

**Special Fund Recommended Budget Adjustments Summary
2017-2018 Mid-Year Budget Review**

Airport Fiscal Agent Fd (525)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Ending Fund Balance - Debt Service Reserve	Airport Department		(264,000)	
<p>This action decreases the Debt Service Reserve in the Airport Fiscal Agent Fund by \$264,000 (from \$86,911,614 to \$86,647,614) to offset the action recommended in this report.</p>				
Transfer to Airport Revenue Fund	Airport Department		\$264,000	
<p>This action increases the Transfer to the Airport Revenue Fund by \$264,000. This transfer reflects the excess reserve amounts released by the Airport's trustee and, per the Master Trust Agreement, excess earnings above the reserve fund requirements are eligible for transfer to the Airport Revenue Fund. A corresponding decrease in the Debt Service Reserve is recommended to offset this action.</p>				

Airport Fiscal Agent Fd (525)

Special Fund Recommended Budget Adjustments Summary 2017-2018 Mid-Year Budget Review

Airport Maint & Operations Fd (523)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Transfer to the General Fund - Aircraft Rescue and Fire Fighting Services	Airport Department		\$328,000	
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This action increases the Transfer to the General Fund for Aircraft Rescue and Fire Fighting Services appropriation in the Airport Maintenance and Operation Fund in the amount of \$328,000 (from \$5,692,518 to \$6,020,518) to provide the full funding needed for the Fire Department's overtime and training costs for Index D staffing at the Airport. A corresponding decrease to the Airport's Operations Contingency is recommended to offset this action.

Personal Services (Enterprise Positions)	Information Technology Department		\$2,000	
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This action increases the Information Technology Department (ITD)'s Personal Services appropriation by \$2,000 (from \$29,000 to \$31,000) due to higher than budgeted salary and retirement costs. This primarily reflects higher Enterprise Information Technology series position costs due to salary adjustments approved in June 2017. Approximately 34 positions in ITD were impacted by the salary range adjustments. This action increases the Information Technology Department (ITD)'s Personal Services appropriation by \$35,000 (from \$749,000 to \$784,000) due to higher than budgeted salary and retirement costs. This primarily reflects higher Enterprise Information Technology series position costs due to salary adjustments approved in June 2017. Approximately 34 positions in ITD were impacted by the salary range adjustments. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

Operations Contingency	Airport Department		(330,000)	
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This action decreases the Operations Contingency in the Airport Maintenance and Operations Fund in the amount of \$330,000 (from \$2,486,175 to \$2,156,175) to offset the actions recommended in this report.

Airport Maint & Operations Fd (523)

**Special Fund Recommended Budget Adjustments Summary
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Airport Revenue Fund (521)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Ending Fund Balance (Future Budgets/Capital Reserve)	Airport Department		(20,785,640)	

This action reduces the Future Budgets/Capital Reserve by \$20,785,640 (from \$47,416,419 to \$26,630,779) and, in a separate action, shifts this funding to the Airline Agreement Reserve (increase from \$42,125,965 to \$62,911,605) in the Airport Revenue Fund. The Future Budgets/Capital Reserve was first established in fiscal year 2011-2012 to reimburse the Airport operating funds, which were used for capital projects, from the proceeds in the Airport Revenue Bond Improvement Fund. However, additional funds have been placed in this reserve that should have been included in the Airline Agreement Reserve. This shift restores the balance of the Future Budgets/Capital Reserve to reflect the reimbursement for capital expenses. A corresponding adjustment to the Airline Agreement Reserve is recommended to offset this action.

Transfer to Airport Capital Improvement Fund	Airport Department		\$1,000,000	
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This action establishes a Transfer to the Airport Capital Improvement Fund from the Airport Revenue Fund in the amount of \$1.0 million to offset the \$1.0 million reduction to the Beginning/Ending Fund Balance recommended elsewhere in this report to reflect the final close-out of 2016-2017. The fund balance reconciliation reflects a reduction due to a change in the booking of the expense for a second Aircraft Rescue and Fire Fighting vehicle from 2017-2018 to 2016-2017, based on the timing of payments. A corresponding decrease to the Airline Agreement Reserve is recommended to offset this action.

Special Fund Recommended Budget Adjustments Summary 2017-2018 Mid-Year Budget Review

Airport Revenue Fund (521)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Ending Fund Balance - Airline Agreement Reserve	Airport Department		\$20,049,640	

This action increases the Airline Agreement Reserve in the amount of \$20,049,640 (from \$42,125,965 to \$62,175,605) in the Airport Revenue Fund. Of this increase, \$20,785,640 is a reallocation from the Future Budgets/Capital Reserve that was first established in fiscal year 2011-2012 to reimburse the Airport operating funds, which were used for capital projects, from the proceeds in the Airport Revenue Bond Improvement Fund. However, additional funds have been placed in that reserve that should have been included in the Airline Agreement Reserve. This shift redistributes funding between the Future Budgets/Capital Reserve and the Airline Agreement Reserve based on an analysis of the reimbursements for capital expenses. This action also includes a \$1,000,000 decrease in the Airline Agreement Reserve that offsets the Transfer to the Airport Capital Improvement Fund. The remaining \$264,000 of this action reflects an increase in the Transfer from the Airport Fiscal Agent Fund recommended in this report. Corresponding adjustments to the Future Budgets/Capital Reserve, Transfer to the Airport Capital Improvement Fund, and Transfer from the Airport Fiscal Agent Fund are recommended to offset these actions.

