



# MID-YEAR BUDGET REVIEW

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## 2016-2017

OFFICE OF THE CITY MANAGER  
JANUARY 2017


2016-2017

MID-YEAR  
BUDGET  
REVIEW

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2016-2017

MID-YEAR  
BUDGET  
REVIEW



**T**RANSMITTAL  
**M**EMORANDUM



# Memorandum

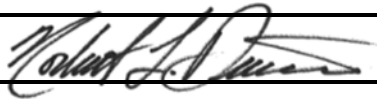
**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jennifer A. Maguire

**SUBJECT: 2016-2017 MID-YEAR  
BUDGET REVIEW REPORT**

**DATE:** January 31, 2017

Approved



Date 1/31/17

## RECOMMENDATIONS

- A. Approval of the 2016-2017 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 2016-2017 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 2016-2017 Modified Budget based on actual performance during the first six months of 2016-2017. Based on this analysis, budget revisions are recommended to: implement a number of technical and net-zero adjustments between expenditure appropriations and revenue categories; implement required technical/rebalancing actions to align already approved revenue estimates and expenditure budgets with the most current tracking information or reallocate funding among appropriations based on updated needs; account for new or adjusted grants, reimbursements, or fees; and fund two urgent fiscal/program needs in the General Fund and a limited number of new projects in special and capital funds.

## EXECUTIVE SUMMARY

The 2016-2017 Adopted Operating and Capital Budgets for the City of San José totaled \$3.2 billion. With this funding, the City continues to deliver a wide range of services to the City's residents and businesses. These include, but are not limited to, police, fire, parks, recreation, library, economic development, airport, waste water treatment, sewer system, recycling and garbage, housing, traffic, and other neighborhood services. Although the City's budget is in a fairly stable position, it is not robust, therefore, the lack of resources has not allowed the City to restore services to pre-recession levels. However, the voter approval of a local Sales Tax measure in June 2016 helped begin to address some of the City's most urgent and critical needs (e.g. public safety, street maintenance, and homeless services).

The Adopted Budget balanced many competing community and organizational needs and maintains the City's strong commitment to budget stability. Budget actions in 2016-2017 focused on the following priority themes:

- *Save* (setting aside resources to ensure fiscal stability)
- *Invest and Innovate: Safety* (investments that address public safety needs)
- *Invest and Innovate: Economic Opportunity* (investments that expand opportunities for our residents and businesses)
- *Invest and Innovate: Our Future* (investments that better position the City moving forward)
- *Invest and Innovate: Our Community* (investments that support a vibrant community)
- *Invest in Making San José America's Most Innovative City:* (investments that support innovation and strategic partnerships as well as increase transparency and community input)

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 generally performing within expected 2016-2017 budgeted levels, with a few selected funds out-performing anticipated projections.

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

#### **General Fund**

- Based on current collection trends and information, General Fund revenues are anticipated to end the year approximately \$15 million above budgeted levels. Of this amount, approximately \$5 million is attributed to the Development Fee Programs, and any excess revenues as well as expenditure savings in those programs will be set aside in the Development Fee Program Reserves. Overall, General Fund expenditures are tracking below anticipated levels and are expected to generate overall savings by year-end of approximately \$10 million. The combination of excess revenues, expenditure savings, and the liquidation of prior year carryover encumbrances are expected to generate 2016-2017 Ending Fund Balance in the amount of \$20.0 million that will be used as an ongoing funding source in the Five-Year General Fund Forecast and the 2017-2018 Proposed Budget; the budget is on track to meet this level of fund balance required for next year's budget process.
- 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 two urgent fiscal/program needs with a cost of \$350,000. This includes allocating \$275,000 to Cybersecurity (Payment Card Industry Requirements), including: funding a Payment Card Industry (PCI) security audit, associated penalties, equipment, and software required to ensure compliance with PCI standards; ensuring the Information

Technology Department has sufficient funding for the increased cost of network firewalls and to implement cybersecurity training city-wide; and providing funding for City membership to the Arizona Cyber Threat Response Alliance, a cybersecurity alliance that provides information on how to address cyberattacks. This report also recommends allocating \$75,000 to the Office of Immigrant Affairs to establish a one-time Capacity Building and Streamlining Legal Defense for Families and Youth Program to provide immigrant service delivery coordination and fill a service gap that exists until County programs are in place.

- Implement required technical/rebalancing actions that result in total net savings of \$83,000. Notable actions include increased funding to address higher costs associated with the Business Tax System Replacement project (\$185,000, \$85,000 of which is offset by a decrease to the Finance Department’s Personal Services appropriation) and an increase to the transfer from the General Fund to the Downtown Property and Business Improvement District (\$17,000). In addition, this document recommends the reallocation of funds from personal services vacancy savings to non-personal/equipment in the Parks, Recreation and Neighborhood Services (PRNS) Department (\$1.1 million) to address higher than anticipated water costs; the transfer of \$200,000 from the Neighborhood Security Bond Fund to the General Fund to repay the General Fund for a loan that occurred in 2012-2013 related to a Fire Station 24 project; the reallocation of \$100,000 from the Homeless Rapid Rehousing allocation to the Homeless Response Team appropriation to fund encampment clean-ups; and the shift of funding from the Council District #02 appropriation to the City Council District #02 Participatory Budgeting – Calpine Settlement allocation (\$75,000).
- Implement grants/reimbursements/fees adjustments totaling \$2.4 million with a net-zero impact on the General Fund. The largest adjustments include actions to recognize and appropriate funding to support the following: Parks, Recreation and Neighborhood Services fee activities and grants (\$939,000), Fire Department grants (\$731,000), Department of Transportation Emergency Street Tree Services (\$300,000), and Police Department grants (\$223,000).
- Implement a variety of clean-up actions that result in total net savings of \$267,000, including the following: recognize additional interest earnings from various capital funds (\$272,000), and an adjustment to the Mayor’s Office rebudget to account for the final reconciliation of travel expenses in 2015-2016 that was completed after the rebudget adjustments were brought forward in the 2015-2016 Annual Report (\$5,000). Other net-zero impact actions that correct errors or align revenues and/or expenditures among appropriations for previously approved budget actions are also included.

### **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 funds to adjust for revised revenue and cost estimates, to address critical current year funding needs, and to recognize various grants and reimbursements. Some of the highlights and major recommended adjustments are described below.

- The Building and Structure Construction Tax and the Construction Excise Tax, the two largest construction-related revenues, have both already exceeded their Adopted Budget year-end estimates. It is currently anticipated the Building and Structure Construction Tax will total \$24.0 million by year-end (\$11.0 million higher than the Adopted Budget estimate) and the Construction Excise Tax Fund will receive revenues totaling \$32.0 million by year-end (\$15.0 million higher than the Adopted Budget estimate). Though budget adjustments are not recommended as part of this report, the higher revenue estimates will be used in development of the 2017-2018 Proposed Capital Budget.
- Several recommendations are included the various Airport funds, including: establishing the Terminal B Expansion Ramp project (\$551,000), which will reconstruct the ramp area south of Terminal B to a full strength concrete ramp; increasing the Federal Inspection Facility Sterile Corridor Extension project by \$423,000 to ensure sufficient funding is available for the project as previously anticipated grant funding will no longer be received (due to the project not meeting FAA grant requirements); and increasing the Southeast Ramp Construction project (\$400,000) due to project costs being higher an originally estimated. In addition, this report includes recommendations to increase various transfers within the Airport Funds to ensure the Airport meets the minimum bond reserve requirements.
- In the Convention and Cultural Affairs Fund, several actions are recommended including establishing a new appropriation for Center for Performing Arts Rehabilitation (\$730,000), which will allow for an assessment of rehabilitation needs including a draft schedule of capital improvements, and funding to repair two dilapidated catwalks as well as install two additional catwalks. In addition, funding of \$800,000 for the Convention Center Concourse Column Covers (stainless steel diamond plates that will cover the concrete columns in the Convention Center concourse) is recommended to be shifted from the Convention Center Facilities District Fund to the Convention and Cultural Affairs Fund. Funding of \$231,000 is also recommended to install lighting at the Center for Performing Arts and Convention Center garage as part of a PG&E energy efficiency program and install additional security cameras at the Convention Center. These actions will be offset by reductions to various projects, reserves, and the Ending Fund Balance.
- In the Construction Excise Tax Fund recommendations are included to recognize Route 101/Oakland/Mabury Traffic Impact Fees (\$2.9 million) and North San José Traffic Impact Fees (\$1.8 million) and allocate the funding to the corresponding reserve of funds. Projects will be identified through the 2017-2018 budget process for the use of these funds, which are restricted to traffic improvements within the areas for which the fees were developed. Funding is also recommended to update the City’s transportation impact analysis guidelines (\$250,000) and to fund the Kirk Avenue Sidewalks Improvement project (\$200,000).

Looking forward, the Administration is scheduled to release the 2018-2022 General Fund Five-Year Forecast on February 28, 2017, and the 2017-2018 Proposed Capital and Operating Budgets on April 24, 2017 and May 1, 2017, 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 2016-2017 Operating and Capital Budgets as modified through December 2016.

