limited number of categories, including Fines, Forfeitures, and Penalties, Revenue from the Federal Government, and Other Revenue.

In this document, an overall net increase of \$13.6 million to the General Fund revenue estimates is recommended. This is primarily due to the recognition of grants, reimbursements, and/or fee related funds (\$12.9 million) as well as a small number of required technical and rebalancing actions to increase revenue estimates by a net \$760,000 to bring estimates in line with revised projections. The revenue estimates for this year will continue to be updated and refined as part of the upcoming Five-Year Forecast and Proposed Budget process and will be reported through the release of the Bi-Monthly Financial Reports.

General Fund expenditures through December totaled \$445.5 million, or 37.8% of the total 2013-2014 Modified Budget. This represents an increase of \$62.4 million, or 16.3%, from the December 2012 level of \$383.1 million. Encumbrances totaling \$34.1 million were \$2.0 million (6.0%) below the December 2012 level of \$36.2 million. Through December, expenditures and encumbrances of \$479.7 million constituted 40.7% of the total Modified Budget (including reserves) of \$1.2 billion – without reserves of \$144.6 million, expenditures and encumbrances constituted 46.4% of the total Modified Budget. Overall, General Fund expenditures are tracking within anticipated levels and are expected to end the year with savings.

There are a limited number of budget adjustments recommended to 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. As with revenues, General Fund expenditure adjustments result in a net increase of \$13.6 million.

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<sup>6</sup> UCLA Anderson Forecast December 2013.

The revenue and expenditure adjustments are summarized below and described in more detail in Section III, Recommended Budget Adjustments and Clean-Up Actions of this document. A more detailed discussion of both the General Fund revenue and expenditure performance is also provided in Section I of this document.

**RECOMMENDED GENERAL FUND BUDGET ADJUSTMENTS**

As previously stated, the budget actions recommended in the Mid-Year Budget Review result in a net increase of \$13.6 million to General Fund revenues and expenditures. The recommended Mid-Year Budget Review actions accomplish the following: 1) fund a limited number of urgent fiscal or program needs; 2) implement required technical/rebalancing adjustments; 3) recognize various revenue-supported grants, reimbursements, and fee adjustments; and 4) implement clean-up actions.

The following chart summarizes these recommended adjustments:

**2013-2014 MID-YEAR BUDGET REVIEW  
 RECOMMENDED GENERAL FUND BUDGET ACTIONS**

<b>BUDGET CATEGORY</b>	<b>Use of Funds (\$ in Millions)</b>	<b>Source of Funds (\$ in Millions)</b>
<b>Urgent Fiscal/Program Needs</b>		
Transportation Department – Sidewalk Hardship Program	\$0.250	
Property Assessed Clean Energy Program (PACE)	0.230	
Public Works Unfunded Projects (Patent Office)	0.200	
Police – South Bay Coalition to End Human Trafficking Coordinator	0.050	
Police Net-Zero Shifts (Overtime Reserve/Downtown Foot Patrol)	0.000	
<b>Total Urgent Fiscal/Program Needs</b>	<b>\$0.730</b>	<b>\$0.000</b>
<b>Required Technical/Rebalancing Actions</b>		
Sales Tax		\$2.000
Parking Citations/Jail Courthouse Fees/Parking Fines Revenue	\$(0.425)	(1.000)
Other Net Revenue Adjustments		(0.240)
Property Tax Administration Fee	0.185	
Finance Department - PeopleSoft Tax Update	0.100	
Other Net Expenditure Adjustments	0.170	
<b>Total Required Technical/Rebalancing Actions</b>	<b>\$0.030</b>	<b>\$0.760</b>
<b>Grants/Reimbursements/Fees</b>		
Various Grants/Reimbursements/Fee Adjustments	<b>\$12.863</b>	<b>\$12.863</b>
<b>Clean-Up Adjustments</b>		
Various Net-Zero Adjustments	0.000	
<b>Total Clean-Up Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Recommended Adjustments</b>	<b>\$13.623</b>	<b>\$13.623</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.

<b>URGENT FISCAL/PROGRAM NEEDS</b>
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- ***Transportation Department – Sidewalk Hardship Program (\$250,000):*** This action increases the Transportation Department Non-Personal/Equipment appropriation by \$250,000 to provide additional funding for the Tree Maintenance and Sidewalk Repair Financial Hardship Assistance Program, increasing the program funding from \$160,000 to \$410,000. Street tree maintenance and sidewalk repairs are the responsibility of adjacent property owners. This program provides financial assistance to eligible low-income property owners for tree maintenance activities that include pruning and removal, and sidewalk repairs that include sidewalk grinding, sidewalk replacement, curb/gutter replacement, and driveway approach replacement. The current funding of \$160,000 was exhausted by the end of October 2013, and this recommended action will provide funding for the remainder of the fiscal year and allow for the adjustment of the 2014-2015 Base Budget accordingly.
- ***Property Assessed Clean Energy Program (PACE) (\$230,000):*** This action establishes a Property Assessed Clean Energy (PACE) Program appropriation to the Finance Department in the amount of \$230,000. Funding will assist in the development of a Request for Qualifications (RFQ) for a third-party administrator to form and administer a PACE District within the City's boundaries as directed by the City Council on December 3, 2013. Resources will be used to fund outside counsel (\$130,000) for the City Attorney's Office to assist in the RFQ/exemplar agreement and the negotiation, execution, and monitoring of the third party administrator agreement, as well as provide an outside financial advisor (\$100,000) to assist in the development of an RFQ and a technical review of responses.
- ***Public Works Unfunded Projects (Patent Office) (\$200,000):*** This action increases the Public Works Unfunded Projects appropriation by \$200,000, from \$168,000 to \$368,000, to fund planning activities associated with the development of a lease agreement with the San José Patent and Trademark Office for the use of the City Hall Wing that is anticipated to be brought forward for City Council consideration this spring. These funds will also be used for programming, space planning, and procurement of a design-build contractor to reconstruct the office space on the first, second, and third floors of the wing as well as the space at City Hall to accommodate displaced operations from the Wing to the Tower in anticipation of the approval of a lease agreement with the United States Patent and Trademark Office, which will include a cost sharing component for the costs of the project. Staff is in the process of evaluating the amount of additional funding in 2014-2015 necessary for the design and construction of this project.
- ***Police – South Bay Coalition to End Human Trafficking Coordinator (\$50,000):*** This action increases the Police Department's Non-Personal/Equipment appropriation by \$50,000 to support the efforts of the South Bay Coalition to End Human Trafficking organization as directed by City Council on September 12, 2013. This organization supports human trafficking prevention, intervention, prosecution, and victim services in our region. In

addition to ongoing efforts, an immediate need is planning and coordination for the 2016 Super Bowl to be hosted in Santa Clara. Historically, regions that host large-scale sporting events, such as the upcoming 2016 Super Bowl, experience an increase in human trafficking and commercial sex exploitation. This action will provide funding to support a full-time coordinator position that works that supports the coalition through a policy-based collaborative approach that will complement the work of the San José Police Department.

- ***Police Department Net-Zero Shifts (Overtime Reserve/Downtown Foot Patrol) (\$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)* – This action establishes a \$4.0 million Police Department Overtime Reserve for 2014-2015 that would be funded by Police Department salary and benefit savings generated from vacancies. As of January 16, 2014, the authorized sworn staffing level totaled 1,109, of which 970 were street-ready (87.4% - this number includes sworn employees on disability leave), 76 were in training (6.9%), and 63 were vacant (5.7%). Although the Department is conducting regular police officer recruit academies to hire for the sworn vacancies, the Department is anticipated to begin 2014-2015 with approximately 70-80 sworn vacancies based on current attrition rates. It is anticipated that additional overtime funding will be needed in 2014-2015 to continue backfilling for vacant patrol positions and maintain targeted enforcement of high crime activity through suppression cars. The Department continues to review strategies to improve the rate of sworn hiring and training in an effort to increase street-ready sworn positions in the Department to the extent possible. The overtime funding will also be available to cover civilian staffing vacancies, as needed.
  - *Police Department Downtown Foot Patrol (\$200,000)* – This action increases the Police Department's overtime funding by \$200,000 to support a Downtown Foot Patrol program which will enhance safety and security, support ongoing surveillance and apprehension projects, and allow specialized units such as Downtown Services Unit and Metro to focus on high crime activity. This program will address growing concerns from businesses and the public regarding safety Downtown by deploying four Police Officers and one Police Sergeant on a 5 hours per day, 5 days per week schedule. This action reallocates anticipated departmental salary and benefits savings of \$200,000 to the overtime budget to fund this program.

<b>REQUIRED TECHNICAL/REBALANCING ACTIONS</b>
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- ***Sales Tax (\$2.0 million):*** This action increases the estimate for Sales Tax by \$2.0 million, from \$170.1 million to \$172.1 million, due to higher General Sales Tax receipts for the first quarter of 2013-2014. This action aligns the budgeted estimate for General Sales Tax with actual first quarter receipts, which reflected 8.5% growth compared to the budgeted estimate of 3.0%. However, it should be noted that on an economic basis, growth of 4.1% was realized in first quarter receipts. Please refer to the Status of the General Fund Revenues section of this document (Section I. B.) for more detailed information about Sales Tax performance.

- ***Parking Citation/Jail Courthouse Fees (-\$425,000)/Parking Fines Revenue (-\$1.0 million):*** This action reduces the Parking Citations/Jail Courthouse Fees appropriation by \$425,000 to reflect a reduction in Parking Fines collection activity. This reduction is the result of staff vacancies and a higher level of staff absences due to a combination of injuries and non-work related injuries/illness. A corresponding decrease of \$1.0 million to the revenue estimate for Fines, Forfeitures and Penalties is also recommended to reflect lower than expected parking fines in the current year.
- ***Other Net Revenue Adjustments (-\$240,000):*** A number of adjustments to various revenue line items are recommended to bring the budget in line with current projections. Major recommendations include the following:
  - ***Other Revenue (-\$1.4 million)*** - This action reduces the estimate for Other Revenue to reflect the elimination of the reimbursement from City funds for costs associated with Banking Services (\$1.15 million) and the elimination of revenue associated with the Finance Department Payment Manager Program approved in the 2013-2014 Adopted Operating Budget (\$250,000). The reimbursement cost for banking services was inadvertently being double counted since it was being reimbursed directly by City funds and it was also included in the calculations of the 2013-2014 Cost Allocation Plan. The implementation of the Payment Manager Program was delayed due to vacancies in the Finance Department. Under this program, a new vendor process would allow vendors to receive electronic payments in-lieu of manual checks. Vendors choosing to participate in receiving the City's payments in this faster and more efficient manner would incur a small fee assessed by the banking services provider. The banking services provider would then share a portion of this revenue with the City.
  - ***Transfers and Reimbursements (\$660,000)*** - This action increases the Transfers and Reimbursements revenue estimate by \$660,000 from \$68.2 million to \$68.9 million. This increase reflects the impact of higher collection levels in Gas Taxes (\$500,000), higher interest transfers (\$120,000), and a new transfer from the Neighborhood Security Bond Fund to reimburse the General Fund for costs associated with several Public Safety Capital projects (\$40,000).
  - ***Business Taxes (\$500,000)*** - This action increases the Business Taxes revenue estimate by \$500,000 (from \$42.4 million to \$42.9 million) to reflect an increase in revenue from the Disposal Facility Tax (DFT). DFT are business taxes based on the tons of solid waste disposed at landfills within the City of San José. Revenue is driven by various factors that affect the amount of waste generated and how it is disposed, including economic activity, weather, diversion programs, and price sensitivity to disposal rates. This increase is primarily attributed to higher amounts of waste disposed at the landfills from the neighboring jurisdictions. DFT collections are projected to total \$10.5 million, up from the 2013-2014 revenue estimate of \$10.0 million, but slightly below the 2012-2013 collection level of \$10.7 million.
- ***Property Tax Administration Fee (\$185,000):*** This action increases the Property Tax Administration Fee (PTAF) appropriation by \$185,000 (from \$1.6 million to \$1.8 million) to align the budget with preliminary projections provided by the County of Santa Clara which are above the levels assumed in the development of the 2013-2014 Adopted Budget. The



PTAF provides payment to the County of Santa Clara for the cost to administer property taxes.

- **Finance Department – PeopleSoft Tax Update (\$100,000):** This action increases the Finance Department Non-Personal/Equipment appropriation by \$100,000 to ensure tax tables are current for payroll processing. As a result of the discontinuation of support for the current human resources/payroll system software in December 2012, annual payroll tax updates are necessary to ensure the viability of the current system. The Administration has funding appropriated for an upgrade to the human resources/payroll system and is planning on issuing a Request for Proposal (RFP) this spring.
- **Other Net Expenditure Adjustments (-\$170,000):** A number of adjustments to various expenditure line items are recommended to bring the budget in line with current projections. Major recommendations include the following:
  - *Workers’ Compensation State License (\$85,000)* - This action increases the Workers’ Compensation State License appropriation by \$85,000, from \$916,000 to \$1.0 million, due to a higher than expected invoice from the State of California. The State has increased five of the six assessment factors that comprise the total fee and, as a result, the actual fee increase was 14.7% over the previous year. The budget assumed a 5% increase over the previous year.
  - *Transfer to the Neighborhood Security Bond Fund (\$40,000)* - This action establishes a Transfer to the Neighborhood Security Bond Fund (Bond Fund) in the amount of \$40,000 in order to reimburse the Bond Fund for capital expenditures which have been determined as ineligible to be reimbursed from bond proceeds.
  - *Arena Traffic Control (Secondary Employment Unit) (\$25,000)* - This action increases the Arena Traffic Control appropriation by \$25,000, from \$227,000 to \$252,000. On July 1, 2013, the pay rate for special events coordinated through the Police Secondary Employment Unit (SEU) and performed by police sworn staff was increased 15%, from \$48.00 to \$55.00 per hour, by the authority of the Chief of Police. SEU includes traffic control services provided by sworn police officers during events held at the San José McEnery Convention Center and the SAP Center. This action ensures that there is sufficient funding to cover the rate increase and maintain the current level of service.
  - *FMC Operating Site Costs (\$20,000)* - This action increases the FMC Operating Site Costs appropriation by \$20,000 to ensure that sufficient funding is available for the operating costs of the FMC property for the remainder of the year. These costs include utilities to operate the site.
  - *Council District #8 (\$56,000)/Office of the Mayor (-\$56,000)* - This action reallocates funding of \$56,000 to the Council District #8 appropriation from the Office of the Mayor appropriation to correct an error. In 2012-2013, the cost of a new hire in the Office of the Mayor was inadvertently charged to the Council District #8 appropriation.
  - *Office of Economic Development – Building Development Fee Program – Personal Services (\$50,000)/Planning, Building and Code Enforcement Department – Building Development Fee Program – Personal Services (-\$50,000)* - This action reallocates savings in the Planning, Building and Code Enforcement Department’s Building

Development Fee Program – Personal Services appropriation to the Building Development Fee Program – Personal Services appropriation in the Office of Economic Development in the amount of \$50,000 to account for higher projected staff costs.

- *Office of Economic Development – Personal Services (\$150,000)/Office of Economic Development – Non-Personal/Equipment (-\$150,000)* - This action increases the Personal Services appropriation in the Office of Economic Development to account for higher than anticipated staff costs, due primarily to Real Estate staff allocating a higher percentage of their time to work supported by the General Fund rather than capital funds as was budgeted. The Office of Economic Development and the Budget Office will continue to closely monitor expenditures and may bring forward to the City Council additional adjustments at year-end if needed. This increase is recommended to be offset by a reduction to the Office of Economic Development Non-Personal/Equipment appropriation.
- *Workers' Compensation Claims – Public Works (\$400,000)/Workers' Compensation Claims – Police (-\$400,000)* - This action increases the Workers' Compensation claims – Public Works Department by \$400,000 (from \$320,000 to \$720,000) to address higher than anticipated claims as a result of four unanticipated high-value claims. This increase is recommended to be offset by a corresponding reduction to the Workers' Compensation Claims – Police Department appropriation.
- *Police Department Overtime (\$0)* - This action increases the Police Department overtime budget by \$3.0 million, offset by anticipated departmental salary and benefit savings. Based on current expenditure trends, overtime expenditures are tracking to exceed the budget of \$18.1 million by approximately \$3.0 million. This increase is primarily due to the need to backfill for sworn positions that are vacant, not street-ready, and/or not available to work, as well as to backfill for civilian vacancies. The Police Department's current overtime budget of \$18.1 million incorporates increases of \$6.2 million for 2013-2014 and is in close alignment with the 2012-2013 actual expenditures of \$18.6 million. This funding provides resources while the department works through filling vacant positions and training new employees. However, street-ready sworn positions are 2.6% (26 positions) lower than last year at this time, necessitating additional overtime resources to meet service demands. Also, dispatcher vacancies or positions in training continue to remain high (30%) which require backfilling to ensure adequate service levels. The additional \$3.0 million in overtime funding will ensure service levels to our community remain at a minimum of last year's levels.
- *Fire Department Overtime (\$0)* - This action increases the Fire Department's overtime budget by \$750,000, from \$5.3 million to \$6.0 million, offset by departmental salary and benefit savings. This adjustment will bring the overtime budget in line with projected expenditures and ensure that sufficient funding is available to maintain current minimum staffing levels. Overtime has been used to backfill vacancies and absences in line duty positions (vacation, strike team deployments, modified duty, sick leave, disability, and other absences). One factor impacting overtime this year is the increase in disability hours, up 12% over the historically high level experienced last year. Strike Team deployments have also impacted overtime, and a separate budget action is recommended

to recognize reimbursement revenue and allocate those funds to Fire Department overtime to support those deployments.

#### GRANTS/REIMBURSEMENTS/FEEES

- A series of revenue-supported adjustments totaling \$12.9 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:
  - *Development Fee Programs* - Actions are included to increase the revenue estimates based on higher than anticipated construction activity and allocate those funds to the associated Development Fee Programs Reserves and the Public Works Department to support staffing costs. Augmentations are included for the Building Development Fee Program (\$8.0 million), Public Works Development Fee Program (\$1.6 million), Planning Development Fee Program (\$1.0 million), and Fire Development Fee Program (\$800,000).
  - *Other Grants and Reimbursements* - Actions are included to recognize additional grants, reimbursement and fees and allocate those funds to support the following: Parks, Recreation and Neighborhood Services Department grants (\$533,000), Police Department grants and reimbursements (\$503,000), Fire Department reimbursements (\$187,000), Office of Economic Development (\$130,000), Library Grants (\$102,000), and Mayor and City Council sponsorship revenue (\$22,000).

#### CLEAN-UP ACTIONS

- *Net-Zero Adjustments (\$0)*: To implement a variety of clean-up actions, a number of net-zero adjustments are recommended, including the following:
  - *Salary Program* - Various actions are included to reflect 2.0% salary increases that were negotiated and agreed to by the City and three bargaining units (Association of Building, Mechanical and Electrical Inspectors (ABMEI), Association of Engineers and Architects (AEA), and International Brotherhood of Electrical Workers (IBEW). In addition, a mediator's recommended settlement has been reached between the City and the International Union of Operating Engineers, Local #3 (OE#3), and if ratified, is currently scheduled for City Council consideration on February 25, 2014. Actions in this document assume the approval of the OE#3 contract. If this contract is not approved, savings will result in various departments and funds at year-end. Compensation adjustments for all other employee groups, with the exception of the International Association of Firefighters, Local 230 (IAFF), have been previously distributed earlier this year. This category also includes the distribution of funding associated with the management pay for performance program to departments with insufficient vacancy savings to cover this cost.
  - *Reallocation of City-Wide Expenses and Departmental Expenditures* - The reallocation between departmental personal services and non-personal/equipment budgets and City-Wide Expenses appropriations are recommended in this document.

## 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 2013-2014 Mid-Year Budget Review. On an overall basis, for the special and capital funds, revenues are tracking within or are exceeding estimated levels while expenditures are tracking within or below budgeted appropriations 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*** – Passenger activity levels at the Norman Y. Mineta San José Airport through the first six months of 2013-2014 showed an increase of 6.8% compared to the same period last fiscal year and exceeded the passenger growth projection of 1.5%. Overall operating revenues through December 2013 totaled \$58.9 million or 48.9% compared to a benchmark of 48.1%. While passenger activity and parking revenue are exceeding estimates, other operating revenues are tracking within estimated levels. Personal services expenditures and non-personal/equipment expenditures (excluding encumbrances) are tracking below budgeted estimates at 38.8%, or \$22.8 million. In the 2013-2014 Adopted Budget, \$500,000 was added for marketing efforts focused on promoting airline service. With this additional one-time funding, the Department developed the “Fly San Jose” campaign, which launched in October 2013 to support airline partners by generating demand for flights from the Norman Y. Mineta San José Airport, capturing market share that is leaking to nearby airports, and drawing in new customers from “opportunity zones” such as Fremont and the Peninsula.
- ***Convention and Cultural Facilities Fund*** – Activity at the Convention Center and cultural facilities managed by Team San Jose (TSJ) is tracking to exceed budgeted levels by approximately 10%. Increases are primarily due to the “pick-up” of additional events and higher food and beverage sales. Recommendations are included to increase operating revenues by \$3.0 million and corresponding expenditures by \$2.8 million.
- ***Transient Occupancy Tax Fund*** – Transient Occupancy Tax (TOT) collections started off very strong, but have moderated somewhat. Collections are on pace to reach \$17.2 million, an increase of \$1.3 million over the budget estimate of \$15.9 million. This reflects growth of nearly 14% from 2012-2013, exceeding the 5% growth assumed in the budget. The increase in TOT is driven by an increase of hotel occupancy and room rates. Through December, the average occupancy rate for the City’s 14 major hotels was 68.1%, up from 64.4% for the same period last year, while room rates have increased from \$134.34 to \$149.24 (11.1%). In addition, the average revenue-per-available-room (RevPAR) through December increased to \$101.73, a 17.3% increase from the \$86.74 level experienced in December 2012.

## Capital Funds

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

### *Construction Related Revenues*

Private sector construction activity constitutes a significant source of tax revenues that are reinvested back into the City's transportation system infrastructure. As described in the "Economic Environment" section of this message, the surge of residential, commercial and industrial development activity in 2013-2014 has had a tremendous impact on capital program revenue collections. A discussion of the performance for Building and Structure Construction Tax and Construction Excise Tax, the two largest construction-related revenue sources follows. These taxes are also an indicator of future activity for several other categories, such as the storm and sanitary sewer system fees.

- ***Building and Structure Construction Tax*** – Through December, tax receipts totaled \$12.5 million, exceeding the annual budgeted estimate of \$11.0 million. The dramatic increase above the prior collection level of \$6.3 million is attributed to gains across all sectors of private development. Recommendations are included in this report to increase the budgeted estimate by \$8.0 million to a new total of \$19.0 million, a growth of 38% from 2012-2013 levels of \$13.8 million. The additional revenue is recommended to be allocated to a Future Projects Reserve (\$7.5 million) and to provide local matches for new grant-funded projects in the Traffic Capital Program (\$500,000).
- ***Construction Excise Tax*** – Through December, tax receipts totaled \$14.5 million, exceeding the annual budgeted estimate of \$14.0 million. The significant increase in this revenue is attributable to the high levels of residential and commercial activity (Construction Excise Tax is not levied on industrial development). Recommendations are included in this report to increase the budgeted estimate by \$11.0 million to a new total of \$25.0 million, a growth of 40.1% from 2012-2013 levels of \$17.8 million. The additional revenue is recommended to be allocated to a Future Projects Reserve (\$8.7 million), Future Grants Reserve (\$2.0 million), and to provide local matches for new grant-funded projects in the Traffic Capital Program (\$275,000).

### *Construction and Conveyance Taxes*

Nearly 99% of the total Construction and Conveyance (C&C) Taxes are comprised of conveyance receipts, a tax based on the value of property transfers. Due to the strong real estate market described in the "Economic Environment" section of this message, C&C Tax revenues are experiencing strong growth compared to receipts from the prior fiscal year. Receipts through December 2013 totaled \$14.7 million, which is an increase of 18.2% from the \$12.4 million collected during the same period last year. The City has also received information regarding the January Conveyance receipts, which totaled \$4.8 million, which is below the unprecedented single month receipts of \$6.7 million received in January 2013. Based on stronger than anticipated revenue collections in 2012-2013, the 2013-2014 Adopted Budget estimate of \$30.0

million now represents a 12.8% decline from the \$34.4 million received in 2012-2013. If current collection trends continue, C&C revenues are likely to reach \$38.5 million in 2013-2014, reflecting growth of approximately 12% from 2012-2013 levels and exceeding the 2013-2014 budgeted estimate by \$8.5 million. If warranted, an upward adjustment may be brought forward at year-end.

#### *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.

- ***Library Capital Program*** – a recommendation is included to increase the Southeast Branch appropriation by \$500,000 to cover an anticipated increase in construction costs and additional contingency to provide a cushion from the current upward momentum of the regional economy and construction trades; a rise in projected costs could continue to increase through April 2014 when this project is expected to go out to bid.
- ***Parks and Community Facilities Development Capital Program*** – a recommendation is included to establish the Family Camp Repairs – Rim Fire project in the amount of \$900,000 in the Parks City-Wide C&C Tax Fund to pay for necessary repairs and rehabilitation of Family Camp damaged by the Rim Fire forest fire, thereby allowing San José campers to enjoy the facilities this summer. Work includes tent and barn structure replacement, electrical repair, water and sewer system rehabilitation, erosion control, burned tree removal, and related work that will occur over the next four to eight months. While the costs are recommended to be initially supported by the Parks City-Wide C&C Tax Fund, staff anticipates reimbursement in whole or in part by the City's insurance policy covering San José Family Camp, the California Office of Emergency Services (Cal OES), and the Federal Emergency Management Agency (FEMA); the specific amounts from each source are still under discussion.
- ***Traffic Capital Program*** – in addition to the recommended revenue adjustments for the Building and Structure Construction Tax and the Construction Excise Tax discussed above, recommendations are included in the capital program to establish several new projects focused on bicycle and pedestrian safety that will receive significant funding from the Metropolitan Transportation Commission (MTC) One Bay Area Grant (OBAG) for Surface Transportation Program and Congestion Mitigation and Air Quality (CMAQ) grants. A notable one is the The Alameda Beautiful Way Phase 2 project that will enhance pedestrian and vehicular safety on The Alameda between Fremont and Newhall Street. The multi-year grant award is \$3.5 million with a local match of \$930,000, of which \$300,000 is recommended in this report for 2013-2014.

A recommendation is also included to recognize the \$3.0 million recently received from the Irvine Company as a result of a City Council approved Development Agreement regarding the modified design of a residential development at North First Street and River Oaks Place. As directed by the City Council as part of the Mayor's March Budget Message for Fiscal

Year 2013-2014, this funding is recommended to be placed into a Downtown and North San José Transportation Improvements Reserve. This reserve and the Future Projects Reserves described above could potentially help offset some of the transportation infrastructure commitments that had been made by the former Redevelopment Agency.

## **COUNCIL REFERRALS**

The City Council had previously directed the Administration to provide an update or recommendation for action on two specific items discussed below.

Multiple Housing Occupancy Permit Program. With the adoption of the 2013-2014 Mayor's June Budget Message, the Administration was directed to: 1) modify the Multiple Housing Occupancy Permit Program by developing and implementing a self-certification pilot program that would allow staff to focus resources on more problematic properties and provide an informational memorandum to the City Council on its status; and 2) return to City Council at Mid-Year to request any fee increases that might be necessary to support and provide staff for the revised program. An information memorandum, which will be released under separate cover, is forthcoming, describing a re-design of the Multiple Housing Occupancy Permit Program to implement City Council direction and recommendations from the City Auditor's Office. The analysis of appropriate staffing levels for the revised program is currently in progress, and any recommended changes to staffing and related fees would be brought forward for consideration during the 2014-2015 Proposed Budget and 2014-2015 Proposed Fees and Charges process.

South Bay Coalition to End Human Trafficking. As directed by City Council on September 12, 2013, this report includes a recommendation to provide \$50,000 to the South Bay Coalition to End Human Trafficking. This organization supports human trafficking prevention, intervention, prosecution, and victim services in our region. In addition to ongoing efforts, an immediate need is planning and coordination for the 2016 Super Bowl to be hosted in Santa Clara. Historically, regions that host large-scale sporting events, such as the upcoming 2016 Super Bowl, experience an increase in human trafficking and commercial sex exploitation. This action will provide funding to support a full-time coordinator position that supports the coalition through a policy-based collaborative approach that will complement the work of the San José Police Department.

## **LOOKING FORWARD**

The 2015-2019 General Fund Five-Year Forecast is scheduled to be released on February 28, 2014 and will contain a comprehensive analysis of all revenue and expenditure projections, including the latest information on the City retirement contributions for 2014-2015 and forecasted for the next four years.

In February, a 2014-2015 Budget Planning Study Session will be held and results from the Neighborhood Associations/Youth Commission Priority Setting Session and the Community Budget Survey will be available. In March, the Mayor's 2014-2015 Budget Message will be released and reviewed/approved by the City Council in order to provide policy direction to the Administration for the development of the Proposed Capital and Operating Budgets, which are scheduled to be released on April 21<sup>st</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 report is posted on the City's website for the February 11, 2014 Council agenda.

### CONCLUSION

Through December, the City's over 100 operating and capital funds are generally performing within expected levels. The 2013-2014 Adopted Budget was built on the assumption that continued economic growth would be experienced in 2013-2014. 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 continue to experience strong growth, even when compared to the relatively high collection levels experienced in 2012-2013.

As part of the Mid-Year Budget Review, budget adjustments are recommended in the General Fund and many special and capital funds to fund a limited number of urgent fiscal/program needs, 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, reimbursements, and fees. 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 are critical components to maintaining the City's fiscal health.



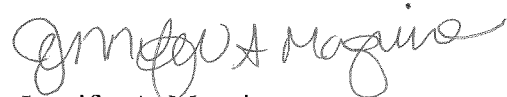
Jennifer A. Maguire  
Deputy City Manager



**Certification of Funds**

I hereby certify that there will be available for appropriation in the designated funds and in the amounts as listed below in fiscal year 2013-2014 monies in excess of those heretofore appropriated therefrom:

Airport Customer Facility and Transportation Fee Fund	949,794
Airport Surplus Revenue Fund	993,313
Benefit Fund	252,000
Building and Structure Construction Tax Fund	8,055,000
Construction & Conveyance Tax Fund – Parks Central	78,000
Construction & Conveyance Tax Fund – Communications	2,000
Construction & Conveyance Tax Fund – Fire	579,000
Construction & Conveyance Tax Fund – Library	10,000
Construction & Conveyance Tax Fund – Park Yards	6,000
Construction Excise Tax Fund	18,467,000
Contingent Lien District Fund	30,000
Convention and Cultural Affairs Fund	3,000,000
Edward Byrne Memorial Justice Assistance Grant Trust Fund	414
Emergency Reserve Fund	6,000
Gas Tax Maintenance and Construction Fund – 1943	500,000
General Fund	13,622,673
Gift Trust Fund	106,556
Home Investment Partnership Program Fund	6,460,000
Multi-Source Housing Fund	1,156,998
Neighborhood Security Bond	615,000
Residential Construction Tax Contribution Fund	4,000
Sanitary Sewer Connection Fee Fund	21,755
San José-Santa Clara Treatment Plant Capital Fund	1,178,914
Sewer Service & Use Charge Capital Fund	227,200
Storm Drainage Fee Fund	3,000
Supplemental Law Enforcement Services Fund	823
Vehicle Maintenance and Operations Fund	7,000
Water Utility Fund	2,000,000



Jennifer A. Maguire  
Deputy City Manager



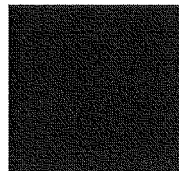
2013-2014

MID-YEAR  
BUDGET  
REVIEW



SECTION  
I

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



**2013-2014  
MID-YEAR BUDGET REVIEW**

**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 2013-2014 budget, actual revenues and expenditures through December 31, 2013, 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 and the Office of Economic Development as well as the status of the Contingency Reserve through December 2013.

**GENERAL FUND  
2013-2014 MID-YEAR STATUS REPORT  
(December 31, 2013)**

<u>SOURCE OF FUNDS</u>	2013-2014 ADOPTED BUDGET	CURRENT- YEAR MODIFICATIONS	CARRYOVER ENCUMBRANCES	CURRENT MODIFIED BUDGET	ACTUALS THROUGH DECEMBER	PRIOR-YEAR ACTUALS THROUGH DECEMBER	2013-2014 PROPOSED CHANGES
<b>FUND BALANCE</b>							
Encumbrance Reserve	20,423,841	(773,541)	19,650,300	18,794,960	18,794,960	18,578,081	0
Liquidation of Encumbrances	0	0	(855,340)	0	0	0	0
Carryover	213,005,681	2,175,060	0	215,180,741	215,180,741	168,299,570	0
<b>SUBTOTAL</b>	<b>233,429,522</b>	<b>1,401,519</b>	<b>18,794,960</b>	<b>233,975,701</b>	<b>233,975,701</b>	<b>186,877,651</b>	<b>0</b>
<b>GENERAL REVENUE</b>							
Property Tax	220,850,000	0	0	220,850,000	60,979,395	57,116,396	0
Sales Tax	167,710,000	2,400,000	0	170,110,000	42,655,806	40,598,888	2,000,000
Telephone Tax	20,600,000	0	0	20,600,000	7,345,158	7,008,989	0
Transient Occupancy Tax	10,600,000	0	0	10,600,000	4,312,336	3,645,454	0
Franchise Fees	43,923,000	0	0	43,923,000	18,006,063	18,153,304	0
Utility Tax	91,895,000	0	0	91,895,000	39,204,168	31,711,004	0
Business Tax	42,435,000	0	0	42,435,000	21,207,283	20,302,027	500,000
Licenses & Permits	40,278,246	0	0	40,278,246	29,514,467	25,203,438	8,990,000
Fines, Forfeitures & Penalties	15,862,200	0	0	15,862,200	6,177,026	6,411,173	(1,000,000)
Revenue From Money/Property	2,673,000	0	0	2,673,000	1,884,351	1,716,238	0
Revenue From Local Agencies	24,835,589	11,969,049	0	36,804,638	4,024,844	4,176,340	327,182
Revenue From State Government	11,377,531	145,590	0	11,523,121	1,222,685	907,034	329,876
Rev From State Gov-Recovery Act	0	0	0	0	1,178	2,059	0
Revenue From Federal Government	11,042,469	1,725,000	0	12,767,469	6,493,016	4,541,015	283,791
Rev From Fed Gov-Recovery Act	10,000	0	0	10,000	19,929	416,683	0
Departmental Charges	35,449,213	0	0	35,449,213	20,991,002	18,420,906	2,730,000
Other Revenue	17,646,265	102,465,958	0	120,112,223	110,492,255	116,025,209	(1,198,176)
<b>SUBTOTAL</b>	<b>757,187,513</b>	<b>118,705,597</b>	<b>0</b>	<b>875,893,110</b>	<b>374,530,962</b>	<b>356,356,157</b>	<b>12,962,673</b>
<b>TRANSFERS AND REIMBURSEMENTS</b>							
Overhead Reimbursements	36,996,081	(419,833)	0	36,576,248	29,013,926	25,284,494	0
Transfers	16,161,778	180,255	0	16,342,033	10,083,671	9,965,669	160,000
Reimbursements for Services	15,242,833	0	0	15,242,833	6,808,862	5,386,149	500,000
<b>SUBTOTAL</b>	<b>68,400,692</b>	<b>(239,578)</b>	<b>0</b>	<b>68,161,114</b>	<b>45,906,459</b>	<b>40,636,312</b>	<b>660,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b><u>1,059,017,727</u></b>	<b><u>119,867,538</u></b>	<b><u>18,794,960</u></b>	<b><u>1,178,029,925</u></b>	<b><u>654,413,122</u></b>	<b><u>583,870,120</u></b>	<b><u>13,622,673</u></b>

**GENERAL FUND  
2013-2014 MID-YEAR STATUS REPORT  
(December 31, 2013)**

<u>USE OF FUNDS</u>	<u>2013-2014 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>2013-2014 PROPOSED CHANGES</u>
<b>DEPARTMENTAL</b>							
City Attorney	12,375,897	(4,599)	326,616	12,697,914	5,449,934	4,977,762	0
City Auditor	2,114,135	(9,736)	13,091	2,117,490	899,230	907,811	0
City Clerk	2,256,211	(20,722)	71,693	2,307,182	872,027	825,079	0
City Manager	11,067,874	(57,520)	577,579	11,587,933	4,356,929	4,419,221	0
Economic Development	3,694,009	(1,500)	275,648	3,968,157	1,820,315	2,220,017	118,000
Environmental Services	1,033,661	(45,004)	41,905	1,030,562	631,577	189,123	738
Finance	12,771,696	(20,913)	323,533	13,074,316	5,774,288	5,430,404	100,000
Fire	163,499,035	618,037	623,931	164,741,003	76,703,044	71,769,058	278,248
Housing	242,297	133	0	242,430	81,155	112,842	0
Human Resources	6,370,944	4,104	36,898	6,411,946	2,677,239	2,531,131	0
Independent Police Auditor	1,076,906	(131)	900	1,077,675	515,811	450,027	15,000
Information Technology	14,330,471	177,130	2,399,165	16,906,766	5,316,878	4,254,665	5,780
Library	26,066,596	45,393	57,426	26,169,415	11,945,682	10,605,993	101,816
Mayor and City Council	11,104,900	402,271	35,746	11,542,917	3,954,023	4,000,377	22,100
Parks, Recreation & Neighb. Svcs	51,919,273	791,249	376,274	53,086,796	24,149,479	22,604,993	364,268
Planning, Building & Code Enforce.	37,673,353	(44,588)	969,746	38,598,511	15,823,236	13,298,680	192,363
Police	306,848,315	8,209,911	1,465,861	316,524,087	139,101,423	130,866,795	(3,713,926)
Public Works	34,789,387	(161,077)	302,403	34,930,713	15,777,851	14,170,787	708,501
Transportation	27,226,351	68,037	498,042	27,792,430	10,502,922	10,987,187	442,716
<b>SUBTOTAL</b>	<b>726,461,311</b>	<b>9,950,475</b>	<b>8,396,457</b>	<b>744,808,243</b>	<b>326,353,043</b>	<b>304,621,952</b>	<b>(1,364,396)</b>
<b>NON-DEPARTMENTAL</b>							
City-Wide Expenses	109,587,585	112,492,754	8,975,986	231,056,325	92,949,915	44,815,519	1,046,149
Capital Contributions	29,437,000	1,833,000	1,422,517	32,692,517	1,369,656	4,965,262	0
Transfers	25,635,266	(761,793)	0	24,873,473	24,873,473	28,698,749	40,000
Earmarked Reserves	118,163,724	(4,564,357)	0	113,599,367	0	0	13,900,920
Contingency Reserve	29,309,000	1,691,000	0	31,000,000	0	0	0
Encumbrance Reserve	20,423,841	(773,541)	0	0	0	0	0
<b>SUBTOTAL</b>	<b>332,556,416</b>	<b>109,917,063</b>	<b>10,398,503</b>	<b>433,221,682</b>	<b>119,193,044</b>	<b>78,479,530</b>	<b>14,987,069</b>
<b>TOTAL USE OF FUNDS</b>	<b><u>1,059,017,727</u></b>	<b><u>119,867,538</u></b>	<b><u>18,794,960</u></b>	<b><u>1,178,029,925</u></b>	<b><u>445,546,087</u></b>	<b><u>383,101,482</u></b>	<b><u>13,622,673</u></b>

The 2013-2014 Mid-Year General Fund Status Report excludes financial accounting adjustments that are included in the Monthly Financial Report prepared by the Finance Department in the Appendix Section of this document.

<b>2013-2014</b> <b>MID-YEAR BUDGET REVIEW</b>
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## STATUS OF GENERAL FUND REVENUES

### OVERVIEW

General Fund revenues and transfers through December totaled \$420.4 million, or 44.5% of the budgeted estimate. Based on current collection trends, existing revenues are tracking to end the year approximately \$12 million to \$16 million above budgeted levels (variance of approximately 1.5%). Approximately \$10 million to \$12 million of this higher collection level can be attributed to significant growth seen in the Development Fee Program collections.

The following table details actual 2013-2014 General Fund revenue collections through December as compared with budgeted revenue estimates and 2012-2013 actual collections for the same period a year ago. It also details the proposed changes to each category:

**2013-2014 General Fund Revenue Status through December**  
(\$ in Thousands)

Category	Budget Estimate	YTD Actual	% of Estimate	2012-2013 % of Actual	Proposed Changes
<b><i>General Revenue</i></b>					
Property Tax	\$ 220,850	\$ 60,979	27.6%	27.9%	\$ -
Sales Tax	170,110	42,656	25.1%	24.8%	2,000
Telephone Tax	20,600	7,345	35.7%	34.0%	-
Transient Occupancy Tax	10,600	4,312	40.7%	36.1%	-
Franchise Fees	43,923	18,006	41.0%	41.5%	-
Utility Tax	91,895	39,204	42.7%	34.8%	-
Business Taxes	42,435	21,207	50.0%	45.0%	500
Licenses and Permits	40,278	29,515	73.3%	54.1%	8,990
Fines, Forfeitures, and Penalties	15,862	6,177	38.9%	44.0%	(1,000)
Use of Money and Property	2,673	1,884	70.5%	44.1%	-
Revenue from Local Agencies	36,805	4,018	10.9%	12.0%	327
Revenue from the State of California	11,523	1,223	10.6%	5.4%	330
Rev. from State Govt. - Recovery Act	-	1	N/A	13.3%	-
Revenue from Federal Government	12,768	6,493	50.9%	28.4%	284
Rev. from Fed. Govt. - Recovery Act	10	20	200.0%	11.9%	-
Departmental Charges	35,449	20,991	59.2%	47.5%	2,730
Other Revenue	120,112	110,499	92.0%	95.2%	(1,198)
<b>Sub-Total General Revenue</b>	<b>875,893</b>	<b>374,530</b>	<b>42.8%</b>	<b>40.7%</b>	<b>12,963</b>
<b><i>Transfers and Reimbursements</i></b>					
Overhead Reimbursements	36,576	29,014	79.3%	78.5%	-
Transfers	16,342	10,084	61.7%	51.1%	160
Reimbursements for Services	15,243	6,809	44.7%	34.2%	500
<b>Sub-Total Transfers and Reimbursements</b>	<b>68,161</b>	<b>45,907</b>	<b>67.4%</b>	<b>60.2%</b>	<b>660</b>
<b>TOTALS</b>	<b>\$ 944,054</b>	<b>\$ 420,437</b>	<b>44.5%</b>	<b>42.1%</b>	<b>\$ 13,623</b>

**2013-2014  
MID-YEAR BUDGET REVIEW**

**STATUS OF GENERAL FUND REVENUES**

**OVERVIEW**

Through December, the majority of revenues tracked at or above budgeted collections, including: Sales Tax, Transient Occupancy Tax, Business Taxes, Property Tax, Licenses and Permits and Departmental Charges. These positive variances are partially offset by lower collections in a limited number of categories, including Fines, Forfeitures, and Penalties, Revenue from the Federal Government, and Other Revenue.

Recommended Adjustments

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

- Implement required technical and rebalancing actions to increase revenue estimates by a net \$760,000 to bring estimates in line with revised projections. Major actions include:
  - Increase the Sales Tax estimate by \$2.0 million to reflect higher than estimated 1<sup>st</sup> quarter receipts.
  - Increase the Business Taxes (\$500,000) and Transfers and Reimbursements (\$660,000) categories to align the budget with current estimated collections levels.
  - Reduce the Other Revenue estimate by \$1.4 million to correct for the double counting of reimbursements related to banking services and to account for the delay in the Finance Department Payment Manager implementation.
  - Reduce the Fines, Forfeitures and Penalties estimate by \$1.0 million to more accurately align with Parking Fines projections.
- Recognize grant, reimbursement, and/or fee related funds (\$12.9 million).
  - The majority of this increase reflects increases in the Development Fee Program Revenue estimates of \$11.4 million as a result of record level collections. Offsetting increases to the Development Fee Program Reserves are also recommended.

In total, adjustments recommended in this document result in a net addition of \$13.6 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>2013-2014 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF GENERAL FUND REVENUES**

**PROPERTY TAX**

**Revenue Status**

2013-2014		2012-2013		2013-2014
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$220,850,000	\$60,979,395	27.6%	27.9%	\$0

The Property Tax category consists of Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax (retroactive collections back to the point of sale for reassessments of value due to property resale), 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 2013-2014 Adopted Budget, the **Secured Property Tax** estimate of \$201.4 million assumed an increase of approximately 8% in collections from 2012-2013 and was aligned with the June 2013 information provided by the Santa Clara County Assessor's Office. This projected increase was anticipated due to two primary factors: 1) the net increase in residential and commercial valuation resulting from the full or partial restoration of property values that were previously temporarily reassessed downwards under Proposition 8 due to the declining market values; and 2) the change in the California Consumer Price Index (CCPI) of 2.0% for the 2013-2014 tax roll. Through December, Secured Property Tax collections of \$47.3 million were 8.7% above the prior year receipts of \$43.5 million and reflect Property Tax installments from the County. The County of Santa Clara current estimate for 2013-2014 Secured Property Tax of \$201.9 million is slightly above the 2013-2014 Adopted Budget estimate and assumes estimated tax roll corrections of \$50.0 million County-wide. 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 2014, the Budget Office will continue to work with the County to monitor actual performance and estimate year-end collections.