Transfers and Reimbursements (Transfer from Airport Fiscal Agent Fund)	Airport Department			\$264,000
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This action establishes a Transfer from the Airport Fiscal Agent Fund to the Airport Revenue Fund in 2017-2018 in the amount of \$264,000. This transfer reflects the excess reserve amounts released by the Airport's trustee and, per the Master Trust Agreement, excess earnings above the reserve fund requirements are eligible for transfer to the Airport Revenue Fund. A corresponding increase in the Airline Agreement Reserve is recommended to offset this action.

Airport Revenue Fund (521)			\$264,000	\$264,000
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Special Fund Recommended Budget Adjustments Summary 2017-2018 Mid-Year Budget Review

Arena Capital Reserve (459)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Electrical Repairs	Office of Economic Development		\$626,273	
<p>This action increases the Electrical Repairs appropriation to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at the SAP Center. The improvements included repairs to the audio visual systems and transformers. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>				
Previously Approved Repairs Reserve	Office of Economic Development		(2,261,825)	
<p>This action decreases the Previously Approved Repairs Reserve to offset the actions recommended in this report. Corresponding increases to the Electrical Repairs, Mechanical Repairs, Miscellaneous Repairs, Structures Repairs, and Unanticipated/Emergency Repairs appropriations are included in this report to provide funding for reimbursements to the Sharks Sports Entertainment for capital improvement repairs made at the SAP Center.</p>				
Mechanical Repairs	Office of Economic Development		\$556,076	
<p>This action increases the Mechanical Repairs appropriation to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at the SAP Center. The improvements included repairs to the boilers, floor insulation, HVAC, and pumps. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>				
Miscellaneous Repairs	Office of Economic Development		\$220,422	
<p>This action increases the Miscellaneous Repairs appropriation to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at the SAP Center. The improvements included repairs to the parking lot, Hall of Fame wall, and carpeting. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>				

**Special Fund Recommended Budget Adjustments Summary
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Arena Capital Reserve (459)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Structures Repairs	Office of Economic Development		\$743,481	

This action increases the Structures Repairs appropriation to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at the SAP Center. The improvements included repairs to the outdoor sign, floors, and netting. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.

Unanticipated/Emergency Repairs	Office of Economic Development		\$115,573	
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This action increases the Unanticipated/Emergency Repairs appropriation to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at the SAP Center. Some of the improvements included sidewalk work, stage and stairs repair, curtains head hoists, and lighting. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.

Arena Capital Reserve (459)

**Special Fund Recommended Budget Adjustments Summary
2017-2018 Mid-Year Budget Review**

Comm Dev Block Grant Fund (441)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Contractual Community Services (Santee Neighborhood Community Services and Legal Support)	Housing Department		\$125,000	
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This action increases the Contractual Community Services appropriation by \$125,000 for the Santee Neighborhood Community Services and Legal Support. As directed in the June 2016 Mayor's Budget Message as approved by City Council, the 2016-2017 Adopted Budget allocated one time funds for Santee Neighborhood Community Services and legal support to assist tenants with addressing substandard housing conditions. Legal services started in January 2017 and the neighborhood community services were established in April 2017. The initial funds covered the costs of these services into the 2017-2018 fiscal year, and the additional funding is recommended to continue these services for the remainder of the fiscal year. Legal services provided through the Apartment Rent Ordinance will be able to support tenants on an ongoing basis once funding from that program is available. A corresponding decrease to the Ending Fund Balance in the Community Development Block Grant Fund is recommended to offset this action.

Ending Fund Balance Adjustment	Housing Department		(125,000)	
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This action decreases the Ending Fund Balance to offset the action recommended in this report.

Comm Dev Block Grant Fund (441)

Special Fund Recommended Budget Adjustments Summary 2017-2018 Mid-Year Budget Review

Consolidated Water Utility Fd (515)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Non-Personal/Equipment (Reallocation to Personal Services)	Environmental Services Department		(350,000)	
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This action decreases the Non-Personal/Equipment appropriation to the Environmental Services Department by \$350,000 (from \$33.0 million to \$32.6 million) to reflect utilities and data processing savings. These savings are recommended to be reallocated to the Personal Services appropriation to offset higher costs in that appropriation.