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

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

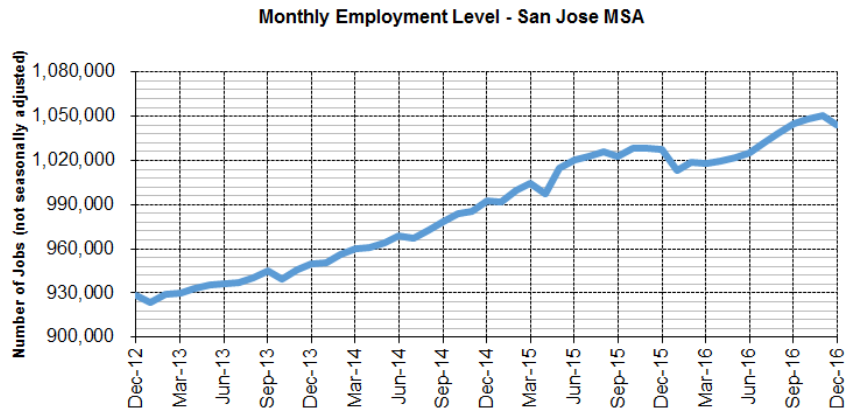
## **ANALYSIS**

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

**ECONOMIC ENVIRONMENT**

The Silicon Valley continues to show solid economic performance with a number of the economic indicators showing improvement from the same period a year ago. The local economic indicators remain positive, but some categories are starting to moderate from the extremely strong growth levels experienced in recent years. National economic indicators, including consumer confidence, also demonstrate an economy that continues to grow at a moderate pace. While these indicators are generally positive, it is important to keep in mind that performance in a couple of the economically sensitive revenue categories, namely Sales Tax and Construction and Conveyance Taxes, are down from the prior year and those revenues will be important to monitor to determine if downward trends emerge.

The December 2016 employment level in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (San José MSA) of 1.11 million was 3.4% above the December 2015 level of 1.07 million. Between December 2015 and December 2016, 36,900 jobs were added. This includes 13,600 jobs in professional and business services, marking its 80<sup>th</sup> consecutive monthly gain on a year-over-year basis, as well as 9,000 jobs in private educational and health services.<sup>1</sup>



As noted in the Beacon Employment Report, for all of 2016, monthly job growth in California averaged 27,700 jobs per month. “California wage and salary jobs grew by 2.6% in 2016. This is slower than a year earlier, but is consistent with a tighter labor market, very much like the nation as a whole. There is every reason to expect that we will see continued increases in jobs along with increased wages in the year ahead,” said Robert Kleinhenz, Executive Director of Research at Beacon Economics and the UC Riverside School of Business Center for Economic Forecasting.<sup>2</sup>

<sup>1</sup> State of California Employment Development Department Labor Market Information Division Press Release, January 20, 2017  
<sup>2</sup> Beacon Economics, Employment Report, January 2017

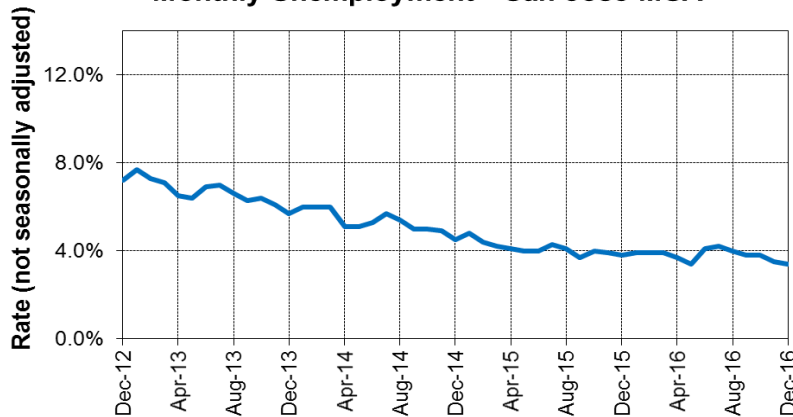
**Unemployment Rate (Unadjusted)**

	<b>Dec. 2015</b>	<b>Nov. 2016</b>	<b>Dec. 2016**</b>
San José Metropolitan Statistical Area*	3.9%	3.5%	3.4%
State of California	5.7%	5.0%	5.0%
United States	4.8%	4.4%	4.5%

\* San Benito and Santa Clara Counties  
 \*\* Preliminary Estimate  
 Source: California Employment Development Department

The unemployment rates at the local, State, and national levels remain very low. In December 2016, the unemployment rate for the San José Metropolitan Statistical Area of 3.4% represents a slight decrease from the November 2016 rate of 3.5%, and is below the 3.9% rate experienced a year ago. In this region, the December 2016 unemployment rate is less than the unadjusted unemployment rate for the State (5.0%) and the nation, which has a current unadjusted unemployment rate of 4.5%.

**Monthly Unemployment - San Jose MSA**



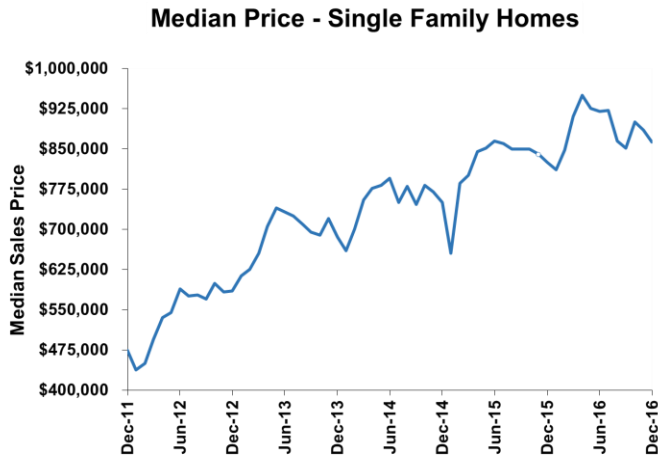
Local construction activity remains very strong through December; and is tracking well above prior year levels. Residential permits for new dwelling units through December totaled 1,424 versus 1,028 last year. Correspondingly, the valuation of new residential construction also increased significantly (\$278.1 million in 2016-2017 vs. \$187.0

million in 2015-2016), while alteration activity slightly decreased (\$50.0 million in 2016-2017 vs \$57.9 million in 2015-2016). Combined residential valuation of \$328.1 million through December is 33.9% above the prior year level of \$245.0 million. Significant residential activity for December included permits for a 135-unit apartment building on South 2<sup>nd</sup> Street south of Keyes Street.

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

	<b>July-Dec. 2015</b>	<b>July-Dec. 2016</b>	<b>% Increase/ (Decrease)</b>
Residential	\$ 245.0	\$ 328.1	33.9%
Commercial	\$ 137.9	\$ 394.5	186.0%
Industrial	\$ 139.1	\$ 275.5	98.0%

Overall commercial valuation through December is significantly above the 2015-2016 level (\$394.5 million in 2016-2017 vs \$137.9 million in 2015-2016 or 186.0%). New commercial construction and alteration activity are both up compared to prior year levels. Industrial construction valuation through December is 98.0% above the 2015-2016 level (\$275.5 million in 2016-2017 vs. \$139.1 million in 2015-2016). Notable industrial new construction in 2016-2017 includes a permit for a six-story, 184,000 square foot research and development office building on North 1<sup>st</sup> Street south of Highway 237.



The local real estate market, however, is beginning to see declines in property transfers compared to prior year levels. The December 2016 number of property transfers totaled 561, a decrease of 17.6% from the same time period in the prior year. The number of new listings for single-family and multi-family dwellings has also decreased (27.0%) compared to prior year levels. However, the median single-family home price in December 2016 totaled \$863,000, which represents a 4.6% increase from the December 2015

total of \$825,000. In addition, it took less time to sell these homes, with the average days on the market for single-family and multi-family dwellings in December 2016 totaling 34 days, a 13.0% decrease from December 2015.

The leading consumer confidence indicator, the Conference Board's *Consumer Confidence Survey*, reports that consumer confidence of 113.7 in December is up from November's 109.4 (in 1985 it was at 100). In general, consumers' short-term outlook improved considerably in December. Those expecting business conditions to improve over the next six months increased from 16.4 percent to 23.6 percent, while those expecting business conditions to worsen declined from 9.9 percent to 8.7 percent.<sup>3</sup>

According to Lynn Franco, Director of Economic Indicators at The Conference Board, "Consumer Confidence improved further in December, due solely to increasing expectations which hit a 13-year high (Dec. 2003, 107.4). The post-election surge in optimism for the economy, jobs and income prospects, as well as for stock prices which reached a 13-year high, was most pronounced among older consumers. Consumers' assessment of current conditions, which declined, still suggests that economic growth continued through the final months of 2016. Looking ahead to 2017, consumers' continued optimism will depend on whether or not their expectations are realized."<sup>4</sup>

Economic conditions will continue to be closely monitored and factored into the 2018-2022 General Fund Five-Year Forecast, scheduled to be released on February 28, 2017, and the upcoming releases of both the Proposed Capital and Operating Budgets, scheduled to be released on April 24, 2017 and May 1, 2017, respectively.

<sup>3</sup> The Conference Board, Consumer Confidence Survey, December 27, 2016

<sup>4</sup> The Conference Board, Consumer Confidence Survey, December 27, 2016

## **GENERAL FUND PERFORMANCE**

General Fund revenues and transfers through December totaled \$489.4 million, or 44.8% of the budgeted estimate. Based on current collection trends and information, existing revenues are anticipated to end the year approximately \$15.0 million above budgeted levels (variance of approximately 1.4% when excluding the Beginning Fund Balance), most which represents additional revenue from the Property Tax, Utility Tax, Business Taxes, Licenses and Permits, Departmental Charges, and Use of Money and Property revenue categories; offset by declines in Sales Tax and Transfers and Reimbursements. Approximately \$5.0 million is attributed to the Development Fee Programs, and any excess revenues in those programs will be set aside in the Development Fee Program Reserves. It should be noted that the remaining portion of excess revenue (approximately \$10.0 million) is planned as a funding source for the 2017-2018 budget process and is within estimated levels.