The 2013-2014 **Unsecured Property Taxes** budget estimate is \$12.6 million, which is 2.0% above the prior year collection level. Receipts through December of \$10.9 million typically reflect approximately 90% of the annual revenue for this category (which is received in October). Based on this historical collection trend, Unsecured Property Tax receipts may fall slightly below the budgeted estimate. It should be noted that the most recent 2013-2014 projection from the County of Santa Clara of \$12.2 million is approximately \$400,000 below the budgeted estimate.



<b>2013-2014 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF GENERAL FUND REVENUES**

**PROPERTY TAX**

For **SB 813 Property Tax** receipts (retroactive collections back to the point of sale for reassessments of value due to property resales), collections totaled \$595,000 through December, which is down 36.3% from the \$935,000 received last year at this time. Based on current collection trends and the County of Santa Clara's most recent estimate, receipts in this category are expected to fall below budgeted levels. 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, strong growth of 12.9% was experienced with receipts of \$3.3 million. In 2012-2013, collections of \$3.05 million fell \$216,000 from 2011-2012 levels (-6.6%). With the improvement in the real estate market, moderate growth would typically be expected. However, the County continues to anticipate impacts to collections until the backlog of refunds is resolved. The 2013-2014 Adopted Budget assumed collections of \$3.6 million, requiring growth of 18.1% from actual 2012-2013 receipts. Year-end collections are currently tracking to fall below budgeted levels; adjustments will be brought forward by year-end based on actual experience, if needed. 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** receipts through December totaled \$2.1 million, reflecting growth of 3.7% from the prior year collection level. The 2013-2014 Adopted Budget estimate of \$2.2 million requires growth of 5.6% from 2012-2013 receipts of \$2.1 million. Typically, collections through October reflect 90% of the annual revenue for this category. If this historical trend continues, it is estimated that revenues will end the year close to the budgeted estimate of \$2.2 million. The current County of Santa Clara Assessor's Office estimate falls slightly below the 2013-2014 budgeted level.

Based on the latest estimate from the County, the **Homeowners Property Tax Relief** revenue is projected to total \$1.03 million in 2013-2014, which is slightly below the \$1.05 million currently budgeted for this category.

**SALES TAX**

**Revenue Status**

2013-2014		2012-2013		2013-2014
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$170,110,000	\$42,655,806	25.1%	24.8%	\$2,000,000

**2013-2014  
MID-YEAR BUDGET REVIEW**

**STATUS OF GENERAL FUND REVENUES**

**SALES TAX**

The Sales Tax category consists of General Sales Tax and Proposition 172 Sales Tax. Overall, revenues are tracking above budgeted estimates and an increase of \$2.0 million to the revenue estimate is recommended in this report to account for higher than anticipated first quarter receipts in the General Sales Tax category.

The 2013-2014 Modified Budget estimate for **General Sales Tax** is \$164.5 million, which is approximately 3.7% above the actual 2012-2013 collection level. It is currently anticipated that underlying growth of at least 3% will be realized in 2013-2014 based on recent sales tax performance and current economic trends. Information on actual receipts for the first quarter of General Sales Tax for the current year was received in December and represented activity for July through September 2013. The first quarter 2013-2014 General Sales Tax revenues were up 8.5% from the same quarter in the prior year. When comparing San José's cash receipts to those of other jurisdictions, San José's growth of 8.5% was above the growth levels of Santa Clara County (up 3.5%), Northern California (up 4.0%), and the State as a whole (up 3.4%).

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 4.1% 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 and Miscellaneous. The Construction sector experienced strong growth of 12.7%, driven primarily by the increase in wholesale building materials (up 29.2%). The Transportation sector also experienced solid growth of 6.7%, primarily due to continued growth in used auto sales (31.7%).

**Sales Tax Revenue Economic Performance  
July – September 2013**

<b>Economic Sector</b>	<b>% of Total Revenue</b>	<b>% Change July-Sept. 2013 to July – Sept. 2012</b>
Transportation	25.4%	+ 6.7%
General Retail	24.7%	+ 2.7%
Business-to-Business	22.8%	- 0.5%
Food Products	15.2%	+ 4.5%
Construction	11.3%	+ 12.7%
Miscellaneous	0.6%	- 15.8%
<b>Total</b>	<b>100.0%</b>	<b>4.1%</b>

The year-over-year increase for the first quarter exceeded the 3.0% economic growth assumed in the 2013-2014 Modified Budget for that quarter. To reflect this higher growth, a \$2.0 million increase in the Sales Tax estimate is recommended in this report. This funding is recommended to be used to offset

<b>2013-2014</b> <b>MID-YEAR BUDGET REVIEW</b>
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**STATUS OF GENERAL FUND REVENUES**

**SALES TAX**

other actions recommended in this report. 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 \$2.3 million are tracking 5.1% above the 2012-2013 collection level of \$2.2 million through the same period. The 2013-2014 budgeted estimate of \$5.6 million requires growth of 8.9% from the 2012-2013 collection level of \$5.2 million. Based on 2012-2013 actual performance and current collection trends, it is anticipated that collections will meet budgeted estimates this year.

**TRANSIENT OCCUPANCY TAX**

**Revenue Status**

2013-2014		2012-2013		2013-2014
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$10,600,000	\$4,312,336	40.7%	36.1%	\$0

The 2013-2014 budget estimate for the General Fund **Transient Occupancy Tax** (TOT) allocation (40% of the total tax) is \$10.6 million, which reflects growth of approximately 5% from the 2012-2013 collection level of \$10.1 million (which included TOT receipts and TOT compliance revenue). Year-to-date receipts of \$4.3 million are 18.3% above the prior year. A portion of this increase is driven by a strong influx of TOT compliance revenue (\$324,000). While collections have moderated in November and December, based on current collection trends, TOT revenues in the General Fund are expected to exceed the budgeted estimate by approximately \$500,000 to \$700,000. If warranted, an upward adjustment will be brought forward at year-end.

Through December, the average hotel occupancy rate at the 14 major hotels was 68.1%, a slight improvement from the 64.4% occupancy rate for the same period in 2012-2013. However, for the same 14 hotels, the average daily room rate through December was \$149.24, up 11.1% from the \$134.34 room rate for the same period in 2012-2013. The year-to-date average revenue-per-available room (RevPAR) metric of \$101.73 represents an increase of 17.3% from the prior year level.

<b>2013-2014 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF GENERAL FUND REVENUES**

**UTILITY TAX**

**Revenue Status**

2013-2014		2012-2013		2013-2014
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$91,895,000	\$39,204,168	42.7%	34.8%	\$0

Utility Tax contains the following categories: **Electric, Gas, Water and Telephone**. Collections through December of \$39.2 million were tracking 23.6% above the prior year level of \$31.7 million. The majority of this growth, however, was due to differences in the timing of payments and prior year accruals. The 2013-2014 budgeted estimate assumes an increase of approximately 1% from the prior year. Based on current collection trends, overall, Utility Tax receipts are tracking to meet budgeted estimates. 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 \$19.2 million were tracking 28.0% above the prior year level of \$15.0 million and reflect activities through November. Once adjusted for timing differences in payments and accrual differences between projected June 2013 receipts and actual receipts, collections are tracking 5.7% above the adjusted prior year levels of \$17.9 million. Growth of 2.2% from 2012-2013 actual collections is needed to meet the 2013-2014 budgeted estimate of \$40.2 million. Collections in 2012-2013 were impacted by a refund that was processed by Pacific Gas and Electric (PG&E) in September 2012 for energy usage from April 2011 through June 2012, accounting for the majority of the variance between the two fiscal years, as well as the 2.6% rate increase which went into effect January 2013. Current forecasts show an anticipated rate increase in January 2014 of approximately 2.4% as well. Because of the uncertainty of any one-time adjustments and the volatility inherent in this revenue category, receipts will continue to be monitored closely for the remainder of the year.

**Gas Utility Tax** receipts through December of \$2.4 million were significantly above prior year collections of \$1.7 million. However, once adjusted for timing differences in payments and slight variances in accrual levels compared to actual June collection levels, receipts are tracking 3.7% above adjusted prior year levels of \$2.3 million. The 2013-2014 budgeted estimate of \$8.1 million assumed that collections would remain flat at estimated 2012-2013 receipts; however, based on actual 2012-2013 receipts of \$8.4 million, the 2013-2014 Adopted Budget estimate allows for a decline of 3.8% from the 2012-2013 collection level. If current collection trends continue, receipts in this category may slightly exceed budgeted levels by approximately \$500,000. However, Gas Utility Tax receipts are subject to significant fluctuations from the impact of weather conditions and/or rate changes. Collections will continue to be monitored closely since approximately two-thirds of the revenue in this category is typically collected in the second half of the year.

<b>2013-2014</b> <b>MID-YEAR BUDGET REVIEW</b>
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**STATUS OF GENERAL FUND REVENUES**

**UTILITY TAX**

**Water Utility Tax** collections of \$5.4 million through December are tracking 22.2% above the prior year level of \$4.4 million, however, once adjusted for accruals and timing differences in payments, receipts through December are approximately 3.3% over adjusted prior year levels of \$5.1 million. The 2013-2014 Adopted Budget estimate of \$11.4 million was based on growth of 3.6% over the projected 2012-2013 collection level of \$11.0 million which assumed rate increases. However, because revenues in 2012-2013 ended the year below the estimated collection level, an increase of 8.4% is now needed to achieve the budgeted estimate. It should be noted that this category is always subject to fluctuations related to the amount of precipitation received, particularly in the spring. However, if current collection trends continue, receipts in this category may fall below budgeted levels by \$500,000. Consumption levels over the next several months will determine if adjustments to the revenue estimate will be appropriate before the end of the year.

**Telephone Utility Tax** receipts of \$12.2 million through December are tracking 15.1% above the prior year level of \$10.6 million however, once adjusting for timing difference in payment and accruals, receipts through December are actually tracking approximately 3% below prior year levels. This is primarily due to lower receipts in Voice Over Internet Protocol (VOIP) and cell phone receipts. The 2013-2014 Adopted Budget estimate of \$32.2 million allows for a slight decline of 2.0% from 2012-2013 actual collections. Therefore, if current collections continue, it is estimated that receipts will end the year close to budgeted levels.

**BUSINESS TAXES**

**Revenue Status**

2013-2014		2012-2013		2013-2014
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$42,435,000	\$21,207,283	50.0%	45.0%	\$500,000

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 above the Modified Budget estimate of \$42.4 million. As part of this report, a \$500,000 increase to this category is recommended to reflect higher than expected receipts in Disposal Facility Tax (\$500,000) and would bring the total budgeted estimate to \$42.9 million.

**Business Tax** – collections of \$7.4 million through December were 1.9% above the prior year collection level of \$7.3 million. However, the 2013-2014 Adopted Budget allows for a decline of 16.9% from

**2013-2014  
MID-YEAR BUDGET REVIEW**

**STATUS OF GENERAL FUND REVENUES**

**BUSINESS TAXES**

actual 2012-2013 receipts of \$13.9 million. In the development of the 2013-2014 Adopted Budget, it was assumed that receipts would decline as unusually high activity was experienced in 2012-2013 because of the Business Tax Amnesty Program. However, growth from 2011-2012 levels of \$11.3 million was expected as a result of both the gradual economic recovery and the ongoing implications of the Amnesty Program. The Finance Department is completing its reconciliation of the Amnesty Program, and it is anticipated that a clean-up of outstanding accounts will result in a recommended cancellation of approximately \$1.0 million, of which sufficient reserves have been set aside to offset this adjustment. In addition, the Finance Department is working to complete a final reconciliation of the ongoing implications of the Business Tax Amnesty Program with final conclusion to be discussed in an information memorandum scheduled to be released January 2014. It is anticipated that this may result in revenues falling slightly below budgeted levels of \$11.5 million and will be monitored closely.

**Cardroom Business Tax** – collections of \$6.6 million through December continue to track at the prior year levels. The 2013-2014 budgeted estimate of \$15.5 million, allows for a decline in collections of 5.0% from the prior year level of \$16.3 million. The budgeted decline assumed normalizing the spike in activity for the opening of M8trix Casino. However, if receipts in this category continue to track at prior year levels, it is anticipated that revenues may exceed the budgeted estimate by \$500,000 to \$800,000.

**Marijuana Business Tax** – collections of \$2.4 million through December reflect collections from July through November and are 41.8% above the prior year collection level of \$1.7 million. In 2013-2014, the budgeted estimate of \$5.4 million requires growth of 27.5%, reflecting the anticipated increase in receipts due to the City Council approved increase in the tax rate from 7% to 10% of gross receipts. With monthly receipts of approximately \$500,000, total collections in this category are currently projected to exceed the budgeted estimate. However, it should be noted that there remains continued uncertainty regarding this program and the impacts of program changes, including a change in enforcement as approved by the City Council in December 2013.

**Disposal Facility Tax (DFT)** – Receipts through December of \$4.8 million are tracking 1.0% above the prior year level of \$4.7 million and reflect 47.7% of the budgeted estimate of \$10.0 million. The 2013-2014 Adopted Budget estimate of \$10.0 million was built on the assumption that revenues would fall due to improvements in the processing of waste for the commercial program as well as the historical downward trend in this category. From the 2012-2013 actual collection level of \$10.7 million, the 2013-2014 Adopted Budget allows for a 6.6% decline in receipts. Based on current tracking, revenues are anticipated to exceed budgeted levels by \$500,000 primarily due to an increase in estimated waste from neighboring jurisdictions. An increase of \$500,000 to the estimate is included in this document to provide funding for required rebalancing actions as recommended in this document. With this adjustment, the revised estimate of \$10.5 million allows for a 2.0% decline in receipts from prior year receipts.

<b>2013-2014</b> <b>MID-YEAR BUDGET REVIEW</b>
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**STATUS OF GENERAL FUND REVENUES**

**LICENSES AND PERMITS**

<b>Revenue Status</b>				
<b>2013-2014</b>		<b>2012-2013</b>		<b>2013-2014</b>
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$40,278,246	\$29,514,467	73.3%	54.1%	\$8,990,000

Licenses and Permits include the following major groups of revenue: **Building Permits, Fire Permits** and **Miscellaneous Other Licenses and Permits**. Through December, revenues of \$29.5 million are tracking 17.1% about the prior year level of \$25.2 million and overall, revenues are estimated to exceed budgeted levels.

Development-related activity experienced very significant growth in 2012-2013 and this strong performance continues in 2013-2014. Actions to increase revenues and reserves in the Building and Fire Fee Programs are recommended in this document for a total increase of \$8.8 million to budget levels.

**Building Permits** – Building Permit revenues of \$16.1 million through December are tracking 30.4% above the 2012-2013 collection level of \$12.4 million for the same period and continue to track to end the year well above the budgeted estimate of \$21.0 million. The 2013-2014 budgeted revenue estimate allows for a drop of 22.4% in this category. All revenue categories are tracking above estimated levels. Strong revenue receipts are being driven by an increase in residential, commercial, and industrial construction activity. It is anticipated that Building Permit revenues will exceed the Adopted Budget estimate by \$8.0 million as a result of the increased development activity and a number of large projects, including Samsung Semiconductor, San Jose Earthquakes, Whole Foods Market, multiple apartment complexes, including development at the “Hitachi site.” Included in this document are recommendations to recognize the additional estimated revenues of \$8.0 million with a corresponding increase to the Building Development Fee Program Earmarked Reserve. This action would increase the Reserve from \$15.3 million to \$23.3 million.

**Fire Permits** – Through December, Fire Permit collections of \$6.3 million are tracking 14.5% above the prior year collection level of \$5.5 million and are anticipated to exceed the Adopted Budget estimate of \$10.4 million. The Development-related revenues, which totaled \$3.6 million through December, are currently tracking to exceed the budgeted estimate of \$6.3 million by approximately \$800,000. Included in this document are actions to recognize this additional revenue and increase the Fire Development Fee Program Earmarked Reserve. This action increases the Reserve from \$5.6 million to \$6.4 million. At this time, the Fire Department projects that the Non-Development program revenues, which totaled \$2.7 through December, will end the year at or slightly below budgeted revenue levels of \$4.1 million.

<b>2013-2014</b> <b>MID-YEAR BUDGET REVIEW</b>
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**STATUS OF GENERAL FUND REVENUES**

**LICENSES AND PERMITS**

**Miscellaneous Other Licenses and Permits** – Revenues of \$7.1 million are tracking 3.3% below prior year levels of \$7.3 million and are generally tracking at anticipated levels through December. The 2013-2014 Modified Budget estimate of \$8.9 million allows for a decline of 5.8% from the prior year, primarily reflecting a lower estimate for cardroom permits and the off sale of alcohol enforcement. Based on current collections, revenues are anticipated to fall slightly below budgeted estimates by year end due to lower than anticipated receipts in the multiple housing permits and off sale of alcohol permits categories as a result of accounting adjustments to properly account for actual prior year receipts.

**FINES, FORFEITURES, AND PENALTIES**

**Revenue Status**

2013-2014		2012-2013		2013-2014
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$15,862,200	\$6,177,026	38.9%	44.0%	(\$1,000,000)

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, revenues totaled \$6.2 million, or 38.9% of the budget estimate, with collections tracking 3.7% below the prior year primarily due to lower vehicle code and municipal court fines. The 2013-2014 budgeted estimate, however, requires growth of 9.0% as it was anticipated that the parking fine receipts would return to historical levels after the transition of parking compliance officers that were transferred from the Airport Department to the Transportation Department in 2012-2013. Because parking fines, which represent approximately 70% of the budgeted estimate in this category, have not shown the growth that was anticipated, a downward adjustment of \$1.0 million is recommended to this category.

Parking Fines totaled \$4.1 million through December, which was slightly below the \$4.0 million collected through the same period last year. The 2013-2014 budget estimate of \$11.0 million requires an increase of 16.6% from the 2012-2013 collection level of \$9.4 million. When the 2013-2014 Adopted Budget was developed, it was assumed that Parking Fines 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. However, given the temporary nature of these impacts, Parking Fine revenues were expected to improve in 2013-2014 with collections estimated at \$11.0 million, which was still below the 2011-2012 levels of \$11.8 million. Through December, due to a higher level



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**STATUS OF GENERAL FUND REVENUES**

**FINES, FORFEITURES, AND PENALTIES**

of staff absences as a result of injuries and non-work related injuries/illnesses, revenues are anticipated to fall at least \$1.0 million below the budgeted estimate. A downward adjustment of \$1.0 million to the Parking Fines 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 (\$425,000).

Business Tax penalties of \$368,000 through December are tracking slightly below (2.1%) prior year levels due to the impacts of the Business Tax Amnesty Program and are expected to end the year slightly below the budgeted estimate of \$1.0 million.

**REVENUE FROM LOCAL AGENCIES**

<b>Revenue Status</b>				
<b>2013-2014</b>		<b>2012-2013</b>		<b>2013-2014</b>
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$36,804,638	\$4,017,844	10.9%	12.0%	\$327,182

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, and a recommended increase of \$327,000 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. While no revenues have been received through December, it is anticipated that the 2013-2014 budgeted estimate of \$15.3 million will be received by year-end under the current accounting for this payment. The 2013-2014 Modified Budget also includes a reimbursement of \$10.3 million from the Successor Agency to the Redevelopment Agency to reimburse for intra-year loans provided during 2012-2013 from the City to the Successor Agency. Although no reimbursement is reflected through December, the reimbursement was completed in January 2014.

Included in this category are reimbursements for the City’s Paramedic Program from the County of Santa Cara. The 2013-2014 budgeted estimate totals \$2.2 million, however, no reimbursement was

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**STATUS OF GENERAL FUND REVENUES**

**REVENUE FROM LOCAL AGENCIES**

received through December. In 2012-2013, the City also did not receive payment for the fourth quarter. There are ongoing discussions with the County Board of Supervisors on the timing and potential withholding of payments as the City is having difficulty meeting performance requirements. The situation will continue to be monitored.

Minimal budget adjustments are recommended in this report to recognize revenues and allocate funding for the following: After School Education and Safety Programs for 2013-2014 (\$294,000) and the 2013-2014 Northern California High Intensity Drug Trafficking Area (\$34,000). Section III of this document provides a description of these actions.

**DEPARTMENTAL CHARGES**

<b>Revenue Status</b>				
<b>2013-2014</b>		<b>2012-2013</b>		<b>2013-2014</b>
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$35,449,213	\$20,991,002	59.2%	47.5%	\$2,730,000

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

Total revenues of \$21.0 million are tracking above the prior year of \$18.4 million (14.0%) and are tracking to end the year above the budgeted estimate of \$35.4 million. Collections in all departments including Transportation, Public Works, Planning, Police, Library, and Parks, Recreation and Neighborhood Services (PRNS) Departments are tracking to meet or exceed estimated levels.

Development-related activity experienced very significant growth in 2012-2013 and this strong performance continues in 2013-2014. Actions to increase the budgeted revenue estimates and associated reserves in the Planning and Public Works Fee Programs are recommended in this document for a total increase of \$2.6 million. In addition to these adjustments, a budget action is recommended to increase the PRNS revenue estimate of \$15.6 million by \$180,000 to account for increased participation levels in recreation classes offered. An associated increase to the PRNS Fee Activities appropriation is recommended to provide for additional staff and vendor hours needed to support the increased class participation levels.

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**STATUS OF GENERAL FUND REVENUES**

**DEPARTMENTAL CHARGES**

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

**Public Works** – Public Works revenues through December of \$5.1 million are tracking well above the prior year level of \$4.1 million (approximately 25%). 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 half of 2013-2014. Non-residential revenues are performing at anticipated levels. At this time, collections are projected to conservatively exceed the budgeted revenue estimate of \$7.8 million by approximately \$1.6 million in the Public Works Development Fee Program. Budget actions are recommended to recognize additional revenue of \$1.6 million. A portion of this additional revenue is recommended to be allocated to increase the Public Works Development Fee Program Personal Services appropriation by \$550,000 in order to reflect higher than budgeted personal services expenses due to increased development activity. It is recommended that the remaining \$1.0 million of additional revenue be allocated to the Public Works Development Program Earmarked Reserve, increasing the Reserve from \$5.6 million to \$6.6 million, to ensure funding is preserved for program works-in-progress.

**Planning, Building and Code Enforcement (PBCE)** – Through December, Planning Fee revenue of \$2.5 million is 72.1% above the prior year collection level of \$1.5 million. The \$3.0 million adopted Planning Fee revenue estimate, however, allows for a drop of 22.5% from the prior year actuals. Overall revenue collections are tracking significantly above estimated levels and it is anticipated that Planning Fee revenues will exceed the Adopted Budget estimate by \$1.0 million as a result of increased development activity, primarily in residential activity. Budget actions are recommended to recognize additional revenue of \$1.0 million with a corresponding increase to the Planning Development Fee Program Earmarked Reserve. This action would increase the Reserve from \$1.3 million to \$2.3 million.

**OTHER REVENUE**

<b>Revenue Status</b>				
<b>2013-2014</b>		<b>2012-2013</b>		<b>2013-2014</b>
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$120,112,223	\$110,499,255	92.0%	95.2%	(\$1,198,176)

The Other Revenue category contains a number of unrelated revenue sources. Other Revenue collections through December totaled \$110.5 million compared to prior year levels of \$116.0 million. This decrease was primarily due to the receipt in 2012-2013 of \$5.0 million in proceeds from the sale of

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**OTHER REVENUE**

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 in the prior year, Other Revenue collections are tracking at the prior year level.

Collections in this category are expected to end the year approximately \$1.4 million below the budgeted estimate due almost entirely to the double counting of reimbursement from interest earnings for costs associated with Banking Services (\$1.2 million) as well as a delay in the implementation of the Payment Manager program (\$250,000). These major transactions are described in more detail below.

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

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 2013-2014, \$100.0 million was required to be issued, which is the same amount that was issued in 2012-2013.

In the current year, the City has received \$5.2 million in **HP Pavilion Rental, Parking, and Naming** revenue in accordance with the arena agreement, which is close to the budgeted estimate of \$5.3 million.

**Investment Cost Reimbursement** revenues through December of \$879,000 are tracking within estimated levels. However, it has been identified that the reimbursement from City funds for **Banking Services** was inadvertently double counted since it was being reimbursed by interest earnings and it was also included in the calculations of the 2013-2014 Cost Allocation Plan. A recommended decrease of \$1.15 million is included in this document to correct this error. In addition, due to a delay in the implementation of the Payment Manager program approved in the 2013-2014 Adopted Operating Budget, an additional decrease of \$250,000 to the budgeted estimate is recommended. Under this program, a new vendor payment process would allow vendors to receive electronic payments in-lieu of manual checks. Vendors choosing to participate in receiving the City's payments in this faster and more efficient manner would incur a small fee assessed by the banking services provider. The banking services provider would then share a portion of this revenue with the city. As a result of vacancies in the Finance Department, the implementation of this program was delayed, but it is anticipated to begin in 2014. A revised implementation schedule will be incorporated into the development of the 2014-2015 budget process as appropriate.

**SB 90 Reimbursements** totaled \$320,000 through December compared to the 2013-2014 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.

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## STATUS OF GENERAL FUND REVENUES

### OTHER REVENUE

Through December, revenue from the **Sale of Surplus Property** totaled \$599,000 compared to \$5.6 million in the prior year. The variance primarily reflects a \$5.0 million sale of 14.5 acres to the Earthquakes, LLC in 2012-2013. Once adjusting for this, revenues of approximately \$600,000 are tracking at prior year levels. The Office of Economic Development currently anticipates that revenues in this category will meet or exceed the budgeted estimate of \$1.3 million in 2013-2014.

A number of additional adjustments are also recommended to recognize revenue and allocate funds to specific projects and programs, including the following: Cirque du Soleil (\$130,000), American Society for the Prevention of Cruelty to Animals (ASPCA) (\$35,000), Special Event Sponsorships for various Council District activities (\$22,000), Parent Project Grant (\$9,000), 1<sup>st</sup> Act Digital Media Grant (\$5,000), and Walmart Foundation Grant (\$1,000). Section III of this document provides a description of these actions.

### TRANSFERS AND REIMBURSEMENTS

<b>Revenue Status</b>				
<b>2013-2014</b>		<b>2012-2013</b>		<b>2013-2014</b>
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$68,161,114	\$45,906,459	67.4%	60.2%	\$660,000

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 \$45.9 million through December are tracking above prior year levels of \$40.6 million primarily due to higher than budgeted overhead reimbursements and higher reimbursements for services. Overall, collections are currently tracking to slightly exceed the budgeted estimate.

**Overhead Reimbursements** – Overhead reimbursements associated with special funds are currently budgeted at \$25.6 million and capital funds are budgeted at \$11.0 million for a total category revenue estimate of \$36.6 million. Through December, overhead collections of \$29.0 million were tracking 14.7% above prior year levels of \$25.3 million. This reflects higher receipts in both special funds (\$2.8 million) and capital funds (\$966,000). This budgeted increase reflects increases in salary levels and activity and was assumed in the development of the 2013-2014 Adopted Budget. Overhead reimbursements associated with special funds is expected to end the year close to the budgeted estimate, however the overhead associated with capital funds may fall slightly below the budgeted estimate due to

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**TRANSFERS AND REIMBURSEMENTS**

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 \$16.3 million in various transfers. Through December, transfers of \$10.1 million were tracking within estimated levels, and at prior year levels of \$10.0 million. Although tracking at prior year levels, it is estimated that receipts may end the year above budgeted levels primarily due to an anticipated increase in the budgeted transfer from the Construction and Conveyance Tax Fund based on higher revenue collections in that fund. This transaction will be brought forward at year-end based on actual performance in that fund. In addition, interest earnings in select funds are currently tracking to exceed budgeted estimates, therefore an increase of \$120,000 is recommended in this document. Revenues will continue to be monitored and adjustments brought forward by year end as appropriate.

**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 \$6.7 million were up from the prior year levels of \$5.3 million and are tracking to exceed the budgeted estimate by year-end. A recommended increase of \$500,000 to align the budget with current projections and prior year actual collections is included in this document, bringing the estimate to \$15.0 million for Gas Tax Funds.

**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 \$12.0 million to \$16.0 million in additional revenues when including the Development Fee Program activities. This positive variance represents approximately 1.5% of the budget. It is important to note that approximately \$10.0 million to \$12.0 million of this additional revenue is attributed to the booming Development Fee Programs and corresponding increases to the program reserves are included in this document. Once adjusted to exclude Development Fee Programs, revenues are anticipated to end the year with approximately \$2.0 million to \$4.0 million. Additional revenue is also expected to be generated from Business Taxes, Sales Tax, and Transfers and Reimbursements, as well as various net-zero grants and reimbursements.

In total, a net increase of \$13.6 million to the General Fund revenue estimates is recommended in this document. This increase primarily reflects a \$12.9 million increase as a result of net-zero Grants Reimbursements and Fees adjustments as well as a net increase of \$760,000 in general revenue activity. The majority of the \$12.9 million reflects Development Fee Program adjustments of \$11.4 million. The remaining net increase of \$760,000 includes the increase in Sales Tax receipts (\$2.0 million), Disposal

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**CONCLUSION**

Facility Taxes (\$500,000), and Transfers and Reimbursements (Gas Tax Reimbursements (\$500,000), higher interest transfers (\$120,000), and a transfer from the Neighborhood Security Bond Fund (\$40,000)), partially offset by reductions in Banking Services reimbursements (\$1.4 million), and Parking Fines (\$1.0 million).

The revenue estimates for this year will continue to be updated and used as a starting point in the development of the 2015-2019 General Fund Forecast, due to be released late February, as well as the 2014-2015 Proposed Budget, due to be released on May 1, 2014. 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.

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## STATUS OF GENERAL FUND EXPENDITURES

### OVERVIEW

General Fund expenditures through December totaled \$445.5 million, or 37.8% of the total 2013-2014 Modified Budget. This represents an increase of \$62.4 million, or 16.3%, from the December 2012 level of \$383.1 million. Encumbrances totaling \$34.1 million were \$2.0 million (6.0%) below the December 2012 level of \$36.2 million. Expenditures and encumbrances through December of \$479.7 million constituted 40.7% of the total Modified Budget (including reserves) of \$1.2 billion – without reserves of \$144.6 million, expenditures and encumbrances constituted 46.4% of the total Modified Budget.

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

#### 2013-2014 General Fund Expenditures through December (\$ in Thousands)

Category	Current Budget	YTD Actual	% of Budget	Prior Year % of Budget
<b>Departmental Expenditures</b>				
Personal Services	\$ 625,243	\$ 282,626	45.2%	45.9%
Non-Personal/Equipment	102,307	36,825	36.0%	30.1%
Other Departmental	17,258	6,902	40.0%	41.8%
<i>Subtotal Departmental Expenditures</i>	<u>744,808</u>	<u>326,353</u>	<u>43.8%</u>	<u>36.1%</u>
<b>Non-Departmental Expenditures</b>				
City-Wide Expenses	\$ 231,056	\$ 92,950	40.2%	17.0%
Capital Contributions	32,693	1,370	4.2%	24.0%
Transfers	24,873	24,873	100.0%	98.9%
Reserves	144,599	-	0.0%	0.0%
<i>Subtotal Non-Departmental</i>	<u>433,221</u>	<u>119,193</u>	<u>27.5%</u>	<u>21.1%</u>
<b>Total</b>	<b>\$ 1,178,029</b>	<b>\$ 445,546</b>	<b>37.8%</b>	<b>34.2%</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 fiscal/program needs, including: the establishment of a \$4.0 million Police Department Overtime Reserve for 2014-2015, funded by Police salary and benefit savings; an increase of \$250,000 to support the Tree Maintenance and Sidewalk Repair Financial Hardship Assistance Program in the Transportation Department; the establishment of a \$230,000 Property Assessed Clean Energy (PACE) program appropriation to assist in the implementation



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**OVERVIEW**

of a PACE District as directed by the City Council on December 3, 2013; the reallocation of \$200,000 in Police Department salary and benefit savings to overtime to support a Downtown Foot Patrol program; an increase of \$200,000 to the Public Works Unfunded Projects appropriation to fund planning activities associated with the development of a City Hall lease agreement with the San Jose Patent and Trademark Office; and an increase of \$50,000 to support a South Bay Coalition to End Human Trafficking coordinator as directed by the City Council on September 13, 2013.

- Implement required technical and rebalancing actions including:
  - Reduce the Parking Citations/Jail Courthouse Fees appropriation by \$425,000 based on lower activity levels, which partially offsets lower than expected Parking Citation revenues (down \$1.0 million) as mentioned elsewhere in this document;
  - Address updated cost estimates, funding needs, and technical adjustments, including additional funding for Property Tax Administration Fees, Workers' Compensation State License, PeopleSoft Tax Updates and others.
- Appropriate additional grant, reimbursement, and/or fee related funds (\$12.9 million).

In total, adjustments recommended in this document result in a net increase of \$13.6 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, 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 63.4% of the General Fund expenditures to date.

Through December, Personal Services expenditures for all City departments totaled 45.2% of the current Modified Budget, which is slightly below expectations (48.1%) at this point of the year. This expenditure level was also below the 45.9% expended through December last year. Overall, Personal Services expenditures are tracking to end the year with savings. As of January 6, 2014, the City had 543 vacancies city-wide (all funds) representing a vacancy factor of 9.6% with 331 of those positions in the General Fund. Although some of these vacancies are backfilled with temporary staffing resources, vacancy savings have been accumulating throughout the organization. As described in Section III of this document, budget actions are recommended to reallocate salary savings to overtime for the Police Department and the Fire Department. In addition, a number of reallocations of personal services savings

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to non-personal/equipment are recommended as well to reflect the usage of temporary staffing until vacancies are filled.

Non-Personal/Equipment expenditures of \$36.8 million are also tracking within anticipated levels with 36.0% expended through December, above prior year levels of 30.1% in December 2012. In addition to expenditures, \$19.5 million was encumbered, bringing the total amount of funding committed to \$56.4 million, or 55.1% of the \$102.3 million budget. Overall, these expenditures are expected to remain within budget for all departments with some savings generated by year-end. As a result of the high vacancy levels, many departments have needed to backfill with temporary staffing to continue service delivery. 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 and Human Resources Department, and to ensure sufficient funding for recruitment support and the backfilling of vacant positions with temporary contractual staffing to maintain service delivery levels.

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 \$6.9 million or 40.0% of the \$17.3 million budget through December, slightly above prior year levels of \$6.7 million (41.8%) in December 2012. In addition to expenditures, \$179,000 was encumbered, bringing the total amount of funding committed to \$7.1 million, or 41.0% of the Modified Budget.

*Non-Departmental Expenditures*

With a Modified Budget of \$433.2 million, Non-Departmental Expenditures includes City-Wide Expenses, Capital Contributions, Transfers, and Reserves.

Through December, City-Wide Expenses totaled \$92.9 million, or 40.2% of the Modified Budget of \$231.1 million. Adjusting for differences in timing due to the transition to a third party administrator for some of the Workers' Compensation appropriation payments, City-Wide Expenses totaled \$96.7 million or 41.8% of the Modified Budget. When expenditures and encumbrances of \$12.3 million are combined, the total amount of funding committed (\$109.0 million) was 47.2% of the budget. Overall, expenditures are anticipated to generate savings by year-end, primarily due to savings in overall workers' compensation claims costs and sick leave payments upon retirement.

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## STATUS OF GENERAL FUND EXPENDITURES

### OVERVIEW

**2013-2014 City-Wide Expenses  
Expenditures by City Service Area  
(\$ in Thousands)**

City Service Area	Current Budget	YTD Actual	% of Budget	Prior Year Actual	Prior Year % of Budget
Community & Economic Development	\$ 29,102	\$ 16,672	57.3%	\$ 15,701	69.5%
Environmental & Utility Services	2,609	825	31.6%	2,194	33.7%
Neighborhood Services	10,062	2,922	29.0%	2,893	32.3%
Public Safety	22,403	5,724	25.6%	9,232	39.6%
Transportation & Aviation Services	7,789	2,515	32.3%	1,794	22.3%
Strategic Support	159,090	64,291	40.4%	13,002	6.7%
<b>Total</b>	<b>\$ 231,055</b>	<b>\$ 92,949</b>	<b>40.2%</b>	<b>\$ 44,816</b>	<b>17.0%</b>

The expenditure tracking for City-Wide Expenses can vary significantly depending on payment schedules and the timing of projects. The significant variance between 2012-2013 and 2013-2014 expenditures through December reflect the partial payment of the \$100 million Tax and Revenue Anticipation Notes (TRANS) in December 2013 of \$50.0 million. 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 2014-2015 to complete projects in progress. Adjustments to City-Wide Expenses appropriations are recommended in this document to align the budget with the year-end expenditure projections, additional details on these actions can be found in Section III of this report. Key actions recommended in this report include:

- Establishing funding for the PACE Program (\$230,000) and increasing the Public Works Unfunded Projects appropriation to support planning activities associated with the development of a City Hall lease agreement with the San Jose Patent and Trademark Office (\$200,000);
- Decreasing funding to align with current tracking levels (\$295,000) primarily reflecting a decrease in Parking Citations/Jail Courthouse Fees; and
- Recognizing various net zero grants, reimbursements, and fees of \$752,000. These expenditure increases are offset by corresponding increases in grant revenue.

In total, adjustments recommended in this document result in a net increase of \$887,000 to City-Wide Expenses. Additional information on these adjustments can be found in Section III of this document.

The following highlights key appropriations in City-Wide Expenses and transactions recommended in this report:

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- The \$100.6 million Tax and Revenue Anticipation Notes (TRANS) appropriation for the issuance, principal, and interest costs associated with the repayment of TRANS for cash flow purposes was issued in July 2013 and is tracking within budgeted levels. This appropriation constitutes the largest allocation in the Strategic Support CSA.
- Workers' Compensation Claims appropriations totaling \$20.2 million are budgeted across all CSAs with total expenditures of \$4.3 million through December 2013, or 21.4% of the Modified Budget. Beginning in 2013-2014, a pilot program wherein a third party administrator is processing claims for some departments in the City is underway; once expenditures are adjusted for timing difference in payments between City financials and the third party administrator, expenditures total \$8.1 million, or 40.0% of budgeted levels. If current expenditure trends continue, savings of approximately \$1.5 million to \$2.0 million are anticipated by year end. All appropriations are anticipated to remain at or below budgeted levels with the exception of the Public Works' Workers' Compensation Claims appropriation, which is tracking to exceed the budget as a result of four unanticipated high-value claims. To address this projected overage, a reallocation of projected savings from the Workers' Compensation Claims – Police Department to the Workers' Compensation Claims - Public Works Department in the amount of \$400,000 is recommended and would bring the Public Works appropriation to \$720,000. Due to the nature of workers' compensation claims, the Workers' Compensation appropriations will continue to be closely monitored, especially as the City continues its contract with the third party administrator.
- In the Strategic Support category, the General Liability Claims appropriation totals \$18.1 million, of which 55.1% is expended or encumbered through December compared to the 39.4% expended or encumbered in December 2012. This primarily is due to the \$4.95 million settlement agreement and \$1.0 million judgment against the city. It should be noted that the litigation exposure far exceeds the amount in this appropriation and the corresponding reserve (\$15.0 million) combined.
- Convention Center Lease Payments in the Community and Economic Development CSA of \$15.3 million accounts for debt service payments. Expenditures in this appropriation totaled \$11.8 million through December and are anticipated to remain within budgeted levels by year end.
- In the Strategic Support category, Sick Leave Payment Upon Retirement expenditures of \$764,000 through December reflect 7.3% of the total 2013-2014 budget of \$10.5 million. Typically, the majority of the expenses in this appropriation occur in the second half of the year. Historically, approximately 15%-30% of the total year end expenditures occur through December. Expenditures are expected to result in approximately \$700,000 in savings by year end.
- The Parking Citations/Jail Courthouse Fees appropriation of \$2.5 million in the Transportation and Aviation Services CSA is projected to end the year with savings as a result of lower than anticipated parking citations, which is also expected to result in lower parking fines. Downward

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adjustments to both the revenue estimate (down \$1.0 million) and the expenditure line item (down \$425,000) are recommended in this document to reflect this lower activity level.

- The Property Tax Administration Fee (PTAF) provides a payment to the County for the cost to administer property taxes. Based on preliminary projections provided by the County of Santa Clara, it is anticipated that fees will exceed levels assumed in the development of the 2013-2014 Adopted Budget of \$1.6 million by (\$185,000). A recommended increase is included in this report bringing the revised budget to 41.8 million, inline with current estimates.
- The budget of \$916,000 for the Workers' Compensation State License in the Strategic Support CSA is projected to be exceeded by \$85,000, and an upward adjustment to this appropriation (to \$1.0 million) is recommended to ensure sufficient funding is available. The current budget assumed a 5% increase in costs, while the actual increase was 14%. This increase is due to an increase to five of the six factors that are used to calculate the assessment each year.

Through December, General Fund Capital expenditures totaled \$1.3 million and encumbrances totaled \$2.2 million, bringing the amount committed to \$3.5 million, or 10.8% of the \$32.7 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 \$24.9 million are 100.0% expended through December as anticipated. All of the transfers to the General Fund are processed at the beginning of the year and have been completed.

There are no expenditures against the Reserves budget of \$144.6 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.

Significant increases to the Development Fee Program Reserves of \$10.8 million are recommended in this report based on current collection trends. Currently revenues in all Development Fee Programs are tracking to exceed budgeted levels as discussed in the General Fund Revenues section of this document due to higher than anticipated development activity in residential and non-residential areas. Increases in each of the Development Fee Program Reserves are recommended to ensure funding is preserved for program work-in-progress— Building (\$8.0 million), Planning (\$1.0 million), Public Works (\$1.0 million), and Fire (\$800,000).

The establishment of a \$4.0 million Police Department Overtime Reserve is recommended and would be funded from Police salary and benefits savings. As discussed below, the Police Department is expected to begin 2014-2015 with approximately 70-80 sworn vacancies based on current attrition rates. It is anticipated that additional overtime funding will be needed in 2014-2015 to continue backfilling for vacant patrol positions and maintain targeted enforcement of high crime activity through suppression cars. The funding will also be available to cover for civilian staffing vacancies as needed. The

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**STATUS OF GENERAL FUND EXPENDITURES**

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establishment of this reserve will provide the necessary overtime funding to continue to address these and other Police needs in 2014-2015.

A total decrease of \$899,000 to the Employee Compensation Planning Earmarked Reserve (\$766,000) and Salaries and Benefits Earmarked Reserve (\$133,000) are recommended to reflect:

- Net-zero adjustments to various departments to reflect 2.0% salary increases that were negotiated and agreed to by the City and three bargaining units (Association of Building, Mechanical and Electrical Inspectors (ABMEI), Association of Engineers and Architects (AEA), and International Brotherhood of Electrical Workers (IBEW));
- A mediator's recommended settlement has been reached between the City and the International Union of Operating Engineers, Local #3 (OE#3), and if ratified, this contract is currently scheduled for City Council consideration on February 25, 2014. Actions in this document assume the approval of the OE#3 contract. If this contract is not approved, savings will result in various departments and funds at year-end; and
- Distribution of funding associated with the management pay for performance program to departments with insufficient vacancy savings are included in this document.

Further details on this action as well as others can be found in Section III of this Report.

No budget action is recommended for the Contingency Reserve, which complies with the City Council 3% of expenditures policy and is currently at the \$31.0 million level.

**DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS**

<b>Expenditure Status (\$ in thousands)</b>			
<u>Department</u>	<u>2013-2014 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
<b>Fire</b>	\$164,741	\$76,703	\$71,769

On an overall basis, Fire Department expenditures are tracking below estimated levels. Personal Services expenditures of \$73.1 million tracked below anticipated levels (46.9% compared to the par of 48.1%). The Fire Department's Non-Personal/Equipment budget of \$8.9 million was 56.4% expended or encumbered through December. Both appropriations are expected to end the year within their respective budgeted allocations.

Overall, personal services expenditure levels tracked below estimated levels. When adjusted to exclude costs associated with the development fee programs (\$1.6 million), General Fund personal services

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**DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS**

expenditures of \$71.5 million are 47.2% compared to par of 48.1%. With a very small number of sworn positions vacant, it is anticipated that the Fire Fighter Recruit Academy scheduled for 2013-2014 will be delayed until August 2014. Resulting savings from the delay of this academy of approximately \$873,000 are anticipated to be used to offset a projected shortfall in the overtime category.

Through December, overtime expenditures of \$2.9 million tracked above anticipated levels with 53.6% expended. Overtime expenditures were incurred to backfill vacancies and absences in line duty positions (vacation, strike team deployments, modified duty, sick, disability, and other absences). The primary reasons for increased overtime include: (1) Year-to-date, the number of disability and modified duty hours is up 12% over last year's historically high levels; (2) strike teams were deployed to several fires throughout California in July and August, which resulted in the need for the Department to backfill duty positions with overtime; and (3) grant-funded training activities were conducted in October. The Department has completed reimbursement forms to recover costs related to strike teams and grant-funded training activities. Actions are recommended in this document to reallocate other personal services savings to overtime (\$750,000) and to recognize reimbursements for strike team deployments (\$132,000) and grant-funded training activities that were conducted in October (\$29,000) to ensure sufficient funding for this increase in overtime activities.