Personal Services (Enterprise Positions)	Information Technology Department		\$45,000	
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This action increases the Information Technology Department (ITD)'s Personal Services appropriation by \$45,000 (from \$639,000 to \$684,000) due to higher than budgeted salary and retirement costs. This primarily reflects higher Enterprise Information Technology series position costs due to salary adjustments approved in June 2017. Approximately 34 positions in ITD were impacted by the salary range adjustments. This action increases the Information Technology Department (ITD)'s Personal Services appropriation by \$35,000 (from \$749,000 to \$784,000) due to higher than budgeted salary and retirement costs. This primarily reflects higher Enterprise Information Technology series position costs due to salary adjustments approved in June 2017. Approximately 34 positions in ITD were impacted by the salary range adjustments. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

Ending Fund Balance Adjustment	Environmental Services Department		(45,000)	
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This action decreases the Ending Fund Balance to offset the actions recommended in this report.

**Special Fund Recommended Budget Adjustments Summary
2017-2018 Mid-Year Budget Review**

Consolidated Water Utility Fd (515)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Personal Services (Reallocation from Non-Personal/Equipment)	Environmental Services Department		\$350,000	

This action increases the Personal Services appropriation to the Environmental Services Department (ESD) by \$350,000 (from \$6.3 million to \$6.7 million) to account for an anticipated overage in this appropriation by year-end. This overage is a result of changes in the allocation of staff time across the various ESD funds per the Environmental Services Cost Allocation Plan in 2017-2018, which was not captured in the 2017-2018 Adopted Budget, as well as higher retirement costs for personnel in this fund. This action is offset by a decrease to the Non-Personal/Equipment appropriation.

Consolidated Water Utility Fd (515)

**Special Fund Recommended Budget Adjustments Summary
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Conv/Cultural Facilities Fd (536)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Capital Reserve	Office of Economic Development		(1,550,000)	
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This action decreases the Capital Reserve within the Convention and Cultural Affairs Fund by \$1.55 million (from \$3.5 million to \$1.95 million) to fund the Convention Center Restrooms Upgrade Project (\$1.2 million), Convention Center Staff/Kitchen Dining Area (\$300,000), and McCabe Hall Roof Repairs (\$50,000) projects. Corresponding actions to establish these projects and transfer funding to the new Convention and Cultural Affairs Capital Fund are recommended elsewhere in this report.

Transfer to the Convention and Cultural Affairs Capital Fund	Office of Economic Development		\$1,550,000	
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This action establishes a transfer from the Convention and Cultural Affairs Fund to the new Convention and Cultural Affairs Capital Fund in the amount of \$1,550,000 to support the Convention Center Restrooms Upgrade Project (\$1.2 million), Convention Center Staff Dining Area (\$300,000), and McCabe Hall Roof Repairs (\$50,000) projects within the Convention and Cultural Affairs Capital Fund, as described in this report. Corresponding adjustments to the Capital Reserve in the Convention and Cultural Affairs Fund are recommended to offset this transfer.

Conv/Cultural Facilities Fd (536)

**Special Fund Recommended Budget Adjustments Summary
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Dental Benefit Fund (155)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Dental HMO Plan	Human Resources Department		\$35,000	
<p>This action increases the Dental HMO Plan appropriation by \$35,000 (from \$280,000 to \$315,000). Based on actual performance, it is anticipated that the Dental HMO Plan cost will exceed the current budget due to an increase in enrollment in the HMO plan. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
Ending Fund Balance Adjustment	Human Resources Department		(35,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				

Dental Benefit Fund (155)

Special Fund Recommended Budget Adjustments Summary 2017-2018 Mid-Year Budget Review

Employee Benefits Fund (160)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
401 (a) Defined Contribution Retirement Plan/Transfers and Reimbursements	Human Resources Department		\$22,000	\$22,000
<p>This action increases the 401(a) Defined Contribution Retirement Plan appropriation and the corresponding revenue estimate for Transfers from various City funds by \$22,000 (from \$153,000 to \$175,000). Based on the current trend, it is anticipated that the City's contribution to the Tier 3 401 (a) retirement plan will exceed the budget due to an increase in newly hired employees opting into Tier 3 in lieu of Tier 2B that was assumed in the development of the 2017-2018 Adopted Budget.</p>				
FICA-Medicare/Transfers and Reimbursements	Human Resources Department		\$240,000	\$240,000
<p>This action increases the FICA-Medicare appropriation and corresponding revenue estimate for Transfers from various City funds by \$240,000 (from \$8.9 million to \$9.2 million). These costs, which are supported by various City funds, have been tracking at higher levels than assumed in the development of the 2017-2018 Adopted Budget.</p>				
MEF Legal/Transfers and Reimbursements	Human Resources Department		\$13,000	\$13,000
<p>This action increases the Municipal Employees' Federation (MEF) Legal appropriation and the corresponding revenue estimate for Transfers from various City funds by \$13,000 (from \$87,000 to \$100,000). Based on the current trend, it is anticipated that the MEF Legal cost will exceed the budget due to an increase in MEF members in the employee population. These costs, which are supported by various City funds, have been tracking at higher levels than assumed in the development of the 2017-2018 Adopted Budget.</p>				
General Employee Vision/Transfers and Reimbursements	Human Resources Department		\$10,000	\$10,000
<p>This action increases the General Employee Vision appropriation and corresponding revenue estimate for Transfers from various City funds by \$10,000 (from \$303,000 to \$313,000). Based on the current trend, it is anticipated that the General Employee Vision cost will exceed the current budget due to an increase in employee population. These costs, which are supported by various City funds, have been tracking higher than assumed in the development of the 2017-2018 Adopted Budget.</p>				