In this document, an overall net increase of \$2.8 million to the General Fund revenue estimates is recommended. This is primarily due to the recognition of grants, reimbursements, and/or fee related funds (\$2.36 million) as well as a small number of required technical/rebalancing/clean-up actions to increase revenue estimates by \$472,000 to reflect a transfer of additional anticipated interest earnings from various funds (\$272,000) and a repayment for a General Fund advance that was provided in 2012-2013 to the Neighborhood Security Bond Fund (\$200,000) associated with Fire Station 24. 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 that are reviewed by the Public Safety, Finance, and Strategic Support Council Committee.

General Fund expenditures through December totaled \$516.3 million, or 37.3% of the total 2016-2017 Modified Budget. This represents a decrease of \$10.7 million, or 2.0%, from the December 2015 level of \$527.0 million. Encumbrances totaling \$55.5 million were \$3.9 million (7.5%) below the December 2015 level of \$51.7 million. Expenditures and encumbrances through December of \$571.8 million constituted 41.3% of the total Modified Budget (including reserves) of \$1.4 billion; without reserves of \$137.3 million, expenditures and encumbrances constituted 45.8% of the total Modified Budget. Overall, General Fund expenditures are tracking below anticipated levels and are expected to end the year with savings of approximately \$10.0 million to assist in meeting the 2016-2017 ending fund balance estimate that will be used as a funding source in the General Fund Five-Year Forecast and the 2017-2018 Proposed Budget. The majority of savings is anticipated to be generated from Personal Services and City-Wide Expenses appropriations.

There are two budget adjustments recommended to address urgent fiscal/program needs. Other technical/rebalancing actions, clean-up actions, and net-zero grants, reimbursements are also recommended in this report. As with revenues, General Fund expenditure adjustments result in a net increase of \$2.8 million.

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 report. A more detailed discussion of both the General Fund revenue and expenditure performance is also provided in Section I of this report.

**RECOMMENDED GENERAL FUND BUDGET ADJUSTMENTS**

As previously stated, the budget actions recommended in the Mid-Year Budget Review result in a net increase of \$2.8 million to General Fund revenues and expenditures. The recommended Mid-Year Budget Review actions accomplish the following: 1) two urgent fiscal/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 chart below summarizes these recommended adjustments.

**2016-2017 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>		
Cybersecurity (Payment Card Industry Requirements)	\$0.275	
Office of Immigrant Affairs (Capacity Building and Streamlining Legal Defense for Families and Youth)	0.075	
<b>Total Urgent Fiscal/Program Needs</b>	<b>\$0.350</b>	<b>\$0</b>
<b>Required Technical/Rebalancing Actions</b>		
Business Tax System Replacement	\$0.100	
Parks, Recreation and Neighborhood Services Department (Water)	0.000	
Transfer to the Downtown Property/Business Improvement District Fund (City's Assessment)	0.017	
Transfer from the Neighborhood Security Bond Fund (Loan Repayment)		\$0.200
Other Net-Zero Expenditure Adjustments	0.000	
<b>Total Required Technical/Rebalancing Actions</b>	<b>\$0.117</b>	<b>\$0.200</b>
<b>Grants/Reimbursements/Fees</b>		
Various Grants/Reimbursements/Fee Adjustments	<b>\$2.356</b>	<b>\$2.356</b>
<b>Clean-Up Actions</b>		
Salary and Benefits Program (MPP and Health Programs)	\$0.000	
Transfers and Reimbursements. (Interest Earnings from Capital Funds)		\$0.272
Other Net Clean-Up Adjustments	0.005	
Various Net-Zero Adjustments	0.000	0.000
<b>Total Clean-Up Actions</b>	<b>\$0.005</b>	<b>\$0.272</b>
<b>Total Recommended Adjustments</b>	<b>\$2.828</b>	<b>\$2.828</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 report.

#### URGENT FISCAL/PROGRAM NEEDS

- ***Cybersecurity (Payment Card Industry Requirements) (\$275,000):*** Establishes a Cybersecurity appropriation totaling \$275,000. A portion of this funding (\$225,000) is needed to cover the cost of a Payment Card Industry (PCI) security audit, associated penalties, equipment, and software required to ensure compliance with PCI standards. The remaining portion of the funding recommendation (\$50,000) will ensure the Information Technology Department (ITD) has sufficient funding for the increased costs of network firewalls and to implement cybersecurity training city-wide. This funding will also provide City membership to the Arizona Cyber Threat Response Alliance (ACTRA), a cybersecurity alliance that provides information on how to address cyberattacks. In the upcoming months, ITD plans to use temporary resources within its existing budget to develop and implement new procedures and policies designed to protect enterprise communications, systems, and assets for both internal and external cyber threats.
- ***Office of Immigrant Affairs (Capacity Building and Streamlining Legal Defense for Families and Youth) (\$75,000):*** Increases funding to the Office of Immigrant Affairs by \$75,000 (from \$250,000 to \$325,000) to establish a one-time Capacity Building and Streamlining Legal Defense for Families and Youth Program to provide immigrant service delivery coordination and fill a service gap that exists until County programs are in place. On January 10, 2017, the City Council directed the City Administration to identify one-time funding to begin implementation of a coordinated response to immigrant needs. If approved, this funding will provide services to support receiving referrals from lead immigrant-serving community based organizations that are over capacity; referred case assessment; coordination with pro bono attorney's and law firms; tracking and monitoring cases; as well as additional communication, outreach, and collaboration efforts with San José school districts to create an efficient entry point to serve youth.

#### REQUIRED TECHNICAL/REBALANCING ACTIONS

- ***Business Tax System Replacement (\$185,000)/Finance Department Personal Services (-\$85,000):*** Increases the Business Tax System Replacement appropriation by \$185,000 (from \$584,000 to \$769,000). This project has been delayed due to changes in system needs resulting from the Business Tax Modernization ballot measure passed in November 2016, including alterations to the set-up and calculation methods behind billing. Because of this delay, additional funding is needed for staffing costs (\$85,000) and service order extensions for the system consultants (\$100,000) until the go-live date of May 1, 2017. A decrease to the Finance Department's Personal Services appropriation of \$85,000 is also recommended in this report to partially offset this cost.
- ***Parks, Recreation and Neighborhood Services Department (Water) (\$0):*** Increases the Parks, Recreation and Neighborhood Services Non-Personal/Equipment appropriation by \$1,100,000 (from \$4.3 million to \$5.4 million), due to water rate increases and increased usage in response to reduced conservation targets and community feedback that turf and sports fields are in poor condition. In addition, drought surcharges and true-up charges have

contributed to the increased water costs. A corresponding decrease to the Parks, Recreation and Neighborhood Services' Personal Services appropriation of \$1,100,000 is also recommended in this report to offset the increased water costs.

- ***Transfer to the Downtown Property and Business Improvement District Fund (City's Assessment) (\$17,000)***: Increases the transfer from the General Fund to the Downtown Property and Business Improvement District (PBID) Fund by \$17,000 (from \$727,007 to \$744,007) to account for the full amount due from the City. The 2016-2017 Adopted Operating Budget assumed a 3% assessment rate increase, however a 5% rate increase was approved by the PBID Board of Directors in April 2016. The General Fund pays the assessment for City-owned facilities and a contractually determined amount for the downtown transit mall.
- ***Transfer from the Neighborhood Security Bond Fund (Loan Repayment) (\$200,000 Revenue)***: Establishes a transfer from the Neighborhood Security Bond Fund to the General Fund totaling \$200,000. In the 2012-2013 Year-End Budget Review, the General Fund fronted \$200,000 to allow for a new contractor to be retained to complete the construction of Fire Station 24 (a Neighborhood Security Bond Fund project), which allowed for the fire station construction project to continue while the City was in a dispute with the original contractor. A mediated settlement between the City and the Guarantee Company of North America USA, the surety for the original Fire Station 24 contractor, has been received, therefore, this report includes a recommendation to repay the General Fund by transferring funds from the Neighborhood Security Bond Fund.
- ***Other Net Expenditure Adjustments (\$0)***: Includes a number of net-zero adjustments to align already approved revenue estimates and expenditure budgets with the most current tracking information, or reallocate funding among appropriations based on updated needs.
  - ***Homeless Rapid Rehousing (-\$100,000)/Homeless Response Team (\$100,000)***: Shifts \$100,000 from the Homeless Rapid Rehousing allocation to the Homeless Response Team to ensure sufficient funding is available for additional encampment cleanups that are needed. A corresponding decrease to the Homeless Rapid Rehousing appropriation is also recommended in this report, which has sufficient funding to accommodate the shift without impacting service delivery in 2016-2017.
  - ***Fire Department Personal Services (\$0)***: Shifts funding of \$4.0 million in anticipated 2016-2017 vacancy savings from the salary and benefits line items to the overtime line item, increasing the total overtime from \$9.5 million to \$13.5 million in the Fire Department. This adjustment will bring the budget in line with projected overtime expenditures and ensure that sufficient funding is available to maintain 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).
  - ***City Council District #02 Participatory Budgeting – Calpine Settlement/Council District #02 (\$0)***: As directed by the City Council on January 24, 2017, reallocates \$75,000 to the City Council District #02 Participatory Budgeting – Calpine Settlement which will fund



the Free Security Cameras and Signs for C.A.L.M.S Neighborhood allocation, which is a new neighborhood security camera project. A corresponding decrease to the Council District #02 appropriation is also recommended in this report.