Personal services expenditures in the Fire Development Fee Program of \$1.6 million is tracking below estimated levels with 37.6% expended. Any savings realized in the Development Fee Program are returned to the Program's Earmarked Reserve.

Through December, the Fire Department was staffed with 192 filled Fire Fighter paramedic positions (181 front line Fire Fighter paramedics, 6 Supervisors, and 5 support) compared to the 132 front line Fire Fighter Paramedics that are necessary to fully staff all apparatus. The Department projects it will have no issues maintaining the target staffing level of 132 front line Fire Fighter 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 27, which was below the authorized number of 33 due to vacancies in sworn positions.

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**STATUS OF GENERAL FUND EXPENDITURES  
DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS**

<b>Expenditure Status (\$ in thousands)</b>			
<u>Department</u>	<u>2013-2014 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
<b>Police</b>	\$316,524	\$139,101	\$130,867

On an overall basis, the Police Department’s expenditures are tracking below estimated levels. Personal Services expenditures of \$129.4 million tracked below anticipated levels (44.9% compared to the par of 48.1%), despite overtime expenditures of \$10.5 million through December tracking higher than anticipated levels with 57.8% expended of the current \$18.1 million budget. Based on current trends, Personal Services is tracking to end the year with savings of approximately \$7.0 million. Budget actions are recommended in this document to reallocate \$4.0 million of this savings to a Police Department Overtime Reserve to address anticipated overtime needs in 2014-2015 associated with sworn as well as civilian staff vacancies. These vacancies have also impacted overtime expenditures in 2013-2014.

Overtime consists of overtime expenditures and compensatory time. The Memorandum of Agreement with the Police Officer’s Association (POA) limits how much overtime can be earned for pay versus compensatory time. The compensatory time balance at the end of December 2013 was 170,409 hours for sworn personnel. This represents an increase of 9,824 hours (6.1%) compared to the December 2012 balance of 160,585.

Based on current expenditure trends, overtime expenditures are tracking to exceed the budget of \$18.1 million by approximately \$3.0 million. This increase is primarily due to the need to backfill for sworn positions that are vacant, not street-ready, and/or not available to work, as well as to backfill for civilian vacancies. The Police Department’s current overtime budget incorporates increases of \$6.2 million for 2013-2014 and is in close alignment with the 2012-2013 actual overtime expenditures of \$18.6 million. This funding provides resources while the Department works through filling and training vacant positions. However, the street-ready sworn positions are 2.6% (26 positions) lower than last year at this time, necessitating additional overtime resources to meet service demands. Also, dispatcher vacancies or positions in training continue to remain high (30%) which require backfilling to ensure adequate service levels. A reallocation of \$3.0 million of salary and benefit savings to overtime is recommended in this report to ensure service levels to our community remain at a minimum of last year’s levels.

In addition, a separate action is recommended in this document to increase the Police Department overtime budget by \$200,000, offset by salary and benefit savings, to fund a Downtown Foot Patrol Program (1.0 Police Sergeant and 4.0 Police Officers: five hours per day for five days a week) that will enhance safety and security, support ongoing surveillance and apprehension projects, and allow specialized units, such as the Downtown Services Unit and Metro, to focus on high crime activity. With these two actions, a total of \$3.2 million (from \$18.1 million to \$21.3 million) is recommended to be reallocated to the overtime budget.



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**STATUS OF GENERAL FUND EXPENDITURES**

**DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS**

The chart below outlines current authorized sworn staffing levels and the number of street-ready sworn positions available to work:

**Police Department Current Sworn Staffing Levels**

	2013-2014 (as of 01/16/2014)
<b>Authorized Sworn Staffing</b>	<b>1,109</b>
Vacancies	(63)
<b>Filled Sworn Staffing</b>	<b>1,046</b>
Field Training Officers/Recruits	(76)
<b>Street-Ready Sworn Positions Available</b>	<b>970</b>
Disability/Modified Duty/Other Leaves	(75)
<b>Street-Ready Sworn Positions Working</b>	<b>895</b>

In order to fill the vacant sworn positions and put more Police Officers back on patrol, the Department continues to hold two Police Recruit Academies per year (October 2013 and April 2014). At this time, the Department is anticipating that 40 recruits will attend the Academy in April 2014. Although the Department is conducting regular police office recruit academies to hire for the sworn vacancies, the Department is anticipated to begin 2014-2015 with approximately 70-80 sworn vacancies based on current attrition rates.

A total of \$14.0 million (49.1%) of the Department's Non-Personal/Equipment budget was expended or encumbered through December. Excluding the remaining balances for centrally-determined details, including electricity, gas, and vehicle operation and replacement, the Department has approximately \$5.3 million, or 38.9% of the non-centrally-determined appropriation available for the remainder of the fiscal year. The Budget Office and the Department will monitor expenditures closely to ensure expenditures are within appropriated levels by year-end.

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

<u>Department</u>	<u>2013-2014 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
<b>Office of Economic Development</b>	\$3,968	\$1,820	\$2,220

**2013-2014  
MID-YEAR BUDGET REVIEW**

**STATUS OF GENERAL FUND EXPENDITURES**

**DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS**

Through December, expenditures for the Office of Economic Development were tracking above estimated levels with 51.2% expended. Personal Services expenditures totaled \$1.6 million (56.5% of the \$2.7 million budget), exceeding the par level of 48.1% including expenditures associated with the Development Fee Programs. The Office of Economic Development Non-Personal/Equipment budget of \$1.2 million was 39.3% expended or encumbered through December and is anticipated to end the year with approximately \$150,000 in savings.

Personal Services expenditures are tracking above estimated levels and, once adjusted to exclude year-to-date expenditures associated with the Development Fee Programs (\$83,000), it is anticipated that General Fund expenditures will exceed budgeted levels by approximately \$300,000. Higher than estimated expenditures are primarily due to Real Estate staff allocating a higher percentage of their time to work supported by the General Fund than was budgeted. To address a portion of the projected personal services overage, included in this report is a recommendation to reallocate \$150,000 of anticipated year-end Non-Personal/Equipment savings to Personal Services. If approved, this adjustment will bring down the projected personal services overage to \$150,000. The Office of Economic Development and the Budget Office will continue to closely monitor expenditures and may bring forward to the City Council more adjustments at year-end if needed.

Additional actions are recommended in this report to increase the Department's Personal Services appropriation in the amount of \$68,000 for the Management Pay for Performance Program and increase the Building Development Fee Program Personal Services appropriation \$50,000 to provide funding for higher than anticipated costs to support the Development Fee Program (from \$129,000 to \$179,000).

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SELECTED SPECIAL/  
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**2013-2014  
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**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.

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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

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

	2013-2014 Current Modified	2013-2014 YTD Actual	2013-2014 % of Budget
<i>Revenues – Airport Revenue Fund</i>	120,355,823	58,906,169	48.9%
<i>Expenditures – Airport Maintenance and Operation Fund</i>	70,538,994	28,199,265	40.0%

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 2013 increased by 6.8% when compared to the same period last fiscal year. Overall revenue performance at the Airport of \$58.9 million is tracking slightly above anticipated levels at 48.9%, compared to a benchmark of 48.1%. Airline rates and charges, consisting primarily of landing fees and terminal rentals, and terminal concessions are tracking to meet the budgeted estimates. Parking and roadway revenues are exceeding budgeted levels due to increased passenger activity, reflected in increased activity in daily and hourly parking lots. Airfield revenues are also exceeding budgeted levels due to higher than anticipated off-airport in-flight kitchen revenues.

Total general and non-aviation revenues, consisting of fees associated with hangars, land and building rentals, petroleum program, general aviation, and other non-aviation (miscellaneous) revenues, are tracking below budgeted levels due to the delayed execution of the ground lease and operating agreement with Signature Flight Support for the construction and operation of a Fixed Base Operation on the west side of the Airport. This ground lease and operating agreement was executed in December 2013 and the Airport will begin receiving the associated ground lease revenue from Signature Flight Support for the next two years.

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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

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

**FUND STATUS**

*Expenditures* – Operating expenditures, appropriated in the Airport Maintenance and Operation Fund, include Personal Services, Non-Personal/Equipment, and overhead reimbursements. Through December 2013, Airport's Personal Services and Non-Personal/Equipment expenditures are tracking below budgeted levels.

Personal Services expenditures are tracking at 42.3% of budget compared to the par level of 48.1%. Savings are due to vacancies in most divisions of the department. At the close of December, the Department had 21 vacancies or 11.2% of budgeted positions. On August 27, 2013, the City Council approved amendments to the City of San José Pay Plan for various classifications including the addition of flexibly-staffed levels for the Airport Operations job series. The purpose of the additional classifications is to recognize the increased job expertise as demonstrated by additional airport industry certifications and to provide additional promotional opportunities as a retention incentive for the most difficult to recruit for positions within the Airport Department. Recruitment for several Airport positions is currently underway. Overtime expenditures of \$106,000, or 31.3%, are in line with expectations.

Non-Personal/Equipment expenditures (excluding encumbrances) are tracking at 36.2%, and when encumbrances are included, are tracking at 67.8% 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. As directed in the City Council-approved Mayor's June Budget Message for Fiscal Year 2013-2014, the Department's Non-Personal/Equipment appropriation was increased by \$500,000 for marketing efforts focused on promoting airline service. With the additional one-time funding, the Department developed the "Fly San José" campaign, which launched in October 2013, to support airline partners by generating demand for flights from the Norman Y. Mineta San José International Airport (SJC), capturing market share that is leaking to other nearby airports, and drawing in new customers from "Opportunity Zones" such as Fremont and the Peninsula. Using digital billboards, print, radio, and online ads, the campaign targets passengers and promotes awareness of new and existing flights and highlights the convenience of flying out of SJC, including the airport's on-time record, fog-free and clear skies, and ease of on-site parking.

Interdepartmental expenditures (charges for staff and services located in other City departments including the Police and Fire Departments) total \$4.1 million through December 2013 and are tracking at anticipated levels.

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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

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

**FUND STATUS**

	<b>2013-2014 Current Modified</b>	<b>2013-2014 YTD Actual</b>	<b>2013-2014 % of Budget</b>
<i>Unrestricted Ending Fund Balance – Airport Revenue Fund</i>	46,247,476	N/A	N/A
<i>Unrestricted Ending Fund Balance – Airport Maintenance and Operation Fund</i>	34,376,319	N/A	N/A

*Fund Balance* – No adjustments to the Ending Fund Balances in the Airport Revenue Fund and in the Airport Maintenance and Operation Fund are recommended at this time.

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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**BUILDING AND STRUCTURE CONSTRUCTION TAX FUND**

	2013-2014 Current Modified	2013-2014 YTD Actual	2013-2014 % of Budget
<i>Revenues</i>	23,695,000	14,407,809	60.8%
<i>Expenditures</i>	39,609,986	6,181,513	15.6%

**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 well above anticipated levels. Through December, Building and Structure Construction Tax receipts totaled \$12.5 million and have exceeded the annual budgeted estimate of \$11.0 million. The better than expected performance is primarily due to new multi-family residential and industrial construction activity. Large projects underway include the San Jose Earthquakes soccer stadium, the Samsung Semiconductor facility in North San José, residential development in North San José, and commercial and residential development at the “Hitachi site,” located at the northeast corner of Highway 85 and Cottle Road. In recognition of this improved performance, a recommendation is included in this document to increase the budgeted revenue estimate for this category by \$8.0 million, from \$11.0 million to \$19.0 million. This collection level reflects growth of 37.9% from actual 2012-2013 levels of \$13.8 million. Federal and State grants are the other major revenue sources in the Building and Structure Construction Tax Fund and reimbursements are tracking within anticipated levels.

Through December, additional revenues were received and this report includes recommendations to recognize these revenues. Reimbursements totaling \$30,000 were received from several developers for the purchase of traffic signal controllers, as part of the Traffic Signal & Lighting Program and these funds are recommended to be allocated for this purpose. An upward adjustment of \$25,000 to the San Carlos Streetscape Improvements grant is also recommended to align the total grant amount that is anticipated to be received.

*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 to add new grant-related projects, to adjust project budgets based on revised cost estimates, and to correct budget errors. In addition, budget actions are recommended to allocate the additional \$8.0 million in Building and Structure Construction Tax revenue to a Future Projects Reserves (\$7.5 million) and to provide the local grant match for several projects (\$500,000).



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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**BUILDING AND STRUCTURE CONSTRUCTION TAX FUND**

**FUND STATUS**

In June 2013, the City Council approved the submittal of several grant applications to the Metropolitan Transportation Commission (MTC) One Bay Area Grant (OBAG) for Surface Transportation Program and Congestion Mitigation and Air Quality (CMAQ) grants. The City of San José was subsequently awarded several multi-year grants for various projects, with the City responsible for a local match for each grant. City funds are recommended to establish the following grant-related projects: The Alameda “Beautiful Way” Phase 2 (\$300,000), Ocala Avenue Pedestrian Improvements (\$100,000), and St. John Bike/Pedestrian Improvements (\$100,000). Grant revenues associated with these projects are anticipated to be received in future years.

An increase to the Traffic Signal & Lighting Program in the amount of \$30,000 is recommended as a result of additional revenues that were received from developers for traffic signal controls, as described above. An increase of \$300,000 is also recommended for the San Carlos Multimodal Streetscape Improvements Phase II project to address unforeseen repairs of structural beams in two basements that must be completed prior to the start of construction. A decrease of \$300,000 is recommended for the Underground Utilities – City Conversions project due to an adjusted project scope that reduces engineering costs.

A few budget adjustments are recommended to correct rebudget actions that were approved as part of the 2012-2013 Annual Report that erroneously reduced project budgets. To correct these errors, upward adjustments are recommended to the following projects: Jackson Street: LRT to Japantown Pedestrian Corridor (\$12,000), Julian Street and St. James Couplet Conversion (\$7,000), and Bike/Pedestrian Project Development (\$3,000), as described in Section III, Recommended Budget Adjustments and Clean-up Actions.

	2013-2014 Current Modified	2013-2014 YTD Actual	2013-2014 % of Budget
<i>Unrestricted Ending Fund Balance</i>	3,066,638	N/A	N/A

Fund Balance – A recommendation to increase the Ending Fund Balance by \$3,000 is included in this report as a net result of the actions described above and in Section III, Recommended Budget Adjustments and Clean-up Actions.

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MID-YEAR BUDGET REVIEW**

**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONSTRUCTION AND CONVEYANCE TAX FUNDS**

	2013-2014 Current Modified	2013-2014 YTD Actual	2013-2014 % of Budget
<i>Revenues</i>	42,318,976	16,345,836	38.6%
<i>Expenditures</i>	76,147,466	14,138,473	18.6%

**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 2013 revenue in the C&C Tax Funds totaled \$16.3 million, which is 38.6% of the 2013-2014 Modified Budget of \$42.3 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.

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 2013 totaled \$14.7 million, which is an increase of 18.2% from the \$12.4 million collected during the same time period last year. The City has also received information regarding the January Conveyance receipts, which totaled \$4.8 million. This January collection level is, however, below the unprecedented single month receipts of \$6.7 million received in January 2013. Based on stronger than anticipated revenue collections in 2012-2013, the 2013-2014 Adopted Budget estimate of \$30.0 million now represents a 12.8% decline from the actual 2012-2013 receipts. If current collection trends continue, C&C revenues are likely to exceed the 2013-2014 budgeted estimate of \$30.0 million by an estimated \$8.5 million. If warranted, an upward adjustment may be brought forward at year-end.

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. The median single-family home price totaled \$685,000 in December 2013, which is an increase of 17.2% from the \$584,500 median home price in December 2012. The average days-on-market for single-family and multi-family dwellings totaled 37 days in December 2013, similar to the 36 days experienced in December 2012. The number of listings of new single-family and multi-family dwellings on the market has dropped approximately 8.7% from 389 listings in December 2012 to 355 in December 2013. Likely as a result of the lower level of inventory, the property transfers (sales) for all

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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONSTRUCTION AND CONVEYANCE TAX FUNDS**

**FUND STATUS**

types of residences dropped approximately 3.1% from 675 in December 2012 to 654 in December 2013. Cumulatively, property transfers from July through December totaled 4,190, which was up 0.5% from the 4,171 transfers during the first six months of 2012-2013.

*Expenditures* – Overall, expenditures in the various C&C Tax Funds are generally tracking within expected levels through December and are anticipated to end the year within budgeted levels. Exceptions are several appropriations that transfer interest earnings to the General Fund. Due to higher than anticipated C&C revenues and a slower rate of expenditures, interest earnings - and corresponding transfers of these revenues to the General Fund - are tracking to exceed the budget estimate by \$78,000 in the Parks Central C&C Tax Fund, \$10,000 in the Parks Maintenance Yards C&C Tax Fund, \$6,000 in the Parks Maintenance Yards C&C Fund, \$4,000 in the Fire C&C Tax Fund, and \$2,000 in the Communications C&C Tax Fund. For each of these funds, recommendations are included in this report to increase interest earnings (revenue) and transfers to the General Fund (expenditures) by their respective amounts.

This report also includes a recommendation to establish the Family Camp Repairs – Rim Fire project in the amount of \$900,000 in the Parks City-Wide C&C Tax Fund to pay for necessary repairs and rehabilitation of Family Camp damaged by the Rim Fire forest fire, thereby allowing San José campers to enjoy the facilities this summer. Work includes tent and barn structure replacement, electrical repair, water and sewer system rehabilitation, erosion control, burned tree removal, and related work that will occur over the next four to eight months. While the costs are recommended to be initially supported by the Parks City-Wide C&C Tax Fund, staff anticipates reimbursement in whole or in part by the City's insurance policy covering San José Family Camp, the California Office of Emergency Services (Cal OES) and the Federal Emergency Management Agency (FEMA); the specific amounts from each source are still under discussion. With FEMA's strict timelines for when the work must be completed, staff expects much of the repairs to be finished this spring, thereby minimizing impact to campers over the summer.

Lastly, a technical adjustment is recommended to allow an exchange of funds between the Fire C&C Fund and the Neighborhood Security Bond Fund (Bond Fund). The net-zero transfers of \$575,000 between these two funds allow for Bond Fund expenditures that would be ineligible to receive reimbursement from the bond trustee to be substituted with Fire C&C Fund expenditures that are eligible for reimbursement.

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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONSTRUCTION AND CONVEYANCE TAX FUNDS**

**FUND STATUS**

	<b>2013-2014 Current Modified</b>	<b>2013-2014 YTD Actual</b>	<b>2013-2014 % of Budget</b>
<i>Unrestricted Ending Fund Balances</i>	39,733,914	N/A	N/A

*Fund Balance* – With the recommended establishment of the Family Camp Repairs – Rim Fire project, as described above, the Ending Fund Balance in the Parks City-Wide C&C Tax Fund will decrease by \$900,000, from \$3.9 million to \$3.0 million.

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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONSTRUCTION EXCISE TAX FUND**

	2013-2014 Current Modified	2013-2014 YTD Actual	2013-2014 % of Budget
<i>Revenues</i>	56,323,000	38,483,028	68.3%
<i>Expenditures</i>	88,155,132	23,129,968	26.2%

**FUND STATUS**

*Revenues* – Construction Excise Tax receipts are the single largest source of revenue in the Traffic Capital Program, constituting approximately 25% of the budgeted revenue estimate for this fund. Through December, Construction Excise Tax receipts (\$14.5 million) have exceeded the annual budgeted estimate of \$14.0 million. The better than expected performance is primarily due to new multi-family residential construction activity. Large projects underway include the San José Earthquakes soccer stadium, residential development in North San José, and commercial and residential development at the “Hitachi site,” located at the northeast corner of Highway 85 and Cottle Road. In recognition of this improved performance, a recommendation is included in this document to increase the budgeted revenue estimate for this category by \$11.0 million, from \$14.0 million to \$25.0 million. This collection level reflects growth of 40.1% from actual 2012-2013 levels of \$17.8 million.

Other major revenue sources in this fund include federal government revenues related to Caltrans’ relinquishment of certain state routes (\$12.4 million), pavement maintenance from the State Gas Tax allocation (\$9.5 million), pavement maintenance from Measure B (\$5.4 million), and various grants. Most of these revenue sources are received on a reimbursement basis and are tracking within anticipated levels. However, Pavement Maintenance – Measure B receipts totaled \$5.7 million through December and have exceeded the budgeted estimate of \$5.4 million. A recommendation to increase the budgeted revenue estimate for this category by \$286,000, from \$5.4 million to \$5.7 million, is included in this report.

Traffic Impact Fees are appropriated as they are collected from developers and are set aside in a reserve until they can be expended. This report includes recommendations to increase the estimate for Traffic Impact Fees collected in the North San José area (\$1.8 million), the Route 101/Oakland/Mabury area (\$1.4 million), and the Evergreen area (\$397,000) and set those funds in reserve. Additionally, developer contributions of \$3.0 million were received from the Irvine Company and these funds are recommended to be placed in a Downtown and North San José Transportation Improvements Earmarked Reserve, consistent with City Council approval of the Mayor’s March Budget Message for 2013-2014.

This report also includes recommendations to recognize and establish new grant revenue for One Bay Area Grant (OBAG) projects that have been awarded by the Metropolitan Transportation Commission

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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONSTRUCTION EXCISE TAX FUND**

**FUND STATUS**

(MTC) including OBAG – Pedestrian Oriented Signals (\$158,000) and OBAG – Jackson Complete Streets (\$80,000).

Recommendations to increase the revenue estimates for several existing grants are also included: Safe Access San José (\$200,000) to construct low cost safety improvements such as flashing beacons and ADA ramps; Bus Rapid Transit-Santa Clara/Alum Rock (\$70,000) and Capitol Expressway Light Rail Pedestrian and Bus Improvements (\$70,000) for additional signal design work requested by VTA; and Transportation Fund for Clean Air (TFCA) - Sidewalk Bicycle Racks (\$41,000) to fund the installation of approximately 250 two-bicycle racks in the public right of way throughout the City of San José. A decrease of \$40,000 to the revenue estimate from the VTA grant for signal retiming that is no longer needed for the Santa Clara/Alum Rock Bus Rapid Transit project is also included in this report.

*Expenditures* – Overall, expenditures in the Construction Excise Tax Fund are tracking within expected levels and are anticipated to end the year within budgeted levels. A number of expenditure adjustments are recommended in this report to add new grant-related projects, to adjust project budgets based on revised cost estimates, and to establish reserves. In addition, budget actions are recommended to allocate the additional \$11.0 million in Construction Excise Tax revenue to a Future Projects Reserve (\$8.7 million), a Future Grants Reserve (\$2.0 million), and to provide the local match for several new projects (\$274,000).

In June 2013, the City Council approved the submittal of several grant applications to the Metropolitan Transportation Commission (MTC) One Bay Area Grant (OBAG) for Surface Transportation Program and Congestion Mitigation and Air Quality (CMAQ) grants. The City of San José was subsequently awarded several multi-year grants for various projects and the City is responsible for a local match for each grant. Budget adjustments are recommended to establish these projects, including the Pedestrian Oriented Traffic Signals (\$200,000), East San José Bike/Pedestrian Transit Connection (\$150,000), and Jackson Complete Streets (\$80,000) projects. Funding to begin project design will be offset by additional revenue that is estimated from Construction Excise Tax receipts or grant reimbursements.

As detailed in Section III of this report, other recommended increases to project funding include Safe Access San José (\$264,000), Bus Rapid Transit-Santa Clara/Alum Rock (\$70,000), Capitol Expressway Light Rail Pedestrian Improvements (\$70,000), Bicycle and Pedestrian Facilities (\$59,000), and Pavement Maintenance – Measure B (\$286,000). A decrease of \$40,000 is also recommended to the Signal Retiming – VRF project due to a project scope reduction for the Alum Rock section of this project that will be consolidated with the Santa Clara/Alum Rock Bus Rapid Transit project. A transfer to the Evergreen Benefit Assessment District 91-209 Fund in the amount of \$298,600, offset by a reduction to the Capitol Expressway: Story & Aborn Improvements project, is also recommended to refund developer contributions as a result of project completion.

<b>2013-2014 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONSTRUCTION EXCISE TAX FUND**

**FUND STATUS**

	<b>2013-2014 Current Modified</b>	<b>2013-2014 YTD Actual</b>	<b>2013-2014 % of Budget</b>
<i>Unrestricted Ending Fund Balance</i>	6,671,534	N/A	N/A

*Fund Balance* – No adjustment to the Ending Fund Balance in the Construction Excise Tax Fund is recommended at this time.

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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONVENTION AND CULTURAL AFFAIRS FUND**

	2013-2014 Current Modified	2013-2014 YTD Actual	2013-2014 % of Budget
<i>Revenues</i>	39,824,789	15,723,297	39.5%
<i>Expenditures</i>	44,989,979	28,352,431	63.0%

**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 (\$21.4 million), the issuance of commercial paper to support the Convention Center expansion and renovation project (\$10.0 million), and through transfers from the Transient Occupancy Tax (TOT) Fund (\$8.5 million). For the first half of the fiscal year, revenues of \$15.7 million are tracking at 39.5% of the budget and include operations revenue of \$8.6 million, \$5.0 million in commercial paper proceeds, and a transfer of \$2.1 million from the TOT Fund. The full TOT transfer and commercial paper proceeds are expected to be received by year-end.

While operations revenues of \$8.6 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 \$9.8 million, compared to a December target of \$8.5 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. Due to the strong performance thus far and a revised activity forecast through June, this report includes a recommendation to increase operating revenues by \$3.0 million, from \$21.4 million to \$24.4 million, partially offset by related expenditure increases as described below.

Expenditures – Through December, expenditures of \$28.4 million were tracking at 63.0% of the budget. The largest expenditure allocations are for Convention Facility Operations and the Convention Center expansion and renovation project (Kitchen, HVAC). Based on a revised forecast for the remainder of the year, TSJ operating expenses are anticipated to end the year at higher than budgeted levels, due to a greater number of contracted events and related costs, as described previously. Accordingly, this report includes a recommendation to increase the Convention Facilities Operations appropriation by \$2.8 million, from \$22.4 million to \$25.2 million. The increase will primarily cover food and beverage expenses and contract labor costs, which are passed on to facility users. Including the \$3.4 million currently allocated for Cultural Facilities Maintenance, a total of \$28.6 million will be budgeted for TSJ operating expenditures. The Convention Center expansion and renovation project (Kitchen, HVAC), budgeted at \$10.8 million in 2013-2014, was almost fully expended through December and is expected to be completed this fiscal year.



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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONVENTION AND CULTURAL AFFAIRS FUND**

**FUND STATUS**

This report also recommends increasing the Insurance Expenses by \$26,000, from \$200,000 to \$226,000. This increase follows an earlier \$70,000 increase approved by the City Council in September 2013 that was part of a broader insurance premium adjustment city-wide. The additional \$26,000 more precisely accounts for the insurance coverage of newly renovated space at the Convention Center.

	<b>2013-2014 Current Modified</b>	<b>2013-2014 YTD Actual</b>	<b>2013-2014 % of Budget</b>
<i>Unrestricted Ending Fund Balance</i>	900,276	N/A	N/A

Fund Balance – A recommendation to increase the Ending Fund Balance by \$174,000, from \$900,000 million to \$1.1 million, is included in this report as a result of the net revenue from additional TSJ activity levels (\$200,000), partially offset by the recommended increase in the Insurance Expenses appropriation (\$26,000) as described above.

<b>2013-2014 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**INTEGRATED WASTE MANAGEMENT FUND**

	2013-2014 Current Modified	2013-2014 YTD Actual	2013-2014 % of Budget
<i>Revenues</i>	130,896,149	67,297,261	51.4%
<i>Expenditures</i>	131,279,714	46,177,866	35.2%

**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) (\$105.5 million); New Market Tax Credit Reimbursements (NMTC) (\$8.3 million); Lien-Related Charges (\$6.3 million); AB 939 fees (\$3.8 million); Recycle Plus Negotiated Savings (\$2.7 million); payments received from the Construction and Demolition Deposit (CDDD) Program (\$1.0 million) that are identified as ineligible deposits for refund; SB 332 Beverage Container Recycling payments (\$251,286); NMTC developer fees (\$250,000); NMTC Leverage Loan Interest (\$98,000); interest earnings (\$69,000); Household Hazardous Waste revenue from Santa Clara County (\$49,700); miscellaneous revenue (\$188,000); and various grants, including the Economic Development Administration (EDA) Grant (\$2.4 million), Safe Routes to Schools Creative (SRTC) Grant (\$31,000), and Clean Creeks Healthy Commission Grant (\$16,000).

Through December, revenues totaled \$67.3 million, or 51.4% of budget, and were generated primarily from the following: Recycle Plus Collection Charges (\$58.9 million); Recycle Plus Negotiated Savings (\$2.7 million); Lien-Related Charges (\$2.5 million); NMTC Reimbursements (\$1.8 million); and AB 939 fees (\$1.2 million).

Overall, revenues are expected to end the year approximately \$2.3 million below budgeted estimates. This is primarily due to a delay in reimbursement from the EDA for the installation of the photovoltaic (PV) system for the Environmental Innovation Center (EIC). The delay in the completion of the EIC project has impacted the PV installation schedule and, consequently, has postponed the completion of this project. The Administration anticipates completing the installation of the EIC PV system in 2014-2015. It is anticipated that the revenue for the EDA grant will be recommended for rebudget to 2014-2015.

Reimbursements from the NMTC Proceeds/Reimbursements through December are only \$1.8 million, or 22.0% of the budget. However, the construction of the Environmental Innovation Center (EIC) project is anticipated to be completed in March 2014, and reimbursements of an additional \$6.4 million are estimated to be received by year-end.

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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**INTEGRATED WASTE MANAGEMENT FUND**

**FUND STATUS**

*Expenditures* – Through December, \$46.2 million, or 35.2% of the budget, was expended, and an additional \$73.6 million, or 56.0%, was encumbered. The year-to-date expenditures and encumbrances of \$119.8 million were primarily attributed to the actual expenditures and encumbrances of Recycle Plus contracts for Single Family Dwelling (\$51.4 million), Yard Trimmings/Street Sweeping (\$22.5 million), and Multi-Family Dwelling (\$18.1 million). Additional expenditures include IDC Disposal Agreement (\$8.9 million), Environmental Services Department (ESD) Personal Services (\$3.0 million) and Non-Personal/Equipment (\$2.5 million), and Household Hazardous Waste Las Plumas Facility (\$2.8 million), appropriations.

The Administration projects savings of approximately \$2.0 million at the end of 2013-2014 in various appropriations, with the largest estimated savings in ESD Personal Services (\$500,000), Information Technology (IT) Personal Services (\$500,000), Multi-Family Dwelling (\$360,000), and Yard Trimming/Street Sweeping (\$225,000). It is anticipated that the Recycle Plus Contracts appropriations of \$92.1 million will generate savings of approximately \$650,000 due to lower than anticipated inflation-based increases, as stipulated in the contracts with the haulers, lower than anticipated hauler 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, and changes to subscribed cart sizes). It is anticipated that the ESD Personal Services appropriation and the IT Personal Services appropriation will each generate year-end savings of approximately \$500,000 due to several vacancies in both departments, including seven vacancies at the Call Center.

This report includes a recommendation to rebudget \$2.4 million to the Household Hazardous Waste Las Plumas Facility appropriation that was inadvertently omitted from the 2012-2013 Annual Report, offset by a corresponding decrease of \$2.4 million to the Operations and Maintenance Reserve. A recommendation is also included to increase the Planning, Building and Code Enforcement Department Personal Services appropriation by \$17,037 to provide funding for higher than anticipated staffing costs, offset by a reduction to the ESD Personal Services appropriation.

	2013-2014 Current Modified	2013-2014 YTD Actual	2013-2014 % of Budget
<i>Unrestricted Ending Fund Balance</i>	173,533	N/A	N/A

*Fund Balance* – No adjustment to the Ending Fund Balance in the Integrated Waste Management Fund is recommended at this time. It is anticipated that the EDA grant revenue will be rebudgeted at year-end due to project delays and as a result the Operations and Maintenance Reserve will be adjusted downward by \$2.3 million to reflect this change. Upon completion of the EIC PV system in 2014-2015, full reimbursement from the EDA grant is anticipated to be received in 2014-2015.

<b>2013-2014 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

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

	2013-2014 Current Modified	2013-2014 YTD Actual	2013-2014 % of Budget
<i>Revenues</i>	65,107,000	17,470,926	26.8%
<i>Expenditures</i>	145,390,273	14,984,886	10.3%

**FUND STATUS**

*Revenues* – Budgeted revenue for this fund in the San José/Santa Clara Treatment Plant Capital Fund in 2013-2014 consists of transfers from the City of San José Sewer Service and Use Charge Fund (\$34.6 million) and the Sewage Treatment Plant Connection Fee Fund (\$3.1 million); contributions from the City of Santa Clara and other tributary agencies (\$25.6 million); two federal grants (\$1.0 million); interest earnings (\$450,000); and Calpine Metcalf Energy Center Facilities Repayments (\$389,000). Although, year-to-date only 26.8% of revenues have been received, it is anticipated that all revenues will be received by the end of the year. Additionally, revenue from the Santa Clara Valley Water District (\$1.0 million) has been received for the construction of the recycled water facility which is anticipated to be completed in May 2014.

*Expenditures* – Expenditures in this fund represent the costs of improvements and rehabilitation of the San José-Santa Clara Regional Wastewater Facility. Through December, \$15.0 million, or 10.3%, of the budget was expended and an additional \$33.9 million, or 23.3%, was encumbered.

It is currently estimated that almost all of the \$145.4 million budget will be expended or encumbered on projects and related expenses by the end of the year. Staff anticipates completing and/or awarding projects in 2013-2014, focusing on large efforts such as: Energy Generation Improvements (\$38.4 million), Combined Heat and Power Equipment Repair and Rehabilitation (\$10.6 million), South Bay Water Recycling Extension (\$8.2 million), and Plant Infrastructure Improvements (\$5.4 million). In addition, staff anticipates initiating several programmatic studies that will inform significant projects proposed to begin next fiscal year.

In September 2013, the City Council approved a Master Services Agreement with MWH Americas, Inc. for program management consulting services at the Wastewater Facility. MWH Americas, Inc. was retained to assist with the overall setup and management of the Five-Year Capital Improvement Program. In October 2013, the San José Planning Commission certified the Final Environmental Impact Report for the Plant Master Plan Preferred Alternative. The San José and Santa Clara City Councils formally approved the 30-year master plan in November and December 2013, respectively. The approved master plan provides the framework for over \$1.0 billion in new construction at the Plant over the next 10 to 15 years, and responds to aging infrastructure, future regulations, population growth, and treatment technology improvements.

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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

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

**FUND STATUS**

	<b>2013-2014 Current Modified</b>	<b>2013-2014 YTD Actual</b>	<b>2013-2014 % of Budget</b>
<i>Unrestricted Ending Fund Balance</i>	58,992,299	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>2013-2014 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

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

	2013-2014 Current Modified	2013-2014 YTD Actual	2013-2014 % of Budget
<i>Revenues</i>	71,877,480	\$17,939,747	25.0%
<i>Expenditures</i>	90,639,226	\$40,079,784	44.2%

**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 2013, revenues totaled \$17.9 million, or 25.0% of the budgeted estimate. The largest source of revenue in this fund, the transfer from the Sewer Service and Use Charge Fund (\$41.0 million), has not yet been received. This transfer occurs in two installments on or around February 1<sup>st</sup> and June 1<sup>st</sup>. Revenues from recycled water are estimated to exceed the budgeted levels of \$4.0 million by approximately \$1.0 million due to stronger sales. Weather conditions are resulting in an increased demand for recycled water. Overall, revenues are tracking to meet or exceed budgeted estimates by year-end.

*Expenditures* – Expenditures in this fund represent the costs required for the operation and maintenance of the San José-Santa Clara Regional Wastewater Facility, including the South Bay Water Recycling System and associated regulatory activities. Through December 2013, \$40.1 million, or 44.2% of the budget, has been expended, and an additional \$15.2 million, or 13.6%, has been encumbered. Spending is lower than expected in several appropriations, with the largest savings expected in the Environmental Services Department (ESD) Personal Services, Finance Department Personal Services and Workers' Compensation Claims appropriations. It is estimated that the \$43.3 million ESD Personal Services appropriation may have \$3.2 million in savings by year-end, the \$521,000 Finance Department Personal Services appropriation is estimated to have \$240,000 in savings, and the \$600,000 Workers' Compensation appropriation is estimated to have \$340,000 in savings. These savings are primarily due to approximately 60 position vacancies supported by this fund, including positions in the following classifications: Wastewater Operators, Wastewater Mechanics, Industrial Electricians, Instrument Control Technicians and Wastewater Mechanics/Heavy Diesel Equipment Operator/Mechanics. As of November 2013, the combined vacancy rate for these classifications was approximately 25%. Recruiting efforts have been underway to fill many of these positions; however, there have been significant challenges in recruiting and retaining staff at the Regional Wastewater Facility. A portion of the projected savings in the ESD Personal Services appropriation is recommended to be reallocated to the ESD Non-Personal/Equipment appropriation (\$930,000) and the City Attorney's Personal Services appropriation (\$50,000) as described below.

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MID-YEAR BUDGET REVIEW**

**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

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

**FUND STATUS**

Since 2012-2013, the Administration has been making substantial efforts to strategize and manage the staffing challenges at the Wastewater Facility. During 2013-2014, ESD hosted a Wastewater Career Exploration Fair and had over 120 attendees. Another Wastewater Career Exploration Day is planned for spring 2014. Human Resources has also completed a procurement effort to secure third party recruiting resources, with ESD leveraging these resources to fill several positions. Additionally, a master agreement with HKA Enterprises, Inc. to provide temporary staffing resources for Plant Mechanics and Plant Operators was approved by the City Council on March 5, 2013. The temporary Plant Operators and Plant Mechanics have helped bridge the staffing gap in these classifications until permanent employees are hired. The City has also retained PLS Consulting, Inc. to conduct a classification and market study for several mission critical classifications. In Phase I, PLS Consulting, Inc. analyzed the Plant Operator, Plant Mechanic, and Heavy Diesel Equipment Operator Mechanics classifications series. Classification and compensation revisions were recommended and approved by the City Council in August 2013. In Phase II, a review of the Instrumentation, Process Control, and Residual Solids Management classifications began in May 2013 and is anticipated to be completed by spring 2014. In October 2013, the City Council also approved a three-year agreement with Competency Training Systems International to develop and implement a competency based training system that consistently advances the competence of Facility employees, and accelerates integration of new and temporary staff to ensure continued and smooth operation of the Wastewater Facility. ESD will continue to work with the City Manager's Office and the Human Resources Department to identify and pursue ways to retain and recruit critical wastewater facility staff.

An increase of \$930,000 to the ESD Non-Personal/Equipment appropriation of \$28.6 million is recommended to address increased energy costs at the Wastewater Facility. As a result of recent failures, that have since been repaired, with the fuel cell and engine generators that would normally generate electricity, the Wastewater Facility has had to rely heavily on Pacific Gas and Electric (PG&E) electricity purchases. PG&E has also increased prices during peak periods (May 2013 through October 2013). Additionally, one of the main electrical generators is anticipated to be removed from service in February 2014 for major maintenance repairs which will further the Wastewater Facility's reliance on PG&E electricity. An increase of \$50,000 to the City Attorney's Office Personal Services appropriation is recommended for legal services needed for the environmental review of the San José/Santa Clara Water Pollution Control Plant Master Plan project. Sufficient savings in the ESD Personal Services appropriation are available to offset these costs.

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

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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

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

**FUND STATUS**

	<b>2013-2014 Current Modified</b>	<b>2013-2014 YTD Actual</b>	<b>2013-2014 % of Budget</b>
<i>Unrestricted Ending Fund Balance</i>	4,031,801	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. Due to projected expenditure savings, it is anticipated that the unrestricted ending fund balance will be higher than budgeted at year-end.



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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**SANITARY SEWER CONNECTION FEE FUND**

	2013-2014 Current Modified	2013-2014 YTD Actual	2013-2014 % of Budget
<i>Revenues</i>	851,000	1,477,045	173.6%
<i>Expenditures</i>	8,753,828	886,803	10.1%

**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, revenues totaling \$1.5 million were received from connection fees and interest. This collection level exceeds the annual budgeted estimate of \$851,000 due to higher than estimated developer contributions for connection fees. Revenues are projected to end the year at \$2.0 million. The additional revenue will be programmed as part of the 2014-2015 Proposed Capital Budget and 2015-2019 Proposed Capital Improvement Program (CIP).

*Expenditures* – Expenditures in this fund represent the costs for increasing the capacity of and expanding the Sanitary Sewer System. Through December, \$887,000, or 10.1%, of the budget had been expended and an additional \$1.3 million, or 14.8%, encumbered.

Staff anticipates expending and encumbering approximately \$6.2 million, or 70.4% of the budget, in 2013-2014, 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 \$370,000, or 20.0%, through December. It is anticipated that all of the funds will be expended or encumbered by year-end. The Immediate Replacement and Diversion Projects appropriation (\$769,000), which is used for areas that require immediate sewer replacement as part of maintenance activities and in response to sanitary sewer overflows, has \$718,000, or 91.4%, 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.

<b>2013-2014 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 \$2.6 million, or 29.6%, of the expenditure budget will fall to fund balance or be recommended for rebudget into 2014-2015 as part of the 2014-2015 Proposed Capital Budget and 2015-2019 CIP. This is due to the delay of several long-term capacity enhancement projects, including the Bollinger Road – Blaney Avenue Sanitary Sewer Improvements, North San José Sanitary Sewer Improvements, and Stevens Creek Boulevard Sanitary Sewer Improvements projects. The Bollinger Road – Blaney Avenue project will be delayed since it has been determined that there is no immediate need to improve this section of the sanitary sewer system. The North San José Sanitary Sewer Improvement appropriation funds potential cost sharing arrangements for developer installed sanitary improvements in the area, however, it is anticipated that there will be no improvements in 2013-2014. The Stevens Creek Boulevard Sanitary Sewer Improvements project will be delayed due to the reallocation of staff resources to address unexpected higher priority improvements related to sanitary sewer overflows and/or severely deteriorated sewers.

	2013-2014 Current Modified	2013-2014 YTD Actual	2013-2014 % of Budget
<i>Unrestricted Ending Fund Balance</i>	5,893,983	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>2013-2014 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

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

	2013-2014 Current Modified	2013-2014 YTD Actual	2013-2014 % of Budget
<i>Revenues</i>	24,929,000	8,530,531	34.2%
<i>Expenditures</i>	110,940,134	11,568,721	10.4%

**FUND STATUS**

*Revenues* – Budgeted revenue for this fund in the Sanitary Sewer Capital Program in 2013-2014 consists of transfers from the Sewer Service and Use Charge Fund (\$23.6 million), reimbursements from the West Valley Sanitation District (WVSD) for joint projects (\$712,000), settlement revenue for a pipeline rehabilitation project on Montague Expressway (\$477,000), and interest (\$140,000). 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. It is anticipated that receipts from the WVSD will be approximately \$520,000 by year-end due to the delay of the 60-inch Brick Interceptor Rehabilitation Project. All other revenues are expected to be received by the end of the year, as budgeted.

*Expenditures* – Expenditures in this fund represent the costs of improvements and rehabilitation of the Sanitary Sewer System. Through December, \$11.6 million or 10.4%, of the budget was expended and an additional \$12.4 million or 11.2%, was encumbered. Staff anticipates expending approximately \$78.0 million, or 70.3%, in projects in 2013-2014, focusing on large capacity enhancement efforts such as the Coleman Road Sanitary Sewer Improvements, Husted-Richland Sanitary Sewer Improvements, Monterey-Riverside Relief Sanitary Sewer, Rincon Avenue – Virginia Avenue Sanitary Sewer Improvements, Trimble Road Sanitary Sewer Improvements, and a number of neighborhood sewer improvement projects that will reduce sanitary sewer overflows and/or repair severely deteriorated sewers.

However, it is expected that at year-end, approximately \$32.8 million, or 29.5%, of the expenditure budget will primarily be recommended for rebudget into 2014-2015 as part of the 2014-2015 Proposed Capital Budget and 2015-2019 Proposed Capital Improvement Program (CIP). This is due to the delay of several projects as a result of more urgent projects that were identified during the fiscal year to alleviate ongoing operation and maintenance costs. Award and/or construction of several projects, including the Almaden Expressway Sanitary Sewer Improvements, Minnesota Avenue Sanitary Sewer Improvements, Stevens Creek Boulevard Sanitary Sewer Improvements, Cast Iron Pipe Replacement – West, Kelez Drive and El Prado Drive Sanitary Sewer Replacement, Mackey Avenue Sanitary Sewer Replacement, and Fourth Major Interceptor, Phase IIB/IIIB projects will be now deferred to 2014-2015. The 60” Brick Interceptor Rehabilitation Project comprises the largest portion that is anticipated to be unexpended (\$25.0 million) this year due to the complexity of the design work that will be included in

<b>2013-2014 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**

this project. The construction contract award for this project will be delayed to 2014-2015, which will provide additional time for staff to refine the design of this project.