**Special Fund Recommended Budget Adjustments Summary
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Employee Benefits Fund (160)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
PTC 457/Transfers and Reimbursements	Human Resources Department		\$110,000	\$110,000

This action increases the Part-Time, Temporary, and Contractual (PTC) 457 appropriation and corresponding estimate for Transfers from various City funds by \$110,000 (from \$1.4 million to \$1.5 million). The PTC 457 Plan is a Deferred Compensation Plan required for employees that are not covered by one of the City of San José's retirement systems (Federated, Police, or Fire). Per federal regulations, the PTC 457 Plan requires employee and employer contributions. The appropriation and corresponding revenue, which account for the employer contributions to the PTC 457 Plan, have been tracking at higher levels than assumed in the development of the 2017-2018 Adopted Budget.

Employee Benefits Fund (160)			\$395,000	\$395,000
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**Special Fund Recommended Budget Adjustments Summary
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Federal Drug Forfeiture Fund (419) - Department of Justice Forfeiture

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Ending Fund Balance Adjustment	Police Department		(10,000)	
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This action decreases the Ending Fund Balance in the Federal Drug Forfeiture Fund by \$10,000 (from \$24,986 to \$14,986) to offset the action recommended in this report.

Federal Drug Forfeiture Program Audit	Police Department		\$10,000	
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This action establishes the Federal Drug Forfeiture Program Audit appropriation to the Police Department in the amount of \$10,000 to comply with the Department of Justice's audit recommendation to have a program specific audit conducted for fiscal years 2013-2014 and 2014-2015 in the Federal Drug Forfeiture Fund. The Police Department coordinated with the Finance Department for pricing of this type of audit from a third-party vendor, and the Finance Department will be overseeing this program audit. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

Federal Drug Forfeiture Fund (419) - Department of Justice Forfeiture

Special Fund Recommended Budget Adjustments Summary 2017-2018 Mid-Year Budget Review

General Purpose Parking Fund (533)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
San Jose Regional Transportation Hub - Programmatic Design Reserve	Department of Transportation		(500,000)	
<p>This action eliminates the San Jose Regional Transportation Hub - Programmatic Design Reserve and, in a separate action, transfers these funds to the Construction Excise Tax Fund to support an inter-agency cooperative planning effort for the San Jose Diridon Integrated Station Concept Plan. This reserve was established in the 2016-2017 Annual Report to support preliminary planning and design efforts for this project. Corresponding adjustments to transfer funding from the General Purpose Parking Fund and establish this project in the Construction Excise Tax Fund are recommended elsewhere in this report.</p>				
Other Revenue (SARA Enforceable Obligations Reimbursement)	Department of Transportation			\$6,324,000

The action reimburses the General Purpose Parking Fund for advances made by the General Purpose Parking Fund to the Successor Agency to the Redevelopment Agency (SARA) in the amount of \$6.3 million for debt service incurred for construction of the parking garage located at Fourth and San Fernando streets. Funds were advanced between fiscal years 2012-13 to 2015-16 due to an insufficiency of funds to repay the debt service during that period. This \$6.3 million represents the accumulated balance of advanced funds not reimbursed to date. A corresponding adjustment to the ending fund balance in the General Purpose Parking Fund is recommended elsewhere in this report.

Special Fund Recommended Budget Adjustments Summary 2017-2018 Mid-Year Budget Review

General Purpose Parking Fund (533)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
4th/San Fernando Reserve	Department of Transportation		(2,900,671)	

This action eliminates the 4th/San Fernando Reserve, corresponding with the refunding of Successor Agency to the Redevelopment Agency (SARA) bonds. Funds were previously reserved within the General Purpose Parking Fund to comply with the Parking Project Bond covenant related to the City of San Jose Financing Authority Revenue Bonds, Series 2001A (4th and San Fernando Parking Facility Project). As a result of the refunding of associated bonds and reimbursement of outstanding advances, this reserve is no longer required. A corresponding adjustment to ending fund balance is recommended elsewhere in this report.

Debt Service Payments Reserve	Department of Transportation		(3,363,000)	
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This action eliminates the Debt Service Payments Reserve per the refunding of Successor Agency to the Redevelopment Agency (SARA) bonds. Funds were previously reserved within the General Purpose Parking Fund to provide a cash flow loan to the Successor Agency in the event that tax increment was insufficient to cover debt service costs. As a result of the refunding of associated bonds and reimbursement of outstanding advances, this reserve is no longer required. A corresponding adjustment to ending fund balance is recommended elsewhere in this report.