#### GRANTS/REIMBURSEMENTS/FEEES

- A series of revenue-supported adjustments totaling \$2.4 million (with a net-zero impact on the General Fund) are recommended to reflect new or updated revenues and expenditures for grants, reimbursements, and/or fee activities. The largest grants, reimbursements, and fees support the following: Parks, Recreation and Neighborhood Services Department grants and reimbursements (\$939,000); Fire Department reimbursements (\$731,000); Transportation Department reimbursements (\$300,000); Police Department grants and reimbursements (\$223,000); Library Department grants (\$162,000); Planning Development Fee Program Peak Staffing (\$70,000); Mayor and City Council sponsorship revenue (\$49,000); Public Works Development Fee Program electric vehicle purchase (\$30,000); and Office of Economic Development grants (-\$48,000).

#### CLEAN-UP ACTIONS

- ***Salary and Benefits Program (MPP and Health Programs) (\$0):*** Various actions are recommended to increase various department Personal Services appropriations for Management Pay for Performance Program (MPP) costs where departmental budgets are not tracking to generate sufficient vacancy savings to absorb these additional costs (\$1,395,000 all funds and \$1,171,000 General Fund). In addition, \$139,000 is being returned to the Development Fee Program Reserves due to their non-distribution. To offset these augmentations totaling \$1.3 million, this report includes recommendations to partially decrease the Salary and Benefits Reserve allocation in the General Fund that was set aside for the Management Pay for Performance Program in the 2016-2017 Adopted Budget and reduce the Ending Fund Balances in the Special Funds as appropriate. The savings in the General Fund of approximately \$256,000 will be used to assist in meeting the 2016-2017 Ending Fund Balance estimate used as an ongoing funding source in the Five-Year General Fund Forecast.

In addition, increases to various department Personal Services appropriations are recommended to accommodate the Health Program's lowest cost health plan rate increases (4.9%), effective January 1, 2017, where departmental budgets are not tracking to generate sufficient vacancy savings to absorb these additional costs (\$899,000 in all funds and \$844,000 in the General Fund). To offset these augmentations, decreases to the Salary and Benefits Reserve (\$844,000) and Development Fee Program Reserves (\$23,000) in the General Fund and reductions to Ending Fund Balances in the Special Funds are recommended. Because health rates were forecasted to increase 7.5%, but actually increased only 4.9%, savings of \$688,000 will remain in the Salary and Benefits Reserve. This funding will also be used to assist in meeting the 2016-2017 Ending Fund Balance estimate used as an ongoing funding source in the Five-Year General Fund Forecast and Proposed Budget.

- ***Transfers and Reimbursements - Interest Earnings (\$272,000)***: Increases the transfer of interest earnings from various Capital Funds to the General Fund based on actual collection trends.
- ***Other Net Clean-Up Adjustments (\$5,000)***: A technical adjustment is recommended to reflect an adjustment to the Mayor's Office rebudget to account for the final reconciliation of travel expenses in 2015-2016 that was completed after the rebudget adjustments were brought forward in the 2015-2016 Annual Report (\$5,000).
- ***Various Net-Zero Adjustments (\$0)***: To implement a variety of clean-up actions, a number of technical and net-zero adjustments are recommended, including the reallocation of funding between departmental expenditures, City-Wide Expenses, and revenue categories.

## **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 2016-2017 Mid-Year Budget Review. The special and capital funds are generally tracking within estimated levels through December. Section II of this report contains the status of selected special and capital funds with issues of interest or variances.

### **Special Funds**

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

- ***Airport Funds*** – Through December, the Norman Y. Mineta San José International Airport (SJC) has enplaned and deplaned 5.8 million passengers, an increase of 11.3% compared to the same period last fiscal year, and exceeds growth projections of 2.0%. Since 2016, SJC has announced or launched eight new destinations. New airlines and destinations in 2015-2016 included Air Canada to Vancouver, Alaska Airlines to Orange County and San Diego, American Airlines to Charlotte, and British Airways to London. In 2016-2017, SJC launched its first ever service from two international airlines: Lufthansa German Airlines to Frankfurt, Germany beginning July 2016 and Air China to Shanghai, China beginning September 2016. Along with the international destinations, new domestic service include Southwest Airlines to Baltimore and Salt Lake City beginning November 2016, JetBlue to Long Beach beginning January 2017, United Airlines to Chicago O'Hare and Newark beginning March 2017, and Alaska Airlines to Newark and Burbank beginning March 2017. These announcements reflect the extraordinary growth at the airport, which translates into jobs, economic growth, and opportunities for the community.
- ***Municipal Golf Course Fund*** – Revenues from the San José Municipal Golf Course totaled \$245,000 through December, which is slightly lower than the prior year actual of \$260,000 through December 2015. Based on historical tracking, it is anticipated that Municipal Golf Course revenues will end 2016-2017 slightly below budgeted levels. Expenditures in this fund are tracking to exceed the budget due to the additional costs (\$75,000) associated with a community outreach project consultant for the Los Lagos Golf Course as well as the higher

net losses at Los Lagos and Rancho del Pueblo Golf Courses (\$75,000). In response to the golf audit, a contract in the amount of \$75,000 was executed for a community outreach project consultant to provide translation services and to oversee the community engagement process for Los Lagos. The community outreach effort will inform the City's future strategy development regarding land use to maximize the value of the Los Lagos' open space relative to current costs and public benefits of operating a golf facility. Net operating losses for Los Lagos is tracking above 2015-2016 levels and total revenue-generating golf rounds are down by 5.0%. Net operating losses for Rancho del Pueblo Golf Course is also tracking higher than 2015-2016 levels and revenue-generating golf rounds are down by 9.0% at this site. Overall, the net losses are projected to exceed the budget at the Los Lagos Golf Course (\$25,000) and the Rancho del Pueblo Golf Course (\$50,000).

- **Water Utility Fund** – Through December, revenues totaled \$22.9 million, or 54.8% of the budgeted estimate. The largest (and most volatile) of these revenues is from the sale of potable water within the Municipal Water System service area. Year-to-date, revenue from potable water sales and services totaled \$19.4 million, or 54.0% of the budgeted estimate of \$35.9 million. However, revenues are projected to fall short of the budgeted estimate by approximately \$259,000 at year-end, due primarily to continued conservation and decreased water sales projected during winter 2017. Recycled water sales are tracking to end the year close to budgeted levels of \$5.5 million; however, this may change as the season progresses, and the extent of the increased storm activity and its effect on water conservation as a whole is known. Late Fees are also recorded in this fund and transferred to the General Fund as an unrestricted source of funds. Expenditures in this fund represent costs of the operation, improvement, and maintenance of the Municipal Water System, including transfers to the Water Utility Capital Fund, as necessary for capital improvements. Through December, \$20.7 million, or 45.7% of the budget, has been expended, and an additional \$1.9 million, or 4.3%, has been encumbered. Spending is lower than anticipated in several appropriations, with the largest savings expected in the Environmental Services Department (ESD) Personal Services appropriation because of vacant positions. Overall, expenses are expected to end the year slightly under budget and will offset lower revenues from water sales.

## **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 report.

### *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, overall development activity in 2016-2017 is significantly exceeding expectations. Following is a discussion of the performance for the Building and Structure Construction Tax, Construction Excise Tax, the two largest construction-related revenue sources. 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, Building and Structure Construction Tax receipts totaled \$13.3 million, which already exceeds the budgeted revenue estimate (\$13.0 million) by \$300,000. This collection level is 74.5% higher than receipts during the same time period in the previous fiscal year. Due to the strong tax performance in the first half of the fiscal year, it is anticipated the Building and Structure Construction Tax will exceed the budget estimate by \$11.0 million, totaling \$24.0 million by year-end. Though budget adjustments are not recommended as part of this report, the \$24.0 million estimate for 2016-2017 will be used in development of the 2017-2018 Proposed Capital Budget.
- ***Construction Excise Tax*** – Through December, Construction Excise Tax receipts totaled \$18.5 million, which is \$1.5 million over the budgeted revenue estimate of \$17.0 million. This collection level is 97.6% higher than receipts received during the same time period in the previous fiscal year. Due to the strong tax performance in the first half of the fiscal year, it is anticipated the Construction Excise Tax receipts will total \$32.0 million at year-end. Though budget adjustments are not recommended as part of this report, the \$32 million estimate for 2016-2017 will be used in development of the 2017-2018 Proposed Capital Budget.

#### *Construction and Conveyance Taxes*

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.