The Bollinger Road – Blaney Avenue Sanitary Sewer Improvements project is estimated to have \$5.6 million in savings by year-end. After further review of this project, it has been determined that there is no immediate need to improve this section of the sanitary sewer system at this time. As a result, a recommendation to reallocate \$5.1 million of this funding to the Immediate Replacement and Diversion Projects (\$2.9 million) and the Urgent Rehabilitation and Repair Projects (\$2.2 million) appropriations is included in this report. The additional funding in these appropriations will address the sanitary sewer overflows and/or severely deteriorated sewers at several locations, including Cinnabar-North Autumn area, West Virginia-Hull Avenue, Pine Avenue, Willowgate, Echo Loop, Electra Way, Madrona Avenue, and Seven Trees area.

	<b>2013-2014 Current Modified</b>	<b>2013-2014 YTD Actual</b>	<b>2013-2014 % of Budget</b>
<i>Unrestricted Ending Fund Balance</i>	8,457,904	N/A	N/A

Fund Balance – No adjustment to the Ending Fund Balance in the Sewer Service and Use Charge Capital Improvement Fund is recommended at this time.

<b>2013-2014 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**STORM SEWER CAPITAL FUND**

	2013-2014 Current Modified	2013-2014 YTD Actual	2013-2014 % of Budget
<i>Revenues</i>	19,830,308	6,023,898	30.4%
<i>Expenditures</i>	21,315,849	3,751,698	17.6%

**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 (\$18.0 million), the California Proposition 84 Stormwater Grant (\$1.8 million) and interest earnings (\$26,000). Through December, revenues totaled \$6.0 million, or 30.4% of the budgeted estimate. Due to project delays with the Martha Gardens Green Alley and Park Avenue Green Avenue projects, reimbursements from the California Proposition 84 Stormwater Grant of \$1.8 million are now estimated to be received in 2014-2015. Transfers from the Storm Sewer Operating 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.

*Expenditures* – Expenditures in this fund represent the costs of improvements and rehabilitation of the Storm Sewer System. Through December, \$3.8 million or 17.6% of the budget was expended, and an additional \$3.3 million or 15.4% was encumbered.

It is currently estimated that approximately \$17.8 million, or 83.6%, will be expended or encumbered on projects and related expenses by the end of the year, including the award of the following construction projects: Madrona Avenue Storm Sewer Improvements and Martha Gardens Green Alley. It is anticipated that design or execution of consultant design agreements will occur in 2013-2014 for the following projects: Almaden-Canoas Storm Sewer Improvements, Alviso Storm Pump Station, and Willow Glen-Guadalupe, Phase III.

It is expected that at year-end, approximately \$2.7 million, or 12.6%, of the expenditure budget will be recommended for rebudget into 2014-2015 as part of the 2014-2015 Proposed Capital Budget and 2015-2019 Proposed Capital Improvement Program (CIP). It is anticipated that the Charcot Storm Pump Station at Coyote Creek appropriation will be rebudgeted to allow for the additional coordination necessary with the Santa Clara Valley Water District to identify a suitable site for the pump station. The Park Avenue Green Avenue project is expected to be delayed due to additional coordination necessary to potentially combine grant funding from the California Proposition 84 Stormwater Grant with a separate Metropolitan Transportation Commission grant for roadway/pedestrian improvements into a single project.

<b>2013-2014 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**STORM SEWER CAPITAL FUND**

**FUND STATUS**

Approximately \$811,000 of the expenditure budget will be recommended for reallocation in 2014-2015 as part of the 2014-2015 Proposed Capital Budget and 2015-2019 Proposed CIP. The potential scope of the Alviso Pump Station may include the upgrade or complete replacement of the Gold Street pump station and force main. Therefore, the funding in the Gold Street Storm Pump Station Force Main appropriation will be recommended to be reallocated to the Alviso Pump Station project in 2014-2015 as part of the 2014-2015 Proposed Capital Budget and 2015-2019 Proposed CIP.

	<b>2013-2014 Current Modified</b>	<b>2013-2014 YTD Actual</b>	<b>2013-2014 % of Budget</b>
<i>Unrestricted Ending Fund Balance</i>	1,874,780	N/A	N/A

Fund Balance – No adjustment to the Ending Fund Balance in the Storm Sewer Capital Fund is recommended at this time.

<b>2013-2014 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**TRANSIENT OCCUPANCY TAX FUND**

	2013-2014 Current Modified	2013-2014 YTD Actual	2013-2014 % of Budget
<i>Revenues</i>	15,906,000	6,548,996	41.2%
<i>Expenditures</i>	19,283,406	7,226,676	37.5%

**FUND STATUS**

*Revenues* – Revenues in the Transient Occupancy Tax (TOT) Fund are tracking above estimated levels. The 2013-2014 Modified Budget assumed a 5.0% increase from 2012-2013 revenues. Through December 2013, Transient Occupancy Tax receipts of \$5.9 million were 9.3% above December 2012 receipts. The TOT Fund has also received \$600,000 from taxes that should have been paid in prior years (\$486,000) and associated penalties (\$114,000). If current collection trends continue, receipts are projected to exceed the budgeted estimate by approximately \$1.3 million. If warranted, an upward adjustment will be brought forward at year-end.

The increase in TOT receipts is due to increased occupancy and average daily room rates. Through December, the average hotel occupancy rate at the 14 major hotels was 68.1%, up from 64.4% for the same period last year, while room rates have increased from \$134.34 to \$149.24 (11.1%). As of December, the year-to-date average revenue-per-available room (RevPAR) metric of \$101.73 represents an increase of 17.3% from the prior year level.

*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. Should TOT collections exceed or fall short of anticipated levels, the allocations to the recipients are adjusted. No adjustment is recommended at this time, but maybe by year-end if revenue collections exceed the budgeted level as currently trending.

	2013-2014 Current Modified	2013-2014 YTD Actual	2013-2014 % of Budget
<i>Unrestricted Ending Fund Balance</i>	1,471,592	N/A	N/A

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

2013-2014

MID-YEAR  
BUDGET  
REVIEW

SECTION  
III

RECOMMENDED  
BUDGET ADJUSTMENTS AND  
CLEAN-UP ACTIONS



**2013-2014  
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 consists of the following types of changes:

**General Fund**

**Urgent Fiscal/Program Needs** – This section recommends net increases to expenditures totaling \$730,000 based on an evaluation of urgent fiscal or program needs. These adjustments are being brought forward for City Council consideration as part of this report, rather than later through the annual budget process, to comply with actions recently authorized by the City Council or that the Administration has deemed can or should not wait until later in the year. Additional detailed information on these adjustments can be found in the following pages of this section.

**Required Technical/Rebalancing Actions** – This section recommends net increases of \$30,000 to expenditures and net increases of \$760,000 to revenues. These increases are necessary to realign and rebalance General Fund revenue or departmental expenditure line-items. Additional detailed information on these adjustments can be found in the following pages of this section.

**Grants/Reimbursements/Fees** – This section recommends increases to both revenues and expenditures totaling \$12.9 million to recognize new or adjusted grant, reimbursement, or fee activity revenue and adjust the appropriations for these purposes as appropriate. Additional detailed information on these adjustments can be found in the following pages of this section.

**Special/Capital Funds**

**Special/Capital Fund Adjustments** – These actions adjust revenue estimates 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.

**2013-2014  
MID-YEAR BUDGET REVIEW**

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

**RECOMMENDED 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 salary changes that were approved by the City Council in 2013-2014. The following types of adjustments are included:

**Fund Balance Reconciliation** – These actions revise the Beginning Fund Balance estimates in the 2013-2014 budget based on a reconciliation to the final audited 2012-2013 Comprehensive Annual Financial Report.

**Salary Program** – The 2013-2014 Salary Program includes net-zero adjustments to various departments and funds to reflect 2.0% salary increases that were negotiated and agreed to by the City and three bargaining units (Association of Building, Mechanical and Electrical Inspectors (ABMEI), Association of Engineers and Architects (AEA), and International Brotherhood of Electrical Workers (IBEW)). In addition, a mediator's recommended settlement has been reached between the City and the International Union of Operating Engineers, Local #3 (OE#3), and if ratified, this contract is currently scheduled for City Council consideration on February 25, 2014. Actions in this document assume the approval of the OE#3 contract. If this contract is not approved, savings will result in various departments and funds at year-end. Compensation adjustments for all other employee groups, with the exception of the International Association of Fire Fighters, Local 230 (IAFF), have been previously distributed earlier this year. Lastly, distribution of funding associated with the management pay for performance program to departments with insufficient vacancy savings is included in this document. In the General Fund, decreases to the Employee Compensation Planning Earmarked Reserve (\$766,080) and the Salaries and Benefits Earmarked Reserve (\$133,000) are recommended to fund these adjustments to the departmental personal services allocations. In all other funds, decreases to the Employee Compensation Planning Reserves total \$932,400 are recommended to fund these adjustments.

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

- **Net-Zero Funding Transfers/Reallocations** – These actions include net-zero transfers between appropriations, funds and revenue categories, and the redistribution of funding allocations.

**2013-2014  
MID-YEAR BUDGET REVIEW**

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

**RECOMMENDED CLEAN-UP ACTIONS**

**General Fund & Special/Capital Funds**

- Transfer to the General Fund – Interest Earnings – These actions reflect higher than projected interest earnings in several funds and corresponding transfers to the General Fund. In a number of special and capital funds, the interest earnings in those funds are transferred to the General Fund. Due to a combination of higher than anticipated revenues, such as the Construction and Conveyance Tax (C&C) revenues, and a slower rate of expenditures, interest earnings are tracking to exceed the budgeted estimate by a combined total of \$120,000 in multiple Special and Capital Funds. Recommendations are included in this report to increase interest earnings in these funds and the corresponding transfers of these revenues to the General Fund by their respective amounts.
- Technical Corrections – These actions revise project appropriations in the 2013-2014 budget to correct inadvertent rebudget or allocation errors, offset by Ending Fund Balance or corresponding project appropriation actions.

# General Fund Recommended Budget Adjustments Summary

## 2013-2014 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
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### URGENT FISCAL/PROGRAM NEEDS

***Police Department Non-Personal/Equipment - South Bay Coalition to End Human Trafficking Coordinator***

POLICE			\$50,000	
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This action increases the Police Department Non-Personal/Equipment appropriation by \$50,000 to support the efforts of the South Bay Coalition to End Human Trafficking organization as directed by City Council on September 12, 2013. This organization supports human trafficking prevention, intervention, prosecution, and victim services in our region. In addition to ongoing efforts, an immediate need is planning and coordination for the 2016 Super Bowl to be hosted in Santa Clara. Historically, regions that host large-scale sporting events, such as the upcoming 2016 Super Bowl, experience an increase in human trafficking and commercial sex exploitation. This action will provide funding to support a full-time coordinator position that supports the coalition through a policy-based collaborative approach that will complement the work of the San José Police Department. It should be noted that an increase to the Anti-Human Trafficking Task Force Program Grant 2012 appropriation, offset by grant revenue, is also recommended elsewhere in this report to assist with these efforts.

***Police Department Overtime Reserve (reallocation from Police salary and benefits savings)***

EARMARKED RESERVES			\$4,000,000	
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This action establishes a \$4.0 million Police Department Overtime Earmarked Reserve for 2014-2015. As of January 16, 2014, authorized sworn staffing levels totaled 1,109, of which 970 were street ready (87.4% - this number includes sworn employees on disability leave), 76 were in training (6.9%), and 63 were vacant (5.7%). Although the Department is conducting regular police officer recruit academies to hire for the sworn vacancies, the Department is anticipated to begin 2014-2015 with approximately 70-80 sworn vacancies based on current attrition rates. It is anticipated that additional overtime funding will be needed in 2014-2015 to continue backfilling for vacant patrol positions and maintain targeted enforcement of high crime activity through suppression cars. The Department continues to review strategies to improve the rate of sworn hiring and training in an effort to increase street-ready sworn positions in the department to the extent possible. The funding will also be available to cover civilian staffing vacancies, as needed. This action is recommended to be funded by Police Department salary and benefit savings. A corresponding action to reduce the Police Department's Personal Services appropriation is also recommended in this report.

# General Fund Recommended Budget Adjustments Summary

## 2013-2014 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 Personal Services (reallocation to Police Department Overtime Reserve)</i></b>	POLICE		(\$4,000,000)	
<p>This action establishes a \$4.0 million Police Department Overtime Earmarked Reserve for 2014-2015. As of January 16, 2014, authorized sworn staffing levels totaled 1,109, of which 970 were street-ready (87.4% - this number includes sworn employees on disability leave), 76 were in training (6.9%), and 63 were vacant (5.7%). Although the Department is conducting regular police officer recruit academies to hire for the sworn vacancies, the Department is anticipated to begin in 2014-2015 with approximately 70-80 sworn vacancies based on current attrition rates. It is anticipated that additional overtime funding will be needed in 2014-2015 to continue backfilling for vacant patrol positions and maintain targeted enforcement of high crime activity through suppression cars. The Department continues to review strategies to improve the rate of sworn hiring and training in an effort to increase street-ready sworn positions in the department to the extent possible. The funding will also be available to cover civilian staffing vacancies, as needed. This action is recommended to be funded by Police Department salary and benefit savings. A corresponding action to reduce the Police Department Personal Services appropriation is also recommended.</p>				
<b><i>Police Department Personal Services - Downtown Foot Patrol Program</i></b>	POLICE			
<p>This action increases the Police Department's overtime funding by \$200,000, offset by departmental salaries and benefits savings, to support a Downtown Foot Patrol program which will enhance safety and security, support ongoing surveillance and apprehension projects, and allow specialized units such as the Downtown Services Unit and Metro to focus on high crime activity. This program will address growing concerns from businesses and the public regarding current safety levels downtown by deploying four Police Officers and one Police Sergeant on a 5 hours per day 5 days per week schedule. This program will be evaluated for continuation in 2014-2015 as part of the Proposed Budget process.</p>				
<b><i>Property Assessed Clean Energy Program</i></b>	CITY-WIDE EXPENSES		\$230,000	
<p>This action establishes a Property Assessed Clean Energy (PACE) Program appropriation to the Finance Department in the amount of \$230,000. Funding will assist in the development of a Request for Qualifications (RFQ) for a third-party administrator to form and administer a PACE District within the City's boundaries as directed by City Council on December 3, 2013. Resources will be used to fund outside counsel (\$130,000) for the City Attorney's Office to assist in the RFQ/exemplar agreement and the negotiation, execution, and monitoring of the third party administrator agreement, as well as for an outside financial advisor (\$100,000) to assist in the development of an RFQ and a technical review of responses.</p>				

# General Fund Recommended Budget Adjustments Summary 2013-2014 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>Public Works Unfunded Projects</i>	CITY-WIDE EXPENSES		\$200,000	
<p>This action increases the Public Works Unfunded Projects appropriation by \$200,000, from \$168,000 to \$368,000, to fund planning activities associated with the development of a lease agreement with the San José Patent and Trademark Office for the use of the City Hall Wing that is anticipated to be brought forward for City Council consideration this spring. These funds will also be used for programming, space planning, and procurement of a design-build contractor to reconstruct the office space on the first, second, and third floors of the Wing as well as the space at City Hall to accommodate displaced operations from the Wing to the Tower in anticipation of the approval of a lease agreement with the United States Patent and Trademark Office (USPTO). It should be noted that it is anticipated that there will be a cost sharing component for the costs of the project with the USPTO as part of the lease agreement. Staff is in the process of evaluating the amount of additional funding in 2014-2015 necessary for the design and construction of this project.</p>				
<i>Transportation Department Non-Personal/Equipment - Sidewalk Hardship Program</i>	TRANSPORTATION		\$250,000	
<p>This action increases the Transportation Department Non-Personal/Equipment appropriation by \$250,000 to provide additional funding for the Tree Maintenance and Sidewalk Repair Financial Hardship Assistance Program, increasing the program funding from \$160,000 to \$410,000. Street tree maintenance and sidewalk repairs are the responsibility of adjacent property owners. This program provides financial assistance to eligible low-income property owners for tree maintenance activities that include pruning and removal, and sidewalk repairs that include sidewalk grinding, sidewalk replacement, curb/gutter replacement, and driveway approach replacement. The current funding of \$160,000 was exhausted by the end of October 2013, and this recommended action will provide funding for the remainder of the fiscal year and allow for the adjustment of the 2014-2015 Base Budget accordingly.</p>				
<b>TOTAL URGENT FISCAL/PROGRAM NEEDS</b>			<b>\$730,000</b>	<b>\$0</b>

## REQUIRED TECHNICAL/REBALANCING ACTIONS

## General Fund Recommended Budget Adjustments Summary 2013-2014 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>Arena Traffic Control (Secondary Employment Unit)</i></b>	TRANSPORTATION		\$25,000	
<p>This action increases the Arena Traffic Control appropriation by \$25,000, from \$227,000 to \$252,000. On July 1, 2013, the pay rate for special events coordinated through the Police Secondary Employment Unit (SEU) and performed by police sworn staff increased by 15%, from \$48.00 to \$55.00 per hour, by the authority of the Chief of Police. SEU includes traffic control services provided by sworn police officers during events held at the San José McEnery Convention Center and the SAP Center. This action ensures that there is sufficient funding to cover the rate increase and maintain the current level of service.</p>				
<b><i>Council District #8 (reallocation from Office of the Mayor)</i></b>	MAYOR & COUNCIL		\$56,000	
<p>This action increases the Council District #8 appropriation by \$56,000 to correct an error. In 2012-2013, the cost of a new hire in the Office of the Mayor was inadvertently charged to the Council District #8 appropriation. A corresponding decrease to the Office of the Mayor appropriation is also recommended in this report.</p>				
<b><i>FMC Operating Site Costs</i></b>	CITY-WIDE EXPENSES		\$20,000	
<p>This action increases the FMC Operating Site Costs appropriation by \$20,000 to ensure that sufficient funding is available for the operating costs of the FMC property for the remainder of the year. These costs include utilities to operate the site.</p>				
<b><i>Finance Department Non-Personal/Equipment - PeopleSoft Tax Update</i></b>	FINANCE		\$100,000	
<p>This action increases the Finance Department Non-Personal/Equipment appropriation by \$100,000 to ensure tax tables are current for payroll. As a result of the discontinuation of support for the current human resources/payroll system software in December 2012, annual payroll tax updates are necessary to ensure the viability of the current system. The Administration has funding appropriated for an upgrade to the human resources/payroll system and is planning on issuing a Request for Proposal (RFP) this spring.</p>				

# General Fund Recommended Budget Adjustments Summary

## 2013-2014 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>Fire Department Overtime</i></b>	FIRE			
<p>This action increases the Fire Department's overtime budget by \$750,000, from \$5.3 million to \$6.0 million, offset by departmental salary and benefit savings. This adjustment will bring the overtime budget in line with projected expenditures and ensure that sufficient funding is available to maintain current minimum staffing levels. Overtime has been used to backfill vacancies and absences in line duty positions (vacation, strike team deployments, modified duty, sick leave, disability, and other absences). One factor impacting overtime this year is the increase in disability hours, up 12% over the historically high level experienced last year. Strike Team deployments have also impacted overtime and a separate budget action is recommended to recognize reimbursement revenue and allocate those funds to Fire Department overtime to support those deployments.</p>				
<b><i>Office of Economic Development Building Development Fee Program - Personal Services</i></b>	ECONOMIC DEVELOPMENT		\$50,000	
<p>This action increases the Building Development Fee Program – Personal Services appropriation in the Office of Economic Development (OED) by \$50,000 to account for the projected staff costs that support the Development Fee Program. It is recommended that this increase be offset by savings in the Planning, Building and Code Enforcement Department's Building Development Fee Program – Personal Services appropriation as described elsewhere in this report.</p>				
<b><i>Office of Economic Development Non-Personal/Equipment (reallocation to Personal Services)</i></b>	ECONOMIC DEVELOPMENT		(\$150,000)	
<p>This action decreases the Office of Economic Development Non-Personal/Equipment appropriation by \$150,000, offset by an increase in the Personal Services appropriation, to address a portion of a projected personal services overage by year-end. The higher than estimated expenditures are primarily due to Real Estate staff allocating a higher percentage of their time to work supported by the General Fund rather than Capital Funds as was budgeted. The Office of Economic Development and the Budget Office will continue to closely monitor expenditures and may bring forward to the City Council more adjustments at year-end if needed. A corresponding decrease to the Office of Economic Development Non-Personal/Equipment appropriation is also recommended in this report.</p>				



# General Fund Recommended Budget Adjustments Summary

## 2013-2014 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>Office of Economic Development Personal Services (reallocation from Non-Personal/Equipment)</i></b>	ECONOMIC DEVELOPMENT		\$150,000	
<p>This action increases the Office of Economic Development Personal Services appropriation by \$150,000, offset by a decrease in the Non-Personal/Equipment appropriation, to address a portion of a projected personal services overage by year-end. The higher than estimated expenditures are primarily due to Real Estate staff allocating a higher percentage of their time to work supported by the General Fund rather than Capital Funds as was budgeted. The Office of Economic Development and the Budget Office will continue to closely monitor expenditures and may bring forward to the City Council more adjustments at year-end if needed. A corresponding decrease to the Office of Economic Development Non-Personal/Equipment appropriation is also recommended in this report.</p>				
<b><i>Office of the Mayor (reallocation to Council District #8)</i></b>	MAYOR & COUNCIL		(\$56,000)	
<p>This action decreases the Office of the Mayor appropriation by \$56,000 to correct an error. In 2012-2013, the cost of a new hire in the Office of the Mayor was inadvertently charged to the Council District #8 appropriation. A corresponding increase to the Council District #8 appropriation is also recommended in this report.</p>				
<b><i>Parking Citations/Jail Courthouse Fees/Fines, Forfeitures, and Penalties</i></b>	CITY-WIDE EXPENSES		(\$425,000)	(\$1,000,000)
<p>This action decreases the revenue estimate for Fines, Forfeitures and Penalties by \$1,000,000 due to lower than expected Parking Fines and reduces the Parking Citations/Jail Courthouse Fees appropriation to reflect a reduction in activity. The reduction in Parking Fines revenue is the result of staff vacancies and a higher level of staff absences due to a combination of injuries and non-work related injuries/illness. The reduction in revenue is partially offset by a reduction to the Parking Citations/Jail Courthouse Fees appropriation (\$425,000) to reflect the lower activity level.</p>				
<b><i>Planning, Building and Code Enforcement Department - Building Development Fee Program - Personal Services</i></b>	PLANNING, BLDG, & CODE ENF		(\$50,000)	
<p>This action decreases the Building Development Fee Program - Personal Services appropriation by \$50,000 and reflects anticipated year-end savings due to vacancies. These savings are recommended to be reallocated to provide funding for higher than anticipated staffing costs in the Office of Economic Development (OED) that support the Building Development Fee Program. A corresponding increase to OED's Building Development Fee Program - Personal Services appropriation is also recommended in this report.</p>				

# General Fund Recommended Budget Adjustments Summary

## 2013-2014 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>Police Department Overtime</i></b>	POLICE			
<p>This action increases the Police Department overtime budget by \$3.0 million, offset by anticipated departmental salary and benefit savings. Based on current expenditure trends, overtime expenditures are tracking to exceed the budget of \$18.1 million by approximately \$3.0 million. This increase is primarily due to the need to backfill for sworn positions that are vacant, not street ready, and/or not available to work, as well as to backfill for civilian vacancies. The Police Department's current overtime budget of \$18.1 million incorporates increases of \$6.2 million for 2013-2014 and is in close alignment with the 2012-2013 actual expenditures of \$18.6 million. This funding provides resources while the department works through filling vacant positions and training new employees. However, street-ready sworn positions are 2.6% (26 positions) lower than last year at this time, necessitating additional overtime resources to meet service demands. Also, dispatcher vacancies or positions in training continue to remain high (30%) which require backfilling to ensure adequate service levels. The additional \$3.0 million in overtime funding will ensure service levels to our community remain at a minimum of last year's levels. In addition, a separate action is recommended in this document to increase the Police Department overtime budget by \$200,000, offset by salary and benefit savings, to fund a Downtown Foot Patrol program. With these two actions, a total of \$3.2 million, from \$18.1 million to \$21.3 million, is recommended to be reallocated to the overtime budget.</p>				
<b><i>Property Tax Administration Fee</i></b>	CITY-WIDE EXPENSES		\$185,000	
<p>This action increases the Property Tax Administration Fee (PTAF) appropriation by \$185,000 (from \$1.6 million to \$1.8 million) to align the budget with preliminary projections provided by the County of Santa Clara which are above levels assumed in the development of the 2013-2014 Adopted Budget. The PTAF provides payment to the County of Santa Clara for the cost to administer property taxes.</p>				
<b><i>Revenue - Business Taxes (Disposal Facility Tax)</i></b>	REVENUE ADJUSTMENTS			\$500,000
<p>This action increases the Business Taxes revenue estimate by \$500,000 (from \$42.4 million to \$42.9 million) to reflect an increase in revenue from the Disposal Facility Tax (DFT). DFT are business taxes based on the tons of solid waste disposed at landfills within the City of San José. Revenue is driven by various factors that affect the amount of waste generated and how it is disposed, including economic activity, weather, diversion programs, and price sensitivity to disposal rates. This increase is primarily attributed to higher amounts of waste disposed at the landfills from the neighboring jurisdictions. DFT collections are projected to total \$10.5 million, up from the 2013-2014 revenue estimate of \$10.0 million, but slightly below the 2012-2013 collection level of \$10.7 million.</p>				

# General Fund Recommended Budget Adjustments Summary

## 2013-2014 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>				\$2,000,000
REVENUE ADJUSTMENTS				
<p>This action increases the estimate for Sales Tax by \$2.0 million from \$170.1 million to \$172.1 million due to higher General Sales Tax receipts for the first quarter of 2013-2014. This action aligns the budgeted estimate for General Sales Tax with actual 1st quarter receipts, which reflected 8.5% growth compared to the budgeted estimate of 3.0%. However, it should be noted that on an economic basis, growth of 4.1% was actually realized that quarter. Please refer to the Status of the General Fund Revenues section of this document (Section I. B.) for more detailed information about Sales Tax performance.</p>				
<b>Revenue - Transfers and Reimbursements</b>				\$620,000
REVENUE ADJUSTMENTS				
<p>This action increases the Transfers and Reimbursements revenue estimate by \$620,000 from \$68.2 million to \$68.8 million. This increase reflects the net impact of higher collection levels in Gas Taxes (\$500,000) and interest transfers (\$120,000). Please refer to the Status of the General Fund Revenues section of this document (Section I. B.) for more detailed information.</p>				
<b>Revenue – Other Revenue (Banking Services Reimbursement)</b>				(\$1,150,000)
REVENUE ADJUSTMENTS				
<p>This action reduces the estimate for Other Revenue to reflect the elimination of the reimbursement from City funds for costs associated with Banking Services. The reimbursement cost for banking services was inadvertently double counted in the 2013-2014 Adopted Budget as it was being reimbursed directly by City funds and it was also included in the calculations of the 2013-2014 Cost Allocation Plan. This action corrects the error.</p>				
<b>Revenue – Other Revenue (Payment Manager Implementation Delay)</b>				(\$250,000)
REVENUE ADJUSTMENTS				
<p>This action decreases the estimate for Other Revenue by \$250,000 due to delays in the implementation of the Payment Manager program approved in the 2013-2014 Adopted Operating Budget. Under this program, a new vendor payment process would allow vendors to receive electronic payments in-lieu of manual checks. Vendors choosing to participate in receiving the City's payments in this faster and more efficient manner would incur a small fee assessed by the banking services provider. The banking services provider would then share a portion of this revenue with the City. As a result of vacancies in the Finance Department, the implementation of this program was delayed but is anticipated to begin in 2014. Since the revenue sharing agreement with the City's bank is based on a calendar year, revenues are paid annually in the subsequent year. Therefore, the delay in implementation results in anticipated revenues to be received approximately one year later, January 2015. This revised timeline will be incorporated into the development of the 2014-2015 budget process, as appropriate.</p>				

# General Fund Recommended Budget Adjustments Summary

## 2013-2014 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>Transfer to the Neighborhood Security Bond Fund/Transfers and Reimbursements</i>	TRANSFERS		\$40,000	\$40,000
<p>These technical adjustments increase the revenue estimate for Transfers and Reimbursements and establishes a Transfer to the Neighborhood Security Bond Fund (Bond Fund) in the amount of \$40,000 in order to: 1) recognize the transfer of bond proceeds from the Bond Fund to reimburse the General Fund for costs associated with several Public Safety Capital projects; and 2) transfer General Fund funding to the Bond Fund to reimburse the Bond Fund for capital expenditures which have been determined as ineligible to be reimbursed from bond proceeds.</p>				
<i>Workers' Compensation Claims - Police Department (reallocation to Workers' Compensation Claims - Public Works Department)</i>	CITY-WIDE EXPENSES		(\$400,000)	
<p>This action decreases the Workers' Compensation Claims – Police Department appropriation by \$400,000, from \$8.6 million to \$8.2 million, offset by an increase in the Workers' Compensation Claims – Public Works Department appropriation. The Workers' Compensation Claims – Public Works Department appropriation is anticipated to exceed the budget as a result of four unanticipated high-value claims adjustments, which will be offset by projected savings in the Workers' Compensation Claims – Police Department appropriation. This reallocation of funds will address the projected overage. A corresponding increase to the Workers' Compensation Claims – Public Works Department appropriation is also recommended in this report.</p>				
<i>Workers' Compensation Claims - Public Works Department (reallocation from Workers' Compensation Claims - Police Department)</i>	CITY-WIDE EXPENSES		\$400,000	
<p>This action increases the Workers' Compensation Claims – Public Works Department appropriation by \$400,000, from \$320,000 to \$720,000, offset by a decrease in the Workers' Compensation Claims – Police Department appropriation. The Workers' Compensation Claims – Public Works Department appropriation is anticipated to exceed the budget as a result of four unanticipated high-value claims adjustments, which will be offset by projected savings in the Workers' Compensation Claims – Police Department appropriation. This reallocation of funds will address the projected overage. A corresponding decrease to the Workers' Compensation Claims – Police Department appropriation is also recommended in this report.</p>				
<i>Workers' Compensation State License</i>	CITY-WIDE EXPENSES		\$85,000	
<p>This action increases the Workers' Compensation State License appropriation by \$85,000, from \$916,000 to \$1.0 million, due to a higher than expected invoice from the State of California. The State has increased five of the six assessment factors that comprise the total fee and as a result the fee's actual increase was 14.7% over the previous year. The budget assumed a 5.0% increase over the previous year.</p>				

# General Fund Recommended Budget Adjustments Summary

## 2013-2014 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>TOTAL REQUIRED TECHNICAL/REBALANCING ACTIONS</b>			<b>\$30,000</b>	<b>\$760,000</b>
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<i>1st Act Silicon Valley Digital Media Grant/Other Revenue</i>	CITY-WIDE EXPENSES		\$5,200	\$5,200
<p>This action increases the 1st Act Silicon Valley Digital Media Grant appropriation and the estimate for Other Revenue by \$5,200 to fund "The Studio", a space for youth at the Seven Trees Community Center to become more engaged and connect with each other through self-expression using digital outlets. Teens will participate in three 12-week sessions to create digital media, including documentaries, music videos, and public service announcements on issues that are important to them. The intent of this program is to spark the next generation of creative thinkers, artists and innovators.</p>				
<i>2013-2014 Northern California High Intensity Drug Trafficking Area/Revenue from Local Agencies</i>	POLICE		\$33,602	\$33,602
<p>This action increases the Police Department Personal Services appropriation and the estimate for Revenue from Local Agencies to recognize grant funding. The Northern California High Intensity Drug Trafficking Area (NC HIDTA) will reimburse the City for overtime related to one San José Officer assigned to the Task Force (\$8,602). NC HIDTA will also reimburse the City for overtime for one officer participating in the South Bay Metro Task Force operations (\$25,000) during the grant period of January 1, 2013 through December 31, 2014.</p>				
<i>After School Education and Safety Programs for 2013-2014 (Ocala Neighborhood After School Activities)/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$49,960	\$49,960
<p>This action increases the After School Education and Safety Programs for 2013-2014 appropriation and the estimate for Revenue from Local Agencies by \$49,960 to recognize a grant from the County Probation Department to fund safe after school activities in the Ocala Neighborhood. These funds will be used to engage middle school youth in social, recreational and academic support activities to keep them active and safe, while encouraging their academic achievements. The program will lead students through designed science and math projects that will enhance the student's critical thinking, solution-finding, and team work skills.</p>				

# General Fund Recommended Budget Adjustments Summary

## 2013-2014 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<b>GRANTS/REIMBURSEMENTS/FEEES</b>				
<i>After School Education and Safety Programs for 2013-2014/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$243,620	\$243,620
<p>This action increases the After School Education and Safety Programs for 2013-2014 appropriation and the estimate for Revenue from Local Agencies by \$243,620. These funds increase the number of schools in the Berryessa Union and Alum Rock School Districts that provide after school education and safety programs for the 2013-2014 school year. The After School Education and Safety Program is a voter-approved initiative to support local after school education and enrichment programs by providing literacy, academic enrichment, and constructive alternatives for students in kindergarten through the ninth grade.</p>				
<i>Anti-Drug Abuse Grant 2013-2014/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$98,182	\$98,182
<p>This action establishes an Anti-Drug Abuse Grant 2013-2014 appropriation to the Police Department and increases the estimate for Revenue from State of California to recognize Governor's Office of Emergency Services reimbursements for equipment and training related to anti-drug abuse activities. The Department will purchase night vision binocular kits and tactical vests. In addition, the funding will allow 11 officers to attend the California Narcotics Officers' Association (CNOA) Conference, three officers to attend the California Association of Tactical Officers Conference, and five officers to attend the California Homicide Investigators Association Conference to learn the best practices in these fields and relate the practices when narcotics are involved.</p>				
<i>Anti-Human Trafficking Task Force Program Grant 2012/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$67,463	\$67,463
<p>This action increases the Anti-Human Trafficking Task Force Program Grant 2012 appropriation and the estimate for Revenue from State of California to recognize the Governor's Office of Emergency Services reimbursements for overtime costs and equipment related to anti-human trafficking activities. The Department will purchase binoculars, night vision monoculars, and cameras to be used in undercover human trafficking operations. The Department was originally awarded \$200,000 for these efforts with a spending deadline of September 30, 2013. On November 26, 2013, the Department received notification that the existing grant was being augmented with additional funds totaling \$67,463 and a grant extension to June 14, 2014.</p>				

## General Fund Recommended Budget Adjustments Summary 2013-2014 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>Avoid the 13 Grant 2013-2014/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$3,200	\$3,200
<p>This action establishes an Avoid the 13 Grant 2013-2014 appropriation to the Police Department and increases the estimate for Revenue from State of California to recognize Office of Traffic Safety grant funding. The funding award of \$3,200 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 four DUI saturation patrols within the grant period of October 1, 2013 through September 30, 2014.</p>				
<i>Building Development Fee Program Reserve/Licenses and Permits</i>	EARMARKED RESERVES		\$8,000,000	\$8,000,000
<p>This action increases the revenue estimate for Building Permits in the Licenses and Permits revenue category by \$8.0 million, from \$21.0 million to \$29.0 million, based on current collection trends. Revenues are projected to exceed budgeted levels due to higher than anticipated development activity in both residential and non-residential areas. Major projects include: Samsung Semiconductor, San Jose Earthquakes, housing development in North San José, and development at the "Hitachi site." A corresponding increase to the Building Development Fee Program Earmarked Reserve will ensure this funding is preserved for program work-in-progress.</p>				
<i>Cirque du Soleil/Other Revenue</i>	CITY-WIDE EXPENSES		\$130,000	\$130,000
<p>This action increases the Cirque du Soleil appropriation and the estimate for Other Revenue by \$130,000 to recognize anticipated parking revenue from attendees of the Cirque du Soleil show being held January 22, 2014 through March 2, 2014. This projected revenue will be used to offset Cirque du Soleil production expenses, including project management costs, site preparation costs, parking operator costs, traffic control costs, and parking space rental costs paid to the County of Santa Clara.</p>				
<i>Council District #2 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$3,500	\$3,500
<p>This action increases the Council District #2 appropriation to reflect sponsorship funding received for the Future Roots Festival (\$2,500) and the Indian Independence Flag Raising ceremony (\$1,000).</p>				
<i>Council District #4 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$600	\$600
<p>This action increases the Council District #4 appropriation to reflect sponsorship funding received for the Breakfast with Santa Event.</p>				
<i>Council District #7 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$1,000	\$1,000
<p>This action increases the Council District #7 appropriation to reflect sponsorship funding received for the Mid Autumn Festival Event.</p>				

## General Fund Recommended Budget Adjustments Summary 2013-2014 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>Council District #8 Special Event Sponsorship/Other Revenue</i></b>	MAYOR & COUNCIL		\$15,900	\$15,900
This action increases the Council District #8 appropriation to reflect sponsorship funding received for the Day in the Park Event.				
<b><i>Council District #9 Special Event Sponsorship/Other Revenue</i></b>	MAYOR & COUNCIL		\$1,100	\$1,100
This action increases the Council District #9 appropriation to reflect sponsorship funding received for the 8th Annual Cambrian Festival Event.				
<b><i>Fire Development Fee Program Reserve/Licenses and Permits</i></b>	EARMARKED RESERVES		\$800,000	\$800,000
This action increases the revenue estimate for Fire Permits in the Licenses and Permits revenue category by \$800,000, from \$6.3 million to \$7.1 million, based on current collection trends. Revenues are projected to exceed budgeted levels due to higher than anticipated development activity, primarily in residential areas. Major projects include: Samsung Semiconductor, San Jose Earthquakes, housing development in North San José, and development at the "Hitachi site." A corresponding increase to the Fire Development Fee Program Earmarked Reserve will ensure this funding is preserved for program work-in-progress.				
<b><i>Internet Crimes Against Children State Grant 2013-2014/Revenue from State of California</i></b>	CITY-WIDE EXPENSES		\$100,000	\$100,000
This action establishes an Internet Crimes Against Children State Grant 2013-2014 appropriation and increases the estimate for Revenue from State of California to recognize the Governor's Office of Emergency Services grant funding. The grant will reimburse for the travel and training of San José Police Department (SJPD) Internet Crimes Against Children (ICAC) investigators and Silicon Valley ICAC (SVICAC) affiliate agency investigators, overtime, and equipment to support the program within the grant period of July 1, 2013 through June 30, 2014.				
<b><i>Library Grants/Revenue from Federal Government</i></b>	LIBRARY		\$54,800	\$54,800
This action increases the Library Grants appropriation and the estimate for Revenue from Federal Government to recognize the Access to Learning: Online Training for Adult Literacy Tutors grant award in the amount of \$54,800 received from the federal Library Services and Technology Act (LSTA) funds. This grant will enable the collaboration between the San José Public Library and the Santa Clara City Library to develop professionally produced online training for volunteer adult literacy tutors.				