Ending Fund Balance Adjustment	Department of Transportation		\$12,541,671	
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This action increases the Ending Fund Balance to offset the actions recommended in this report. This additional fund balance, resulting from the Successor Agency to the Redevelopment Agency (SARA) debt refunding, will be programmed as part of the 2018-2019 Proposed Budget.

**Special Fund Recommended Budget Adjustments Summary
2017-2018 Mid-Year Budget Review**

General Purpose Parking Fund (533)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Transfer to Construction Excise Tax Fund	Department of Transportation		\$500,000	

This action establishes a transfer to the Construction Excise Tax Fund in amount of \$500,000, and in a separate action, eliminates the San Jose Regional Transportation Hub - Programmatic Design Reserve to support an inter-agency cooperative planning effort for the San Jose Diridon Integrated Station Concept Plan. Corresponding adjustments to eliminate the reserve within the General Purpose Parking Fund and establish this project in the Construction Excise Tax Fund are recommended elsewhere in this report.

Transfer to General Purpose Parking Capital Fund	Department of Transportation		\$46,000	
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This action establishes a transfer from the General Purpose Parking Fund to the newly created General Purpose Parking Capital Fund in the amount of \$46,000 to support recommended capital project adjustments. These adjustments include funding of \$26,000 to cover the local match for the Electric Vehicle Charging Stations Grant (Green Technologies and Innovation) and \$20,000 to increase the Capital Program and Public Works Department Support Service Costs appropriation for associated staffing costs. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset these supplemental transfers. Corresponding actions to recognize this transfer in the General Purpose Parking Capital Fund and increase project funding are also recommended elsewhere in this report.

General Purpose Parking Fund (533)			\$6,324,000	\$6,324,000
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Special Fund Recommended Budget Adjustments Summary 2017-2018 Mid-Year Budget Review

Gift Trust Fund (139)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Library - General Gifts/Other Revenue	Library Department		\$125,092	\$125,092

This action increases the Library - General Gifts appropriation and estimate for Other Revenue by \$125,092 to recognize and appropriate gifts made by various donors, such as the Friends of the Library groups and the San José Library Foundation, in support of the following: Almaden Library programming and supplies (\$9,225); Alviso Branch Library Homework Center (\$600); Alum Rock Library programming and supplies (\$2,550); Berryessa Branch Library programming and supplies (\$3,000); Biblioteca Latinoamericana Branch Library programming and supplies (\$400); Bridge Library projects (\$90,000); Café Commissions (\$300); Educational Park Library programming and supplies (\$400); Edenvale Library programming and supplies (\$590); Evergreen Branch Library programming and supplies (\$1,500); Dr. Martin Luther King, Jr. Library Homework Center and acquisition of materials (\$700); Pearl Avenue Branch Library programming and supplies (\$1,905); Partners in Reading program (\$500); Rose Garden Branch Library programming and supplies (\$2,600); Santa Teresa Branch Library programming and supplies (\$125); Seven Trees Library programming and supplies (\$650); Tully Branch Library programming and supplies (\$620); Village Square Branch Library programming and supplies (\$600); Vineland Branch Library programming and supplies (\$1,440); West Valley Branch Library programming and supplies (\$4,500); and Willow Glen Branch Library programming and supplies (\$2,887).

Facebook/Other Revenue	City Manager's Office		\$1,000,000	\$1,000,000
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This action establishes a Facebook appropriation to the City Manager's Office in the amount of \$1.0 million to recognize a \$1.0 million gift received from Facebook. The purpose of this gift is to support the City of San José's Digital Inclusion, SJ Learns, SJ Works, SJ Promise, and Education Innovation Projects. Facebook requests that the full amount of the funds be used to support these projects.

Gift Trust Fund (139)			\$1,125,092	\$1,125,092
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**Special Fund Recommended Budget Adjustments Summary
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Home Invest Partnership Pgm (445)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Tenant Based Rental Assistance	Housing Department		\$700,000	
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This action increases the Tenant Based Rental Assistance appropriation by \$700,000 for rental subsidies for homeless households. The Tenant-Based Rental Assistance (TBRA) Program provides housing and case management for up to 100 chronically homeless individuals and families suffering from severe mental illness. The use of the program has grown as the City places a greater focus on improving homeless response. The funds will allow the Housing Department and the Rapid Rehousing Rental Subsidy Administrator, The Heath Trust, to continue providing the vouchers through the end of 2017-2018. A corresponding action to decrease Ending Fund Balance in the Home Investment Partnership Program Fund is recommended to offset this action.

Ending Fund Balance Adjustment	Housing Department		(700,000)	
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This action decreases the Ending Fund Balance to offset the action recommended in this report.