Nearly 99% of the total C&C Taxes are comprised of conveyance receipts, a tax based on the value of property transfers. C&C Tax revenues received through December total \$13.5 million, however, due to a timing issue, the December Conveyance receipts of \$3.9 million is not accounted for in this figure. After adjusting for the December tax collection, the revised year-to-date receipts total \$17.4 million, or 48.3% of the Adopted Budget estimate of \$36.0 million. Conveyance receipts through December 2016 are slightly below (1.1%) the receipts received during the same time period last year. In addition, Conveyance receipts for January have been received, which represents an additional decline (37.0%) compared to January 2016 Conveyance receipts. Although receipts are tracking lower than the previous fiscal year, it is anticipated they will exceed the budgeted estimate (\$36.0 million) and end the year with receipts of \$38.0 million. This collection level represents an 11.0% decline in tax revenue compared to the 2015-2016 actual collections of \$42.7 million. Though budget adjustments are not recommended as part of this report, the \$38.0 million estimate for 2016-2017 will be used in the development of the 2017-2018 Proposed Capital Budget

*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:

- ***Airport Capital Program*** – A recommendation is included to establish a Terminal B Expansion Ramp appropriation in the amount of \$551,000 for reconstruction of the ramp area south of Terminal B to enable ground boarding of passengers when the Airport reaches peak capacity, offset by the Ending Fund Balance in the Airport Renewal and Replacement Fund. Actions also included are to reallocate \$823,000 of project savings in the Terminal A Ground Transportation Island Modification appropriation to the Federal Inspection Facility Sterile Corridor Extension (\$423,000) and Southeast Ramp Reconstruction (\$400,000) project appropriations. In addition, an increase to the Transfer to the Airport Fiscal Agent Fund from the Airport Revenue Fund in the amount of \$1,000,000, offset by a decrease in the Airline Agreement Reserve, is recommended to ensure that the Airport meets the minimum bond reserve requirements. This transfer is necessary to offset the temporary fluctuation of the investment value of the securities, which is used to help meet the bond reserve requirement.
- ***Public Safety Capital Program*** – A recommendation is included to increase the Self-Contained Breathing Apparatus (SCBA) in the Fire Construction and Conveyance Tax Fund by \$42,000 to provide funding for adequate inventory of SCBAs for the annual mask fit test in January 2017 as well as for the upcoming Firefighter Recruit Academy scheduled for April 2017. In addition, there is a recommendation to recognize \$214,167 of revenue related to a mediated settlement between the City and the Guarantee Company of North America USA, the surety for the original Fire Station 24 contractor. Of that amount, \$200,000 is recommended to be transferred to the General Fund, which fronted \$200,000 in the 2012-2013 Year-End Review to retain a new contractor to complete the construction. The remaining \$14,167 is recommended to be allocated to the Fire Station 37 (Willow Glen)/Other Capital Projects Reserve in the Neighborhood Security Bond Fund.
- ***Parks and Community Facilities Development Capital Program*** – A recommendation is included in this report to establish the Cannery Park Design Review and Inspection project and recognize revenue received from a developer (\$355,000). Cannery Park, a turnkey park being designed and constructed by a developer in fulfillment of its parkland dedication obligation, will be a new 1.0 neighborhood park near Mission Street and 10<sup>th</sup> Street. The Del Monte Park Expansion Phase III Land Acquisition allocation is being increased by \$188,000 to reflect higher than anticipated relocation costs (\$13,000) and an expansion of the project scope to include demolition costs (\$175,000). Finally, a recommendation to allocate \$150,000 to the Almaden Lake Park Playground Improvements project is included in this report. Project funding would allow new playground equipment to be installed at Almaden Lake Park and the existing rope structures to be removed, which have severely deteriorated and are causing safety concerns.

- **Traffic Capital Program** – This report includes recommendations to allocate revenues from Traffic Impact Fees received through December 2016 to the Route 101/Oakland/Mabury Impact Fees Reserve (\$2,885,363) and North San José Traffic Impact Fees Reserve (\$1,842,249). An increase to the Inter-Agency Encroachment Permit appropriation and corresponding estimate for Licenses and Permits Revenue by \$300,000 is needed to support inspection work for several large regional transportation projects. The Local Transportation and Policy Planning appropriation is recommended to be increased by \$250,000 to support a reevaluation of the City’s transportation impact analysis guidelines. This report includes a recommendation to increase the Pavement Maintenance – City project by \$250,000 to appropriate rebate revenue received from the State for the use of recycled tires in rubberized asphalt. In addition, anticipated project savings from East San José Bike/Pedestrian Transit Connection project (\$200,000) is recommended to be allocated to the Kirk Avenue Sidewalk Improvements project, which is being completed in partnership with the County of Santa Clara. Other budget adjustment recommendations include decreases to the Bikeways Program (\$500,000) and Bicycle and Pedestrian Facilities (\$128,000) to reflect revised project schedules.

### **PUBLIC OUTREACH/INTEREST**

This report is posted on the City’s website for the February 14, 2017 City Council meeting.

### **COORDINATION**

This report was coordinated with the various City Departments and Offices.

### **COMMISSION RECOMMENDATION/INPUT**

This report was not coordinated with any board or commission.

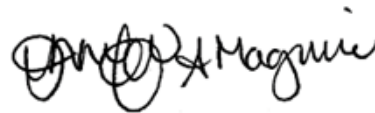
### **CONCLUSION**

Through December, the City’s over 100 operating and capital funds are generally performing within expected levels. The 2016-2017 Adopted Budget was built on the assumption that continued economic growth would be experienced in 2016-2017, and actual collection trends support this assumption. While economic indicators are generally positive, it is important to keep in mind that performance in a couple of the economically sensitive revenue categories, namely Sales Tax and Construction and Conveyance Taxes, are down from the prior year and those revenues will be important to monitor to determine if downward trends emerge.

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 very 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 of the City's funds based on activity through the first half of the fiscal year.

The Administration will continue to closely monitor performance and provide status reports on the City's budget 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.

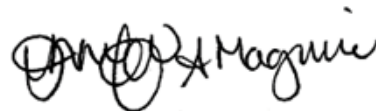
A handwritten signature in black ink, appearing to read "Jennifer A. Maguire". The signature is cursive and somewhat stylized, with the first name being the most prominent.

Jennifer A. Maguire  
Senior Deputy City Manager/  
Budget Director

### 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 2016-2017 monies in excess of those heretofore appropriated therefrom:

Airport Fiscal Agent Fund	1,000,000
Benefit Fund	601,000
Community Development Block Grant Fund	2
Construction and Conveyance Tax Fund: Fire Protection Purposes	27,000
Construction and Conveyance Tax Fund: Library Purposes	14,000
Construction and Conveyance Tax Fund: Park Yards Purposes	16,000
Construction and Conveyance Tax Fund: Parks Purposes Central Fund	193,999
Construction and Conveyance Tax Fund: Service Yards Purposes	11,000
Construction Excise Tax Fund	5,212,070
Convention and Cultural Affairs Fund	429,952
Downtown Property and Business Improvement District Fund	17,000
General Fund	2,827,996
General Purpose Parking Fund	31,199
Gift Trust Fund	83,186
Multi-Source Housing Fund	1,839,596
Neighborhood Security Bond Fund	214,167
Residential Construction Tax Fund	7,000
Sewer Service and Use Charge Fund	372,004
Storm Drainage Fee Fund	3,000
Subdivision Park Trust Fund	355,000
Supplemental Law Enforcement Services Fund	213,946
Workforce Development Fund	226,554



Jennifer A. Maguire  
Senior Deputy City Manager/  
Budget Director



2016-2017

MID-YEAR  
BUDGET  
REVIEW

SECTION  
I

**GENERAL FUND  
STATUS REPORT**

**2016-2017  
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. **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.
  
- B. **Status of General Fund Expenditures** – The status of overall General Fund expenditures is provided. Included is a discussion of the Police Department, Fire Department, and non-departmental expenditures.

<b>2016-2017</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 \$489.4 million, or 44.8% of the budgeted estimate. Based on current collection trends and information, existing revenues are anticipated to end the year approximately \$15.0 million above budgeted levels (variance of approximately 1.4% when excluding the Beginning Fund Balance), most which represents additional revenue from the Property Tax, Utility Tax, Business Taxes, Licenses and Permits, Departmental Charges, and Use of Money and Property revenue categories. Approximately \$5.0 million is attributed to the Development Fee Programs, and any excess revenues in those programs will be set aside in the Development Fee Program Reserves. It should be noted that the remaining portion of excess revenue (approximately \$10.0 million) is planned as a funding source for the 2017-2018 budget process and is within estimated levels.

The following table details actual 2016-2017 General Fund revenue collections through December as compared with budgeted revenue estimates and 2015-2016 actual collections for the same period a year ago. It also details any proposed changes to each category:

### 2016-2017 General Fund Revenue Status through December (\$ in Thousands)

Category	Budget Estimate	Y.T.D Actual	% of Estimate	2015-2016 % of Actual	Proposed Changes
<b>General Revenue</b>					
Property Tax	\$ 271,737	\$ 75,371	27.7%	26.7%	\$ -
Sales Tax	224,696	80,901	36.0%	16.1%	-
Telephone Tax	21,614	7,894	36.5%	39.7%	-
Transient Occupancy Tax	16,952	7,265	42.9%	39.7%	-
Franchise Fees	48,917	19,640	40.1%	38.7%	-
Utility Tax	95,750	35,944	37.5%	35.1%	-
Business Taxes	48,800	24,641	50.5%	48.2%	-
Licenses and Permits	51,573	32,931	63.9%	55.6%	-
Fines, Forfeitures, and Penalties	14,910	6,857	46.0%	19.0%	-
Use of Money and Property	3,864	3,169	82.0%	39.4%	-
Revenue from Local Agencies	28,435	5,075	17.8%	24.9%	94
Revenue from the State of California	12,082	766	6.3%	8.0%	1,348
Revenue from Federal Government	6,003	973	16.2%	59.7%	63
Departmental Charges	41,732	23,441	56.2%	47.1%	465
Other Revenue	125,621	109,964	87.5%	90.2%	386
<b>Sub-Total General Revenue</b>	<b>1,012,686</b>	<b>434,832</b>	<b>42.9%</b>	<b>38.1%</b>	<b>2,356</b>
<b>Transfers and Reimbursements</b>					
Overhead Reimbursements	39,732	32,404	81.6%	80.3%	-
Transfers	21,223	14,582	68.7%	71.1%	472
Reimbursements for Services	18,173	7,581	41.7%	33.3%	-
<b>Sub-Total Transfers and Reimbursements</b>	<b>79,128</b>	<b>54,567</b>	<b>69.0%</b>	<b>67.0%</b>	<b>472</b>
<b>TOTALS</b>	<b>\$ 1,091,814</b>	<b>\$ 489,399</b>	<b>44.8%</b>	<b>40.2%</b>	<b>\$ 2,828</b>

**2016-2017  
MID-YEAR BUDGET REVIEW**

**STATUS OF GENERAL FUND REVENUES**

**OVERVIEW**

Through December, the majority of revenues are tracking to end the year at or above budgeted estimates, including: Property Tax; Transient Occupancy Tax; Franchise Fees; Utility Taxes; Business Taxes; Fines, Forfeitures, and Penalties; Use of Money and Property; Licenses and Permits; Departmental Charges and Other Revenue. These positive variances are partially offset by lower collections in a limited number of categories, including Sales Tax and Transfers and Reimbursements.