## General Fund Recommended Budget Adjustments Summary 2013-2014 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>Library Grants/Revenue from State of California</i></b>	LIBRARY		\$47,016	\$47,016
<p>This action increases the Library Grants appropriation and the estimate for Revenue from State of California to recognize the California Library Literacy Services (CLLS) grant award to support the Adult Literacy and Families for Literacy programs. These programs help adults increase their basic literacy skills and learn how to support the emerging literacy needs of their young children.</p>				
<b><i>National Forum Capacity - Building Grant OJJDP 2012-2015/Revenue from Federal Government</i></b>	CITY-WIDE EXPENSES		\$45,000	\$45,000
<p>This action increases the National Forum Capacity-Building Grant OJJDP 2012-2015 appropriation to the Parks, Recreation and Neighborhood Services Department and estimate for Revenue from the Federal Government by \$45,000. The Office of Juvenile Justice and Delinquency Prevention (OJJDP) originally awarded a grant of \$125,000 in 2012-2013, whose term extends through 2013-2014. The original agreement supported efforts by the Mayor's Gang Prevention Task Force (MGPTF) to address youth and gang violence through partnerships, sharing common challenges, data-driven strategies, and comprehensive planning efforts. This supplemental agreement for \$170,000 - of which \$45,000 will be allocated in 2013-2014 and \$125,000 in 2014-2015 - extends the efforts well underway by the MGPTF, with a focus on services for gang-impacted female youth. These additional funds are intended to enhance service effectiveness, reduce high-risk behaviors, and establish the San José BEST Learning Community to support continuous program enhancements and improvements.</p>				
<b><i>Organized Crime Drug Enforcement Task Force Program/Revenue from Federal Government</i></b>	POLICE		\$10,714	\$10,714
<p>This action increases the Police Department Personal Services appropriation and the estimate for Revenue from Federal Government to recognize grant funding to support overtime staffing while working on the Organized Drug Enforcement Task Force (OCDETF). The award of \$10,714 reimburses the Department for work done on two separate OCDETF operations, Operation Knight's Castle (\$714), and Operation Devil's Harvest (\$10,000). San José Police Officers worked overtime to assist the task force with narcotics related investigations, operations, and prosecutions.</p>				
<b><i>Parks, Recreation and Neighborhood Services Department Fee Activities/Departmental Charges</i></b>	PARKS, REC, & NEIGH SVCS		\$180,000	\$180,000
<p>This action increases the Parks, Recreation and Neighborhood Services Department (PRNS) Fee Activities appropriation and the PRNS Departmental Charges revenue estimate by \$180,000. Through the first six months of the year, PRNS Fee Activities are tracking to exceed the budgeted revenue estimate by \$180,000 due to increased participation levels in recreation classes offered. The increase in the Fee Activities appropriation will provide for additional staff and vendor hours needed to support the increased class participation levels.</p>				

## General Fund Recommended Budget Adjustments Summary 2013-2014 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><b><i>Planning Development Fee Program/Departmental Charges</i></b></p> <p>This action increases the revenue estimate for Planning Fees in the Departmental Charges revenue category by \$1.0 million, from \$3.0 million to \$4.0 million, based on current collection trends. Revenues are projected to exceed budgeted levels due to higher than anticipated development activity in residential and non-residential areas. Major projects include: Samsung Semiconductor, San Jose Earthquakes, housing development in North San José, and development at the "Hitachi site." A corresponding increase to the Planning Development Fee Program Earmarked Reserve will ensure this funding is preserved for program work-in-progress.</p>	EARMARKED RESERVES		\$1,000,000	\$1,000,000
<p><b><i>Police Department Non-Personal/Equipment (Cardroom Backgrounding)/Licenses and Permits</i></b></p> <p>This action increases the Police Department's Non-Personal/Equipment appropriation and estimate for Licenses and Permits by \$190,000 to fund contractual background investigation services related to cardrooms. This includes investigations of the Third Party Provider of Proposition Player Services business (Funding Source) used by the cardrooms. The Department will be reimbursed for expenses incurred as part of cardroom license application fee deposit.</p>	POLICE		\$190,000	\$190,000
<p><b><i>Public Works Department Non- Personal/Equipment - American Society for the Prevention of Cruelty to Animals (ASPCA)/Other Revenue</i></b></p> <p>This action increases the Public Works Department Non-Personal/Equipment appropriation and the estimate for Other Revenue to recognize a grant from the American Society for the Prevention of Cruelty to Animals (ASPCA). This funding will be used for a consultant study of the Animal Care and Services Division's cat program in order to reduce the number of cat intake and euthanasia occurrences experienced at the Animal Care Center.</p>	PUBLIC WORKS		\$35,000	\$35,000
<p><b><i>Public Works Development Fee Program - Personal Services/Departmental Charges</i></b></p> <p>This action increases the Public Works Development Fee Program - Personal Services appropriation in the amount of \$550,000 to fund four temporary positions that were recently approved and additional overtime to address the increased workload as a result of higher than anticipated development activity. This action would be supported by fee revenue and a corresponding increase to the estimate for Departmental Charges is also recommended.</p>	PUBLIC WORKS		\$550,000	\$550,000

## General Fund Recommended Budget Adjustments Summary 2013-2014 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>Public Works Development Fee Program Reserve/Departmental Charges</i></b>	EARMARKED RESERVES		\$1,000,000	\$1,000,000
<p>This action increases the revenue estimate for Public Works Fees in the Departmental Charges revenue category by \$1.0 million, from \$5.6 million to \$6.6 million, based on current collection trends. Revenues are projected to exceed budgeted levels due to higher than anticipated development activity in residential and non-residential areas. Major projects include: Samsung Semiconductor, San Jose Earthquakes, housing development in North San José, and development at the "Hitachi site." A corresponding increase to the Public Works Development Fee Program Earmarked Reserve will ensure this funding is preserved for program work-in-progress.</p>				
<b><i>San José BEST and Safe Summer Initiatives Programs (Parent Project)/Other Revenue</i></b>	CITY-WIDE EXPENSES		\$8,524	\$8,524
<p>This action increases the San José BEST and Safe Summer Initiatives Programs (BEST Program) appropriation to the Parks, Recreation and Neighborhood Services Department and the estimate for Other Revenue by \$8,524 for Parent Project. Parents who attend anti-gang seminars reimburse the BEST Program for the cost of the training materials received. These funds offset the cost of producing these materials.</p>				
<b><i>Special Operations Training/Revenue from State of California</i></b>	FIRE		\$14,015	\$14,015
<p>This action increases the Fire Department's Personal Services appropriation and estimate for Revenue from State of California to support various Urban Search and Rescue (USAR) specialized training activities. The award of \$14,015 from a State Homeland Security grant reimburses the Department for training activities including rescue systems, confined space, trench rescue, river flood, and urban shield.</p>				
<b><i>Strike Team Reimbursements/Revenue from Federal Government</i></b>	FIRE		\$158,046	\$158,046
<p>This action increases the Fire Department's Personal (\$132,021) and Non-Personal/Equipment (\$26,025) appropriations to reimburse for a Strike Team that was deployed to assist with the Rim fire in the central Sierra Nevada region in August 2013. Strike Team reimbursements include costs associated with the backfill need of the department while teams are deployed, as well as the associated apparatus costs. A corresponding increase to the estimate for Revenue from Federal Government is also recommended.</p>				

# General Fund Recommended Budget Adjustments Summary 2013-2014 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>Task Force 3 and Urban Shield Training/Revenue from Federal Government</i>	FIRE		\$15,231	\$15,231
<p>This increases the Fire Department Personal Services appropriation and the estimate for Revenue from Federal Government to recognize grant funding to support California Task Force 3 (National Urban Search and Rescue Team) training. The award of \$15,231 reimburses the Department for training exercises that took place July 2013 through November 2013. In addition, a Fire Captain participated in a one-day Urban Shield exercise, conducted in Oakland, California.</p>				
<i>Walmart Foundation Grant/Other Revenue</i>	PARKS, REC, & NEIGH SVCS		\$1,000	\$1,000
<p>This action increases the Parks, Recreation and Neighborhood Services Department's Non-Personal/Equipment appropriation and estimate for Other Revenue by \$1,000 to recognize a grant from The Walmart Foundation. These funds will provide nutrition and wellness activities for teens at the Seven Trees Community Center.</p>				
<b>TOTAL GRANTS/REIMBURSEMENTS/FEES</b>			<b>\$12,862,673</b>	<b>\$12,862,673</b>

**General Fund Recommended Budget Adjustments Totals**

<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
	\$13,622,673	\$13,622,673

## Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT CAPITAL IMPVT FUND (520)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Airport Capital Program		(\$128,000)	
This action decreases the Ending Fund Balance by \$128,000 to offset the actions recommended below.				
<b><i>Taxiway W Improvements/Earned Revenue – TSA/FAA Grants</i></b>	Airport Capital Program		(\$200,000)	(\$328,000)
This action decreases the Taxiway W Improvements appropriation by \$200,000 and the estimate for Earned Revenue by \$328,000. Federal Aviation Administration (FAA) grant funding was awarded for the construction of Phase III of the Taxiway W Improvements project. Based on lower than budgeted project costs, this action recommends aligning budgeted grant revenues and expenditures to reflect actual Phase III project costs.				
<b>TOTAL AIRPORT CAPITAL IMPVT FUND (520)</b>			(\$328,000)	(\$328,000)
<b>AIRPORT CUST FAC &amp; TRANS FD (519)</b>				
<b><i>Future Debt Service Reserve</i></b>	Airport		\$1,354,319	
This action increases the Future Debt Service Reserve to offset the actions recommended in this report.				
<b><i>Transfer from the Airport Revenue Bond Improvement Fund</i></b>	Airport			\$949,794
This action recognizes a Transfer from the Airport Revenue Bond Improvement Fund to the Airport Customer Facility and Transportation Fee Fund in the amount of \$949,794. In November 2013, the Airport completed the Customer Facility Charges audit, which reconciled actual project costs and bond issuance for the Consolidated Rental Car Garage (ConRAC). As a result of the audit, Airport staff determined that the Series 2011B Bond issuance was higher than necessary to refund the taxable commercial paper notes, which were originally issued to fund the design and construction of the ConRAC. Since the 2011B Bond debt service is fixed and is the responsibility of the Rental Car Agencies (RACs), this recommendation will return the excess funding to the RACs. A corresponding adjustment in the Airport Revenue Bond Improvement Fund establishing the transfer to this fund is also recommended in this report.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT CUST FAC &amp; TRANS FD (519)</b>				
<i>Transfer to the Airport Surplus Revenue Fund</i>	Airport		(\$404,525)	
<p>This action decreases the Transfer to the Airport Surplus Revenue Fund from the Airport Customer Facility and Transportation Fee Fund by \$404,525. In 2011, the Series 2011B Bonds were issued to refund the taxable commercial paper notes (CP) used to fund the design and construction of the Consolidated Rental Car Garage (ConRAC). In 2012-2013, additional ConRAC costs in the amount of \$404,525 were incurred after this bond issuance, which increased the responsibility of the RACs. Adjustments to refund CP for these expenditures were approved as part of the 2012-2013 Annual Report. In November 2013, the Airport completed the Customer Facility Charges audit, which reconciled actual project costs and bond issuance for the ConRAC. The audit determined that the Series 2011B Bond issuance is sufficient to fund the additional 2012-2013 ConRAC costs; therefore, the actions in the Annual Report can be reversed. A corresponding adjustment in the Airport Surplus Revenue Fund is also recommended in this report.</p>				
<b>TOTAL AIRPORT CUST FAC &amp; TRANS FD (519)</b>			<b>\$949,794</b>	<b>\$949,794</b>
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>				
<i>Office of Economic Development Non-Personal/Equipment – Public Art Maintenance</i>	Airport		\$5,000	
<p>This action establishes the Office of Economic Development’s Non-Personal/Equipment appropriation in the Airport Maintenance and Operation Fund in the amount of \$5,000. This recommendation provides contractual services funding for the maintenance of existing Public Art exhibits at the Norman Y. Mineta San José International Airport (SJC). A corresponding decrease to the Operations Contingency appropriation is also recommended in this report.</p>				
<i>Office of Economic Development Personal Services</i>	Airport		\$32,000	
<p>This action increases the Office of Economic Development’s Personal Services appropriation in the Airport Maintenance and Operation Fund by \$32,000. This increase provides funding for the oversight and management of existing Public Art exhibits located at SJC. A corresponding decrease to the Operations Contingency appropriation is also recommended in this report.</p>				
<i>Operations Contingency</i>	Airport		(\$37,000)	
<p>This action decreases the Operations Contingency appropriation to offset the actions recommended in this report.</p>				
<b>TOTAL AIRPORT MAINT &amp; OPER FUND (523)</b>			<b>\$0</b>	<b>\$0</b>
<b>AIRPORT REV BOND IMP FUND (526)</b>				
<i>Ending Fund Balance Adjustment</i>	Airport Capital Program		(\$976,632)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				

# Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT REV BOND IMP FUND (526)</b>				
<b><i>Taxiway W Improvements</i></b>	Airport Capital Program		(\$1,371,000)	
<p>This action decreases the local match portion of funding in the Taxiway W Improvements appropriation by \$1,371,000 to align the budget with actual expenditures. Actual Phase III costs were lower than budgeted. An action to decrease the grant funded portion of this project in the Airport Capital Improvement Fund is also recommended in this report.</p>				
<b><i>Transfer to the Airport Customer Facility and Transportation Fee Fund</i></b>	Airport Capital Program		\$949,794	
<p>This action establishes a Transfer to the Airport Customer Facility and Transportation Fee Fund from the Airport Revenue Bond Improvement Fund in the amount of \$949,794. In November 2013, the Airport completed the Customer Facility Charges audit, which reconciled actual project costs and bond issuance for the Consolidated Rental Car Garage (ConRAC). As a result of the audit, Airport staff determined that the Series 2011B Bond issuance was higher than necessary to refund the taxable commercial paper notes, which were originally issued to fund the design and construction of the ConRAC. Since the 2011B Bond debt service is fixed and is the responsibility of the Rental Car Agencies (RACs), this recommendation will return the excess funding to the RACs. A corresponding adjustment in the Airport Customer Facility and Transportation Fee Fund is also recommended in this report.</p>				
<b><i>Transfer to the Airport Surplus Revenue Fund</i></b>	Airport Capital Program		\$1,397,838	
<p>This action establishes a Transfer to the Airport Surplus Revenue Fund from the Airport Revenue Bond Improvement Bond in order to repay outstanding Taxable Series C Commercial Paper Program. In August 2013, Airport received a partial refund from the American International Group for the Terminal Area Improvement Program (TAIP) Owner-Controlled Insurance Program (OCIP) claims loss reserve, which was established with Taxable Series C Commercial Paper notes. This recommendation applies this refund to the Taxable Series C Commercial Paper Program previously used to fund the TAIP OCIP claims loss reserve. A corresponding increase in the Airport Surplus Revenue Fund is also recommended in this report.</p>				
<b>TOTAL AIRPORT REV BOND IMP FUND (526)</b>			<b>\$0</b>	<b>\$0</b>

# Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT SURPLUS REV FD (524)</b>				
<p><b><i>Commercial Paper Principal and Interest/Transfer from the Airport Customer Facility and Transportation Fee Fund</i></b></p> <p>This action decreases the Commercial Paper Principal and Interest appropriation and the Transfer from the Airport Customer Facility and Transportation Fee Fund by \$404,525. In 2011, the Series 2011B Bonds were issued to refund the taxable commercial paper notes (CP) used to fund the design and construction of the Consolidated Rental Car Garage (ConRAC). In 2012-2013, additional ConRAC costs in the amount of \$404,525 were incurred after this bond issuance, which increased the responsibility of the RACs. Adjustments to refund CP to pay for this additional expenditure were approved as part of the 2012-2013 Annual Report. In November 2013, the Airport completed the Customer Facility Charges audit, which reconciled actual project costs and bond issuance for the ConRAC. The audit determined that the Series 2011B Bond issuance is sufficient to fund the additional 2012-2013 ConRAC costs; therefore, the actions in the Annual Report can be reversed. A corresponding adjustment in the Airport Customer Facility and Transportation Fee Fund is also recommended in this report.</p>	Airport		(\$404,525)	(\$404,525)
<p><b><i>Commercial Paper Principal and Interest/Transfer from the Airport Revenue Bond Improvement Fund</i></b></p> <p>This action increases the Commercial Paper Principal and Interest appropriation by \$1,397,838 and establishes a Transfer from the Airport Revenue Bond Improvement Fund to the Airport Surplus Revenue Fund to reflect the partial refund of Taxable Series C Commercial Paper notes used to establish the TAIP OCIP claims loss reserve. This recommendation applies this refund to the Taxable Series C Commercial Paper Program previously used to fund the TAIP OCIP claims loss reserve.</p>	Airport		\$1,397,838	\$1,397,838
<b>TOTAL AIRPORT SURPLUS REV FD (524)</b>			\$993,313	\$993,313
<b>BENEFIT FUND (160)</b>				
<p><b><i>401(a) Defined Contribution Retirement Plan/Transfers</i></b></p> <p>This action increases the 401(a) Defined Contribution Retirement Plan appropriation for the Defined Contribution Retirement Plan for Unit 99 employees by \$31,000 (from \$25,000 to \$56,000). Based on current tracking, it is anticipated that the City's contributions to the Tier 3 401(a) retirement plan will exceed the current budget due to an increase in newly hired employees in Unit 99 opting into Tier 3 in lieu of Tier 2B. A recommended increase to the estimate for Transfers is included to offset this action and reflects the increase in transfers from various city funds to pay the City's portion of this budget.</p>	Human Resources		\$31,000	\$31,000
<p><b><i>FICA-Medicare/Transfers</i></b></p> <p>This action increases the FICA-Medicare appropriation and revenue estimate for Transfers from various City funds by \$191,000 (from \$6,370,000 to \$6,561,000) to reflect higher than anticipated expenditures as a result of higher staffing costs in this category than assumed in the development of the 2013-2014 Adopted Budget.</p>	Human Resources		\$191,000	\$191,000



## Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>BENEFIT FUND (160)</b>				
<b><i>PTC 457/Transfers</i></b>	Human Resources		\$30,000	\$30,000
<p>This action increases the Part-Time, Temporary, and Contractual (PTC) 457 (Deferred Compensation Retirement Plan) appropriation and revenue estimate for Transfers from various City funds by \$30,000 (from \$900,000 to \$930,000) to reflect expenditures that are higher than anticipated, as a result of increased PTC staffing levels, in the development of the 2013-2014 Adopted Budget.</p>				
<b>TOTAL BENEFIT FUND (160)</b>			<b>\$252,000</b>	<b>\$252,000</b>
<b>BLDG &amp; STRUCT CONST TAX FD (429)</b>				
<b><i>Earned Revenue - Building and Structure Construction Tax</i></b>	Traffic Capital Program			\$8,000,000
<p>This action increases the Building and Structure Construction Tax revenue estimate by \$8.0 million, from \$11.0 million to \$19.0 million. Through December 2013, Building and Structure Construction Tax receipts totaled \$12.5 million and have exceeded the annual budgeted estimate of \$11.0 million. The increased revenue collections are primarily due to large projects underway, which include the construction of the San Jose Earthquakes soccer stadium, the Samsung Semiconductor facility in North San José, and commercial and residential development at the "Hitachi site", located at the northeast corner of Highway 85 and Cottle Road. The additional estimated revenue is recommended to be allocated to a Future Projects Reserve (\$7.5 million) and to provide the local grant match for several projects (\$500,000), as described elsewhere in this report.</p>				
<b><i>Earned Revenue - San Carlos Streetscape Improvements</i></b>	Traffic Capital Program			\$25,000
<p>This action increases the estimate for Earned Revenue to recognize grant funding for the San Carlos Streetscape Improvements project by \$25,000, which will align the total grant amount that is anticipated to be received.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Traffic Capital Program		\$25,000	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<b><i>Future Projects Reserve</i></b>	Traffic Capital Program		\$7,500,000	
<p>This action establishes a Future Projects Reserve in the amount of \$7.5 million that will be recommended for allocation as part of the 2015-2019 Proposed Capital Improvement Program. This Reserve is recommended to be funded by additional Building and Structure Construction Tax revenue that is anticipated to be received by year-end.</p>				
<b><i>Ocala Avenue Pedestrian Improvements</i></b>	Traffic Capital Program		\$100,000	
<p>This action establishes an Ocala Avenue Pedestrian Improvements appropriation in the amount of \$100,000 to begin initial design work. The Highway Safety Improvements Program awarded a grant to the City of San José to make various pedestrian improvements on Ocala Avenue. The multi-year grant award is \$1.4 million with a \$378,000 local match. This action provides funding for a portion of the local match in the amount of \$100,000 for 2013-2014 and will be offset by additional Building and Structure Construction Tax revenue, as recommended elsewhere in this report.</p>				

# Special/Capital Funds Recommended Budget Adjustments Summary

## 2013-2014 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 Street Multimodal Streetscape Improvements Phase II</i></b>	Traffic Capital Program		\$300,000	
<p>This action increases funding for the San Carlos Street Multimodal Streetscape Improvements Phase II project in the amount of \$300,000 to address unforeseen repairs of structural beams in two basements that must be completed prior to the start of the project construction. To offset this action, a corresponding decrease to the Ending Fund Balance is also recommended in this report.</p>				
<b><i>St. John Bike/Pedestrian Improvements</i></b>	Traffic Capital Program		\$100,000	
<p>This action establishes a St. John Bike/Pedestrian Improvements appropriation in the amount of \$100,000 to begin the initial project design. In June 2013, the City Council approved the submittal of several grant applications to the Metropolitan Transportation Commission (MTC) One Bay Area Grant (OBAG) for Surface Transportation Program and Congestion Mitigation and Air Quality (CMAQ) grants. The City of San José was subsequently awarded several multi-year grants for various projects, with the City responsible for a local match for each grant. This includes the St. John Complete Street Corridor project that will enhance multimodal connectivity between the SAP Center and the St. James Park Light Rail Station and expand the scope of a Phase I project in the St. John Street corridor. Improvements will include sidewalk widening, installation of dedicated on-street bicycle facilities, light improvements, and signage. The multi-year grant award is \$1.2 million with a local match of \$339,000. This action provides funding for a portion of the local match in the amount of \$100,000 for 2013-2014 and will be offset by additional Building and Structure Construction Tax revenue, as recommended elsewhere in this report.</p>				
<b><i>The Alameda Beautiful Way Phase 2</i></b>	Traffic Capital Program		\$300,000	
<p>This action establishes The Alameda Beautiful Way Phase 2 appropriation in the amount of \$300,000 to begin the initial project design. In June 2013, the City Council approved the submittal of several grant applications to the Metropolitan Transportation Commission (MTC) One Bay Area Grant (OBAG) for Surface Transportation Program and Congestion Mitigation and Air Quality (CMAQ) grants. The City of San José was subsequently awarded several multi-year grants for various projects, with the City responsible for a local match for each grant. This includes The Alameda Beautiful Way Phase 2 project that will enhance pedestrian and vehicular safety on The Alameda between Fremont and Newhall, creating a multimodal corridor segment. The multi-year grant award is \$3.5 million with a local match of \$930,000. This action provides funding for a portion of the local match in the amount of \$300,000 for 2013-2014 and will be offset by additional Building and Structure Construction Tax revenue, as recommended elsewhere in this report.</p>				
<b><i>Traffic Signal &amp; Lighting Program/Earned Revenue</i></b>	Traffic Capital Program		\$30,000	\$30,000
<p>This action increases the Traffic Signal &amp; Lighting Program appropriation and the corresponding revenue estimate to reflect reimbursements received from several developers for the purchase of traffic signal controllers.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 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>				
<i>Underground Utilities - City Conversions</i>	Traffic Capital Program		(\$300,000)	
<p>This action decreases the Underground Utilities - City Conversions project in the amount of \$300,000 due to project scope modifications that reduced engineering costs. A corresponding increase to the Ending Fund Balance is also recommended in this report.</p>				
<b>TOTAL BLDG &amp; STRUCT CONST TAX FD (429)</b>			<b>\$8,055,000</b>	<b>\$8,055,000</b>
<b>BRANCH LIB BOND PROJECT FD (472)</b>				
<i>Library Bond Projects Contingency Reserve</i>	Library Capital Program		(\$500,000)	
<p>This action decreases the Library Bond Projects Contingency Reserve to offset the action recommended in this report.</p>				
<i>Southeast Branch</i>	Library Capital Program		\$500,000	
<p>This action increases the Southeast Branch appropriation to fund the projected increase in construction costs and additional contingency. A recent project design cost estimate projects construction costs that are 3.5% greater than the budgeted amount. Given the current upward momentum of the regional economy and construction trades, a rise in projected cost could continue to increase through April 2014 when this project is expected to go out to bid. This funding would cover the shortfall between the current construction cost and the revised cost estimate, along with an additional 1.8% contingency budget (total contingency of 9%) to ensure that sufficient funding is available at the time of bid. A corresponding decrease to the Library Bonds Projects Contingency Reserve is also recommended in this report.</p>				
<b>TOTAL BRANCH LIB BOND PROJECT FD (472)</b>			<b>\$0</b>	<b>\$0</b>
<b>CFD #14 RALEIGH-CHARLOTTE FD (379)</b>				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$30,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Transportation Department Non-Personal/Equipment</i>	Transportation		\$30,000	
<p>This action increases the Transportation Department Non-Personal/Equipment appropriation to provide funding to replace trees within the district that were removed as a result of a tree disease.</p>				
<b>TOTAL CFD #14 RALEIGH-CHARLOTTE FD (379)</b>			<b>\$0</b>	<b>\$0</b>
<b>CFD #2 AND CFD #3 FUND (369)</b>				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$290,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CFD #2 AND CFD #3 FUND (369)</b>				
<i>Transportation Department Non-Personal/Equipment</i>	Transportation		\$290,000	
<p>This action increases the Transportation Department Non-Personal/Equipment appropriation to provide funding for repairs that address leakage at Verona Lake and tree maintenance, including tree pruning, within the boundaries of the district.</p>				
<b>TOTAL CFD #2 AND CFD #3 FUND (369)</b>			<b>\$0</b>	<b>\$0</b>
<b>CFD #8 COMM HILL FUND (373)</b>				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$50,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Transportation Department Non-Personal/Equipment</i>	Transportation		\$50,000	
<p>This action increases the Transportation Department Non-Personal/Equipment appropriation to provide funding to paint the decorative poles in this district, including street lights, bollards, rails, and fences.</p>				
<b>TOTAL CFD #8 COMM HILL FUND (373)</b>			<b>\$0</b>	<b>\$0</b>
<b>COMMTY FACIL REVENUE FUND (422)</b>				
<i>Ending Fund Balance Adjustment</i>	Finance		(\$210,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Repair and Improvements</i>	Finance		\$210,000	
<p>This action increases the Repair and Improvements appropriation for Hayes Mansion by \$210,000 (from \$321,000 to \$531,000). Consistent with past practice, the Repair and Improvements appropriation receives 4% of gross revenues resulting from the operation of Hayes Mansion. Unspent funds in this appropriation are rebudgeted for future repair and improvements. These funds are used for capital improvements, Furnishings, Fixtures, and Equipment (FF&amp;E) expenditures, and to avoid incurring additional costs associated with deferred maintenance. The audited 2012-2013 financials for the Hayes Mansion indicate that funding levels should be set at \$531,000, based on the final gross revenues of 2012-2013, instead of the \$321,000 level that was used in the development of the 2013-2014 Adopted Budget. Therefore, it is recommended that the Repair and Improvements appropriation be increased accordingly.</p>				
<b>TOTAL COMMTY FACIL REVENUE FUND (422)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX FIRE FUND (392)</b>				
<i>Transfer to the Neighborhood Security Bond Fund/Transfers</i>	Public Safety Capital Program		\$575,000	\$575,000
<p>This action establishes a Transfer to the Neighborhood Security Bond Fund (Bond Fund) as well as a revenue estimate for Transfers from the Bond Fund in the amount of \$575,000 in order to: 1) recognize the transfer of bond proceeds from the Bond Fund to reimburse the Fire Construction and Conveyance (C&amp;C) Fund for costs associated with several Public Safety Capital projects; and 2) transfer Fire C&amp;C funding to the Bond Fund to reimburse the Bond Fund for capital expenditures which have been determined as ineligible to be reimbursed from bond proceeds.</p>				
<b>TOTAL CONST/CONV TAX FIRE FUND (392)</b>			<b>\$575,000</b>	<b>\$575,000</b>
<b>CONST/CONV TAX PKS CW FUND (391)</b>				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		(\$900,000)	
<p>This action decreases the Ending Fund Balance by \$900,000 to offset the action recommended in this report.</p>				
<i>Family Camp Repairs - Rim Fire</i>	Parks & Comm Fac Dev Capital Program		\$900,000	
<p>This action establishes the Family Camp Repairs – Rim Fire project in the amount of \$900,000 in the Parks City-Wide Construction &amp; Conveyance (C&amp;C) Tax Fund to pay for necessary repairs and rehabilitation of Family Camp damaged by the Rim Fire forest fire, thereby allowing San José campers to enjoy the facilities this summer. Work includes tent and barn structure replacement, electrical repair, water and sewer system rehabilitation, erosion control, burned tree removal, and related work that will occur over the next four to eight months. While the costs are recommended to be initially supported by the Parks City-Wide C&amp;C Tax Fund, staff anticipates reimbursement in whole or in part by the City's insurance policy covering San José Family Camp, the California Office of Emergency Services (Cal OES) and the Federal Emergency Management Agency (FEMA); the specific amounts from each source are still under discussion. With FEMA's strict timelines for when the work must be completed, staff expects much of the repairs to finish this spring, thereby minimizing impact to campers over the summer.</p>				
<b>TOTAL CONST/CONV TAX PKS CW FUND (391)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONSTRUCTION EXCISE TAX FD (465)</b>				
<i>Bicycle and Pedestrian Facilities/Earned Revenue</i>	Traffic Capital Program		\$59,000	\$41,000
<p>This action increases the Bicycle and Pedestrian Facilities project in the amount of \$59,000 and the corresponding Earned Revenue estimate in the amount of \$41,000 to recognize the Transportation Fund for Clean Air grant from the State for the purchase and installation of approximately 250 two-bicycle racks. The required local match in the amount of \$18,000 will be offset by additional Construction Excise Tax revenue, as recommended elsewhere in this report.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 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>Bus Rapid Transit - Santa Clara/Alum Rock/Earned Revenue</i></b>	Traffic Capital Program		\$70,000	\$70,000
This action increases the Bus Rapid Transit - Santa Clara/Alum Rock project and the corresponding Earned Revenue estimate in the amount of \$70,000 for additional signal design work that has been requested by the Santa Clara Valley Transportation Authority (VTA).				
<b><i>Capitol Expressway Light Rail Pedestrian Improvements/Earned Revenue</i></b>	Traffic Capital Program		\$70,000	\$70,000
This action increases the Capitol Expressway Light Rail Pedestrian Improvements project and the corresponding Earned Revenue estimate in the amount of \$70,000 for additional signal design work that has been requested by the Santa Clara Valley Transportation Authority (VTA).				
<b><i>Capitol Expressway: Story Road and Aborn Road Improvements</i></b>	Traffic Capital Program		(\$298,600)	
This action decreases the Capitol Expressway: Story Road and Aborn Road Improvements appropriation in the amount of \$298,600. The project which was funded by developer contributions has been completed and the remaining project savings will be returned to the Evergreen Benefit Assessment District Fund. A corresponding action is recommended in this report to establish a transfer to the Evergreen Benefit Assessment District Fund.				
<b><i>Downtown and North San José Transportation Improvements Reserve/Earned Revenue</i></b>	Traffic Capital Program		\$3,000,000	\$3,000,000
This action establishes a reserve in the amount of \$3.0 million for Downtown and North San José Transportation Improvements that will be recommended to be allocated as part of the 2015-2019 Proposed Capital Improvement Program. A corresponding increase to the estimate for Earned Revenue is recommended to recognize developer contributions that were received from the Irvine Company. This action is consistent with direction approved by the City Council as part of the Mayor's March Budget Message for Fiscal Year 2013-2014.				
<b><i>Earned Revenue - Construction Excise Tax</i></b>	Traffic Capital Program			\$11,000,000
This action increases the Construction Excise Tax revenue estimate by \$11.0 million, from \$14.0 million to \$25.0 million. Through December 2013, Construction Excise Tax receipts (\$14.5 million) have exceeded the annual budgeted estimate of \$14.0 million. The increased revenue collections are primarily due to large projects underway, which include the San Jose Earthquakes soccer stadium, residential development in North San José, and commercial and residential development at the "Hitachi site", located at the northeast corner of Highway 85 and Cottle Road. The additional revenue that is anticipated to be received by year-end is recommended to be allocated to a Future Projects Reserve (\$8.7 million), a Future Grants Reserve (\$2.0 million), and to provide the local match for several projects (\$274,000), as described elsewhere in this report.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 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>East San José Bike/Pedestrian Transit Connection</i></b>	Traffic Capital Program		\$150,000	
<p>This action establishes an East San José Bike/Pedestrian Transit Connection appropriation in the amount of \$150,000 to begin the initial project design. In June 2013, the City Council approved the submittal of several grant applications to the Metropolitan Transportation Commission (MTC) One Bay Area Grant (OBAG) for Surface Transportation Program and Congestion Mitigation and Air Quality (CMAQ) grants. The City of San José was subsequently awarded several multi-year grants for various projects, with the City responsible for a local match for each grant. This includes the East San José Bike/Pedestrian Transit Connection project that will add 42 miles of bikeways, including development of a primary bikeway route in the Sunset/Hopkins/Ocala corridor. The multi-year grant award is \$2.0 million with a local match of \$532,000. This action provides funding for a portion of the local match in the amount of \$150,000 for 2013-2014 and will be offset by additional Construction Excise Tax revenue, as recommended elsewhere in this report.</p>				
<b><i>Evergreen Traffic Impact Fees Reserve/Earned Revenue</i></b>	Traffic Capital Program		\$397,000	\$397,000
<p>This action increases the Evergreen Traffic Impact Fees Reserve and the Earned Revenue estimate in the amount of \$397,000 to reflect actual traffic impact fees collected from developers through December 2013. The funds are restricted to traffic improvements within the Evergreen Area and will be allocated as projects are identified.</p>				
<b><i>Future Grants Reserve</i></b>	Traffic Capital Program		\$2,000,000	
<p>This action establishes a Future Grants Reserve in the amount of \$2.0 million for future grants that the City of San José may be awarded. This action will be offset by additional Construction Excise Tax revenue as recommended elsewhere in this report.</p>				
<b><i>Future Projects Reserve</i></b>	Traffic Capital Program		\$8,726,000	
<p>This action establishes a Future Projects Reserve in the amount of \$8.7 million that will be recommended for allocation as part of the 2015-2019 Proposed Capital Improvement Program. This action will be offset by additional Construction Excise Tax revenue as recommended elsewhere in this report.</p>				
<b><i>Jackson Avenue Complete Streets/Earned Revenue</i></b>	Traffic Capital Program		\$80,000	\$80,000
<p>This action establishes a Jackson Avenue Complete Streets appropriation and increases the Earned Revenue estimate in the amount of \$80,000 to begin the initial project design. In June 2013, the City Council approved the submittal of several grant applications to the Metropolitan Transportation Commission (MTC) One Bay Area Grant (OBAG) for Surface Transportation Program and Congestion Mitigation and Air Quality (CMAQ) grants. The City of San José was subsequently awarded several multi-year grants for various projects, with the City responsible for a local match for each grant. This includes the Jackson Avenue Complete Streets project that will construct pedestrian safety and transit access enhancements along Jackson Avenue, between McKee Road and Alum Rock Avenue, including three new signalized crosswalks, bus stop upgrades and relocations, sidewalk widening, and new street trees.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 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>North San José Traffic Impact Fees Reserve/Earned Revenue</i></b>	Traffic Capital Program		\$1,790,000	\$1,790,000
<p>This action increases the North San José Traffic Impact Fees Reserve and estimate for Earned Revenue in the amount of \$1.8 million to reflect actual traffic impact fees collected from developers through December 2013. The funds are restricted to traffic improvements within the North San José area and will be allocated as projects are identified.</p>				
<b><i>Pavement Maintenance - Measure B/Earned Revenue</i></b>	Traffic Capital Program		\$286,000	\$286,000
<p>This action increases the Pavement Maintenance - Measure B project and the Earned Revenue estimate in the amount of \$286,000 to recognize funds from the County of Santa Clara generated by vehicle registration fees that will be used to seal and resurface streets in the 400-mile Priority Street Network.</p>				
<b><i>Pedestrian Oriented Traffic Signals/Earned Revenue</i></b>	Traffic Capital Program		\$200,000	\$158,000
<p>This action establishes a Pedestrian Oriented Traffic Safety Signals appropriation in the amount of \$200,000 and increases the Earned Revenue estimate by \$158,000 to begin the initial project design. In June 2013, the City Council approved the submittal of several grant applications to the Metropolitan Transportation Commission (MTC) One Bay Area Grant (OBAG) for Surface Transportation Program and Congestion Mitigation and Air Quality (CMAQ) grants. The City of San José was subsequently awarded several multi-year grants for various projects, with the City responsible for a local match for each grant. This includes the San José Priority Development Area Pedestrian Oriented Traffic Safety Signals project that will construct new traffic signals at six key intersections. The multi-year grant award is \$3.0 million with a local match of \$798,000. A corresponding local match in the amount of \$42,000 for 2013-2014 will be offset by additional Construction Excise Tax revenue, as recommended elsewhere in this report.</p>				
<b><i>Route 101/Oakland/Mabury Impact Fees Reserve/Earned Revenue</i></b>	Traffic Capital Program		\$1,415,000	\$1,415,000
<p>This action increases the Route 101/Oakland/Mabury Traffic Impact Fees Reserve and the estimate for Earned Revenue in the amount of \$1.4 million to reflect actual traffic impact fees collected from developers through December 2013. The funds are restricted to traffic improvements within the Route 101/Oakland/Mabury Area and will be allocated as projects are identified.</p>				
<b><i>Safe Access San José/Earned Revenue</i></b>	Traffic Capital Program		\$264,000	\$200,000
<p>This action increases the Safe Access San José project by \$264,000 and the estimate for Earned Revenue by \$200,000 from a federal Climate Initiative Grant to construct low cost safety improvements such as flashing beacons, ADA ramps, and bulb-outs near schools. The multi-year grant award is \$568,000 with a local match of \$85,000. A corresponding local match in the amount of \$64,000 in 2013-2014 will be offset by additional Construction Excise Tax revenue as recommended elsewhere in this report.</p>				



# Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 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>Signal Retiming - VRF/Earned Revenue</i>	Traffic Capital Program		(\$40,000)	(\$40,000)
<p>This action decreases the Signal Retiming - VRF project and the corresponding Earned Revenue estimate from the Santa Clara Valley Transportation Authority (VTA) in the amount of \$40,000 due to a project scope reduction for the Alum Rock section of the project that will be consolidated with the Santa Clara/Alum Rock Bus Rapid Transit project.</p>				
<i>Transfer to the Evergreen Benefit Assessment District Fund</i>	Traffic Capital Program		\$298,600	
<p>This action establishes a transfer to the Evergreen Benefit Assessment District Fund in the amount of \$298,600 to refund developer contributions associated with the Capitol Expressway: Story Road and Aborn Road Improvements project. This project was completed with savings and those savings are being transferred to the Evergreen Benefit Assessment District Fund. A corresponding action is recommended in this report to decrease the Capitol Expressway: Story Road and Aborn Road Improvements appropriation.</p>				
<b>TOTAL CONSTRUCTION EXCISE TAX FD (465)</b>			<b>\$18,467,000</b>	<b>\$18,467,000</b>
<b>CONTINGENT LIEN DISTRICT FUND (634)</b>				
<i>Berryessa Road Special Assessment District Feasibility Study/Earned Revenue</i>	Developer Assisted Capital Program		\$30,000	\$30,000
<p>This action establishes a Berryessa Road Special Assessment District Feasibility Study appropriation and increases the Earned Revenue estimate to reflect developer contributions received to conduct a feasibility study as requested by the Developer (KB Home South Bay, Inc.). Public Works staff will review and investigate the feasibility of this special district to determine whether a new or amended special district will be approved.</p>				
<b>TOTAL CONTINGENT LIEN DISTRICT FUND (634)</b>			<b>\$30,000</b>	<b>\$30,000</b>
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>				
<i>Convention Facilities Operations/Earned Revenue</i>	Economic Development		\$2,800,000	\$3,000,000
<p>This action increases the Convention Facilities Operations appropriation by \$2.8 million and the Earned Revenue estimate in the amount of \$3.0 million. Based on activity through December and a revised forecast for the remainder of the year, a greater than expected number of contracted events in the Convention Center and other cultural facilities managed by Team San José is anticipated to result in higher revenues and expenditures, primarily related to food and beverage and contract labor. The recommended budget action recognizes the additional anticipated revenue and allocates the majority of those funds to Convention Facilities Operations to ensure sufficient resources are available to support the higher activity level.</p>				
<i>Ending Fund Balance Adjustment</i>	Economic Development		\$174,000	
<p>This action increases the Ending Fund Balance to offset actions recommended in this report.</p>				

# Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 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>				
<i>Insurance Expenses</i>	Economic Development		\$26,000	
<p>This action increases the Insurance Expenses appropriation by \$26,000, from \$200,000 to \$226,000, and follows an earlier \$70,000 increase approved by the City Council in September 2013 that was part of a broader insurance premium adjustment city-wide. The additional \$26,000 more precisely accounts for the insurance coverage of newly renovated space at the Convention Center.</p>				
<b>TOTAL CONV/CULTURAL AFFAIRS FUND (536)</b>			<b>\$3,000,000</b>	<b>\$3,000,000</b>
<b>DENTAL INSURANCE FUND (155)</b>				
<i>Dental HMO Plan</i>	Human Resources		\$22,000	
<p>This action increases the Dental HMO Plan appropriation by \$22,000 (from \$285,000 to \$307,000). Enrollment has increased by 11% since April 2013 in the dental HMO plan and current expenditures are tracking to exceed budgeted levels. This action will align budgeted levels with current enrollment and projected claims costs. A corresponding decrease in the Payment of Claims appropriation for the dental PPO plan is also recommended in this report to reflect the reallocation of participants between the two plans.</p>				
<i>Payment of Claims</i>	Human Resources		(\$22,000)	
<p>This action decreases the Payment of Claims appropriation for the dental PPO plan by \$22,000 (from \$11.4 million to \$11.3 million). As a result of increased enrollment in the dental HMO plan, it is anticipated that savings will be realized in the claims costs associated with the dental PPO plan. Therefore, a corresponding increase in the Dental HMO Plan appropriation is also recommended in this report.</p>				
<b>TOTAL DENTAL INSURANCE FUND (155)</b>			<b>\$0</b>	<b>\$0</b>
<b>EDW BYRNE MEMORIAL JAG FD (474)</b>				
<i>2011 Justice Assistance Grant/Earned Revenue</i>	Police		\$414	\$414
<p>This action increases the 2011 Justice Assistance Grant appropriation and the corresponding Earned Revenue estimate to reflect interest earnings for the JAG 2011 grant cycle, that were previously unallocated, in order to expend these funds by the spending deadline of September 30, 2014. The spending plan for this grant includes equipment as well as crime prevention and education programs.</p>				
<b>TOTAL EDW BYRNE MEMORIAL JAG FD (474)</b>			<b>\$414</b>	<b>\$414</b>
<b>GAS TAX MAINT/CONST FND - 1943 (409)</b>				
<i>Transfer to the General Fund/Gas Tax Revenue</i>	Finance		\$500,000	\$500,000
<p>Increases the Earned Revenue estimate for Gas Tax and associated transfer to the General Fund for the 1943 Gas Tax Maintenance and Construction Fund by \$500,000, from \$6.8 million to \$7.3 million, to more accurately align revenues with projected activity levels.</p>				
<b>TOTAL GAS TAX MAINT/CONST FND - 1943 (409)</b>			<b>\$500,000</b>	<b>\$500,000</b>

# Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>GENERAL PURPOSE PARKING FD (533)</b>				
<b><i>4th/San Fernando Debt Service Payments</i></b>	Transportation		\$1,686,000	
<p>This action increases the 4th/San Fernando Debt Service Payments appropriation by \$1.7 million (from \$1.7 million to \$3.4 million) to reflect revised projected Successor Agency to the Redevelopment Agency (SARA) cash flow and structural deficits in 2013-2014. It is anticipated that additional funding of \$1.7 million is needed by SARA in 2013-2014 to ensure sufficient cash flow for the City contractually obligated February 2014 4th/San Fernando Debt Service payment. This action adjusts appropriated funds to the full 2013-2014 4th/San Fernando Debt Service payment including principal, interest, and trustee costs. Per the approved 2013-2014 Reimbursement Agreement between the City and SARA, a City Advance for this bonded obligation is eligible to be reimbursed should sufficient SARA cash balances remain at the end of 2013-2014. Revenues and expenditures will continue to be monitored closely and any adjustments or potential intra-year reimbursements will be brought forward for consideration by year-end as appropriate.</p>				
<b><i>Debt Service Payments Reserve</i></b>	Transportation		(\$1,686,000)	
<p>This action decreases the Debt Service Payments Reserve to offset the action recommended in this report.</p>				
<b>TOTAL GENERAL PURPOSE PARKING FD (533)</b>			<b>\$0</b>	<b>\$0</b>
<b>GIFT TRUST FUND (139)</b>				
<b><i>Library - General Gifts/Earned Revenue</i></b>	Library		\$41,556	\$41,556
<p>This action increases the Library - General Gifts appropriation and Earned Revenue estimate to recognize and appropriate gifts made in support of the following: Almaden Branch Library (\$2,000), Alum Rock Branch Library (\$850), Bascom Branch Library (\$410), Berryessa Branch Library (\$1,500), Cambrian Branch Library (\$9,350), Evergreen Branch Library (\$1,500), Joyce Ellington Branch Library (\$395), Dr. Martin Luther King Jr. Library (\$4,525), Pearl Avenue Branch Library (\$1,860), Rose Garden Branch Library (\$2,000), Santa Teresa Branch Library (\$1,365), Vending Commissions (\$3,022), Vineland Branch Library (\$1,760), West Valley Branch Library (\$8,590), and Willow Glen Branch Library (\$2,429). The funding will be used for programming, supplies, and materials.</p>				
<b><i>Animal Services Donations/Earned Revenue</i></b>	Public Works		\$65,000	\$65,000
<p>This action increases the Animal Services appropriation and increases the corresponding estimate for Earned Revenue by \$65,000 to recognize a gift received for the general support of animal care services.</p>				
<b>TOTAL GIFT TRUST FUND (139)</b>			<b>\$106,556</b>	<b>\$106,556</b>
<b>HOME INVEST PART PROG FUND (445)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Housing		(\$221,405)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>HOME INVEST PART PROG FUND (445)</b>				
<b><i>Housing Loans and Grants/Earned Revenue</i></b>	Housing		\$6,400,000	\$6,400,000
<p>This action increases the Housing Loans and Grants appropriation and the corresponding Earned Revenue estimate from the federal government (\$6.4 million). A portion of this funding (\$4.9 million) will fund the Japantown Seniors Apartments project. The project is a 75-unit apartment development that will service low-income seniors earning 30-60% of the area median income. The remaining funding (\$1.5 million) reflects reimbursements received for a completed housing project and will be used for future housing development grants.</p>				
<b><i>Tenant Based Rental Assistance/Earned Revenue</i></b>	Housing		\$281,405	\$60,000
<p>This action increases the Tenant Based Rental Assistance (TBRA) appropriation to allocate a prior year encumbrance (\$221,405) that was liquidated and inadvertently fell to fund balance. In addition, this action will increase the appropriation and the corresponding Earned Revenue estimate by \$60,000 to reflect grant funding from the federal government for the expansion of the TBRA program. The expansion will add another homeless team to assist 15 additional homeless families by providing funds to subsidize rent and rental deposits.</p>				
<b>TOTAL HOME INVEST PART PROG FUND (445)</b>			<b>\$6,460,000</b>	<b>\$6,460,000</b>
<b>HOUSING TRUST FUND (440)</b>				
<b><i>City Attorney's Office Personal Services</i></b>	City Attorney		(\$20,000)	
<p>This action decreases the City Attorney's Office (CAO) Personal Services appropriation due to lower than anticipated legal services needed in the Housing Trust Fund. The majority of legal services needed are for projects that are funded in the Low and Moderate Income Housing Asset Fund. As a result, actions to increase the CAO Personal Services appropriation in the Low and Moderate Income Housing Asset Fund are recommended elsewhere in this report.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Housing		\$17,000	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<b><i>Housing and Homeless Projects</i></b>	Housing		\$3,000	
<p>This action increases the Housing and Homeless Projects appropriation to fund the Universal Pass for Life Improvement from Transportation (UPLIFT) program, which provides transit passes to low-income persons.</p>				
<b>TOTAL HOUSING TRUST FUND (440)</b>			<b>\$0</b>	<b>\$0</b>
<b>INTEGRATED WASTE MGT FUND (423)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Environmental Services		(\$17,037)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				

# Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 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>				
<b><i>Planning, Building and Code Enforcement Department - Personal Services</i></b>	Planning, Bldg, & Code Enf		\$17,037	
<p>This action increases the Planning, Building and Code Enforcement Department Personal Services appropriation to provide funding for higher than anticipated staffing costs based on the actual staffing supporting the Integrated Waste Management Fund.</p>				
<b>TOTAL INTEGRATED WASTE MGT FUND (423)</b>			\$0	\$0
<b>LIFE INSURANCE FUND (156)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Human Resources		(\$15,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<b><i>Human Resources Department Personal Services</i></b>	Human Resources		\$15,000	
<p>This action increases the Human Resources Department Personal Services appropriation by \$15,000 (from \$49,000 to \$64,000) to more accurately align funding levels with services performed by staff to administer and monitor the Life Insurance Fund. A corresponding action to decrease the Ending Fund Balance is recommended to offset this action.</p>				
<b>TOTAL LIFE INSURANCE FUND (156)</b>			\$0	\$0
<b>LOW/MOD INCOME HSNG ASSET FD (346)</b>				
<b><i>City Attorney's Office Personal Services</i></b>	City Attorney		\$200,000	
<p>This action increases the City Attorney's Office Personal Services appropriation to reflect higher than anticipated legal services. The projected overage is primarily due to increased legal services associated with several new and existing projects (i.e. Nexus study, San Carlos Seniors Housing Development, and One South Market Housing Development).</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Housing		(\$450,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<b><i>Homeless Services</i></b>	Housing		\$250,000	
<p>This action establishes a Homeless Services appropriation to provide funding to the County of Santa Clara for the Central County Community Re-Integration Project. On October 31, 2013, the Governor signed into law Senate Bill 341 which allows Housing successor agencies that have fulfilled outstanding housing replacement and production requirements of the former redevelopment agency to expend up to \$250,000 per year in the Low and Moderate Income Housing Asset Fund for homeless prevention and rapid re-housing services. This funding will fulfill the City's commitment to fund intensive case management services for at least two years.</p>				
<b>TOTAL LOW/MOD INCOME HSNG ASSET FD (346)</b>			\$0	\$0

## Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>M.D. #1 LOS PASEOS FUND (352)</b>				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$50,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>Transportation Department Non-Personal/Equipment</i>	Transportation		\$50,000	
This action increases the Transportation Department Non-Personal/Equipment appropriation to provide funding for tree maintenance, including tree pruning, within the boundaries of this district.				
<b>TOTAL M.D. #1 LOS PASEOS FUND (352)</b>			<b>\$0</b>	<b>\$0</b>
<b>M.D. #13 KARINA CT-O'NL DR FD (366)</b>				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$10,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>Transportation Department Non-Personal/Equipment</i>	Transportation		\$10,000	
This action increases the Transportation Department Non-Personal/Equipment appropriation to provide funding for higher than anticipated electricity costs associated with the operation of the water fountain in the district.				
<b>TOTAL M.D. #13 KARINA CT-O'NL DR FD (366)</b>			<b>\$0</b>	<b>\$0</b>
<b>M.D. #19 RIVER OAKS FUND (359)</b>				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$25,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>Transportation Department Non-Personal/Equipment</i>	Transportation		\$25,000	
This action increases the Transportation Department Non-Personal/Equipment appropriation to provide funding for additional contractual landscape maintenance services to this recently expanded district.				
<b>TOTAL M.D. #19 RIVER OAKS FUND (359)</b>			<b>\$0</b>	<b>\$0</b>
<b>M.D. #2 TRADE ZONE/LUNDY FD (354)</b>				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$50,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>Transportation Department Non-Personal/Equipment</i>	Transportation		\$50,000	
This action increases the Transportation Department Non-Personal/Equipment appropriation to provide funding for the removal of turf in two mini-parks on Lundy Avenue and Concourse Drive, landscaping renovations, and retrofits to an irrigation system in the district.				
<b>TOTAL M.D. #2 TRADE ZONE/LUNDY FD (354)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>M.D. #21 GATEWAY FUND (356)</b>				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$90,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>Transportation Department Non-Personal/Equipment</i>	Transportation		\$90,000	
This action increases the Transportation Department Non-Personal/Equipment appropriation to provide funding for irrigation system repairs and tree removal and replacement on Airport Boulevard.				
<b>TOTAL M.D. #21 GATEWAY FUND (356)</b>			<b>\$0</b>	<b>\$0</b>
<b>M.D. #9 S TERESA/GRT OAKS FD (362)</b>				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$100,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>Transportation Department Non-Personal/Equipment</i>	Transportation		\$100,000	
This action increases the Transportation Department Non-Personal/Equipment appropriation to provide funding for tree removal and replacement and the installation of a new irrigation system.				
<b>TOTAL M.D. #9 S TERESA/GRT OAKS FD (362)</b>			<b>\$0</b>	<b>\$0</b>
<b>MULTI-SOURCE HOUSING FD (448)</b>				
<i>City Attorney's Office Personal Services</i>	City Attorney		(\$90,000)	
This action decreases the City Attorney's Office (CAO) Personal Services appropriation due to lower than anticipated legal services needed in the Multi-Source Housing Fund. The majority of legal services needed are for projects that are funded in the Low and Moderate Income Housing Asset Fund. As a result, actions to increase the CAO Personal Services appropriation in the Low and Moderate Income Housing Asset Fund are recommended elsewhere in this report.				
<i>CalHome (Homebuyer) Program/Earned Revenue</i>	Housing		(\$500,000)	(\$500,000)
This action decreases the CalHome (Homebuyer) Program appropriation and the corresponding Earned Revenue estimate for grant funding from the State of California to reflect the lower than anticipated demand for this program. As a result of the ongoing recovery in the housing market, low-income homebuyers have been challenged competing for homes in the market. A majority of the 2013-2014 CalHome (Homebuyer) Program budget was targeted toward funding buyers purchasing homes through the Dream Home Project. However, many potential buyers have income levels that do not qualify for this program.				

## Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 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>				
<b><i>CalHome (Rehabilitation) Program/Earned Revenue</i></b>	Housing		\$1,500,000	\$1,500,000
<p>This action increases the CalHome (Rehabilitation) Program appropriation and the corresponding Earned Revenue estimate to fund the increased loan program needs. Due to the ongoing recovery in the housing market and increases in available home equity, the Housing Rehabilitation Program has experienced a significant increase in the number of viable applications for the CalHome loan program. The program currently has a healthy pipeline of approved loans and prospective CalHome applications ready to fund.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Housing		\$40,000	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<b><i>Neighborhood Stabilization Program/Earned Revenue</i></b>	Housing		\$157,000	\$157,000
<p>This action increases the Neighborhood Stabilization Program appropriation and the corresponding Earned Revenue estimate to reflect the remaining grant funding available for the Neighborhood Stabilization Program 1 (NSP1). The NSP1 program is a blight mitigation program and funds are used to reoccupy, purchase, and/or rehabilitate vacant, foreclosed homes. It is anticipated that the grant will be closed out at the end of 2013-2014.</p>				
<b><i>Nexus Study</i></b>	Housing		\$50,000	
<p>This action increases the Housing Department Non-Personal/Equipment appropriation to provide additional funding for the nexus study. On June 4, 2013, City Council directed the Housing Department to conduct a nexus study analyzing the impact that residential development has on the need for affordable housing in San José and return to the City Council with recommendations. A draft nexus study was completed and the Housing Department originally intended to request City Council's approval at the December 10, 2013 Council meeting. However, after discussions with stakeholders, the Housing Department decided to continue working with the consultant to ensure that all concerns raised are considered. The focus of the study will now be on rental residential development. This funding will be used for additional contractual services to refine data and projections, perform further modeling, and conduct additional community outreach.</p>				
<b>TOTAL MULTI-SOURCE HOUSING FD (448)</b>			<b>\$1,157,000</b>	<b>\$1,157,000</b>
<b>NEIGHBHD SECURITY BOND FD (475)</b>				
<b><i>Transfer to the Construction Tax and Property Conveyance Tax Fund: Fire Protection Purposes/Transfers</i></b>	Public Safety Capital Program		\$575,000	\$575,000
<p>This action establishes a Transfer to the Construction Tax and Property Conveyance Tax Fund: Fire Protection Purposes (Fire C&amp;C) Fund and a revenue estimate for Transfers in the amount of \$575,000 in order to: 1) recognize the transfer of Fire C&amp;C Fund funding to reimburse the Neighborhood Security Bond Fund for capital expenditures which have been determined as ineligible to be reimbursed from bond proceeds; and 2) transfer funding to the Fire C&amp;C to allocate bond proceeds to reimburse that fund for costs associated with several bond-eligible Public Safety Capital projects.</p>				



## Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>NEIGHBHD SECURITY BOND FD (475)</b>				
<i>Transfer to the General Fund/Transfers</i>	Public Safety Capital Program		\$40,000	\$40,000
<p>This action establishes a Transfer to the General Fund and increases the revenue estimate for Transfers by \$40,000 in order to: 1) recognize the transfer of bond proceeds from the Neighborhood Security Bond Fund (Bond Fund) to reimburse the General Fund for costs associated with several bond-eligible Public Safety Capital projects; and 2) transfer General Fund funding to the Bond Fund to reimburse the fund for capital expenditures which have been determined as ineligible to be reimbursed from bond proceeds.</p>				
<b>TOTAL NEIGHBHD SECURITY BOND FD (475)</b>			<b>\$615,000</b>	<b>\$615,000</b>
<b>SEWER SVC &amp; USE CHARGE FD (541)</b>				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		(\$50,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Ending Fund Balance/Transfer from the Sewer Service Bond Payment Fund</i>	Environmental Services		\$227,200	\$227,200
<p>This action liquidates a portion of the Sewer Service Bond Payment Fund (\$227,200) and transfers the funds to the Sewer Service and Use Charge Fund. The Sewer Service Bond Payment Fund is used to deposit funds from San José, Santa Clara and the Tributary Agencies to make payments to the Clean Water Financing Authority or to the bond trustee. Actual debt services payments were less than the budgeted amount and the remaining funds need to be transferred to the Sewer Service and Use Charge Fund (\$227,200) and San José/Santa Clara Treatment Plant Capital Fund (\$543,200), as reflected in a separate action recommended in this report. The additional funding is recommended to be allocated to the Ending Fund Balance.</p>				
<i>Workers' Compensation Claims</i>	Human Resources		\$50,000	
<p>This action increases the Human Resources Department Workers' Compensation Claims appropriation by \$50,000 due to higher than anticipated claims activity in the Environmental Services Department.</p>				
<b>TOTAL SEWER SVC &amp; USE CHARGE FD (541)</b>			<b>\$227,200</b>	<b>\$227,200</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SEWER SVC &amp; USE CHG CAP FD (545)</b>				
<p><b><i>Bollinger Road-Blaney Avenue Sanitary Sewer Improvement</i></b></p> <p>This action decreases the Bollinger Road – Blaney Avenue Sanitary Sewer Improvement appropriation by \$5.1 million, and in separate actions, these funds are recommended to be reallocated to the Immediate Replacement and Diversion Projects (\$2.2 million) and the Urgent Rehabilitation and Repair Projects (\$2.9 million) appropriations. After further review of the Bollinger Road-Blaney Avenue project, it has been determined that there is no immediate need to improve this section of the sanitary sewer system. The project will be re-evaluated during the development of the 2015-2019 Proposed Capital Improvement Program. This funding is recommended to be reallocated to address sanitary sewer overflows at several locations including Cinnabar-North Autumn area, West Virginia-Hull Avenue, Pine Avenue, Willowgate, Echo Loop, Electra Way, Madrona Avenue, and Seven Trees area.</p>	Sanitary Sewer Capital Program		(\$5,100,000)	
<p><b><i>Immediate Replacement and Diversion Projects</i></b></p> <p>This action increases the Immediate Replacement and Diversion Projects appropriation (\$2.2 million) to address the sanitary sewer overflows and/or severely deteriorated sewers at several locations, including Cinnabar-North Autumn area, West Virginia-Hull Avenue, Pine Avenue, Willowgate, Echo Loop, Electra Way, Madrona Avenue, and Seven Trees area. To offset this action, a corresponding decrease to the Bollinger Road – Blaney Avenue Sanitary Sewer Improvement appropriation is also recommended in this report.</p>	Sanitary Sewer Capital Program		\$2,200,000	
<p><b><i>Urgent Rehabilitation and Repair Projects</i></b></p> <p>This action increases the Urgent Rehabilitation and Repair Projects appropriation (\$2.9 million) to address the sanitary sewer overflows and/or severely deteriorated sewers at several locations, including Cinnabar-North Autumn area, West Virginia-Hull Avenue, Pine Avenue, Willowgate, Echo Loop, Electra Way, Madrona Avenue, and Seven Trees area. To offset this action, a corresponding decrease to the Bollinger Road – Blaney Avenue Sanitary Sewer Improvement appropriation is also recommended in this report.</p>	Sanitary Sewer Capital Program		\$2,900,000	
<b>TOTAL SEWER SVC &amp; USE CHG CAP FD (545)</b>			\$0	\$0
<b>SJ-SC TRMNT PLANT CAP FUND (512)</b>				
<p><b><i>Ending Fund Balance/Transfer from the Sewer Service Bond Payment Fund</i></b></p> <p>This action liquidates a portion of the Sewer Service Bond Payment Fund (\$543,200) and transfers the funds to the San José/Santa Clara Treatment Plant Capital Fund. The Sewer Service Bond Payment Fund is used to deposit funds from San José, Santa Clara and the Tributary Agencies to make payments to the Clean Water Financing Authority or to the bond trustee. Actual debt services payments were less than the budgeted amount and the remaining funds need to be transferred to the San José/Santa Clara Treatment Plant Capital Fund (\$543,200) and Sewer Service and Use Charge Fund (\$227,200), as reflected in a separate action recommended in this report. The additional funding is recommended to be allocated to the Ending Fund Balance.</p>	Water Pollution Control Cap Prgm		\$543,200	\$543,200

## Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SJ-SC TRMNT PLANT CAP FUND (512)</b>				
<b>TOTAL SJ-SC TRMNT PLANT CAP FUND (512)</b>			\$543,200	\$543,200
<b>SJ-SC TRMNT PLANT OPER FUND (513)</b>				
<b><i>City Attorney's Office Non-Personal/Equipment</i></b>	City Attorney		\$50,000	
<p>This action establishes a City Attorney's Office Non-Personal/Equipment appropriation for legal services needed related to the environmental review for the San José/Santa Clara Water Pollution Control Plant Master Plan project.</p>				
<b><i>Environmental Services Department Non-Personal/Equipment</i></b>	Environmental Services		\$930,000	
<p>This action increases the Environmental Services Department Non-Personal/Equipment appropriation by \$930,000 for increased energy costs. Due to recent failures of the fuel cell and electrical engine generators that were repaired, and the anticipated removal of one of the electrical engine generators for major maintenance repairs in February 2014, the Wastewater Facility has had to depend heavily on the purchase of electricity from Pacific Gas and Electric. A corresponding action to decrease the Environmental Services Department Personal Services appropriation is included since it is anticipated that there will be significant vacancy savings by year-end.</p>				
<b><i>Environmental Services Department Personal Services</i></b>	Environmental Services		(\$980,000)	
<p>This action decreases the Environmental Services Department Personal Services appropriation by \$980,000 to realize vacancy savings and offset the actions recommended in this report.</p>				
<b>TOTAL SJ-SC TRMNT PLANT OPER FUND (513)</b>			\$0	\$0
<b>STORM DRAINAGE FEE FUND (413)</b>				
<b><i>Capital Program and Public Works Department Support Service Costs</i></b>	Storm Sewer Capital Program		\$50,000	
<p>This action increases the Capital Program and Public Works Department Support Services Costs appropriation to address higher than anticipated Public Works Department projects and corresponding costs in this fund. This appropriation funds the city-wide capital support costs which include support for the Capital Project Management System, labor compliance review, performance measure reporting, updates of policies and specifications, and Public Works Department capital project delivery costs.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Storm Sewer Capital Program		(\$50,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<b>TOTAL STORM DRAINAGE FEE FUND (413)</b>			\$0	\$0

## Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SUPPL LAW ENF SVCES FUND (414)</b>				
<i>SLES Grant 2010-2012/Earned Revenue</i>	Police		\$823	\$823
<p>This action increases the SLES Grant 2010-2012 appropriation and the corresponding Earned Revenue estimate to reflect interest earned after the spending deadline, which was previously unallocated, in order to repay the granting agency per grant provisions.</p>				
<b>TOTAL SUPPL LAW ENF SVCES FUND (414)</b>			<b>\$823</b>	<b>\$823</b>
<b>UNDERGROUND UTILITY FUND (416)</b>				
<i>Capital Program and Public Works Department Support Services Costs</i>	Developer Assisted Capital Program		\$50,000	
<p>This action increases the Capital Program and Public Works Department Support Services Costs appropriation in the Underground Utility Fund to address higher than anticipated Public Works Department projects and corresponding costs in this fund. This appropriation funds the city-wide capital support costs which include support for the Capital Project Management System, labor compliance review, performance measure reporting, updates of policies and specifications, and Public Works Department capital project delivery costs.</p>				
<i>Ending Fund Balance Adjustment</i>	Developer Assisted Capital Program		(\$50,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<b>TOTAL UNDERGROUND UTILITY FUND (416)</b>			<b>\$0</b>	<b>\$0</b>
<b>UNEMPLOYMENT INSUR FD (157)</b>				
<i>Ending Fund Balance Adjustment</i>	Human Resources		(\$25,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Human Resources Department Personal Services</i>	Human Resources		\$25,000	
<p>This action increases the Human Resources Department Personal Services allocation by \$25,000 (from \$97,000 to \$122,000) to more accurately align funding levels with services performed by staff to administer and monitor the Unemployment Insurance Fund. A corresponding action to decrease the Ending Fund Balance is recommended to offset this action.</p>				
<b>TOTAL UNEMPLOYMENT INSUR FD (157)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>VEHICLE MAINT &amp; OPER FUND (552)</b>				
<b><i>Diesel Retrofit Program</i></b>	Public Works		\$550,000	
<p>This action increases the Diesel Retrofit Program appropriation to fund fueling infrastructure improvements for the B20 biodiesel regulatory program at the South and Muni Service Yards. In May 2013, the City was required by the County of Santa Clara enforcement to discontinue using B20 biodiesel at several of its facilities due to underground storage tank compatibility issues. B20 biodiesel is considered an alternative fuel and the discontinued use at the several City sites greatly reduces our alternative fuel fleet count. Prior to the discontinued use of the B20 biodiesel, 40% of the City's fleet was alternative fuel. With the discontinued use of B20 biodiesel, the City's alternative fuel fleet has been reduced from 40% to 25%. Due to current year anticipated savings in the Inventory Purchases appropriation, this action is supported by a corresponding decrease to the Inventory Purchases appropriation, also recommended in this report.</p>				
<b><i>Fuel Management System Upgrade</i></b>	Public Works		\$260,000	
<p>This action increases the Public Works Department Non-Personal/Equipment appropriation to fund the upgrade of the two existing fuel management systems at the Police Department fueling stations. The current fuel management systems, which track all vehicle fueling transactions, are failing. The upgrade of these systems will electronically track the fueling transactions at these stations and link them to a database to ensure accuracy in reporting city-wide fueling transactions. Due to current year anticipated savings in the Inventory Purchases appropriation, this action is supported by a corresponding decrease to the Inventory Purchases appropriation, also recommended in this report.</p>				
<b><i>Inventory Purchases</i></b>	Public Works		(\$810,000)	
<p>This action decreases the Inventory Purchases appropriation by \$810,000, from \$9.3 million to \$8.5 million, to reflect lower than anticipated fuel costs. A portion of these savings (\$550,000) will be reallocated to the Diesel Retrofit Program appropriation to fund the fueling infrastructure improvements for the B20 biodiesel regulatory program at the South and Muni Service Yards. The remaining cost savings (\$260,000) will be reallocated to the Public Works Department Non-Personal/Equipment appropriation to fund the Fuel Management System Upgrade at the Police Department fueling stations. Corresponding increases to the Diesel Retrofit Program and the Public Works Department Non-Personal/Equipment appropriations are also recommended in this report.</p>				
<b>TOTAL VEHICLE MAINT &amp; OPER FUND (552)</b>			<b>\$0</b>	<b>\$0</b>
<b>WATER UTILITY FUND (515)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Environmental Services		\$400,000	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report. This additional funding will be considered for allocation during the development of the 2014-2015 Proposed Operating Budget.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2013-2014 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>WATER UTILITY FUND (515)</b>				
<p><i>Environmental Services Department Non-Personal/Equipment</i></p> <p>This action increases the Environmental Services Department Non-Personal/Equipment appropriation by \$100,000 for the installation of safety railings along the perimeter of the San José Quimby Reservoir. The reservoir that was built in the 1960's is situated along a hillside and is approximately 18.5 feet high. The Safety Manager has determined that the site is a significant hazard for employees who are required to complete monthly inspections at the top of the reservoir or collect weekly water quality samples.</p>	Environmental Services		\$100,000	
<p><i>Environmental Services Department Non-Personal/Equipment/Earned Revenue (Water Sales)</i></p> <p>This action increases the Environmental Services Department Non-Personal/Equipment appropriation by \$1.5 million for the purchase of potable and recycled water and electricity, and increases the estimate for Earned Revenue by \$2.0 million to reflect higher than anticipated sales of potable and recycled water. Lower than normal rain levels have resulted in increased water usage.</p>	Environmental Services		\$1,500,000	\$2,000,000
<b>TOTAL WATER UTILITY FUND (515)</b>			<b>\$2,000,000</b>	<b>\$2,000,000</b>

**General Fund  
Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
2013-2014 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>							
1st Act Silicon Valley Digital Media Grant/Other Revenue			\$5,200	\$5,200	\$5,200	\$0	\$0
After School Education and Safety Programs for 2013-2014 (Ocala Neighborhood After School Activities)/Revenue from Local Agencies			\$49,960	\$49,960	\$49,960	\$0	\$0
After School Education and Safety Programs for 2013-2014/Revenue from Local Agencies			\$243,620	\$243,620	\$243,620	\$0	\$0
Anti-Drug Abuse Grant 2013-2014/Revenue from State of California			\$98,182	\$98,182	\$98,182	\$0	\$0
Anti-Human Trafficking Task Force Program Grant 2012/Revenue from State of California			\$67,463	\$67,463	\$67,463	\$0	\$0
Avoid the 13 Grant 2013-2014/Revenue from State of California			\$3,200	\$3,200	\$3,200	\$0	\$0
Cirque du Soleil/Other Revenue			\$130,000	\$130,000	\$130,000	\$0	\$0
FMC Operating Site Costs			\$20,000	\$20,000		\$0	\$20,000
Internet Crimes Against Children State Grant 2013-2014/Revenue from State of California			\$100,000	\$100,000	\$100,000	\$0	\$0
National Forum Capacity - Building Grant OJJDP 2012-2015/Revenue from Federal Government			\$45,000	\$45,000	\$45,000	\$0	\$0
Parking Citations/Jail Courthouse Fees/Fines, Forfeitures, and Penalties			(\$425,000)	(\$425,000)	(\$1,000,000)	\$0	\$575,000
Property Assessed Clean Energy Program			\$230,000	\$230,000		\$0	\$230,000
Property Tax Administration Fee			\$185,000	\$185,000		\$0	\$185,000

General Fund  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 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>							
Public Works Unfunded Projects			\$200,000	\$200,000		\$0	\$200,000
San José BEST and Safe Summer Initiatives Programs (Parent Project)/Other Revenue			\$8,524	\$8,524	\$8,524	\$0	\$0
Workers' Compensation Claims - Police Department (reallocation to Workers' Compensation Claims - Public Works Department)			(\$400,000)	(\$400,000)		\$0	(\$400,000)
Workers' Compensation Claims - Public Works Department (reallocation from Workers' Compensation Claims - Police Department)			\$400,000	\$400,000		\$0	\$400,000
Workers' Compensation State License			\$85,000	\$85,000		\$0	\$85,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,046,149</b>	<b>\$1,046,149</b>	<b>(\$248,851)</b>	<b>\$0</b>	<b>\$1,295,000</b>
<b>CITY-WIDE EXPENSES TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,046,149</b>	<b>\$1,046,149</b>	<b>(\$248,851)</b>	<b>\$0</b>	<b>\$1,295,000</b>
<b>EARMARKED RESERVES</b>							
<b>Budget Adjustments</b>							
Building Development Fee Program Reserve/Licenses and Permits			\$8,000,000	\$8,000,000	\$8,000,000	\$0	\$0
Fire Development Fee Program Reserve/Licenses and Permits			\$800,000	\$800,000	\$800,000	\$0	\$0
Planning Development Fee Program/Departmental Charges			\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$0
Police Department Overtime Reserve (reallocation from Police salary and benefits savings)			\$4,000,000	\$4,000,000		\$0	\$4,000,000
Public Works Development Fee Program Reserve/Departmental Charges			\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$0



General Fund  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>EARMARKED RESERVES</b>							
<b>Budget Adjustments</b>							
<b>Budget Adjustments Total</b>	\$0	\$0	\$14,800,000	\$14,800,000	\$10,800,000	\$0	\$4,000,000
<b>Clean-Up Actions</b>							
Salary Program - Employee Compensation Planning			(\$766,080)	(\$766,080)		\$0	(\$766,080)
Salary Program - Salaries and Benefits			(\$133,000)	(\$133,000)		\$0	(\$133,000)
<b>Clean-Up Actions Total</b>	\$0	\$0	(\$899,080)	(\$899,080)	\$0	\$0	(\$899,080)
<b>EARMARKED RESERVES TOTAL</b>	\$0	\$0	\$13,900,920	\$13,900,920	\$10,800,000	\$0	\$3,100,920
<b>ECONOMIC DEVELOPMENT</b>							
<b>Budget Adjustments</b>							
Office of Economic Development Building Development Fee Program - Personal Services			\$50,000	\$50,000		\$0	\$50,000
Office of Economic Development Non-Personal/Equipment (reallocation to Personal Services)		(\$150,000)		(\$150,000)		\$0	(\$150,000)
Office of Economic Development Personal Services (reallocation from Non-Personal/Equipment)	\$150,000			\$150,000		\$0	\$150,000
<b>Budget Adjustments Total</b>	\$150,000	(\$150,000)	\$50,000	\$50,000	\$0	\$0	\$50,000
<b>Clean-Up Actions</b>							
Salary Program	\$68,000			\$68,000		\$0	\$68,000
<b>Clean-Up Actions Total</b>	\$68,000	\$0	\$0	\$68,000	\$0	\$0	\$68,000
<b>ECONOMIC DEVELOPMENT TOTAL</b>	\$218,000	(\$150,000)	\$50,000	\$118,000	\$0	\$0	\$118,000

General Fund  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>ENVIRONMENTAL SERVICES</b>							
<b>Clean-Up Actions</b>							
Salary Program	\$738			\$738		\$0	\$738
<b>Clean-Up Actions Total</b>	<b>\$738</b>	<b>\$0</b>	<b>\$0</b>	<b>\$738</b>	<b>\$0</b>	<b>\$0</b>	<b>\$738</b>
<b>ENVIRONMENTAL SERVICES TOTAL</b>	<b>\$738</b>	<b>\$0</b>	<b>\$0</b>	<b>\$738</b>	<b>\$0</b>	<b>\$0</b>	<b>\$738</b>
<b>FINANCE</b>							
<b>Budget Adjustments</b>							
Finance Department Non-Personal/Equipment - PeopleSoft Tax Update		\$100,000		\$100,000		\$0	\$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>\$100,000</b>
<b>Clean-Up Actions</b>							
Tech Adjust: Finance Department Non-Personal/Equipment (Temporary Agency Staffing)	(\$710,000)	\$710,000		\$0		\$0	\$0
<b>Clean-Up Actions Total</b>	<b>(\$710,000)</b>	<b>\$710,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>FINANCE TOTAL</b>	<b>(\$710,000)</b>	<b>\$810,000</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>
<b>FIRE</b>							
<b>Budget Adjustments</b>							
Fire Department Overtime				\$0		\$0	\$0
Special Operations Training/Revenue from State of California	\$14,015			\$14,015	\$14,015	\$0	\$0
Strike Team Reimbursements/Revenue from Federal Government	\$132,021	\$26,025		\$158,046	\$158,046	\$0	\$0
Task Force 3 and Urban Shield Training/Revenue from Federal Government	\$15,231			\$15,231	\$15,231	\$0	\$0

General Fund  
Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
2013-2014 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>								
<b>Budget Adjustments</b>								
	<b>Budget Adjustments Total</b>	\$161,267	\$26,025	\$0	\$187,292	\$187,292	\$0	\$0
<b>Clean-Up Actions</b>								
	Salary Program	\$53,136			\$53,136		\$0	\$53,136
	Salary Program - Fire Development Fee Program - Personal Services			\$37,820	\$37,820		\$0	\$37,820
	<b>Clean-Up Actions Total</b>	\$53,136	\$0	\$37,820	\$90,956	\$0	\$0	\$90,956
	<b>FIRE TOTAL</b>	\$214,403	\$26,025	\$37,820	\$278,248	\$187,292	\$0	\$90,956
<b>HUMAN RESOURCES</b>								
<b>Clean-Up Actions</b>								
	Tech Adjust: Human Resources Department Non-Personal/Equipment (Temporary Agency Staffing)	(\$100,000)	\$100,000		\$0		\$0	\$0
	<b>Clean-Up Actions Total</b>	(\$100,000)	\$100,000	\$0	\$0	\$0	\$0	\$0
	<b>HUMAN RESOURCES TOTAL</b>	(\$100,000)	\$100,000	\$0	\$0	\$0	\$0	\$0
<b>INDEPENDENT POLICE AUDITOR</b>								
<b>Clean-Up Actions</b>								
	Salary Program	\$15,000			\$15,000		\$0	\$15,000
	<b>Clean-Up Actions Total</b>	\$15,000	\$0	\$0	\$15,000	\$0	\$0	\$15,000
	<b>INDEPENDENT POLICE AUDITOR TOTAL</b>	\$15,000	\$0	\$0	\$15,000	\$0	\$0	\$15,000

General Fund  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 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</b>							
<b>Clean-Up Actions</b>							
Salary Program	\$5,780			\$5,780		\$0	\$5,780
<b>Clean-Up Actions Total</b>	<b>\$5,780</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,780</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,780</b>
<b>INFORMATION TECHNOLOGY TOTAL</b>	<b>\$5,780</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,780</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,780</b>
<b>LIBRARY</b>							
<b>Budget Adjustments</b>							
Library Grants/Revenue from Federal Government			\$54,800	\$54,800	\$54,800	\$0	\$0
Library Grants/Revenue from State of California			\$47,016	\$47,016	\$47,016	\$0	\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$101,816</b>	<b>\$101,816</b>	<b>\$101,816</b>	<b>\$0</b>	<b>\$0</b>
<b>LIBRARY TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$101,816</b>	<b>\$101,816</b>	<b>\$101,816</b>	<b>\$0</b>	<b>\$0</b>
<b>MAYOR &amp; COUNCIL</b>							
<b>Budget Adjustments</b>							
Council District #2 Special Event Sponsorship/Other Revenue			\$3,500	\$3,500	\$3,500	\$0	\$0
Council District #4 Special Event Sponsorship/Other Revenue			\$600	\$600	\$600	\$0	\$0
Council District #7 Special Event Sponsorship/Other Revenue			\$1,000	\$1,000	\$1,000	\$0	\$0
Council District #8 (reallocation from Office of the Mayor)			\$56,000	\$56,000		\$0	\$56,000
Council District #8 Special Event Sponsorship/Other Revenue			\$15,900	\$15,900	\$15,900	\$0	\$0
Council District #9 Special Event Sponsorship/Other Revenue			\$1,100	\$1,100	\$1,100	\$0	\$0
Office of the Mayor (reallocation to Council District #8)			(\$56,000)	(\$56,000)		\$0	(\$56,000)

General Fund  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>MAYOR &amp; COUNCIL</b>							
Budget Adjustments							
<b>Budget Adjustments Total</b>	\$0	\$0	\$22,100	\$22,100	\$22,100	\$0	\$0
<b>MAYOR &amp; COUNCIL TOTAL</b>	\$0	\$0	\$22,100	\$22,100	\$22,100	\$0	\$0
<b>PARKS, REC, &amp; NEIGH SVCS</b>							
Budget Adjustments							
Parks, Recreation and Neighborhood Services Department Fee Activities/Departmental Charges			\$180,000	\$180,000	\$180,000	\$0	\$0
Walmart Foundation Grant/Other Revenue		\$1,000		\$1,000	\$1,000	\$0	\$0
<b>Budget Adjustments Total</b>	\$0	\$1,000	\$180,000	\$181,000	\$181,000	\$0	\$0
Clean-Up Actions							
Salary Program	\$183,268			\$183,268		\$0	\$183,268
<b>Clean-Up Actions Total</b>	\$183,268	\$0	\$0	\$183,268	\$0	\$0	\$183,268
<b>PARKS, REC, &amp; NEIGH SVCS TOTAL</b>	\$183,268	\$1,000	\$180,000	\$364,268	\$181,000	\$0	\$183,268
<b>PLANNING, BLDG, &amp; CODE ENF</b>							
Budget Adjustments							
Planning, Building and Code Enforcement Department - Building Development Fee Program - Personal Services			(\$50,000)	(\$50,000)		\$0	(\$50,000)
<b>Budget Adjustments Total</b>	\$0	\$0	(\$50,000)	(\$50,000)	\$0	\$0	(\$50,000)
Clean-Up Actions							
Salary Program	\$7,997			\$7,997		\$0	\$7,997
Salary Program - Building Development Fee Program - Personal Services			\$234,366	\$234,366		\$0	\$234,366

General Fund  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE		NET COST	
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance		
<b>PLANNING, BLDG, &amp; CODE ENF</b>								
<b>Clean-Up Actions</b>								
	<b>Clean-Up Actions Total</b>	\$7,997	\$0	\$234,366	\$242,363	\$0	\$0	\$242,363
	<b>PLANNING, BLDG, &amp; CODE ENF TOTAL</b>	\$7,997	\$0	\$184,366	\$192,363	\$0	\$0	\$192,363
<b>POLICE</b>								
<b>Budget Adjustments</b>								
	2013-2014 Northern California High Intensity Drug Trafficking Area/Revenue from Local Agencies	\$33,602			\$33,602	\$33,602	\$0	\$0
	Organized Crime Drug Enforcement Task Force Program/Revenue from Federal Government	\$10,714			\$10,714	\$10,714	\$0	\$0
	Police Department Non-Personal/Equipment (Cardroom Backgrounding)/Licenses and Permits		\$190,000		\$190,000	\$190,000	\$0	\$0
	Police Department Non-Personal/Equipment - South Bay Coalition to End Human Trafficking Coordinator		\$50,000		\$50,000		\$0	\$50,000
	Police Department Overtime				\$0		\$0	\$0
	Police Department Personal Services (reallocation to Police Department Overtime Reserve)	(\$4,000,000)			(\$4,000,000)		\$0	(\$4,000,000)
	Police Department Personal Services - Downtown Foot Patrol Program				\$0		\$0	\$0
	<b>Budget Adjustments Total</b>	<b>(\$3,955,684)</b>	<b>\$240,000</b>	<b>\$0</b>	<b>(\$3,715,684)</b>	<b>\$234,316</b>	<b>\$0</b>	<b>(\$3,950,000)</b>
<b>Clean-Up Actions</b>								
	Salary Program	\$1,758			\$1,758		\$0	\$1,758
	<b>Clean-Up Actions Total</b>	<b>\$1,758</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,758</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,758</b>
	<b>POLICE TOTAL</b>	<b>(\$3,953,926)</b>	<b>\$240,000</b>	<b>\$0</b>	<b>(\$3,713,926)</b>	<b>\$234,316</b>	<b>\$0</b>	<b>(\$3,948,242)</b>

General Fund  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 Mid-Year Budget Review

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>PUBLIC WORKS</b>							
<b>Budget Adjustments</b>							
Public Works Department Non-Personal/Equipment - American Society for the Prevention of Cruelty to Animals (ASPCA)/Other Revenue		\$35,000		\$35,000	\$35,000	\$0	\$0
Public Works Development Fee Program - Personal Services/Departmental Charges			\$550,000	\$550,000	\$550,000	\$0	\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$35,000</b>	<b>\$550,000</b>	<b>\$585,000</b>	<b>\$585,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>							
Salary Program	\$91,753			\$91,753		\$0	\$91,753
Salary Program - Public Works Development Fee Program - Personal Services			\$31,748	\$31,748		\$0	\$31,748
<b>Clean-Up Actions Total</b>	<b>\$91,753</b>	<b>\$0</b>	<b>\$31,748</b>	<b>\$123,501</b>	<b>\$0</b>	<b>\$0</b>	<b>\$123,501</b>
<b>PUBLIC WORKS TOTAL</b>	<b>\$91,753</b>	<b>\$35,000</b>	<b>\$581,748</b>	<b>\$708,501</b>	<b>\$585,000</b>	<b>\$0</b>	<b>\$123,501</b>
<b>REVENUE ADJUSTMENTS</b>							
<b>Budget Adjustments</b>							
Revenue - Business Taxes (Disposal Facility Tax)				\$0	\$500,000	\$0	(\$500,000)
Revenue - Sales Tax				\$0	\$2,000,000	\$0	(\$2,000,000)
Revenue - Transfers and Reimbursements				\$0	\$620,000	\$0	(\$620,000)
Revenue - Other Revenue (Banking Services Reimbursement)				\$0	(\$1,150,000)	\$0	\$1,150,000
Revenue - Other Revenue (Payment Manager Implementation Delay)				\$0	(\$250,000)	\$0	\$250,000

General Fund  
Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
2013-2014 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>							
<b>Budget Adjustments Total</b>	\$0	\$0	\$0	\$0	\$1,720,000	\$0	(\$1,720,000)
<b>REVENUE ADJUSTMENTS TOTAL</b>	\$0	\$0	\$0	\$0	\$1,720,000	\$0	(\$1,720,000)
<b>TRANSFERS</b>							
<b>Budget Adjustments</b>							
Transfer to the Neighborhood Security Bond Fund/Transfers and Reimbursements			\$40,000	\$40,000	\$40,000	\$0	\$0
<b>Budget Adjustments Total</b>	\$0	\$0	\$40,000	\$40,000	\$40,000	\$0	\$0
<b>TRANSFERS TOTAL</b>	\$0	\$0	\$40,000	\$40,000	\$40,000	\$0	\$0
<b>TRANSPORTATION</b>							
<b>Budget Adjustments</b>							
Arena Traffic Control (Secondary Employment Unit)			\$25,000	\$25,000		\$0	\$25,000
Transportation Department Non-Personal/Equipment - Sidewalk Hardship Program		\$250,000		\$250,000		\$0	\$250,000
<b>Budget Adjustments Total</b>	\$0	\$250,000	\$25,000	\$275,000	\$0	\$0	\$275,000
<b>Clean-Up Actions</b>							
Salary Program	\$167,716			\$167,716		\$0	\$167,716
<b>Clean-Up Actions Total</b>	\$167,716	\$0	\$0	\$167,716	\$0	\$0	\$167,716
<b>TRANSPORTATION TOTAL</b>	\$167,716	\$250,000	\$25,000	\$442,716	\$0	\$0	\$442,716
<b>GENERAL FUND TOTAL</b>	(\$3,859,271)	\$1,312,025	\$16,169,919	\$13,622,673	\$13,622,673	\$0	\$0



Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	Beg Fund Balance	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue		
<b>AIRPORT CAPITAL IMPVT FUND (520)</b>								
<b>Budget Adjustments</b>								
<b>AIRPORT CAPITAL PROGRAM</b>								
Ending Fund Balance Adjustment				(\$128,000)	(\$128,000)			(\$128,000)
Taxiway W Improvements/Earned Revenue – TSA/FAA Grants			(\$200,000)		(\$200,000)	(\$328,000)		\$128,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$200,000)</b>	<b>(\$128,000)</b>	<b>(\$328,000)</b>	<b>(\$328,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT CAPITAL IMPVT FUND (520) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$200,000)</b>	<b>(\$128,000)</b>	<b>(\$328,000)</b>	<b>(\$328,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT CUST FAC &amp; TRANS FD (519)</b>								
<b>Budget Adjustments</b>								
<b>AIRPORT</b>								
Future Debt Service Reserve			\$1,354,319		\$1,354,319			\$1,354,319
Transfer from the Airport Revenue Bond Improvement Fund					\$0	\$949,794		(\$949,794)
Transfer to the Airport Surplus Revenue Fund			(\$404,525)		(\$404,525)			(\$404,525)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$949,794</b>	<b>\$0</b>	<b>\$949,794</b>	<b>\$949,794</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT CUST FAC &amp; TRANS FD (519) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$949,794</b>	<b>\$0</b>	<b>\$949,794</b>	<b>\$949,794</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>								
<b>Budget Adjustments</b>								
<b>AIRPORT</b>								
Office of Economic Development Non-Personal/Equipment – Public Art Maintenance		\$5,000			\$5,000			\$5,000
Office of Economic Development Personal Services	\$32,000				\$32,000			\$32,000
Operations Contingency			(\$37,000)		(\$37,000)			(\$37,000)

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 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>Budget Adjustments</b>									
	<b>Budget Adjustments Total</b>	\$32,000	\$5,000	(\$37,000)	\$0	\$0	\$0	\$0	\$0
<b>Clean-Up Actions</b>									
<b>PARKS, REC, &amp; NEIGH SVCS</b>									
	Salary Program	\$892				\$892			\$892
<b>AIRPORT</b>									
	Salary Program	\$104,628				\$104,628			\$104,628
	Salary Program - Employee Compensation Planning Reserve			(\$105,520)		(\$105,520)			(\$105,520)
	<b>Clean-Up Actions Total</b>	\$105,520	\$0	(\$105,520)	\$0	\$0	\$0	\$0	\$0
	<b>AIRPORT MAINT &amp; OPER FUND (523) TOTAL</b>	\$137,520	\$5,000	(\$142,520)	\$0	\$0	\$0	\$0	\$0
<b>AIRPORT REV BOND IMP FUND (526)</b>									
<b>Budget Adjustments</b>									
<b>AIRPORT CAPITAL PROGRAM</b>									
	Ending Fund Balance Adjustment				(\$976,632)	(\$976,632)			(\$976,632)
	Taxiway W Improvements			(\$1,371,000)		(\$1,371,000)			(\$1,371,000)
	Transfer to the Airport Customer Facility and Transportation Fee Fund			\$949,794		\$949,794			\$949,794
	Transfer to the Airport Surplus Revenue Fund			\$1,397,838		\$1,397,838			\$1,397,838
	<b>Budget Adjustments Total</b>	\$0	\$0	\$976,632	(\$976,632)	\$0	\$0	\$0	\$0
	<b>AIRPORT REV BOND IMP FUND (526) TOTAL</b>	\$0	\$0	\$976,632	(\$976,632)	\$0	\$0	\$0	\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 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 SURPLUS REV FD (524)</b>								
<b>Budget Adjustments</b>								
<b>AIRPORT</b>								
Commercial Paper Principal and Interest/Transfer from the Airport Customer Facility and Transportation Fee Fund			(\$404,525)		(\$404,525)		(\$404,525)	\$0
Commercial Paper Principal and Interest/Transfer from the Airport Revenue Bond Improvement Fund			\$1,397,838		\$1,397,838		\$1,397,838	\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$993,313</b>	<b>\$0</b>	<b>\$993,313</b>	<b>\$993,313</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT SURPLUS REV FD (524) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$993,313</b>	<b>\$0</b>	<b>\$993,313</b>	<b>\$993,313</b>	<b>\$0</b>	<b>\$0</b>
<b>BENEFIT FUND (160)</b>								
<b>Budget Adjustments</b>								
<b>HUMAN RESOURCES</b>								
401(a) Defined Contribution Retirement Plan/Transfers			\$31,000		\$31,000		\$31,000	\$0
FICA-Medicare/Transfers			\$191,000		\$191,000		\$191,000	\$0
PTC 457/Transfers			\$30,000		\$30,000		\$30,000	\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$252,000</b>	<b>\$0</b>	<b>\$252,000</b>	<b>\$252,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>HUMAN RESOURCES</b>								
Tech Adjust: Non-Personal/Equipment (Temporary Agency Staffing)	(\$2,500)	\$2,500			\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$2,500)</b>	<b>\$2,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>BENEFIT FUND (160) TOTAL</b>	<b>(\$2,500)</b>	<b>\$2,500</b>	<b>\$252,000</b>	<b>\$0</b>	<b>\$252,000</b>	<b>\$252,000</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 Mid-Year Budget Review

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>BLDG &amp; STRUCT CONST TAX FD (429)</b>								
<b>Budget Adjustments</b>								
<b>TRAFFIC CAPITAL PROGRAM</b>								
Earned Revenue - Building and Structure Construction Tax						\$0	\$8,000,000	(\$8,000,000)
Earned Revenue - San Carlos Streetscape Improvements						\$0	\$25,000	(\$25,000)
Ending Fund Balance Adjustment				\$25,000	\$25,000			\$25,000
Future Projects Reserve			\$7,500,000		\$7,500,000			\$7,500,000
Ocala Avenue Pedestrian Improvements			\$100,000		\$100,000			\$100,000
San Carlos Street Multimodal Streetscape Improvements Phase II			\$300,000		\$300,000			\$300,000
St. John Bike/Pedestrian Improvements			\$100,000		\$100,000			\$100,000
The Alameda Beautiful Way Phase 2			\$300,000		\$300,000			\$300,000
Traffic Signal & Lighting Program/Earned Revenue			\$30,000		\$30,000	\$30,000		\$0
Underground Utilities - City Conversions			(\$300,000)		(\$300,000)			(\$300,000)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,030,000</b>	<b>\$25,000</b>	<b>\$8,055,000</b>	<b>\$8,055,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>TRAFFIC CAPITAL PROGRAM</b>								
Tech Adjust: Bike/Pedestrian Project Development (Rebudget Adjustment)			\$3,000	(\$3,000)	\$0			\$0
Tech Adjust: Jackson Street: LRT to Japantown Pedestrian Corridor (Rebudget Adjustment)			\$12,000	(\$12,000)	\$0			\$0
Tech Adjust: Julian Street and St. James Couplet Conversion (Rebudget Adjustment)			\$7,000	(\$7,000)	\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$22,000</b>	<b>(\$22,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>BLDG &amp; STRUCT CONST TAX FD (429) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,052,000</b>	<b>\$3,000</b>	<b>\$8,055,000</b>	<b>\$8,055,000</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 Mid-Year Budget Review