Home Invest Partnership Pgm (445)

**Special Fund Recommended Budget Adjustments Summary
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Integrated Waste Mgmt Fund (423)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<p>Personal Services (Enterprise Positions)</p> <p>This action increases the Information Technology Department (ITD)'s Personal Services appropriation by \$35,000 (from \$749,000 to \$784,000) due to higher than budgeted salary and retirement costs. This primarily reflects higher Enterprise Information Technology series position costs due to salary adjustments approved in June 2017. Approximately 34 positions in ITD were impacted by the salary range adjustments. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>	Information Technology Department		\$35,000	
<p>Delinquent Lien Releases</p> <p>This action increases the Delinquent Lien Releases appropriation by \$10,000 (from \$30,000 to \$40,000). As of January 1, 2018, Santa Clara County increased the fees to release real property liens from \$23 to \$96 per lien. There are approximately 420 liens remaining in 2017-2018. A corresponding decrease to the Ending Fund Balance to offset this action is recommended elsewhere in this report.</p>	Finance Department		\$10,000	
<p>Ending Fund Balance Adjustment</p> <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>	Environmental Services Department		(45,000)	

Integrated Waste Mgmt Fund (423)

**Special Fund Recommended Budget Adjustments Summary
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Low & Mdrt Income Hsg Asset Fd (346)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Personal Services (Salaries and Retirement)	Housing Department		\$475,000	

This action increases the Housing Department Personal Services appropriation by \$475,000 (from \$5,508,000 to \$5,983,000) due to higher than budgeted salary and retirement costs. During the development of the 2017-2018 Adopted Budget, new and vacant positions were budgeted at a lower salary level and the less expensive Tier 2 retirement cost. However, some positions were filled with current City employees that were hired at a higher salary level and/or who are in the Tier 1 retirement system. A corresponding decrease to the Ending Fund Balance in the Low and Moderate Income Housing Fund is recommended in this report to offset this action.

Ending Fund Balance Adjustment	Housing Department		(475,000)	
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This action decreases the Ending Fund Balance to offset the action recommended in this report.

Low & Mdrt Income Hsg Asset Fd (346)

Special Fund Recommended Budget Adjustments Summary 2017-2018 Mid-Year Budget Review

Multi-Source Housing Fund (448)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
City Housing Authority Reserve Interest Earnings	Housing Department		\$294,213	

This action increases the City Housing Authority Reserve appropriation by \$294,213 (from \$26,007,000 to \$26,301,213) to add the interest earnings on funds from the 2016-2017 Housing Authority Litigation Award. The interest earnings are restricted to the same uses as those from the litigation award and are currently included in Ending Fund Balance where they are comingled with unrestricted funds. In 2016, the City Housing Authority received \$36.3 million as the result of a litigation award from a joint lawsuit with City Housing Authority and Housing Authority of the County of Santa Clara County that was filed against the U.S. Department of Housing and Urban Development (HUD) in the U.S. Court of Federal Claims for breach of contract by HUD that had resulted in underpayment of funds. The \$294,213 is the amount of interest earned from these funds in 2016-2017 and was transferred to the Multi-Source Housing Fund. The \$36.3 million and the related interest are restricted to uses authorized under State Housing Authority law. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.

Ending Fund Balance Adjustment	Housing Department		(481,213)	
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This action decreases the Ending Fund Balance to offset the action recommended in this report.

Homeless Meal Services	Housing Department		\$187,000	
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This action establishes the Homeless Meal Services appropriation in the amount of \$187,000 to support the "Open Doors 2020" pilot program. This recommendation will fund a contractual agreement, which includes free lunch meals three days per week and emergency food baskets targeted to the homeless population at St. James Park through June 2019. Meals and resources will be offered at the African American Community Service Agency, which is operating out of a City-owned building. The "Open Doors 2020" pilot program will support the multi-department effort to shift unauthorized homeless feedings at St. James Park. Outside funding is being sought to match this contribution to support the program. A corresponding action to decrease Ending Fund Balance is recommended elsewhere in this report.

Multi-Source Housing Fund (448)

**Special Fund Recommended Budget Adjustments Summary
2017-2018 Mid-Year Budget Review**

Multi-Source Housing Fund (448) - Housing ARRA Grants

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Recovery Act - Neighborhood Stabilization Program 2/Revenue from the Use of Money/Property	Housing Department		\$100,000	\$100,000

This action increases the estimate for Revenue from the Use of Money/Property by \$100,000 to account for Neighborhood Stabilization Program 2 (NSP2) loan repayments and allocates these funds to the NSP2 appropriation. The Housing Trust of Silicon Valley has been designated by the Federal Government as the grant administrator for all NSP2 grants, and the Housing Department contracts with the Housing Trust of Silicon Valley to issue single family loans. This action will enable the City to pass repayments for loans that have been issued back to the Housing Trust of Silicon Valley.