*Recommended Adjustments*

As described below, limited revenue adjustments are recommended in this document to accomplish the following actions: (1) implement required technical/rebalancing adjustments; (2) account for additional new revenue from grants, reimbursements, and fees available to fund additional related expenditures; and (3) complete clean-up actions.

- Implement required technical and rebalancing actions to increase revenue estimates in limited areas to bring estimates in line with revised projections. Major actions include:
  - Increase the estimate for Transfers and Reimbursements by \$472,000 to reflect an increase in anticipated interest earnings from various funds (\$272,000) and a repayment for a General Fund advance that was provided in 2012-2013 to the Neighborhood Security Bond Fund (\$200,000) associated with Fire Station 24.
- Recognize grant, reimbursement, and/or fee related funds (\$2.4 million).
  - The largest items in this category include reimbursement from the State of California to reimburse for Strike Teams deployed to assist with fires in Kern, Santa Cruz, Contra Costa, San Bernardino, Eastern Humboldt, and Santa Clara (Loma Prieta) counties (\$699,403), California Gang Reduction, Intervention, and Prevention (CALGRIP) Grant (\$474,222), Parks, Recreation and Neighborhood Services Fee Activities (\$465,000), and Emergency Street Tree Services (\$300,000).

<b>2016-2017</b> <b>MID-YEAR BUDGET REVIEW</b>
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## STATUS OF GENERAL FUND REVENUES

### OVERVIEW

In total, adjustments recommended in this document result in a net addition of \$2.8 million to the General Fund revenue estimates. Additional detail on these recommended adjustments can be found in Section III of this document. The following discussion highlights major General Fund activities through December in various revenue categories.

### PROPERTY TAX

Revenue Status				
2016-2017		2015-2016		2016-2017
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$271,737,000	\$75,371,485	27.7%	26.7%	\$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 projected to slightly exceed the budgeted estimate by approximately \$4 million based on the most recent estimates from the County Assessor’s Office and actual performance.

The 2016-2017 Adopted Budget **Secured Property Tax** estimate of \$249.4 million includes \$247.4 million from regular Property Tax receipts and \$2.0 million from the distribution of excess 2015-2016 Education Revenue Augmentation Fund (ERAF) funds. For the regular Property Tax receipts, the estimate was based on the assumption that regular collections would increase approximately 6.0% in 2016-2017. The most recent estimate from the County of Santa Clara is tracking slightly above the Adopted Budget estimate by approximately \$340,000. This figure will be adjusted during the year based on actual experience. Because tax roll adjustments will continue to occur until the end of May 2017, the Budget Office will continue to work with the County to monitor actual performance and estimate year-end collections.

The Adopted Budget also assumed \$2.0 million from 2015-2016 excess ERAF funds. Beginning in 1992, agencies have been required to reallocate a portion of property tax receipts to the ERAF, which offsets the State’s General Fund contributions to school districts under Proposition 98. However, once there are sufficient funds in ERAF to fulfill obligations, the remainder is to be returned to the taxing entities that contributed to it. In 2015-2016, the City received \$6.7 million from excess funds in 2014-2015. The County has provided a preliminary estimate of \$4.0 million for the 2016-2017 payment, which is \$2.0 million above the budget estimate. Updated information regarding the payment this fiscal year is expected

**2016-2017  
MID-YEAR BUDGET REVIEW**

**STATUS OF GENERAL FUND REVENUES**

**PROPERTY TAX**

to be received from the County in March 2017. The Administration will continue to monitor the distribution of ERAF receipts and may adjust the budget once further information is provided by the County.

The 2016-2017 **Unsecured Property Taxes** budget estimate is \$14.2 million, which is 2.5% above the prior year collection level of \$13.9 million. Collections through December of \$12.5 million were slightly above prior year collections of \$12.4 million. Current year receipts include an August payment in the amount of \$65,000 that accounts for the final reconciliation of the 2015-2016 fiscal year and an October payment of \$12.4 million that accounts for the majority of revenue received in this category for the year. Based on historical collection patterns, the payment in October would position this category to meet the revenue estimate of \$14.2 million by year-end. The most recent estimate from the County is \$14.0 million for 2016-2017.

**SB 813 Property Tax** receipts (retroactive collections back to the point of sale for reassessments of value due to property resales) totaled \$1.9 million through December, which is significantly higher than prior year levels of \$642,000. In recent years, SB 813 revenues have been difficult to project due to a change in the distribution methodology and a backlog of adjustments in prior years. The backlog has now been addressed and the new methodology is in place, which should help reduce variances moving forward. The most recent 2016-2017 estimate from the County for this category of \$6.2 million is \$1.8 million above the budgeted estimate of \$4.4 million.

**Aircraft Property Tax** receipts through December totaled \$2.7 million, reflecting growth of 7.5% from the prior year (\$2.5 million). This collection level exceeds the 2016-2017 Adopted Budget estimate of \$2.6 million, which allowed for a slight decline of 1.3% from 2015-2016 receipts of \$2.67 million. Typically, collections through October reflect 95% of the annual revenue for this category. Based on this collection trend and the latest estimate from the County of Santa Clara, it is estimated that revenues will exceed the budgeted estimate by approximately \$200,000.

In the **Homeowners Property Tax Relief** category, \$146,000 was received through December, which was slightly below the prior year collection level of \$150,000. Based on the most recent estimate from the County and historical collection patterns, revenue is projected to end the year close to the 2016-2017 Adopted Budget estimate of \$1.03 million.

<b>2016-2017</b> <b>MID-YEAR BUDGET REVIEW</b>
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## STATUS OF GENERAL FUND REVENUES

### SALES TAX

Revenue Status				
2016-2017		2015-2016		2016-2017
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$224,695,553	\$80,900,587	36.0%	16.1%	\$0

The Sales Tax category consists of General Sales Tax, Local Sales Tax, and Proposition 172 Sales Tax. Overall, revenues are tracking below budgeted estimates and it is anticipated that collections will fall below the budgeted estimate by \$2 million to \$7 million by year-end.

The 2016-2017 Adopted Budget estimate for **General Sales Tax** totals \$188.8 million, which is 3.7% below from the 2015-2016 year-end figure of \$196.0 million. In 2015-2016, General Sales Tax collections of \$196.0 million were 11.5% (\$20.2 million) above the 2014-2015 collection level of \$175.8 million due in large part to the receipt of one-time funds associated with the wind down of the Sales Tax “Triple Flip” of \$12.0 million. The 2016-2017 Adopted Budget estimate assumes 3.5% growth from estimated 2015-2016 collections (excluding one-time payments in 2015-2016 associated with the Sales Tax “Triple Flip”). However, because actual collections in 2015-2016 exceeded expectations, the 2016-2017 Adopted Budget estimate requires growth of 1.5% from the 2015-2016 year-end adjusted figure (excluding the one-time Triple Flip payment of \$12.0 million and other one-time adjustments).

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 2016. The first quarter 2016-2017 General Sales Tax revenues were down 9.4% from the same quarter in the prior year. The large decline was primarily driven by a correction for prior year payments that were made in error. Specifically, the City had received \$2.7 million in sales tax allocations from American Aviation Supply in prior quarters in error. The sales of jet fuel are required to be allocated to the jurisdictions where the ‘wingtip’ is located. The City inadvertently received the sales revenue which belonged to other airport jurisdictions. Factoring out that adjustment, receipts were down 3.8% from the same quarter in the prior year. This performance falls well below the 1.5% growth needed to meet the budgeted estimate. For each of the remaining three quarters, growth of 5.2% is needed to meet the budgeted estimate. If growth of 3.5% is realized for the remaining quarters, collections would fall below the budgeted estimate by \$2.3 million. If collections are flat for the remaining quarters, receipts will fall below the budget by approximately \$7.2 million.

When comparing San José’s cash receipts to those of other jurisdictions, San José’s loss of 9.4% was lower than the growth level of the State as a whole (up 1.9%); Northern California (up 2.0%), San Francisco Bay Area (up 1.9%), and Santa Clara County (down -0.8%).

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**SALES TAX**

The City’s Sales Tax consultant, MuniServices, 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, a decline of 2.0% was realized in the most recent quarter. The chart below outlines the various sectors of sales tax and the percentage of the total receipts received.

**Sales Tax Revenue Economic Performance  
July – September 2016**

<b>Economic Sector</b>	<b>% of Total Revenue</b>	<b>% Change July – Sept 2015 to July – Sept. 2016</b>
General Retail	25.1%	-0.6%
Transportation	22.8%	-1.9%
Business-to-Business	21.4%	-8.6%
Food Products	17.6%	+5.0%
Construction	12.3%	-1.2%
Miscellaneous	0.7%	-14.2%
<b>Total</b>	<b>100.0%</b>	<b>-2.0%</b>

Information on the second quarter collections (October-December sales activity) for this fiscal year will be received in March 2017.