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>BRANCH LIB BOND PROJECT FD (472)</b>								
<b>Budget Adjustments</b>								
<b>LIBRARY CAPITAL PROGRAM</b>								
Library Bond Projects Contingency Reserve				(\$500,000)	(\$500,000)			(\$500,000)
Southeast Branch				\$500,000	\$500,000			\$500,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>BRANCH LIB BOND PROJECT FD (472) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CFD #14 RALEIGH-CHARLOTTE FD (379)</b>								
<b>Budget Adjustments</b>								
<b>TRANSPORTATION</b>								
Ending Fund Balance Adjustment				(\$30,000)	(\$30,000)			(\$30,000)
Transportation Department Non-Personal/Equipment		\$30,000			\$30,000			\$30,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$30,000</b>	<b>\$0</b>	<b>(\$30,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CFD #14 RALEIGH-CHARLOTTE FD (379) TOTAL</b>	<b>\$0</b>	<b>\$30,000</b>	<b>\$0</b>	<b>(\$30,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CFD #2 AND CFD #3 FUND (369)</b>								
<b>Budget Adjustments</b>								
<b>TRANSPORTATION</b>								
Ending Fund Balance Adjustment				(\$290,000)	(\$290,000)			(\$290,000)
Transportation Department Non-Personal/Equipment		\$290,000			\$290,000			\$290,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$290,000</b>	<b>\$0</b>	<b>(\$290,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CFD #2 AND CFD #3 FUND (369) TOTAL</b>	<b>\$0</b>	<b>\$290,000</b>	<b>\$0</b>	<b>(\$290,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 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>CFD #8 COMM HILL FUND (373)</b>								
<b>Budget Adjustments</b>								
<b>TRANSPORTATION</b>								
Ending Fund Balance Adjustment				(\$50,000)	(\$50,000)			(\$50,000)
Transportation Department Non-Personal/Equipment		\$50,000			\$50,000			\$50,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$0</b>	<b>(\$50,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CFD #8 COMM HILL FUND (373) TOTAL</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$0</b>	<b>(\$50,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>COMMTY FACIL REVENUE FUND (422)</b>								
<b>Budget Adjustments</b>								
<b>FINANCE</b>								
Ending Fund Balance Adjustment				(\$210,000)	(\$210,000)			(\$210,000)
Repair and Improvements			\$210,000		\$210,000			\$210,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$210,000</b>	<b>(\$210,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>COMMTY FACIL REVENUE FUND (422) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$210,000</b>	<b>(\$210,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX CENTRAL FD (390)</b>								
<b>Clean-Up Actions</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Tech Adjust: Transfer to the General Fund - Interest Earnings/Earned Revenue			\$78,000		\$78,000	\$78,000		\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$78,000</b>	<b>\$0</b>	<b>\$78,000</b>	<b>\$78,000</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX CENTRAL FD (390) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$78,000</b>	<b>\$0</b>	<b>\$78,000</b>	<b>\$78,000</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 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 COMM FUND (397)</b>								
<b>Clean-Up Actions</b>								
<b>COMMUNICATIONS CAPITAL PROGRAM</b>								
Tech Adjust: Transfer to the General Fund - Interest Earnings/Earned Revenue			\$2,000		\$2,000	\$2,000		\$0
<b>Clean-Up Actions Total</b>			\$0	\$0	\$2,000	\$2,000	\$0	\$0
<b>CONST/CONV TAX COMM FUND (397) TOTAL</b>			\$0	\$0	\$2,000	\$2,000	\$0	\$0
<b>CONST/CONV TAX FIRE FUND (392)</b>								
<b>Budget Adjustments</b>								
<b>PUBLIC SAFETY CAPITAL PROGRAM</b>								
Transfer to the Neighborhood Security Bond Fund/Transfers			\$575,000		\$575,000	\$575,000		\$0
<b>Budget Adjustments Total</b>			\$0	\$0	\$575,000	\$575,000	\$0	\$0
<b>Clean-Up Actions</b>								
<b>PUBLIC SAFETY CAPITAL PROGRAM</b>								
Tech Adjust: Transfer to the General Fund - Interest Earnings/Earned Revenue			\$4,000		\$4,000	\$4,000		\$0
<b>Clean-Up Actions Total</b>			\$0	\$0	\$4,000	\$4,000	\$0	\$0
<b>CONST/CONV TAX FIRE FUND (392) TOTAL</b>			\$0	\$0	\$579,000	\$579,000	\$0	\$0
<b>CONST/CONV TAX LIBRARY FD (393)</b>								
<b>Clean-Up Actions</b>								
<b>LIBRARY CAPITAL PROGRAM</b>								
Tech Adjust: Transfer to the General Fund - Interest Earnings/Earned Revenue			\$10,000		\$10,000	\$10,000		\$0





Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONSTRUCTION EXCISE TAX FD (465)</b>								
<b>Budget Adjustments</b>								
<b>TRAFFIC CAPITAL PROGRAM</b>								
Bicycle and Pedestrian Facilities/Earned Revenue			\$59,000		\$59,000	\$41,000		\$18,000
Bus Rapid Transit - Santa Clara/Alum Rock/Earned Revenue			\$70,000		\$70,000	\$70,000		\$0
Capitol Expressway Light Rail Pedestrian Improvements/Earned Revenue			\$70,000		\$70,000	\$70,000		\$0
Capitol Expressway: Story Road and Aborn Road Improvements			(\$298,600)		(\$298,600)			(\$298,600)
Downtown and North San José Transportation Improvements Reserve/Earned Revenue			\$3,000,000		\$3,000,000	\$3,000,000		\$0
Earned Revenue - Construction Excise Tax					\$0	\$11,000,000		(\$11,000,000)
East San José Bike/Pedestrian Transit Connection			\$150,000		\$150,000			\$150,000
Evergreen Traffic Impact Fees Reserve/Earned Revenue			\$397,000		\$397,000	\$397,000		\$0
Future Grants Reserve			\$2,000,000		\$2,000,000			\$2,000,000
Future Projects Reserve			\$8,726,000		\$8,726,000			\$8,726,000
Jackson Avenue Complete Streets/Earned Revenue			\$80,000		\$80,000	\$80,000		\$0
North San José Traffic Impact Fees Reserve/Earned Revenue			\$1,790,000		\$1,790,000	\$1,790,000		\$0
Pavement Maintenance - Measure B/Earned Revenue			\$286,000		\$286,000	\$286,000		\$0
Pedestrian Oriented Traffic Signals/Earned Revenue			\$200,000		\$200,000	\$158,000		\$42,000
Route 101/Oakland/Mabury Impact Fees Reserve/Earned Revenue			\$1,415,000		\$1,415,000	\$1,415,000		\$0
Safe Access San José/Earned Revenue			\$264,000		\$264,000	\$200,000		\$64,000
Signal Retiming - VRF/Earned Revenue			(\$40,000)		(\$40,000)	(\$40,000)		\$0
Transfer to the Evergreen Benefit Assessment District Fund			\$298,600		\$298,600			\$298,600
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,467,000</b>	<b>\$0</b>	<b>\$18,467,000</b>	<b>\$18,467,000</b>	<b>\$0</b>	<b>\$0</b>
<b>CONSTRUCTION EXCISE TAX FD (465) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,467,000</b>	<b>\$0</b>	<b>\$18,467,000</b>	<b>\$18,467,000</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONTINGENT LIEN DISTRICT FUND (634)</b>								
<b>Budget Adjustments</b>								
<b>DEVELOPER ASSISTED CAPITAL PROGRAM</b>								
Berryessa Road Special Assessment District Feasibility Study/Earned Revenue			\$30,000		\$30,000	\$30,000		\$0
<b>Budget Adjustments Total</b>	\$0	\$0	\$30,000	\$0	\$30,000	\$30,000	\$0	\$0
<b>CONTINGENT LIEN DISTRICT FUND (634) TOTAL</b>	\$0	\$0	\$30,000	\$0	\$30,000	\$30,000	\$0	\$0
<b>CONV CTR FACILI DIST PROJ FD (691)</b>								
<b>Clean-Up Actions</b>								
<b>MUNI IMPROVEMENTS CAPITAL PROGRAM</b>								
Fund Balance Reconciliation/Convention Center Expansion and Renovation Project			(\$1)	\$1	\$0			\$0
<b>Clean-Up Actions Total</b>	\$0	\$0	(\$1)	\$1	\$0	\$0	\$0	\$0
<b>CONV CTR FACILI DIST PROJ FD (691) TOTAL</b>	\$0	\$0	(\$1)	\$1	\$0	\$0	\$0	\$0
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>								
<b>Budget Adjustments</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Convention Facilities Operations/Earned Revenue			\$2,800,000		\$2,800,000	\$3,000,000		(\$200,000)
Ending Fund Balance Adjustment				\$174,000	\$174,000			\$174,000
Insurance Expenses			\$26,000		\$26,000			\$26,000
<b>Budget Adjustments Total</b>	\$0	\$0	\$2,826,000	\$174,000	\$3,000,000	\$3,000,000	\$0	\$0
<b>CONV/CULTURAL AFFAIRS FUND (536) TOTAL</b>	\$0	\$0	\$2,826,000	\$174,000	\$3,000,000	\$3,000,000	\$0	\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>DENTAL INSURANCE FUND (155)</b>								
<b>Budget Adjustments</b>								
<b>HUMAN RESOURCES</b>								
Dental HMO Plan			\$22,000		\$22,000			\$22,000
Payment of Claims			(\$22,000)		(\$22,000)			(\$22,000)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>DENTAL INSURANCE FUND (155) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>EDW BYRNE MEMORIAL JAG FD (474)</b>								
<b>Budget Adjustments</b>								
<b>POLICE</b>								
2011 Justice Assistance Grant/Earned Revenue			\$414		\$414	\$414		\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$414</b>	<b>\$0</b>	<b>\$414</b>	<b>\$414</b>	<b>\$0</b>	<b>\$0</b>
<b>EDW BYRNE MEMORIAL JAG FD (474) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$414</b>	<b>\$0</b>	<b>\$414</b>	<b>\$414</b>	<b>\$0</b>	<b>\$0</b>
<b>EMERGENCY RESERVE FUND (406)</b>								
<b>Clean-Up Actions</b>								
<b>FINANCE</b>								
Tech Adjust: Transfer to the General Fund - Interest Earnings/Earned Revenue			\$6,000		\$6,000	\$6,000		\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,000</b>	<b>\$0</b>	<b>\$6,000</b>	<b>\$6,000</b>	<b>\$0</b>	<b>\$0</b>
<b>EMERGENCY RESERVE FUND (406) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,000</b>	<b>\$0</b>	<b>\$6,000</b>	<b>\$6,000</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>GAS TAX MAINT/CONST FND - 1943 (409)</b>								
<b>Budget Adjustments</b>								
<b>FINANCE</b>								
Transfer to the General Fund/Gas Tax Revenue			\$500,000	\$0	\$500,000	\$500,000	\$0	\$0
<b>Budget Adjustments Total</b>	\$0	\$0	\$500,000	\$0	\$500,000	\$500,000	\$0	\$0
<b>GAS TAX MAINT/CONST FND - 1943 (409) TOTAL</b>	\$0	\$0	\$500,000	\$0	\$500,000	\$500,000	\$0	\$0
<b>GENERAL PURPOSE PARKING FD (533)</b>								
<b>Budget Adjustments</b>								
<b>TRANSPORTATION</b>								
4th/San Fernando Debt Service Payments			\$1,686,000	\$0	\$1,686,000	\$0	\$0	\$1,686,000
Debt Service Payments Reserve			(\$1,686,000)	\$0	(\$1,686,000)	\$0	\$0	(\$1,686,000)
<b>Budget Adjustments Total</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Clean-Up Actions</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$8,174			\$0	\$8,174	\$0	\$0	\$8,174
Salary Program - Employee Compensation Planning Reserve			(\$9,003)	\$0	(\$9,003)	\$0	\$0	(\$9,003)
<b>PUBLIC WORKS</b>								
Salary Program	\$829			\$0	\$829	\$0	\$0	\$829
<b>Clean-Up Actions Total</b>	\$9,003	\$0	(\$9,003)	\$0	\$0	\$0	\$0	\$0
<b>GENERAL PURPOSE PARKING FD (533) TOTAL</b>	\$9,003	\$0	(\$9,003)	\$0	\$0	\$0	\$0	\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>GIFT TRUST FUND (139)</b>								
<b>Budget Adjustments</b>								
<b>PUBLIC WORKS</b>								
Animal Services Donations/Earned Revenue			\$65,000		\$65,000	\$65,000		\$0
<b>LIBRARY</b>								
Library - General Gifts/Earned Revenue			\$41,556		\$41,556	\$41,556		\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$106,556</b>	<b>\$0</b>	<b>\$106,556</b>	<b>\$106,556</b>	<b>\$0</b>	<b>\$0</b>
<b>GIFT TRUST FUND (139) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$106,556</b>	<b>\$0</b>	<b>\$106,556</b>	<b>\$106,556</b>	<b>\$0</b>	<b>\$0</b>
<b>HOME INVEST PART PROG FUND (445)</b>								
<b>Budget Adjustments</b>								
<b>HOUSING</b>								
Ending Fund Balance Adjustment				(\$221,405)	(\$221,405)			(\$221,405)
Housing Loans and Grants/Earned Revenue			\$6,400,000		\$6,400,000	\$6,400,000		\$0
Tenant Based Rental Assistance/Earned Revenue			\$281,405		\$281,405	\$60,000		\$221,405
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,681,405</b>	<b>(\$221,405)</b>	<b>\$6,460,000</b>	<b>\$6,460,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>HOUSING</b>								
Salary Program	\$1				\$1			\$1
Salary Program - Employee Compensation Planning Reserve			(\$1)		(\$1)			(\$1)
<b>Clean-Up Actions Total</b>	<b>\$1</b>	<b>\$0</b>	<b>(\$1)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>HOME INVEST PART PROG FUND (445) TOTAL</b>	<b>\$1</b>	<b>\$0</b>	<b>\$6,681,404</b>	<b>(\$221,405)</b>	<b>\$6,460,000</b>	<b>\$6,460,000</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>HOUSING TRUST FUND (440)</b>								
<b>Budget Adjustments</b>								
<b>CITY ATTORNEY</b>								
City Attorney's Office Personal Services			(\$20,000)		(\$20,000)			(\$20,000)
<b>HOUSING</b>								
Ending Fund Balance Adjustment				\$17,000	\$17,000			\$17,000
Housing and Homeless Projects			\$3,000		\$3,000			\$3,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$17,000)</b>	<b>\$17,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>HOUSING</b>								
Salary Program	\$31				\$31			\$31
Salary Program - Employee Compensation Planning Reserve			(\$31)		(\$31)			(\$31)
<b>Clean-Up Actions Total</b>	<b>\$31</b>	<b>\$0</b>	<b>(\$31)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>HOUSING TRUST FUND (440) TOTAL</b>	<b>\$31</b>	<b>\$0</b>	<b>(\$17,031)</b>	<b>\$17,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>INTEGRATED WASTE MGT FUND (423)</b>								
<b>Budget Adjustments</b>								
<b>PLANNING, BLDG, &amp; CODE ENF</b>								
Planning, Building and Code Enforcement Department - Personal Services	\$17,037				\$17,037			\$17,037
<b>ENVIRONMENTAL SERVICES</b>								
Ending Fund Balance Adjustment				(\$17,037)	(\$17,037)			(\$17,037)
<b>Budget Adjustments Total</b>	<b>\$17,037</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$17,037)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>INTEGRATED WASTE MGT FUND (423)</b>								
<b>Clean-Up Actions</b>								
<b>TRANSPORTATION</b>								
Salary Program	\$1,784				\$1,784			\$1,784
<b>PLANNING, BLDG, &amp; CODE ENF</b>								
Salary Program	\$742				\$742			\$742
<b>ENVIRONMENTAL SERVICES</b>								
Salary Program	\$19,105				\$19,105			\$19,105
Salary Program - Employee Compensation Planning Reserve				(\$21,631)	(\$21,631)			(\$21,631)
Tech Adjust: Household Hazardous Waste Las Plumas Facility (Rebudget Adjustment)				\$2,350,943	\$2,350,943			\$2,350,943
Tech Adjust: Operations and Maintenance Reserve (Rebudget Adjustment)				(\$2,350,943)	(\$2,350,943)			(\$2,350,943)
<b>Clean-Up Actions Total</b>	<b>\$21,631</b>	<b>\$0</b>	<b>(\$21,631)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>INTEGRATED WASTE MGT FUND (423) TOTAL</b>	<b>\$38,668</b>	<b>\$0</b>	<b>(\$21,631)</b>	<b>(\$17,037)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LIFE INSURANCE FUND (156)</b>								
<b>Budget Adjustments</b>								
<b>HUMAN RESOURCES</b>								
Ending Fund Balance Adjustment				(\$15,000)	(\$15,000)			(\$15,000)
Human Resources Department Personal Services				\$15,000	\$15,000			\$15,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,000</b>	<b>(\$15,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LIFE INSURANCE FUND (156) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,000</b>	<b>(\$15,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>LOW/MOD INCOME HSNG ASSET FD (346)</b>								
<b>Budget Adjustments</b>								
<b>CITY ATTORNEY</b>								
City Attorney's Office Personal Services				\$200,000	\$200,000			\$200,000
<b>HOUSING</b>								
Ending Fund Balance Adjustment					(\$450,000)			(\$450,000)
Homeless Services				\$250,000	\$250,000			\$250,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$450,000</b>	<b>(\$450,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>HOUSING</b>								
Salary Program	\$450				\$450			\$450
Salary Program - Employee Compensation Planning Reserve				(\$450)	(\$450)			(\$450)
Tech Adjust: Non-Personal/Equipment (Temporary Agency Staffing)	(\$50,000)	\$50,000			\$0			\$0
<b>Clean-Up Actions Total</b>	<b>(\$49,550)</b>	<b>\$50,000</b>	<b>(\$450)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LOW/MOD INCOME HSNG ASSET FD (346) TOTAL</b>	<b>(\$49,550)</b>	<b>\$50,000</b>	<b>\$449,550</b>	<b>(\$450,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #1 LOS PASEOS FUND (352)</b>								
<b>Budget Adjustments</b>								
<b>TRANSPORTATION</b>								
Ending Fund Balance Adjustment					(\$50,000)			(\$50,000)
Transportation Department Non-Personal/Equipment		\$50,000			\$50,000			\$50,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$0</b>	<b>(\$50,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #1 LOS PASEOS FUND (352) TOTAL</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$0</b>	<b>(\$50,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



Special/Capital Funds  
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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>M.D. #13 KARINA CT-O'NL DR FD (366)</b>								
<b>Budget Adjustments</b>								
<b>TRANSPORTATION</b>								
Ending Fund Balance Adjustment				(\$10,000)	(\$10,000)			(\$10,000)
Transportation Department Non-Personal/Equipment		\$10,000			\$10,000			\$10,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$10,000</b>	<b>\$0</b>	<b>(\$10,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #13 KARINA CT-O'NL DR FD (366) TOTAL</b>	<b>\$0</b>	<b>\$10,000</b>	<b>\$0</b>	<b>(\$10,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #19 RIVER OAKS FUND (359)</b>								
<b>Budget Adjustments</b>								
<b>TRANSPORTATION</b>								
Ending Fund Balance Adjustment				(\$25,000)	(\$25,000)			(\$25,000)
Transportation Department Non-Personal/Equipment		\$25,000			\$25,000			\$25,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$25,000</b>	<b>\$0</b>	<b>(\$25,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #19 RIVER OAKS FUND (359) TOTAL</b>	<b>\$0</b>	<b>\$25,000</b>	<b>\$0</b>	<b>(\$25,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #2 TRADE ZONE/LUNDY FD (354)</b>								
<b>Budget Adjustments</b>								
<b>TRANSPORTATION</b>								
Ending Fund Balance Adjustment				(\$50,000)	(\$50,000)			(\$50,000)
Transportation Department Non-Personal/Equipment		\$50,000			\$50,000			\$50,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$0</b>	<b>(\$50,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #2 TRADE ZONE/LUNDY FD (354) TOTAL</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$0</b>	<b>(\$50,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 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. #21 GATEWAY FUND (356)</b>								
<b>Budget Adjustments</b>								
<b>TRANSPORTATION</b>								
Ending Fund Balance Adjustment				(\$90,000)	(\$90,000)			(\$90,000)
Transportation Department Non-Personal/Equipment		\$90,000			\$90,000			\$90,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$90,000</b>	<b>\$0</b>	<b>(\$90,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #21 GATEWAY FUND (356) TOTAL</b>	<b>\$0</b>	<b>\$90,000</b>	<b>\$0</b>	<b>(\$90,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>M.D. #9 S TERESA/GRT OAKS FD (362)</b>								
<b>Budget Adjustments</b>								
<b>TRANSPORTATION</b>								
Ending Fund Balance Adjustment				(\$100,000)	(\$100,000)			(\$100,000)
Transportation Department Non-Personal/Equipment		\$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>M.D. #9 S TERESA/GRT OAKS FD (362) 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>MULTI-SOURCE HOUSING FD (448)</b>								
<b>Budget Adjustments</b>								
<b>CITY ATTORNEY</b>								
City Attorney's Office Personal Services				(\$90,000)	(\$90,000)			(\$90,000)
<b>HOUSING</b>								
CalHome (Homebuyer) Program/Earned Revenue				(\$500,000)	(\$500,000)	(\$500,000)		\$0
CalHome (Rehabilitation) Program/Earned Revenue				\$1,500,000	\$1,500,000	\$1,500,000		\$0
Ending Fund Balance Adjustment				\$40,000	\$40,000			\$40,000

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 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>Budget Adjustments</b>								
<b>HOUSING</b>								
Neighborhood Stabilization Program/Earned Revenue			\$157,000		\$157,000	\$157,000		\$0
Nexus Study			\$50,000		\$50,000			\$50,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,117,000</b>	<b>\$40,000</b>	<b>\$1,157,000</b>	<b>\$1,157,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>HOUSING</b>								
Fund Balance Reconciliation				(\$2)	(\$2)		(\$2)	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2)</b>	<b>(\$2)</b>	<b>\$0</b>	<b>(\$2)</b>	<b>\$0</b>
<b>MULTI-SOURCE HOUSING FD (448) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,117,000</b>	<b>\$39,998</b>	<b>\$1,156,998</b>	<b>\$1,157,000</b>	<b>(\$2)</b>	<b>\$0</b>
<b>NEIGHBHD SECURITY BOND FD (475)</b>								
<b>Budget Adjustments</b>								
<b>PUBLIC SAFETY CAPITAL PROGRAM</b>								
Transfer to the Construction Tax and Property Conveyance Tax Fund: Fire Protection Purposes/Transfers			\$575,000		\$575,000	\$575,000		\$0
Transfer to the General Fund/Transfers			\$40,000		\$40,000	\$40,000		\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$615,000</b>	<b>\$0</b>	<b>\$615,000</b>	<b>\$615,000</b>	<b>\$0</b>	<b>\$0</b>
<b>NEIGHBHD SECURITY BOND FD (475) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$615,000</b>	<b>\$0</b>	<b>\$615,000</b>	<b>\$615,000</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 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>PUBLIC WKS PRO SUPPORT FD (150)</b>								
Clean-Up Actions								
<b>PUBLIC WORKS</b>								
Salary Program	\$3,953				\$3,953			\$3,953
Salary Program - Employee Compensation Planning Reserve			(\$3,953)		(\$3,953)			(\$3,953)
<b>Clean-Up Actions Total</b>	<b>\$3,953</b>	<b>\$0</b>	<b>(\$3,953)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>PUBLIC WKS PRO SUPPORT FD (150) TOTAL</b>	<b>\$3,953</b>	<b>\$0</b>	<b>(\$3,953)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>RES CONST TAX FUND (420)</b>								
Clean-Up Actions								
<b>DEVELOPER ASSISTED CAPITAL PROGRAM</b>								
Tech Adjust: Transfer to the General Fund - Interest Earnings/Earned Revenue			\$4,000		\$4,000	\$4,000		\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,000</b>	<b>\$0</b>	<b>\$4,000</b>	<b>\$4,000</b>	<b>\$0</b>	<b>\$0</b>
<b>RES CONST TAX FUND (420) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,000</b>	<b>\$0</b>	<b>\$4,000</b>	<b>\$4,000</b>	<b>\$0</b>	<b>\$0</b>
<b>SANITARY SEWER CONN FEE FD (540)</b>								
Clean-Up Actions								
<b>SANITARY SEWER CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				\$21,755	\$21,755		\$21,755	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$21,755</b>	<b>\$21,755</b>	<b>\$0</b>	<b>\$21,755</b>	<b>\$0</b>
<b>SANITARY SEWER CONN FEE FD (540) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$21,755</b>	<b>\$21,755</b>	<b>\$0</b>	<b>\$21,755</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 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>Budget Adjustments</b>									
<b>HUMAN RESOURCES</b>									
Workers' Compensation Claims			\$50,000		\$50,000				\$50,000
<b>ENVIRONMENTAL SERVICES</b>									
Ending Fund Balance Adjustment				(\$50,000)	(\$50,000)				(\$50,000)
Ending Fund Balance/Transfer from the Sewer Service Bond Payment Fund				\$227,200	\$227,200	\$227,200			\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$177,200</b>	<b>\$227,200</b>	<b>\$227,200</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>									
<b>TRANSPORTATION</b>									
Salary Program	\$139,970				\$139,970				\$139,970
<b>PUBLIC WORKS</b>									
Salary Program	\$16,768				\$16,768				\$16,768
<b>ENVIRONMENTAL SERVICES</b>									
Salary Program	\$555				\$555				\$555
Salary Program - Employee Compensation Planning Reserve			(\$157,293)		(\$157,293)				(\$157,293)
<b>Clean-Up Actions Total</b>	<b>\$157,293</b>	<b>\$0</b>	<b>(\$157,293)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHARGE FD (541) TOTAL</b>	<b>\$157,293</b>	<b>\$0</b>	<b>(\$107,293)</b>	<b>\$177,200</b>	<b>\$227,200</b>	<b>\$227,200</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>SANITARY SEWER CAPITAL PROGRAM</b>									
Bollinger Road-Blaney Avenue Sanitary Sewer Improvement			(\$5,100,000)		(\$5,100,000)				(\$5,100,000)
Immediate Replacement and Diversion Projects			\$2,200,000		\$2,200,000				\$2,200,000

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 Mid-Year Budget Review

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Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>SEWER SVC &amp; USE CHG CAP FD (545)</b>								
<b>Budget Adjustments</b>								
<b>SANITARY SEWER CAPITAL PROGRAM</b>								
Urgent Rehabilitation and Repair Projects			\$2,900,000		\$2,900,000			\$2,900,000
<b>Budget Adjustments Total</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>SEWER SVC &amp; USE CHG CAP FD (545) TOTAL</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>SJ-SC TRMNT PLANT CAP FUND (512)</b>								
<b>Budget Adjustments</b>								
<b>WATER POLLUTION CONTROL CAP PRGM</b>								
Ending Fund Balance/Transfer from the Sewer Service Bond Payment Fund				\$543,200	\$543,200	\$543,200		\$0
<b>Budget Adjustments Total</b>	\$0	\$0	\$0	\$543,200	\$543,200	\$543,200	\$0	\$0
<b>Clean-Up Actions</b>								
<b>WATER POLLUTION CONTROL CAP PRGM</b>								
Fund Balance Reconciliation				\$635,714	\$635,714		\$635,714	\$0
<b>Clean-Up Actions Total</b>	\$0	\$0	\$0	\$635,714	\$635,714	\$0	\$635,714	\$0
<b>SJ-SC TRMNT PLANT CAP FUND (512) TOTAL</b>	\$0	\$0	\$0	\$1,178,914	\$1,178,914	\$543,200	\$635,714	\$0
<b>SJ-SC TRMNT PLANT OPER FUND (513)</b>								
<b>Budget Adjustments</b>								
<b>CITY ATTORNEY</b>								
City Attorney's Office Non-Personal/Equipment		\$50,000			\$50,000			\$50,000

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 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>SJ-SC TRMNT PLANT OPER FUND (513)</b>								
<b>Budget Adjustments</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Environmental Services Department Non-Personal/Equipment		\$930,000			\$930,000			\$930,000
Environmental Services Department Personal Services	(\$980,000)				(\$980,000)			(\$980,000)
<b>Budget Adjustments Total</b>	<b>(\$980,000)</b>	<b>\$980,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Salary Program	\$403,761				\$403,761			\$403,761
Salary Program - Employee Compensation Planning Reserve			(\$403,761)		(\$403,761)			(\$403,761)
<b>Clean-Up Actions Total</b>	<b>\$403,761</b>	<b>\$0</b>	<b>(\$403,761)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SJ-SC TRMNT PLANT OPER FUND (513) TOTAL</b>	<b>(\$576,239)</b>	<b>\$980,000</b>	<b>(\$403,761)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>STORM DRAINAGE FEE FUND (413)</b>								
<b>Budget Adjustments</b>								
<b>STORM SEWER CAPITAL PROGRAM</b>								
Capital Program and Public Works Department Support Service Costs			\$50,000		\$50,000			\$50,000
Ending Fund Balance Adjustment				(\$50,000)	(\$50,000)			(\$50,000)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,000</b>	<b>(\$50,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>STORM SEWER CAPITAL PROGRAM</b>								
Tech Adjust: Transfer to the General Fund - Interest Earnings/Earned Revenue			\$3,000		\$3,000	\$3,000		\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,000</b>	<b>\$0</b>	<b>\$3,000</b>	<b>\$3,000</b>	<b>\$0</b>	<b>\$0</b>





Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fndd Balance	
<b>SUPPL LAW ENF SVCES FUND (414)</b>								
<b>Budget Adjustments</b>								
<b>POLICE</b>								
SLES Grant 2010-2012/Earned Revenue			\$823		\$823	\$823		\$0
<b>Budget Adjustments Total</b>	\$0	\$0	\$823	\$0	\$823	\$823	\$0	\$0
<b>SUPPL LAW ENF SVCES FUND (414) TOTAL</b>	\$0	\$0	\$823	\$0	\$823	\$823	\$0	\$0
<b>UNDERGROUND UTILITY FUND (416)</b>								
<b>Budget Adjustments</b>								
<b>DEVELOPER ASSISTED CAPITAL PROGRAM</b>								
Capital Program and Public Works Department Support Services Costs			\$50,000		\$50,000			\$50,000
Ending Fund Balance Adjustment				(\$50,000)	(\$50,000)			(\$50,000)
<b>Budget Adjustments Total</b>	\$0	\$0	\$50,000	(\$50,000)	\$0	\$0	\$0	\$0
<b>UNDERGROUND UTILITY FUND (416) TOTAL</b>	\$0	\$0	\$50,000	(\$50,000)	\$0	\$0	\$0	\$0
<b>UNEMPLOYMENT INSUR FD (157)</b>								
<b>Budget Adjustments</b>								
<b>HUMAN RESOURCES</b>								
Ending Fund Balance Adjustment				(\$25,000)	(\$25,000)			(\$25,000)
Human Resources Department Personal Services	\$25,000				\$25,000			\$25,000
<b>Budget Adjustments Total</b>	\$25,000	\$0	\$0	(\$25,000)	\$0	\$0	\$0	\$0
<b>UNEMPLOYMENT INSUR FD (157) TOTAL</b>	\$25,000	\$0	\$0	(\$25,000)	\$0	\$0	\$0	\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>VEHICLE MAINT &amp; OPER FUND (552)</b>								
<b>Budget Adjustments</b>								
<b>PUBLIC WORKS</b>								
Diesel Retrofit Program			\$550,000		\$550,000			\$550,000
Fuel Management System Upgrade			\$260,000		\$260,000			\$260,000
Inventory Purchases			(\$810,000)		(\$810,000)			(\$810,000)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>PUBLIC WORKS</b>								
Salary Program	\$84,320				\$84,320			\$84,320
Salary Program - Employee Compensation Planning Reserve			(\$84,320)		(\$84,320)			(\$84,320)
Tech Adjust: Transfer to the General Fund - Interest Earnings/Earned Revenue			\$7,000		\$7,000	\$7,000		\$0
<b>Clean-Up Actions Total</b>	<b>\$84,320</b>	<b>\$0</b>	<b>(\$77,320)</b>	<b>\$0</b>	<b>\$7,000</b>	<b>\$7,000</b>	<b>\$0</b>	<b>\$0</b>
<b>VEHICLE MAINT &amp; OPER FUND (552) TOTAL</b>	<b>\$84,320</b>	<b>\$0</b>	<b>(\$77,320)</b>	<b>\$0</b>	<b>\$7,000</b>	<b>\$7,000</b>	<b>\$0</b>	<b>\$0</b>
<b>WATER UTILITY FUND (515)</b>								
<b>Budget Adjustments</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Ending Fund Balance Adjustment				\$400,000	\$400,000			\$400,000
Environmental Services Department Non-Personal/Equipment		\$100,000			\$100,000			\$100,000
Environmental Services Department Non-Personal/Equipment/Earned Revenue (Water Sales)		\$1,500,000			\$1,500,000	\$2,000,000		(\$500,000)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$1,600,000</b>	<b>\$0</b>	<b>\$400,000</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions  
 2013-2014 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>Clean-Up Actions</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Salary Program	\$29,606				\$29,606			\$29,606
Salary Program - Employee Compensation Planning Reserve			(\$29,606)		(\$29,606)			(\$29,606)
<b>Clean-Up Actions Total</b>	<b>\$29,606</b>	<b>\$0</b>	<b>(\$29,606)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>WATER UTILITY FUND (515) TOTAL</b>	<b>\$29,606</b>	<b>\$1,600,000</b>	<b>(\$29,606)</b>	<b>\$400,000</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>	<b>\$0</b>	<b>\$0</b>

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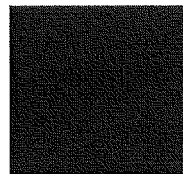
2013-2014

MID-YEAR  
BUDGET  
REVIEW



SECTION  
IV

APPENDIX





## **FINANCE DEPARTMENT**

### Monthly Financial Report

Financial Results for the Six Months Ended December 31, 2013  
Fiscal Year 2013-2014  
*(UNAUDITED)*

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**Finance Department, City of San José**  
**Monthly Financial Report**  
**Financial Results for the Six Months Ended December 31, 2013**  
**Fiscal Year 2013-2014**  
*(UNAUDITED)*

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**Finance Department, City of San José**  
**Monthly Financial Report**  
**Financial Results for the Six Months Ended December 31, 2013**  
**Fiscal Year 2013-2014**  
*(UNAUDITED)*

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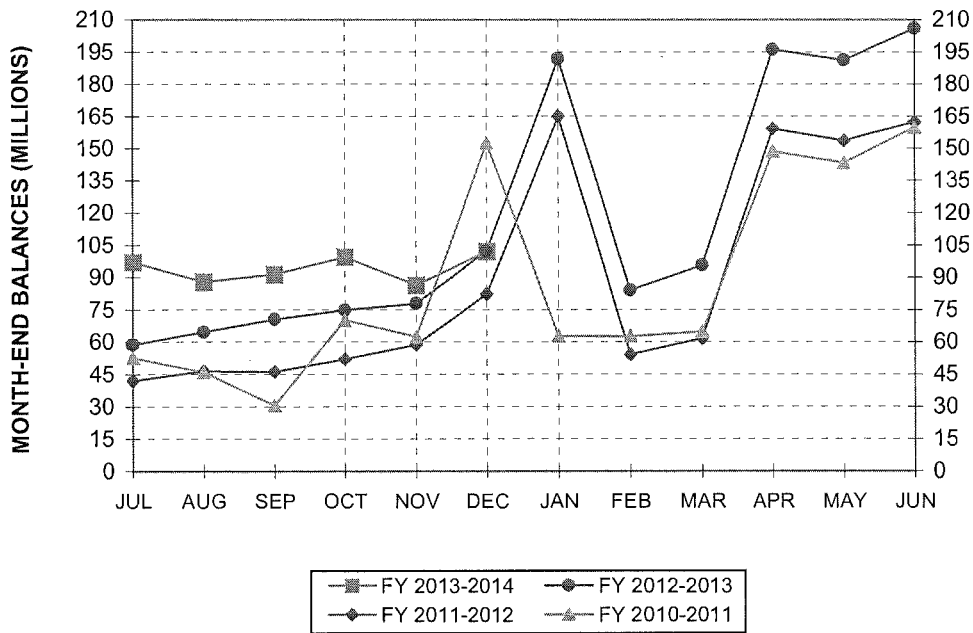
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Submitted by:

  
JULIA H. COOPER  
Director, Finance Department



### GENERAL FUND Comparison of Cash Balances



### GENERAL FUND MONTHLY CASH BALANCES

MONTH	FY 2013-2014	FY 2012-2013	FY 2011-2012	FY 2010-2011
JULY (1)	\$ 97,000,280	\$ 58,791,632	\$ 41,946,493	\$ 52,614,304
AUGUST	87,887,607	64,647,700	46,502,235	45,992,983
SEPTEMBER	91,326,643	70,484,194	46,218,737	30,525,385
OCTOBER	99,449,689	74,756,262	52,097,481	70,246,706
NOVEMBER	86,285,372	77,861,880	58,833,627	62,333,059
DECEMBER (2)	102,057,315	102,312,730	82,304,186	152,493,162
JANUARY (3)		191,822,297	164,958,541	62,749,463
FEBRUARY (3)		84,006,185	54,118,810	62,572,017
MARCH		95,600,850	61,586,562	64,768,564
APRIL (4)		196,073,222	159,137,277	148,465,097
MAY		191,101,640	153,526,766	143,186,930
JUNE		205,823,965	162,325,519	159,719,466

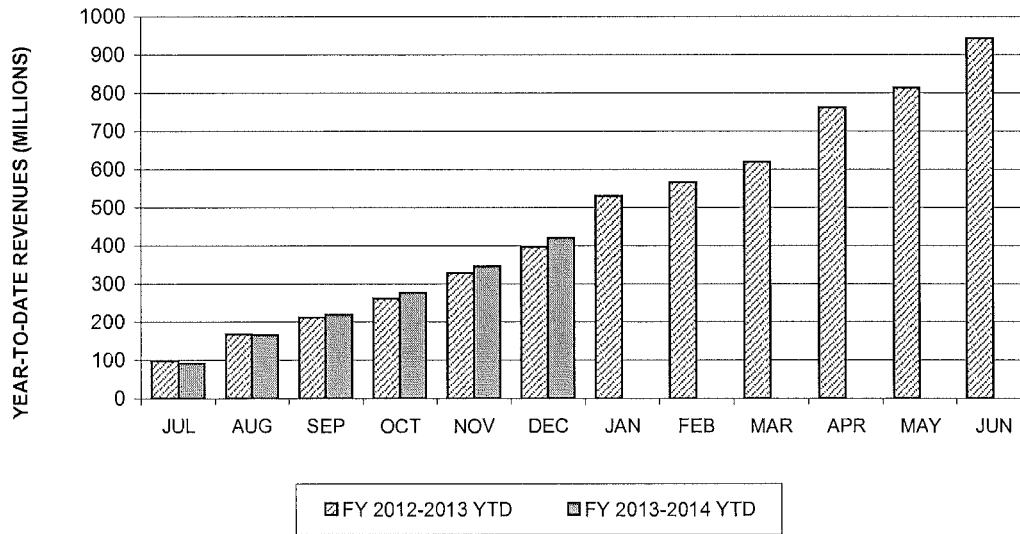
Note: (1) The General Fund cash balance decreases each July mainly due to the Council's direction to annually pre-fund the employer share of retirement contributions in a lump-sum to achieve budgetary savings to the City.

Note: (2) The General Fund cash balance increase in December 2010 was mainly due to the timing of the receipt of \$88.5 million in Property Tax revenue and \$16.7 million in Sales Tax revenue. These revenues are typically posted in January each year.

Note: (3) The General Fund cash balance decreases in January 2011, February 2012 and February 2013 was mainly due to the repayment of the Tax and Revenue Anticipation Notes (TRANs) of amounts between \$75 million and \$100 million.

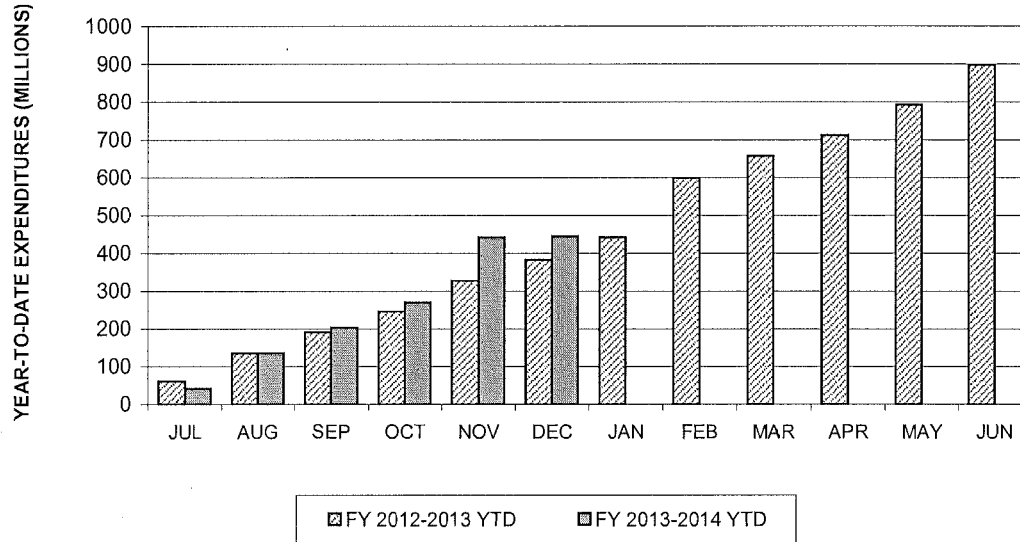
Note: (4) The General Fund cash balance increases each April mainly due to the receipt of the second annual installment of property taxes from Santa Clara County.