Multi-Source Housing Fund (448) - Housing ARRA Grants			\$100,000	\$100,000
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**Special Fund Recommended Budget Adjustments Summary
2017-2018 Mid-Year Budget Review**

PW Program Support Fund (150)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<p>Personal Services (Enterprise Positions)</p> <p>This action increases the Information Technology Department (ITD)'s Personal Services appropriation by \$2,000 (from \$54,000 to \$56,000) due to higher than budgeted salary and retirement costs. This primarily reflects higher Enterprise Information Technology series position costs due to salary adjustments approved in June 2017. Approximately 34 positions in ITD were impacted by the salary range adjustments. This action increases the Information Technology Department (ITD)'s Personal Services appropriation by \$35000 (from \$749000 to \$784000) due to higher than budgeted salary and retirement costs. This primarily reflects higher Enterprise Information Technology series position costs due to salary adjustments approved in June 2017. Approximately 34 positions in ITD were impacted by the salary range adjustments. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>	Information Technology Department		\$2,000	
Ending Fund Balance Adjustment	Public Works Department		(2,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended elsewhere in this report.</p>				

PW Program Support Fund (150)

Special Fund Recommended Budget Adjustments Summary 2017-2018 Mid-Year Budget Review

Sewer Svc & Use Charge Fund (541)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<p>Personal Services (Overage)</p> <p>This action increases the Personal Services appropriation to the Environmental Services Department (ESD) by \$150,000 (from \$2.2 million to \$2.3 million) to account for an anticipated overage in this appropriation by year-end. This overage is a result of changes in the allocation of staff time across the various ESD funds per the Environmental Services Cost Allocation Plan in 2017-2018, which was not captured in the 2017-2018 Adopted Budget, as well as anticipated personnel costs for activities related to City of San José procurement of external financing for sewer-related activities. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report to offset this action.</p>	Environmental Services Department		\$150,000	
<p>Personal Services (Enterprise Positions)</p> <p>This action increases the Information Technology Department (ITD)'s Personal Services appropriation by \$15,000 (from \$149,000 to \$164,000) due to higher than budgeted salary and retirement costs. This primarily reflects higher Enterprise Information Technology series position costs due to salary adjustments approved in June 2017. Approximately 34 positions in ITD were impacted by the salary range adjustments. This action increases the Information Technology Department (ITD)'s Personal Services appropriation by \$35,000 (from \$749,000 to \$784,000) due to higher than budgeted salary and retirement costs. This primarily reflects higher Enterprise Information Technology series position costs due to salary adjustments approved in June 2017. Approximately 34 positions in ITD were impacted by the salary range adjustments. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>	Information Technology Department		\$15,000	
<p>Ending Fund Balance Adjustment</p> <p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>	Environmental Services Department		(315,000)	

**Special Fund Recommended Budget Adjustments Summary
2017-2018 Mid-Year Budget Review**

Sewer Svc & Use Charge Fund (541)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Non-Personal/Equipment (Rate Noticing)	Environmental Services Department		\$150,000	

This action increases the Non-Personal/Equipment appropriation to the Environmental Services Department by \$150,000 (from \$525,000 to \$675,000) for the Sewer Service and Use Charge rate notification process anticipated to begin during spring 2018. In accordance with Proposition 218, rate notices for the Sewer Service and Use Charge are mailed to residents to inform them of maximum anticipated rate changes for the following fiscal years. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report to offset this action.

Sewer Svc & Use Charge Fund (541)

**Special Fund Recommended Budget Adjustments Summary
2017-2018 Mid-Year Budget Review**

SJ Municipal Stadium Capital (476)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Capital Enhancements/Transfers and Reimbursements	Office of Economic Development		\$31,299	\$31,299

This action increases the Capital Enhancements appropriation in the amount of \$31,299 (from \$70,190 to \$101,489) to reimburse the Baseball Acquisition Company for capital improvements made at the Municipal Stadium in 2014-2015 with a corresponding transfer from the General Fund. After a reconciliation of prior year expenditures, it was determined that the Baseball Acquisition Company was not properly reimbursed for City-authorized repairs it made to the stadium bleachers and restrooms in 2014-2015. Instead, the City used San José Municipal Stadium Capital Fund resources in that year to repair the stadium perimeter fence, which by agreement should have instead been paid by the General Fund. The recommended action corrects this error.