Starting in 2016-2017, the Sales Tax category now includes **Local Sales Tax**. In June 2016, San José voters approved a ¼ cent local sales tax that is estimated to generate \$30.0 million in 2016-2017 (October 2016 implementation) and \$40.0 annually beginning 2017-2018. The additional revenue will fund essential services such as: improving police response to reduce violent crimes and burglaries; improving 911/emergency medical and fire response times; repairing potholes and streets; expanding gang prevention; and maintaining the City’s long-term financial stability. Through December, no revenue from this Local Sales Tax has been received given the lag time in payments. The first payment is expected to be received in January.

Through December, the **Proposition 172 Sales Tax** receipts of \$2.5 million are tracking 13.3% below the prior year level of \$2.9 million through the same period due to the payment timing differences (two payments were received in December of last fiscal year while one payment this fiscal year). Factoring out that timing difference, collections are up 4.0% from the prior year. The 2016-2017 budgeted estimate of \$5.9 million requires growth of 3.3% from the 2015-2016 collection level of \$5.8 million. Based on 2015-2016 actual performance and current collection trends, it is anticipated that collections will meet the budgeted estimate this year.



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## STATUS OF GENERAL FUND REVENUES

### TRANSIENT OCCUPANCY TAX

Revenue Status				
2016-2017		2015-2016		2016-2017
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$16,952,000	\$7,265,091	42.9%	39.7%	\$0

The current 2016-2017 budget estimate for the General Fund **Transient Occupancy Tax** (TOT) allocation (40% of the total tax) is \$17.0 million, which was built assuming growth of approximately 4% from the 2015-2016 estimated collection level of \$16.3 million. However, since 2015-2016 actual receipts came in above estimated levels at \$16.6 million, growth of only 2.3% is needed to meet the budgeted estimate. Year-to-date receipts through December of \$7.3 million are 10.5% above the prior year collection of \$6.6 million. TOT has experienced strong growth and has been consistently exceeding estimated collection levels for the last several years. Based on activity through December, TOT collections are on pace to reach \$18.0 million, exceeding the 2016-2017 budgeted estimate by approximately \$1.0 million. This estimate would represent an increase of approximately 8.4% above prior year collections of \$16.6 million.

If current collection trends continue, budget actions will be brought forward at year-end to recognize the additional revenue and set this funding aside in the Cultural Facilities Capital Maintenance Reserve. Per City Council direction approved as part of the Mayor's March Budget Message for Fiscal Year 2014-2015, the growth in TOT revenues above the established 2013-2014 base level is to be allocated for capital maintenance of the City's cultural facilities.

Through December, the average hotel occupancy rate at the 13 major hotels was 76.6%, a slight increase from the 74.3% occupancy rate for the same period in 2015-2016, and room rates have risen from \$182.24 to \$200.16 (9.8%). The year-to-date average revenue-per-available room (RevPAR) metric of \$153.94 represents an increase of 13.3% from the prior year level.

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## STATUS OF GENERAL FUND REVENUES

### FRANCHISE FEES

<b>Revenue Status</b>				
<b>2016-2017</b>		<b>2015-2016</b>		<b>2016-2017</b>
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$48,916,811	\$19,640,479	40.1%	38.7%	\$0

Franchise Fees are collected in the Electric, Gas, Cable, Tow, Commercial Solid Waste, Water, and Nitrogen Gas Pipeline categories. Through December, Franchise Fee receipts of \$19.6 million were 3.7% above last year's collection level of \$18.9 million. The 2016-2017 budgeted estimate of \$48.9 million is consistent with 2015-2016 actual collection levels. Based on current collection trends, overall, Franchise Fees are tracking to meet or slightly exceed budgeted estimates.

Electric and Gas Franchise Fees provided by Pacific Gas & Electric (PG&E) are based on the revenues of that company in a calendar year (revenues in 2016-2017 are based on calendar year 2016). Actual collections through December reflect formula driven advance amounts; true receipts will not be known until April 2017. Based on current Electricity and Gas Utility Tax receipts for calendar year 2016, it is anticipated that receipts will meet or exceed the 2016-2017 Adopted Budget estimates of \$20.8 million and \$4.8 million, respectively.

Commercial Solid Waste Fees of \$4.7 million through December are tracking at the prior year levels. Collections are expected to reach the 2016-2017 Adopted Budget estimate of \$11.4 million, which reflects the revised methodology of a flat rate for assessing this fee. The revised methodology became effective July 1, 2012.

Cable Franchise Fees of \$2.6 million through December are tracking at prior year levels and reflect a payment for one quarter. Based on current collection trends and actual 2015-2016 receipts of \$10.4 million, revenues are anticipated to end the year close to the budgeted estimate of \$10.6 million.

Collectively, all other franchise fees including Tow, Water, and Nitrogen Gas Pipeline are tracking to end the year close to the budgeted estimates.

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## STATUS OF GENERAL FUND REVENUES

### UTILITY TAX

Revenue Status				
2016-2017		2015-2016		2016-2017
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$95,749,500	\$35,944,411	37.5%	35.1%	\$0

Utility Tax contains the following categories: Electric, Gas, Water, and Telephone. Collections through December of \$35.9 million were tracking 9.6% above the prior year level of \$32.8 million. Most of this increase was due to higher collections in the Water Utility Tax and Telephone Utility Tax categories. To meet the 2016-2017 budgeted estimate of \$95.7 million, an increase of approximately 2.5% from the prior year is needed. Based on current collection trends, overall, Utility Tax receipts are tracking above budgeted estimates, and is anticipated to end above budgeted levels by year-end by approximately \$3.5 - 5.0 million if current collection trends continue. Below is a more detailed discussion of the revenue performance in each category.

Through December, **Electric Utility Tax** receipts of \$17.5 million were 0.7% below the prior year level of \$17.6 million and reflect activities through November 2016. The 2016-2017 Adopted Budget of \$44.8 million requires growth of 1.1% from 2015-2016 actual collections of \$44.3 million. With a 2017 rate increase that is expected to increase average bills by approximately 1.4%, collections are expected to end the year close to the budgeted estimate.

**Gas Utility Tax** receipts through December of \$2.0 million were 15.1% above prior year collections of \$1.8 million, primarily reflecting rate increases. The 2016-2017 Adopted Budget estimate of \$8.9 million requires growth of 0.4% from the actual 2015-2016 collections of \$8.9 million. Based on collections through December and forecasted rate increases, Gas Utility Tax receipts are expected to exceed the budgeted estimate by over \$1.0 million. It is important to note, however, that 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 over two-thirds of the revenue in this category is typically collected in the second half of the year.

**Water Utility Tax** collections of \$5.7 million through December are 58.0% above the prior year level of \$3.6 million. While a portion of this growth is the result of timing differences, collections are exceeding the prior year with monthly growth in the range of 30%, primarily due to higher than expected rate increases and higher consumption levels. The 2016-2017 Adopted Budget estimate of \$13.0 million was based on growth of 8.0% over the projected 2015-2016 collection level, however, because revenues in 2015-2016 of \$12.3 million ended the year slightly above the estimated collection level, growth of 5.5% is necessary to achieve the budgeted estimate. It is currently anticipated that year end actuals may exceed

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## STATUS OF GENERAL FUND REVENUES

### UTILITY TAX

the budgeted estimate by as much as \$2 million to \$3 million. However, this category may experience significant volatility due to the impacts of drought and weather conditions.

**Telephone Utility Tax** receipts of \$10.8 million through December are tracking 9.3% above the prior year level of \$9.9 million. The budgeted estimate of \$29.0 million requires growth of 4.1% from 2015-2016 collections of \$27.9 million. The majority of the increase from the prior year is the result of the new revenue from pre-paid calling cards that went into effect in January 2016. From July through December 2016, pre-paid calling card revenues totaled \$716,000, while no revenue had been received last fiscal year during this same period given the January 2016 start date (in 2015-2016, pre-paid calling card revenues totaled \$398,000 from January through June 2016). Collections in the cellular and Voice over Internet Protocol (VoIP) categories are also tracking above the prior year, partially offset by lower collections in the landline category. Based on current collection trends, receipts in this category are expected to exceed the budgeted estimate by \$500,000 to \$1 million.

### BUSINESS TAXES

Revenue Status				
2016-2017		2015-2016		2016-2017
Budget Estimate	YTD Actual	% of Estimate	% of Actual	Proposed Changes
\$48,800,000	\$24,640,668	50.5%	48.2%	\$0

Business Taxes include the following major groups of revenue: Cardroom Business Tax, General Business Tax, Marijuana Business Tax, and Disposal Facility Tax. Overall, this category is tracking to exceed the modified budget of \$48.8 million by \$2.0 - \$3.0 million.

**Cardroom Business Tax** collections reflect the gross receipts tax collected from the two cardrooms located in San José. Through December, receipts of \$7.5 million are 0.8% above the prior year level of \$7.4 million. The 2016-2017 Adopted Budget estimate of \$17.8 million allows for a 1% drop from the 2015-2016 actuals of \$18.0 million. It is anticipated that receipts in 2016-2017 will be similar to last year and will slightly exceed the budgeted estimate.

**General Business Tax** receipts of \$8.8 million are 4.2% above the prior year level of \$8.4 million. The 2016-2017 Adopted Budget estimate of \$11.65 million allows for a 1.6% drop from the 2015-2016 actuals of \$11.8 million. Revenues are currently tracking to slightly exceed the budgeted estimate by \$250,000 to \$500,000.