**GENERAL FUND  
Comparison of YTD Revenues  
Actual**



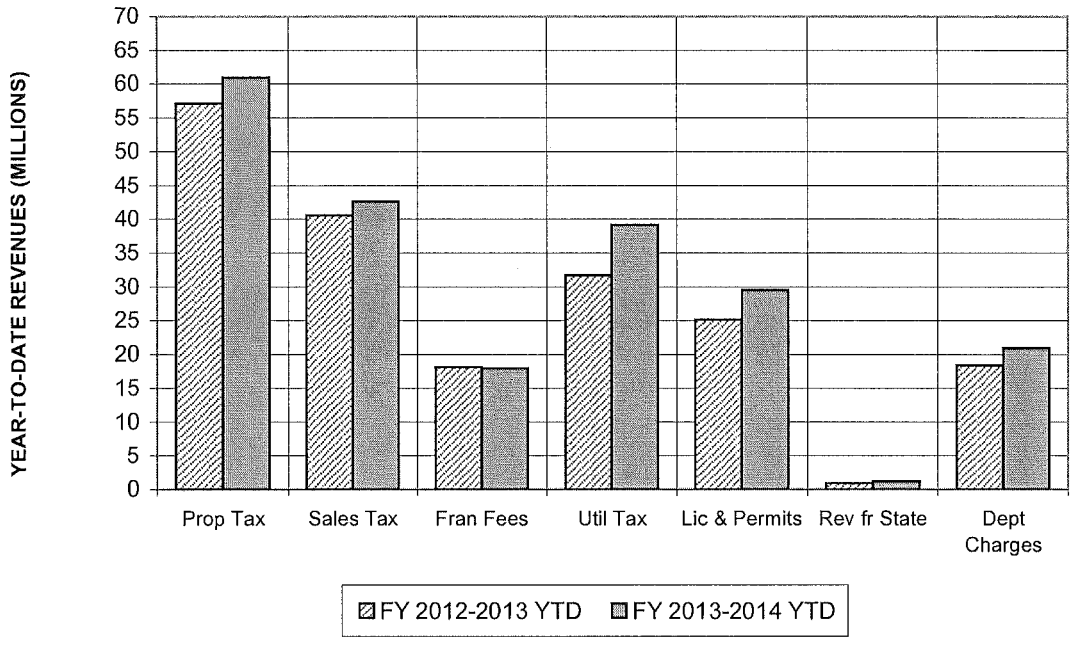
FY 2012-2013 YTD
  FY 2013-2014 YTD

**GENERAL FUND  
Comparison of YTD Expenditures  
Actual**

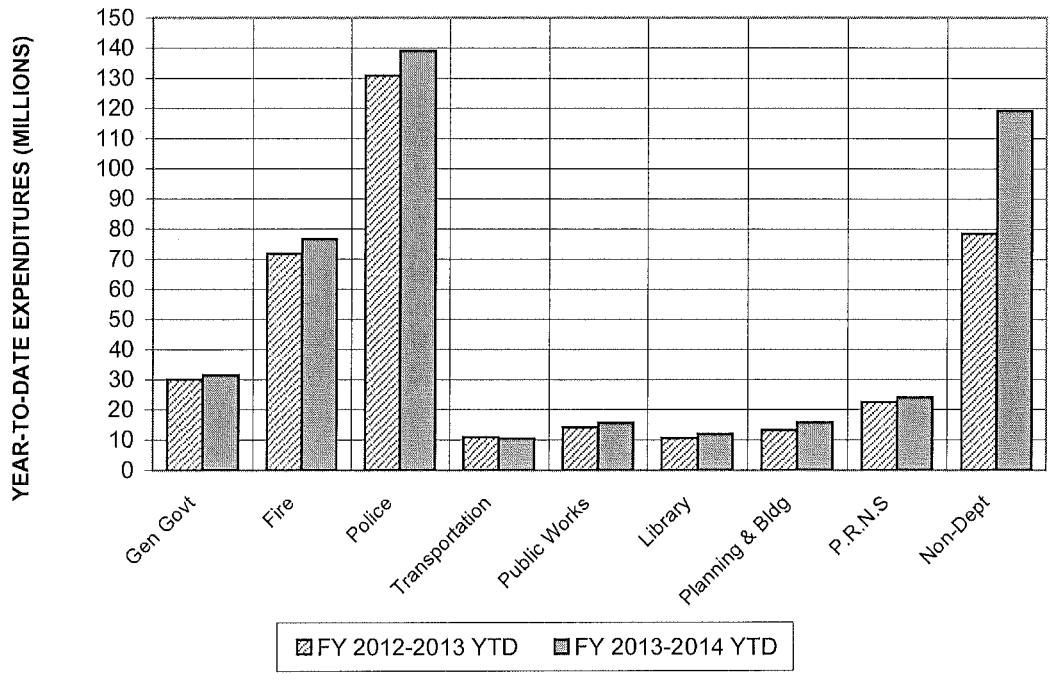


FY 2012-2013 YTD
  FY 2013-2014 YTD

**GENERAL FUND MAJOR REVENUES**  
**Comparison of YTD Actual vs. Prior YTD Actual**  
**For the Six Months Ended December 31, 2013**



**GENERAL FUND MAJOR EXPENDITURES**  
**Comparison of YTD Actual vs. Prior YTD Actual**  
**For the Six Months Ended December 31, 2013**



**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2013**  
*(UNAUDITED)*  
*(\$000's)*

	ADOPTED	YTD		REVISED	CUR YTD	CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END	CUR YTD LESS	% CHANGE
	FY 2013-2014	BUDGET	C/O	FY 2013-2014	ACTUAL	ACTUAL %	YTD	OF PRIOR	BUDGETARY	PRIOR YTD	CUR YTD ACTUAL
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	OF BUDGET	ACTUAL	YEAR-END	BASIS	ACTUAL	LESS PRIOR YTD
								ACTUAL	ACTUAL	ACTUAL	ACTUAL
<b>Fund Balance</b>											
Prior Year Encumbrances	-	-	18,795	18,795	18,795	100.00%	18,578	111.27%	16,697	217	1.17%
Liquidation of c/o Encumbrance	-	-	-	-	-	-	-	-	-	-	-
Available Balance	213,006	2,175	-	215,181	215,181	100.00%	168,300	100.00%	168,300	46,881	27.86%
<b>Total Fund Balance</b>	<b>213,006</b>	<b>2,175</b>	<b>18,795</b>	<b>233,976</b>	<b>233,976</b>	<b>100.00%</b>	<b>186,878</b>	<b>101.02%</b>	<b>184,997</b>	<b>47,098</b>	<b>25.20%</b>
<b>General Revenues</b>											
Property Tax	220,850	-	-	220,850	60,979	27.61%	57,116	27.86%	205,016	3,863	6.76%
Sales Tax (1)	167,710	2,400	-	170,110	42,656	25.08%	40,599	24.79%	163,751	2,057	5.07%
Telephone Line Tax	20,600	-	-	20,600	7,346	35.66%	7,009	33.96%	20,640	337	4.81%
Transient Occupancy Tax	10,600	-	-	10,600	4,312	40.68%	3,646	36.09%	10,103	666	18.27%
Franchise Fees	43,923	-	-	43,923	18,006	40.99%	18,153	41.50%	43,741	(147)	-0.81%
Utility Tax	91,895	-	-	91,895	39,204	42.66%	31,711	34.81%	91,109	7,493	23.63%
Business Taxes	42,435	-	-	42,435	21,207	49.98%	20,302	44.98%	45,140	905	4.46%
Licenses and Permits	40,278	-	-	40,278	29,514	73.28%	25,204	54.08%	46,606	4,310	17.10%
Fines, Forfeits and Penalties	15,862	-	-	15,862	6,177	38.94%	6,411	44.05%	14,555	(234)	-3.65%
Use of Money and Property	2,673	-	-	2,673	1,886	70.56%	1,718	44.15%	3,891	168	9.78%
Revenue from Local Agencies	24,836	11,969	-	36,805	4,018	10.92%	4,176	12.01%	34,779	(158)	-3.78%
Revenue from State of Cal.	11,378	170	-	11,548	1,223	10.59%	909	5.39%	16,872	314	34.54%
Revenue from Federal Government	11,052	1,701	-	12,753	6,514	51.08%	4,958	25.41%	19,511	1,556	31.38%
Departmental Charges (2)	35,449	-	-	35,449	20,991	59.21%	18,421	47.48%	38,799	2,570	13.95%
Other Revenues	17,646	102,466	-	120,112	110,495	91.99%	115,990	95.17%	121,878	(5,495)	-4.74%
<b>Total General Revenues</b>	<b>757,187</b>	<b>118,706</b>	<b>-</b>	<b>875,893</b>	<b>374,528</b>	<b>42.76%</b>	<b>356,323</b>	<b>40.66%</b>	<b>876,391</b>	<b>18,205</b>	<b>5.11%</b>
<b>Transfers &amp; Reimbursements</b>											
Overhead Reimbursements	36,996	(240)	-	36,756	29,014	78.94%	25,284	78.49%	32,215	3,730	14.75%
Transfers from Other Funds	16,162	-	-	16,162	10,088	62.42%	9,966	51.12%	19,495	122	1.22%
Reimbursements for Services	15,243	-	-	15,243	6,809	44.67%	5,386	34.23%	15,737	1,423	26.42%
<b>Total Transfers &amp; Reimburse</b>	<b>68,401</b>	<b>(240)</b>	<b>-</b>	<b>68,161</b>	<b>45,911</b>	<b>67.36%</b>	<b>40,636</b>	<b>60.25%</b>	<b>67,447</b>	<b>5,275</b>	<b>12.98%</b>
<b>Total Sources</b>	<b>1,038,594</b>	<b>120,641</b>	<b>18,795</b>	<b>1,178,030</b>	<b>654,415</b>	<b>55.55%</b>	<b>583,837</b>	<b>51.72%</b>	<b>1,128,835</b>	<b>70,578</b>	<b>12.09%</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 2013-2014 negative cumulative impact through December 2013 is approximately \$14.2 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, 2013**  
*( UNAUDITED )*  
*( \$000's )*

	ADOPTED	YTD		REVISED		CUR YTD		PRIOR YTD	PRIOR YTD %	PRIOR YEAR-END	CUR YTD LESS	% CHANGE		
	FY 2013-2014	BUDGET	C/O	FY 2013-2014	YEAR-TO-DATE		ACTUAL %		OF PRIOR	BUDGETARY			CUR YTD LESS	LESS PRIOR YTD
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	OF BUDGET		ACTUAL (1)	YEAR-END			BASIS	PRIOR YTD
<b>General Government</b>														
Mayor and Council	11,105	402	36	11,543	3,954	70	34.25%	4,000	47.90%	8,351	(46)	-1.15%		
City Attorney	12,376	(5)	327	12,698	5,450	298	42.92%	4,978	44.64%	11,152	472	9.48%		
City Auditor	2,114	(10)	13	2,117	899	13	42.47%	908	49.29%	1,842	(9)	-0.99%		
City Clerk	2,256	(21)	72	2,307	872	57	37.80%	825	45.96%	1,795	47	5.70%		
City Manager	11,068	(58)	578	11,588	4,357	709	37.60%	4,419	45.58%	9,694	(62)	-1.40%		
Finance	12,772	(21)	323	13,074	5,774	471	44.16%	5,430	45.31%	11,985	344	6.34%		
Information Technology	14,331	177	2,399	16,907	5,317	2,086	31.45%	4,255	38.45%	11,066	1,062	24.96%		
Human Resources	6,371	4	37	6,412	2,677	888	41.75%	2,531	46.67%	5,423	146	5.77%		
Independent Police Auditor	1,077	-	1	1,078	516	1	47.87%	450	45.14%	997	66	14.67%		
Office of Economic Development	3,694	(2)	276	3,968	1,820	211	45.87%	2,220	44.36%	5,005	(400)	-18.02%		
Total General Government	77,164	466	4,062	81,692	31,636	4,804	38.73%	30,016	44.59%	67,310	1,620	5.40%		
<b>Public Safety</b>														
Fire	163,499	619	623	164,741	76,703	1,439	46.56%	71,769	47.17%	152,158	4,934	6.87%		
Police	306,848	8,210	1,466	316,524	139,101	4,254	43.95%	130,867	46.12%	283,753	8,234	6.29%		
Total Public Safety	470,347	8,829	2,089	481,265	215,804	5,693	44.84%	202,636	46.49%	435,911	13,168	6.50%		
<b>Capital Maintenance</b>														
Transportation	27,226	68	498	27,792	10,503	1,588	37.79%	10,987	44.26%	24,823	(484)	-4.41%		
Public Works	34,789	(160)	302	34,931	15,778	2,400	45.17%	14,171	46.16%	30,701	1,607	11.34%		
Total Capital Maintenance	62,015	(92)	800	62,723	26,281	3,988	41.90%	25,158	45.31%	55,524	1,123	4.46%		
<b>Community Service</b>														
Housing	242	-	-	242	81	-	33.47%	113	46.69%	242	(32)	-28.32%		
Library	26,067	45	57	26,169	11,946	365	45.65%	10,606	44.51%	23,829	1,340	12.63%		
Planning, Bldg & Code Enf.	37,673	(44)	970	38,599	15,823	1,048	40.99%	13,299	46.28%	28,733	2,524	18.98%		
Park, Rec & Neigh Svcs	51,919	792	376	53,087	24,149	3,752	45.49%	22,605	45.84%	49,311	1,544	6.83%		
Environmental Services	1,034	(45)	42	1,031	632	49	61.30%	189	45.11%	419	443	234.39%		
Total Community Services	116,935	748	1,445	119,128	52,631	5,214	44.18%	46,812	45.66%	102,534	5,819	12.43%		
Total Dept. Expenditures	726,461	9,951	8,396	744,808	326,352	19,699	43.82%	304,622	46.07%	661,279	21,730	7.13%		

(1) Does not include encumbrance balance.

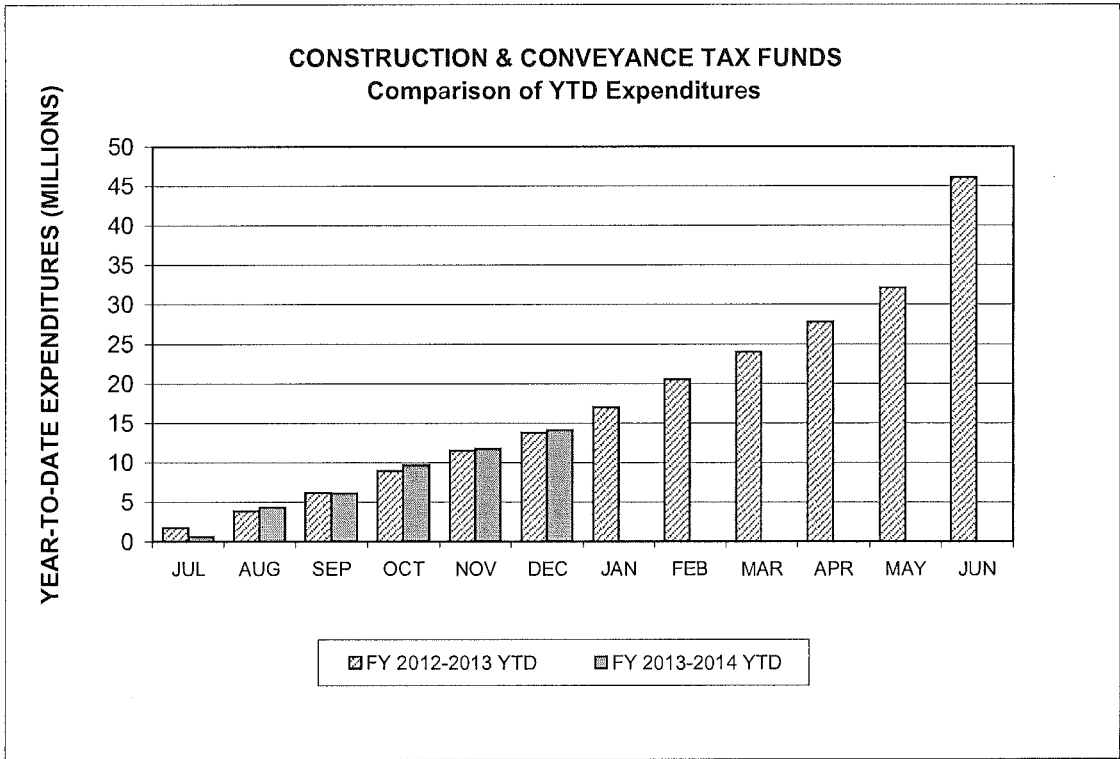
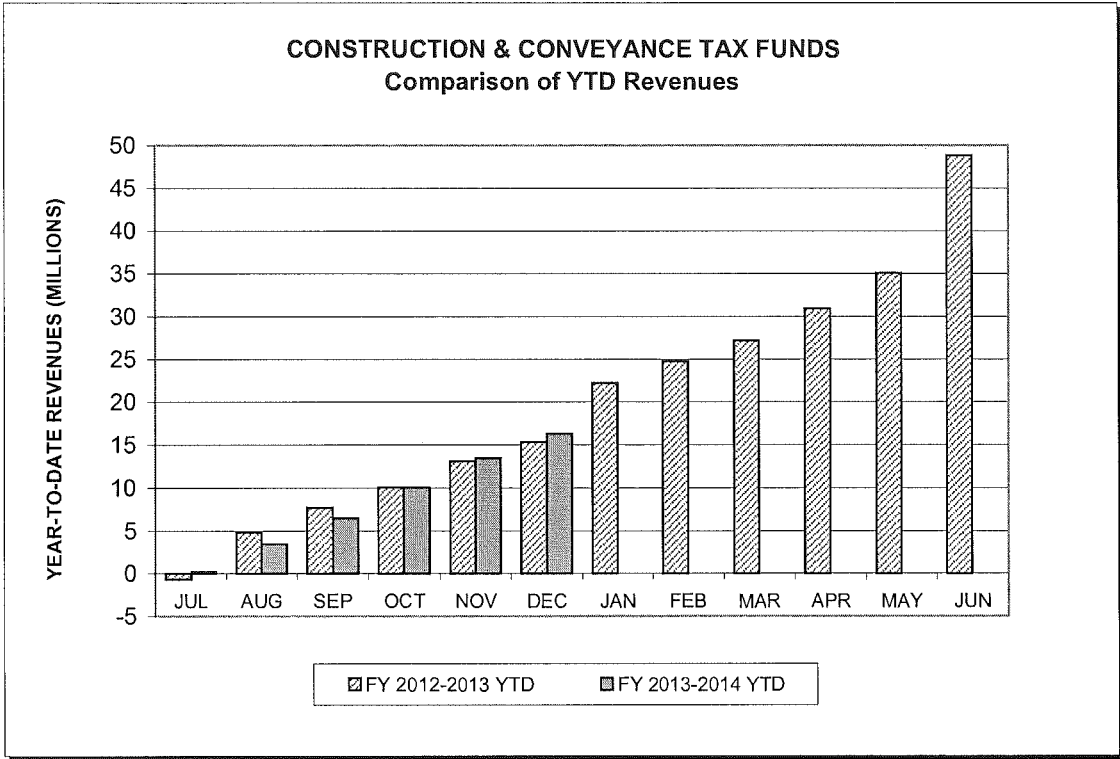
**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**EXPENDITURES**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2013**  
*( UNAUDITED )*  
*( \$000's )*

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END	CUR YTD LESS	% CHANGE
	FY 2013-2014	BUDGET		FY 2013-2014	ACTUAL	ENCUMBR	ACTUAL %	YTD	OF PRIOR	BUDGETARY	PRIOR YTD	CUR YTD ACTUAL
	BUDGET	AMENDMENTS		BUDGET	ACTUAL	ENCUMBR	OF BUDGET	ACTUAL (1)	YEAR-END	ACTUAL	ACTUAL (1)	LESS PRIOR YTD
<b>Non-Dept Expenditures</b>												
City-wide Expenditures:												
Econ & Neighborhood Develop.	28,307	653	145	29,105	16,672	2,101	57.28%	15,701	78.38%	20,031	971	6.18%
Environmental & Utility Services	2,417	(383)	576	2,610	825	516	31.61%	2,194	50.96%	4,305	(1,369)	-62.40%
Public Safety	19,782	1,826	438	22,046	5,460	460	24.77%	9,225	41.75%	22,096	(3,765)	-40.81%
Recreation & Cultural Services	8,733	132	1,197	10,062	2,922	2,228	29.04%	2,893	34.62%	8,356	29	1.00%
Transportation Services	6,866	505	418	7,789	2,515	270	32.29%	1,794	37.38%	4,800	721	40.19%
Strategic Support	43,483	109,406	6,202	159,091	64,549	6,549	40.57%	13,002	9.19%	141,524	51,547	396.45%
<b>Total City-wide Expenditures</b>	<b>109,588</b>	<b>112,139</b>	<b>8,976</b>	<b>230,703</b>	<b>92,943</b>	<b>12,124</b>	<b>40.29%</b>	<b>44,809</b>	<b>22.28%</b>	<b>201,112</b>	<b>48,134</b>	<b>107.42%</b>
Other Non-Dept Expenditures:												
Capital Improvements	29,437	1,833	1,423	32,693	1,370	2,172	4.19%	4,965	80.37%	6,178	(3,595)	-72.41%
Transfers to Other Funds	25,635	(762)	-	24,873	24,873	-	100.00%	28,699	98.41%	29,162	(3,826)	-13.33%
Other Operating Expenditures	-	354	-	354	8	-	2.26%	6	0.00%	-	2	100.00%
<b>Total Non-Dept Expenditures</b>	<b>164,660</b>	<b>113,564</b>	<b>10,399</b>	<b>288,623</b>	<b>119,194</b>	<b>14,296</b>	<b>41.30%</b>	<b>78,479</b>	<b>33.19%</b>	<b>236,452</b>	<b>40,715</b>	<b>51.88%</b>
<b>Reserves</b>												
Contingency Reserves	29,309	1,691	-	31,000	-	-	0.00%	-	0.00%	-	-	0.00%
Earmarked Reserves	118,164	(4,565)	-	113,599	-	-	0.00%	-	0.00%	-	-	0.00%
<b>Total Reserves</b>	<b>147,473</b>	<b>(2,874)</b>	<b>-</b>	<b>144,599</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>
<b>Total Uses</b>	<b>1,038,594</b>	<b>120,641</b>	<b>18,795</b>	<b>1,178,030</b>	<b>445,546</b>	<b>33,995</b>	<b>37.82%</b>	<b>383,101</b>	<b>42.67%</b>	<b>897,731</b>	<b>62,445</b>	<b>16.30%</b>

(1) Does not include encumbrance balance.

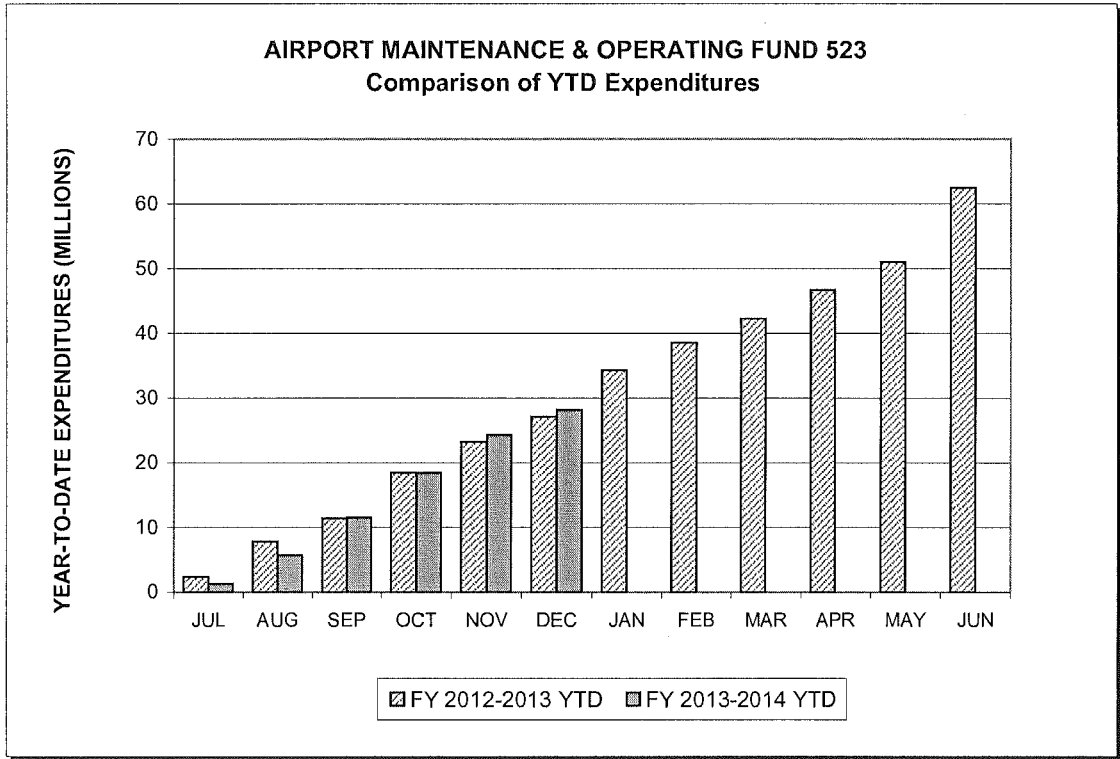
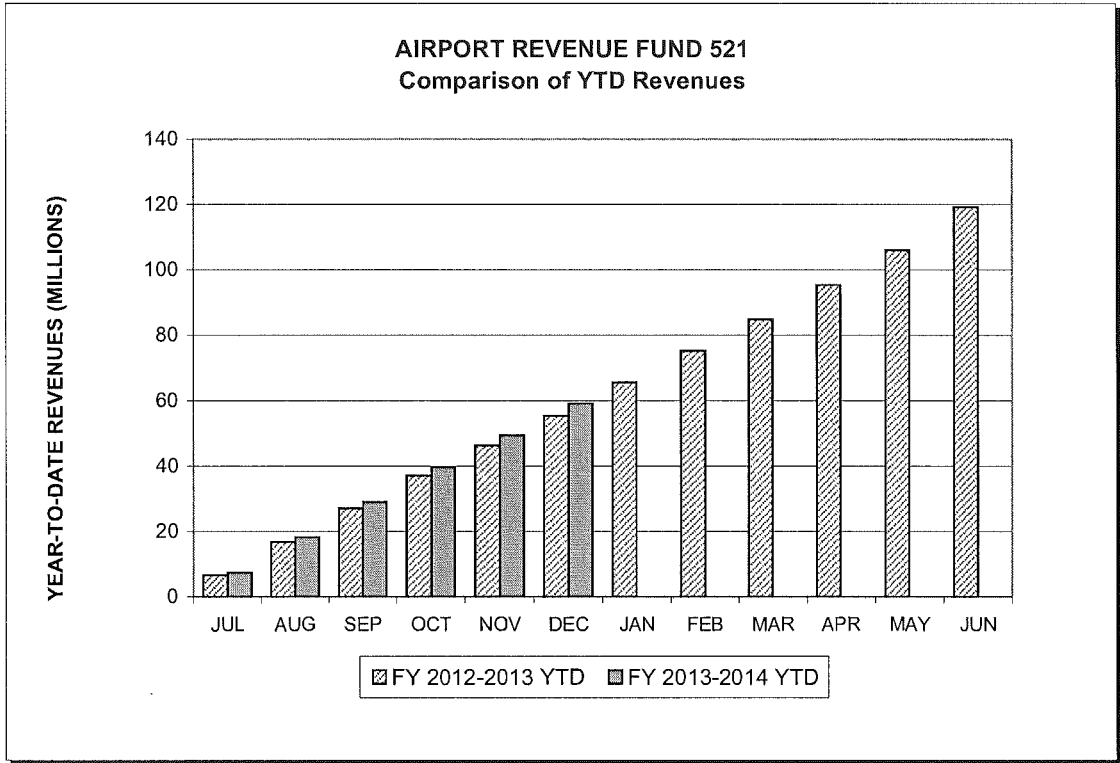
CITY OF SAN JOSE  
GENERAL FUND SOURCE AND USE OF FUNDS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013  
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES  
(UNAUDITED)  
(\$000's)

	ADOPTED FY 2012-2013 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2012-2013 BUDGET	CUR YTD ACTUAL	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Police	1,155	-	-	1,155	713	61.73%	559	46.47%	1,203	154	27.55%
Public Works	7,750	-	-	7,750	5,121	66.08%	4,099	48.27%	8,491	1,022	24.93%
Transportation	1,027	-	-	1,027	733	71.37%	747	52.64%	1,419	(14)	-1.87%
Library	1,049	-	-	1,049	382	36.42%	371	36.66%	1,012	11	2.96%
Planning, Bldg & Code Enf	3,000	-	-	3,000	2,516	83.87%	1,462	37.79%	3,869	1,054	72.09%
Parks Rec & Neigh Svcs	15,664	-	-	15,664	8,300	52.99%	7,954	50.44%	15,769	346	4.35%
Miscellaneous Dept Charges	5,804	-	-	5,804	3,226	55.58%	3,229	45.89%	7,036	(3)	-0.09%
<b>Total Departmental Revenues</b>	<b>35,449</b>	<b>-</b>	<b>-</b>	<b>35,449</b>	<b>20,991</b>	<b>59.21%</b>	<b>18,421</b>	<b>47.48%</b>	<b>38,799</b>	<b>2,570</b>	<b>13.95%</b>

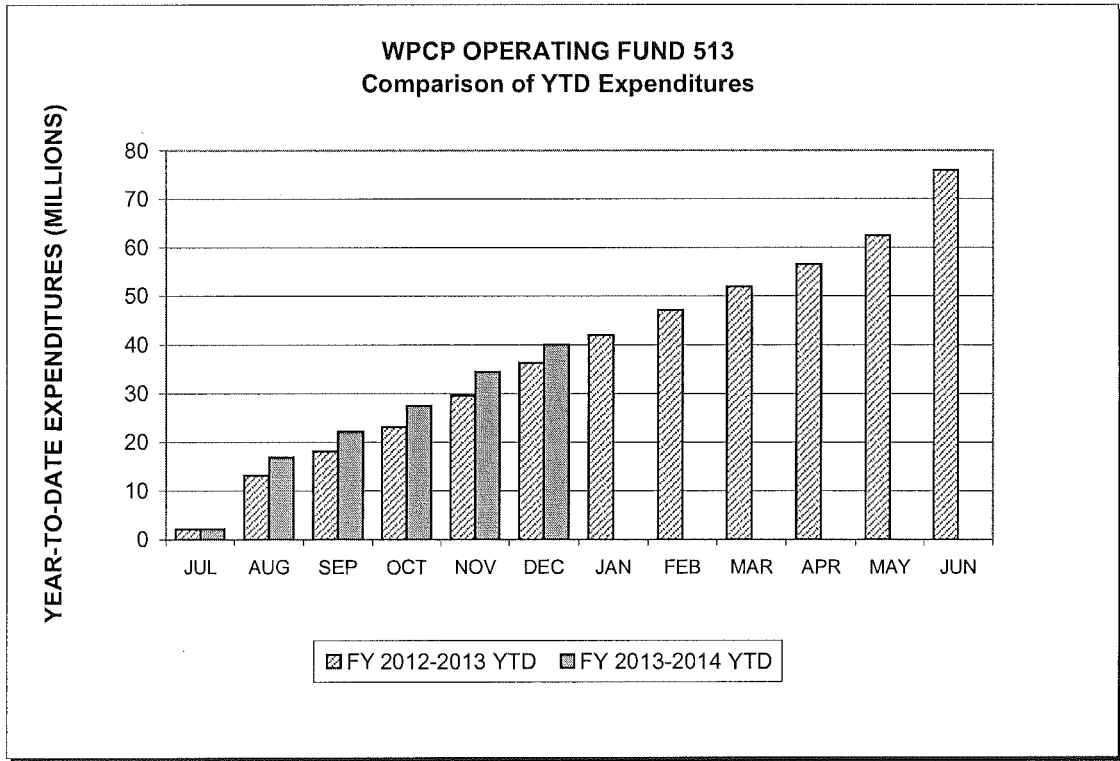
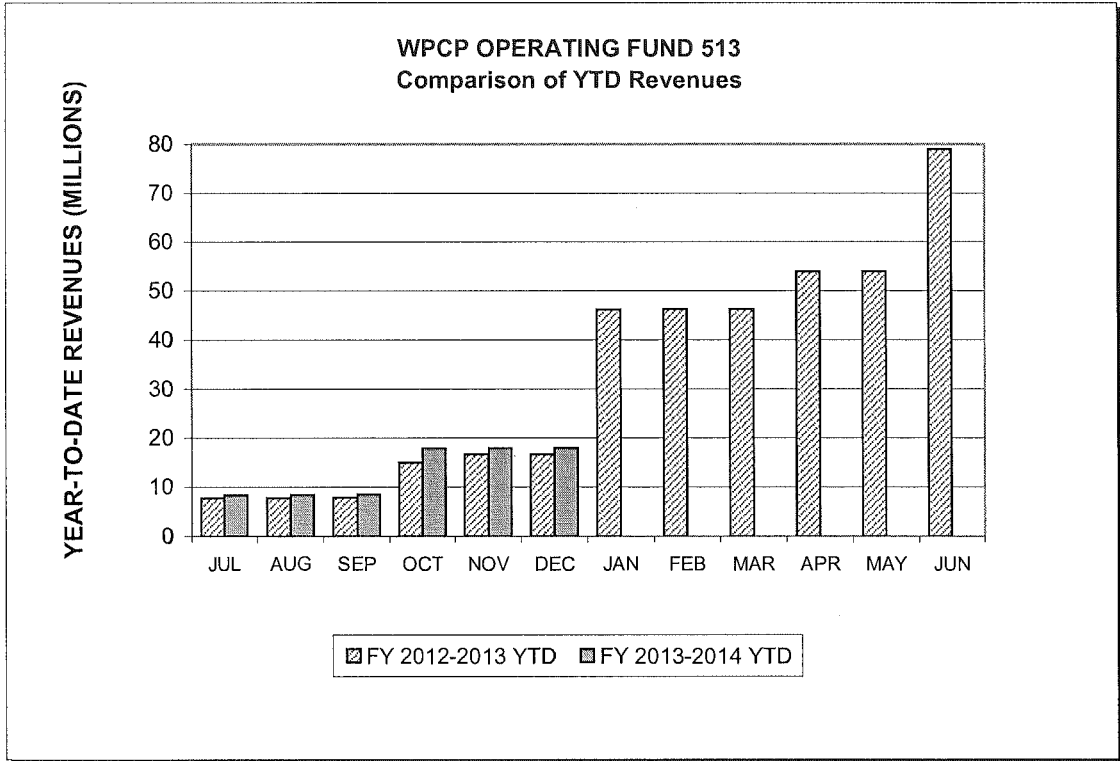


Negative Revenues in July 2012 were caused by the reversal of FY 2011-2012 year-end accrued revenues that exceeded the amount of actual year-end revenues.

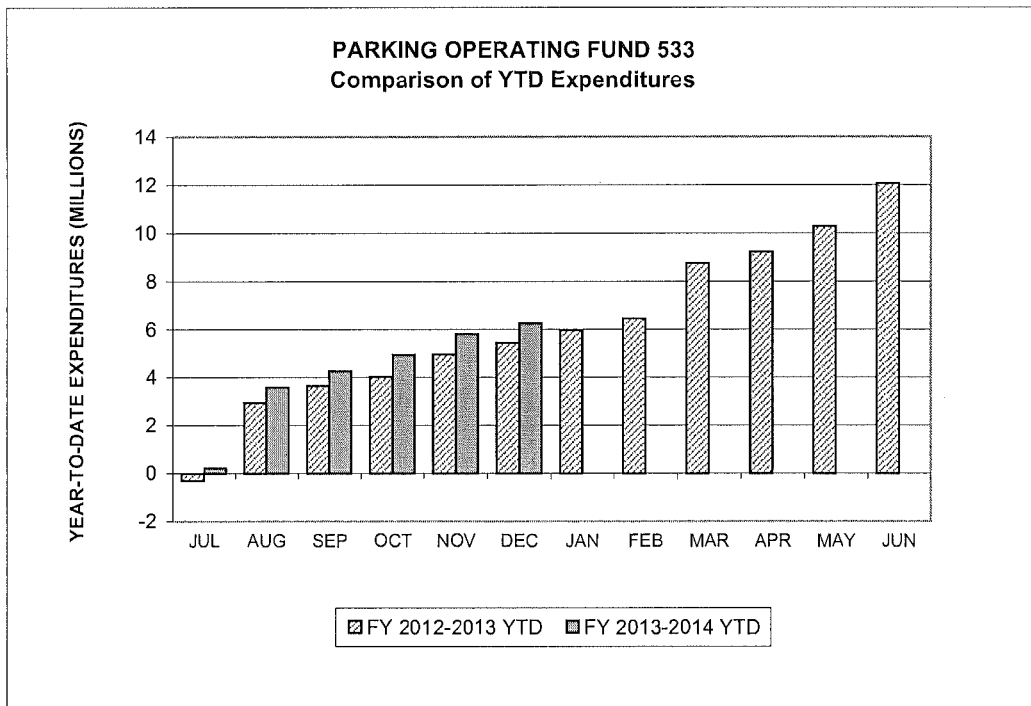
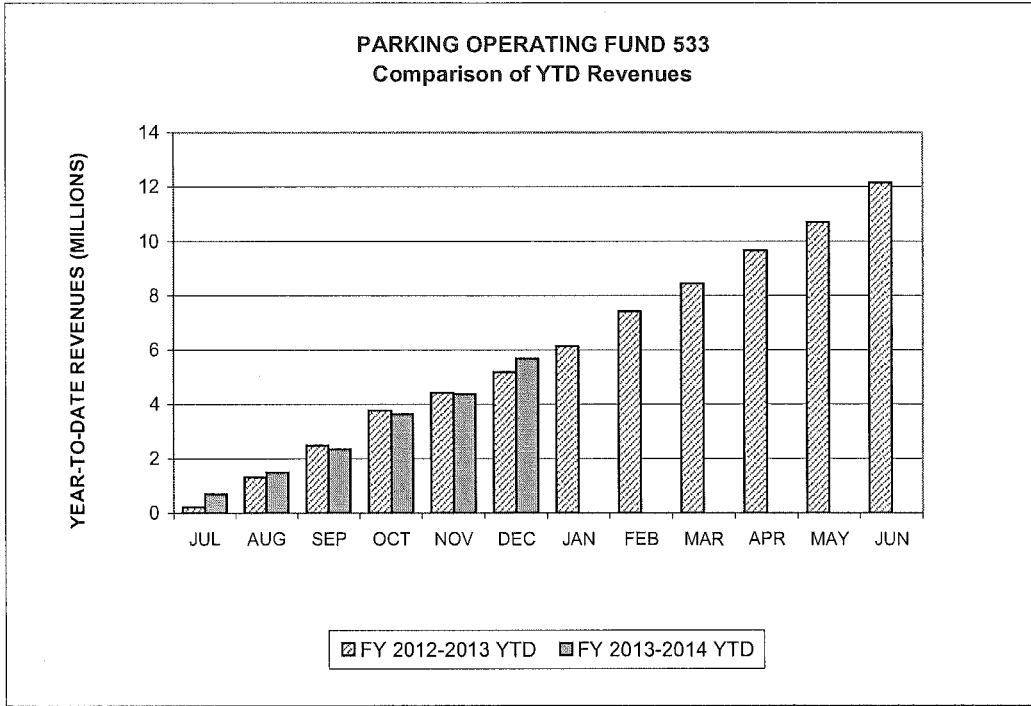




Note: The graphs above include the airport revenue fund (521) and operating fund (523) only.



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.

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, 2013  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2013-2014	BUDGET		FY 2013-2014	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
<b>Construction/Conveyance Tax</b>							
Prior Year Encumbrance	-	-	2,842	2,842	2,842	-	3,901
Beginning Fund Balance	62,029	16,670	-	78,699	78,699	-	74,497
Revenues	42,698	(379)	-	42,319	16,346	-	15,370
<b>Total Sources</b>	<b>104,727</b>	<b>16,291</b>	<b>2,842</b>	<b>123,860</b>	<b>97,887</b>	<b>-</b>	<b>93,768</b>
<b>Total Uses</b>	<b>104,727</b>	<b>16,291</b>	<b>2,842</b>	<b>123,860</b>	<b>14,138</b>	<b>4,811</b>	<b>13,770</b>
<b>Airport</b>							
Prior Year Encumbrance	-	-	7,578	7,578	7,578	-	8,780
Beginning Fund Balance	317,786	10,069	-	327,855	327,855	-	338,571
Revenues	349,961	205	-	350,166	120,667	-	181,768
<b>Total Sources</b>	<b>667,747</b>	<b>10,274</b>	<b>7,578</b>	<b>685,599</b>	<b>456,100</b>	<b>-</b>	<b>529,119</b>
<b>Total Uses</b>	<b>667,747</b>	<b>10,274</b>	<b>7,578</b>	<b>685,599</b>	<b>95,519</b>	<b>19,803</b>	<b>150,475</b>
<b>Waste Water Treatment</b>							
Prior Year Encumbrance	-	-	43,025	43,025	43,025	-	31,394
Beginning Fund Balance	277,989	28,200	-	306,189	306,189	-	279,320
Revenues	292,353	477	-	292,830	178,290	-	220,088
<b>Total Sources</b>	<b>570,342</b>	<b>28,677</b>	<b>43,025</b>	<b>642,044</b>	<b>527,504</b>	<b>-</b>	<b>530,802</b>
<b>Total Uses</b>	<b>570,342</b>	<b>28,677</b>	<b>43,025</b>	<b>642,044</b>	<b>93,175</b>	<b>65,500</b>	<b>139,652</b>
<b>Parking</b>							
Prior Year Encumbrance	-	-	1,032	1,032	1,032	-	712
Beginning Fund Balance	12,044	1,022	-	13,066	13,066	-	13,307
Revenues	11,875	660	-	12,535	5,685	-	6,134
<b>Total Sources</b>	<b>23,919</b>	<b>1,682</b>	<b>1,032</b>	<b>26,633</b>	<b>19,783</b>	<b>-</b>	<b>20,153</b>
<b>Total Uses</b>	<b>23,919</b>	<b>1,682</b>	<b>1,032</b>	<b>26,633</b>	<b>6,263</b>	<b>2,326</b>	<b>5,977</b>
<b>Municipal Water</b>							
Prior Year Encumbrance	-	-	1,061	1,061	1,061	-	1,241
Beginning Fund Balance	16,271	2,153	-	18,424	18,424	-	15,581
Revenues	34,915	-	-	34,915	22,770	-	21,998
<b>Total Sources</b>	<b>51,186</b>	<b>2,153</b>	<b>1,061</b>	<b>54,400</b>	<b>42,255</b>	<b>-</b>	<b>38,820</b>
<b>Total Uses</b>	<b>51,186</b>	<b>2,153</b>	<b>1,061</b>	<b>54,400</b>	<b>17,781</b>	<b>3,523</b>	<b>17,310</b>

**CITY OF SAN JOSE  
SPECIAL FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013  
(UNAUDITED)  
(\$000's)**

	ADOPTED FY 2013-2014 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2013-2014 BUDGET	YEAR-TO-DATE ACTUAL ENCUMBR		PRIOR Y-T-D ACTUAL
<b>Gas Tax</b>							
Revenues	14,500	-	-	14,500	6,671	-	7,018
<b>Total Sources</b>	<b>14,500</b>	<b>-</b>	<b>-</b>	<b>14,500</b>	<b>6,671</b>	<b>-</b>	<b>7,018</b>
<b>Total Uses</b>	<b>14,500</b>	<b>-</b>	<b>-</b>	<b>14,500</b>	<b>6,671</b>	<b>-</b>	<b>7,018</b>
<b>Building and Structures</b>							
Prior Year Encumbrance	-	-	7,531	7,531	7,531	-	3,338
Beginning Fund Balance	14,516	1,699	-	16,215	16,215	-	14,387
Revenues	22,092	1,603	-	23,695	14,408	-	9,512
<b>Total Sources</b>	<b>36,608</b>	<b>3,302</b>	<b>7,531</b>	<b>47,441</b>	<b>38,154</b>	<b>-</b>	<b>27,237</b>
<b>Total Uses</b>	<b>36,608</b>	<b>3,302</b>	<b>7,531</b>	<b>47,441</b>	<b>6,182</b>	<b>8,450</b>	<b>6,002</b>
<b>Residential Construction</b>							
Beginning Fund Balance	1,421	(435)	-	986	986	-	1,258
Revenues	180	-	-	180	191	-	164
<b>Total Sources</b>	<b>1,601</b>	<b>(435)</b>	<b>-</b>	<b>1,166</b>	<b>1,177</b>	<b>-</b>	<b>1,422</b>
<b>Total Uses</b>	<b>1,601</b>	<b>(435)</b>	<b>-</b>	<b>1,166</b>	<b>24</b>	<b>-</b>	<b>14</b>
<b>Transient Occupancy Tax</b>							
Prior Year Encumbrance	-	-	120	120	120	-	116
Beginning Fund Balance	3,934	795	-	4,729	4,729	-	4,299
Revenues	15,906	-	-	15,906	6,549	-	7,312
<b>Total Sources</b>	<b>19,840</b>	<b>795</b>	<b>120</b>	<b>20,755</b>	<b>11,398</b>	<b>-</b>	<b>11,727</b>
<b>Total Uses</b>	<b>19,840</b>	<b>795</b>	<b>120</b>	<b>20,755</b>	<b>7,227</b>	<b>2,748</b>	<b>8,392</b>
<b>Conventions, Arts &amp; Entertainment</b>							
Prior Year Encumbrance	-	-	698	698	698	-	423
Beginning Fund Balance	4,850	1,756	-	6,606	6,606	-	8,526
Revenues	39,810	15	-	39,825	15,723	-	10,462
<b>Total Sources</b>	<b>44,660</b>	<b>1,771</b>	<b>698</b>	<b>47,129</b>	<b>23,027</b>	<b>-</b>	<b>19,411</b>
<b>Total Uses</b>	<b>44,660</b>	<b>1,771</b>	<b>698</b>	<b>47,129</b>	<b>28,352</b>	<b>1,376</b>	<b>19,286</b>

**CITY OF SAN JOSE  
SPECIAL FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2013-2014	BUDGET		FY 2013-2014	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
<b>Golf</b>							
Beginning Fund Balance	339	121	-	460	460	-	375
Revenues	2,556	-	-	2,556	2,302	-	2,201
<b>Total Sources</b>	<b>2,895</b>	<b>121</b>	<b>-</b>	<b>3,016</b>	<b>2,762</b>	<b>-</b>	<b>2,576</b>
<b>Total Uses</b>	<b>2,895</b>	<b>121</b>	<b>-</b>	<b>3,016</b>	<b>1,608</b>	<b>-</b>	<b>1,477</b>
<b>Other Funds</b>							
Prior Year Encumbrance	-	-	18,668	18,668	18,668	-	32,423
Beginning Fund Balance	206,758	41,672	-	248,430	248,430	-	202,468
Revenues	431,152	(12,777)	-	418,375	206,991	-	234,005
<b>Total Sources</b>	<b>637,910</b>	<b>28,895</b>	<b>18,668</b>	<b>685,473</b>	<b>474,089</b>	<b>-</b>	<b>468,896</b>
<b>Total Uses</b>	<b>637,910</b>	<b>28,895</b>	<b>18,668</b>	<b>685,473</b>	<b>167,000</b>	<b>98,819</b>	<b>176,051</b>

**CITY OF SAN JOSE  
CAPITAL PROJECT FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2013-2014	BUDGET		FY 2013-2014	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
<b>Construction Excise</b>							
Prior Year Encumbrance	-	-	8,077	8,077	8,077	-	2,492
Beginning Fund Balance	50,773	10,610	-	61,383	61,383	-	46,476
Revenues	53,716	2,607	-	56,323	38,601	-	17,239
<b>Total Sources</b>	<b>104,489</b>	<b>13,217</b>	<b>8,077</b>	<b>125,783</b>	<b>108,061</b>	<b>-</b>	<b>66,207</b>
<b>Total Uses</b>	<b>104,489</b>	<b>13,217</b>	<b>8,077</b>	<b>125,783</b>	<b>23,130</b>	<b>6,687</b>	<b>21,070</b>
<b>Other</b>							
Prior Year Encumbrance	-	-	13,289	13,289	13,289	-	1,450
Beginning Fund Balance	36,004	2,919	-	38,923	38,923	-	53,013
Revenues	9,363	621	-	9,984	319	-	3,544
<b>Total Sources</b>	<b>45,367</b>	<b>3,540</b>	<b>13,289</b>	<b>62,196</b>	<b>52,531</b>	<b>-</b>	<b>58,007</b>
<b>Total Uses</b>	<b>45,367</b>	<b>3,540</b>	<b>13,289</b>	<b>62,196</b>	<b>2,086</b>	<b>12,660</b>	<b>5,530</b>

**CITY OF SAN JOSE  
OTHER FUND TYPES  
SOURCE AND USE OF FUNDS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2013-2014	BUDGET		FY 2013-2014	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
<b>Trust and Agency</b>							
Prior Year Encumbrance	-	-	30	30	30	-	2
Beginning Fund Balance	5,551	953	-	6,504	6,504	-	3,811
Revenues	885	37	-	922	858	-	470
<b>Total Sources</b>	<b>6,436</b>	<b>990</b>	<b>30</b>	<b>7,456</b>	<b>7,392</b>	<b>-</b>	<b>4,283</b>
<b>Total Uses</b>	<b>6,436</b>	<b>990</b>	<b>30</b>	<b>7,456</b>	<b>1,211</b>	<b>18</b>	<b>275</b>



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