SJ Municipal Stadium Capital (476)			\$31,299	\$31,299
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**Special Fund Recommended Budget Adjustments Summary
2017-2018 Mid-Year Budget Review**

SJ-SC Treatment Plant Oper Fd (513)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<p>Personal Services (Enterprise Positions)</p> <p>This action increases the Information Technology Department (ITD)'s Personal Services appropriation by \$10,000 (from \$108,000 to \$118,000) due to higher than budgeted salary and retirement costs. This primarily reflects higher Enterprise Information Technology series position costs due to salary adjustments approved in June 2017. Approximately 34 positions in ITD were impacted by the salary range adjustments. This action increases the Information Technology Department (ITD)'s Personal Services appropriation by \$35000 (from \$749000 to \$784000) due to higher than budgeted salary and retirement costs. This primarily reflects higher Enterprise Information Technology series position costs due to salary adjustments approved in June 2017. Approximately 34 positions in ITD were impacted by the salary range adjustments. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>	Information Technology Department		\$10,000	
Ending Fund Balance Adjustment	Environmental Services Department		(10,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p> <hr/>				

SJ-SC Treatment Plant Oper Fd (513)

**Special Fund Recommended Budget Adjustments Summary
2017-2018 Mid-Year Budget Review**

St. James Park Management District Fund (345)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<p>Personal Services (Temporary Staffing)</p> <p>This action increases the Parks, Recreation and Neighborhood Services Personal Services appropriation by \$18,750 (from \$148,382 to \$167,132) to provide funding for a temporary Communications Manager that will assist the St. James Park Task Force and coordinate safety efforts at St. James Park. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>	Parks, Recreation and Neighborhood Services Department		\$18,750	
<p>Ending Fund Balance Adjustment</p> <p>This action decreases the Ending Fund Balance by \$18,750 to offset the action recommended in this report.</p>	Parks, Recreation and Neighborhood Services Department		(18,750)	

St. James Park Management District Fund (345)

Special Fund Recommended Budget Adjustments Summary 2017-2018 Mid-Year Budget Review

Storm Drainage Svce Use Charge (446)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Non-Personal/Equipment (Baykeeper Settlement)	Environmental Services Department		(200,000)	
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This action decreases the Non-Personal/Equipment appropriation to the Environmental Services Department by \$200,000 (from \$2.8 million to \$2.6 million). A portion of the costs associated with the current phase of the Baykeeper Settlement analysis and planning are capital in nature; however, the funds are currently in the Sewer Operating Fund, and need to be transferred to the Storm Sewer Capital Fund. This action offsets a corresponding increase in the Transfer to the Storm Sewer Capital Fund recommended elsewhere in this report.

Personal Services (Enterprise Positions)	Information Technology Department		\$30,000	
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This action increases the Information Technology Department (ITD)'s Personal Services appropriation by \$30,000 (from \$119,000 to \$149,000) due to higher than budgeted salary, retirement costs, other benefits, and overtime spending. This also reflects higher Enterprise Information Technology series position costs due to salary adjustments approved in June 2017. Approximately 34 positions in ITD were impacted by the salary range adjustments. This action increases the Information Technology Department (ITD)'s Personal Services appropriation by \$35,000 (from \$749,000 to \$784,000) due to higher than budgeted salary and retirement costs. This primarily reflects higher Enterprise Information Technology series position costs due to salary adjustments approved in June 2017. Approximately 34 positions in ITD were impacted by the salary range adjustments. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

Special Fund Recommended Budget Adjustments Summary 2017-2018 Mid-Year Budget Review

Storm Drainage Svce Use Charge (446)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Transfer to the Storm Sewer Capital Fund (Baykeeper Settlement)	Environmental Services Department		\$200,000	

This action increases the Transfer to the Storm Sewer Capital Fund by \$200,000 (from \$13.0 million to \$13.2 million). A portion of the costs associated with the current phase of the Baykeeper Settlement analysis and planning are capital in nature; however, the funds are currently in the Storm Sewer Operating Fund and need to be transferred to the Storm Sewer Capital Fund. A corresponding action to decrease the Non-Personal/Equipment appropriation in this fund and recognize and appropriate funding in the Storm Sewer Capital Fund are recommended elsewhere in this report to offset this action.

Workers' Compensation Claims	Environmental Services Department		\$31,000	
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This action increases the Workers' Compensation Claims appropriation by \$31,000 (from \$100,000 to \$131,000) based on actual expenditure trends. The higher Workers' Compensation Claims are due to higher than anticipated settlement activities and medical treatment costs through December. The total costs are expected to exceed the budget by \$31,000 by year-end. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report to offset this action.

Ending Fund Balance Adjustment	Environmental Services Department		(61,000)	
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This action decreases the Ending Fund Balance to offset the actions recommended in this report.

Storm Drainage Svce Use Charge (446)

**Special Fund Recommended Budget Adjustments Summary
2017-2018 Mid-Year Budget Review**

Supplemental Law Enf Svces (414)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SLES Grant 2017-2019/Revenue from State of California	Police Department		\$383,760	\$383,760

This action increases the Supplemental Law Enforcement Services (SLES) Grant 2017-2019 appropriation to the Police Department by \$383,760 (from \$158,833 to \$542,593) and the corresponding revenue estimate for Revenue from State of California based on actual revenue received. In accordance with the City Council-approved spending plan, the grant funds will be used for hardware, software, and technology, as well as officer safety equipment and grants administration funding.

Supplemental Law Enf Svces (414)			\$383,760	\$383,760
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