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## STATUS OF GENERAL FUND REVENUES

### BUSINESS TAXES

**Marijuana Business Tax** collections reflect marijuana business tax as well as marijuana business tax compliance revenues. Receipts of \$3.5 million are 8.4% below the prior year level of \$3.8 million. The 2016-2017 Adopted Budget estimate of \$7.2 million allows for a much larger drop of 19.4% from the 2015-2016 actual collection level of \$8.9 million. Although the overall collections are slightly lower than last year, the marijuana business tax collections (excluding compliance revenues) are \$3.4 million, which is 33% higher than last year's level of \$2.6 million. On the other hand, marijuana business tax compliance collections through December total \$68,000, well below the \$1.2 million received last year during this period. With the increasing compliance of registered collectives, collections from compliance revenues are expected to come in below the 2015-2016 levels and the budgeted estimate of \$150,000 for this component reflects this anticipated drop. If current collection trends continue, receipts are projected to exceed the budgeted estimate by as much as \$1.5 million - \$2.5 million.

**Disposal Facility Tax (DFT)** receipts through December of \$4.9 million are tracking 0.9% above the prior year level of \$4.8 million and reflect 40.1% of the budgeted estimate of \$12.2 million. Based on current tracking, revenues are anticipated to meet the budgeted estimate of \$12.2 million, which is consistent with actual 2015-2016 receipts. Collections in this category, however, can vary as they are impacted by waste exports, waste diversion efforts from San José and other municipalities and members of the public that use landfills within the City, and the economy.

### LICENSES AND PERMITS

<b>Revenue Status</b>				
<b>2016-2017</b>		<b>2015-2016</b>		<b>2016-2017</b>
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$51,572,553	\$32,930,964	63.9%	55.6%	\$0

Licenses and Permits include the following major groups of revenue: Building Permits, Fire Permits and Miscellaneous Other Licenses and Permits. Through December, revenues of \$32.9 million are tracking 10.2% above the prior year level of \$29.9 million, while the budgeted estimate allows for a decline of 4.1% from the 2015-2016 collection level of \$53.8 million. Overall, revenues are tracking to exceed budgeted levels by over \$4 million due to higher collections in the development fee programs.

**Building Permits** revenue of \$16.9 million through December is tracking 15.7% above the 2015-2016 collection level of \$14.6 million for the same period. The 2016-2017 adopted revenue estimate of \$27.5 million allows for a 9.9% drop from prior year actual revenue collections of \$30.5 million in this category.

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**STATUS OF GENERAL FUND REVENUES**

**LICENSES AND PERMITS**

All revenues in this category are exceeding estimated levels except for building, plumbing, mechanical, and electrical permits for new residential construction and processing fees. Development permits to-date have consisted of a mix of commercial and industrial new construction and alterations and residential units. Activity levels for all categories of building use (residential, commercial, and industrial) are higher than the same period last year primarily due to strong building permit activity levels for new residential multi-family projects, new commercial construction, and industrial alteration. Due to the high collections through December, Building Permit revenues are currently tracking to exceed the 2016-2017 budget revenue estimate of \$27.5 million by over \$3 million. Any excess revenues over expenditures for this fee program will be set aside in the Building Development Fee Program Reserve.

Residential activity through December consisted of 1,292 multi-family units and 132 single-family units for a total of 1,424 units. Significant residential activity for December included permits for a 135-unit apartment building on South 2<sup>nd</sup> Street south of Keyes Street. Commercial activity through December amounted to a valuation of \$394.5 million (new construction valuation of \$272.8 million and alterations of \$121.7 million). Alterations accounted for most of the commercial activity in December. The significant new commercial project for December was a permit for the finished interior of the restaurant located in the Bay 101 cardroom building. Industrial activity through December had a valuation of \$275.5 million (new construction valuation of \$88.3 million and alterations of \$187.1 million). The significant project in December consisted of a permit for a six-story, 184,000 square foot research and development office building on North 1<sup>st</sup> Street south of Highway 237.

**Fire Permits** collections through December 2016 of \$7.6 million are tracking 22.9% above the 2015-2016 collection level of \$6.2 million for the same period. The 2016-2017 budgeted revenue estimate of \$11.2 million allows for a drop from the 4.9% from the prior year collection level of \$11.8 million. Fire Permit revenues are conservatively tracking to exceed the Adopted Budget estimate by \$1 million. This category consists of development and non-development related permits.

Development related receipts of \$4.4 million through December are tracking 33.6% above 2015-2016 collection levels of \$3.3 million for the same period. However, the budgeted estimate of \$6.9 million allows for a decline of 5.6% from the prior year's collections of \$7.3 million. If current collection trends continue, it is anticipated that development-related receipts will exceed the budgeted estimate by at least \$600,000 and may exceed the budget by over \$1 million. Any excess revenues over expenditures for this fee program will be set aside in the Fire Development Fee Program Reserve.

Non-development revenues of \$3.3 million primarily represent the first three major billing cycles for non-development fire permits for this fiscal year. With the remaining billing cycle, revenues at year-end are anticipated to slightly exceed the budgeted estimate of \$4.3 million by year-end by approximately \$300,000.

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**STATUS OF GENERAL FUND REVENUES**

**LICENSES AND PERMITS**

**Miscellaneous Other Licenses and Permits** – Revenues of \$8.4 million are tracking 7.4% below prior year levels of \$9.0 million primarily due to the timing of the payments for the Cardroom/Table Fees that have not yet been received in 2016-2017 (\$1.9 million budgeted in 2016-2017; \$1.8 million received in 2015-2016). If this payment had been received as was the case last fiscal year, receipts in this category would have totaled \$10.3 million (13.4% above the prior year). The 2016-2017 budget estimate requires growth of 12.2% from the prior year actual collections. Receipts in this category are expected to end the year close to the budgeted estimate.

**REVENUE FROM USE OF MONEY AND PROPERTY**

<b>Revenue Status</b>				
	<b>2016-2017</b>		<b>2015-2016</b>	<b>2016-2017</b>
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$3,863,935	\$3,169,003	82.0%	39.4%	\$0

The Use of Money and Property category includes interest income earned in the General Fund, rental income from various City properties, and subrogation recovery revenues.

Total revenues of \$3.2 million are tracking 42.6% above the prior year of 2.2 million. The budgeted estimate of \$3.9 million, however, allows for a decline of 26% from 2015-2016 year-end actuals of \$5.1 million. Revenues in this category are tracking to end the year above the budgeted estimate by approximately \$1.5 million, due primarily to higher than estimated interest earnings and rental income.

Interest earnings through December total \$773,000, up 64.9% from the prior year level of \$469,000. Collections in this category are expected to exceed the budgeted estimate of \$1.1 million by approximately \$700,000.

Rental income through December totals \$1.9 million, up 42.5% from the prior year level of \$1.4 million due primarily to the receipt of rental income of \$553,000 from the U.S. Patent Trade Office that had not been received through December of the prior fiscal year. The budgeted estimate of \$2.4 million, however, assumed that collections would decline in 2016-2017 from the 2015-2016 actual collection level of \$2.9 million because of lower projected rental of communications facilities. However, actual collections through December totaled \$919,000, or 75.2% above the budgeted estimate of \$524,000. This is primarily due to lease agreements that were renegotiated. Rental income from these facilities remains at prior year levels. Collections in this category are tracking to exceed the budget by approximately \$550,000.

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## STATUS OF GENERAL FUND REVENUES

### REVENUE FROM USE OF MONEY AND PROPERTY

Subrogation revenue totals \$469,000 through December, up 17.1% from the prior year level of \$401,000. The year-to-date receipts exceed the budgeted estimate of \$300,000. It is important to note, however, that a portion of this revenue may not be collectable from those individuals that damaged City property.

### REVENUE FROM LOCAL AGENCIES

Revenue Status				
2016-2017		2015-2016		2016-2017
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$28,435,387	\$5,075,030	17.8%	24.9%	\$94,345

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, and Senior Nutrition Program reimbursement. Revenues are generally performing close to budgeted levels through December, however, it is anticipated that they will exceed budgeted levels by year end because of higher than anticipated reimbursements from the Central Fire District.

The largest revenue estimate in the Revenue from Local Agencies category 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 2016-2017 budgeted estimate of \$15.3 million will be received by year-end under the current accounting for this payment.

Through December, Central Fire District payments total \$3.3 million, an increase of 8.4% from the \$3.1 million received during the same period in the prior year. Growth of less than 1% from the prior year collection level of \$6.1 million is needed to meet the budgeted estimate of \$6.2 million. Based on current collection trends, Central Fire District reimbursements are expected to exceed the budgeted estimate by year-end by approximately \$200,000.

The City's Senior Nutrition Program is a partnership between the City and Bateman Senior Meals to serve nutritious meals to seniors at 13 different community center locations. Meals are served weekly from Monday through Friday (with one site serving Saturday), at reduced costs to seniors. Funding for this program is made possible by the City's contract with the County of Santa Clara to provide approximately 833 meals per day. The County funds approximately two-thirds of the program cost for the 833 meals per day. Activity level and the budgeted revenue estimate of \$1.5 million should be achieved by year-end.



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## STATUS OF GENERAL FUND REVENUES

### REVENUE FROM LOCAL AGENCIES

However, it is important to note that, due to demand, the City currently serves an average of 920 meals per day, and this higher service level is being funded by prior year carryover funding. The City is currently in negotiations with the County to increase next year's funding to reflect this higher activity level and to adjust for increases with the Consumer Price Index and Living Wage.

A net increase of \$94,345 is recommended to recognize and allocate funding from the County of Santa Clara for the 2016 County Victim Services Program (\$142,203), to recognize and allocate funding from the Santa Clara County Homeland Security Training and Exercise Grants Advisory Group to support Urban Search and Rescue specialized training activities (\$24,790), and to reconcile various cultural affairs grants (-72,648) as discussed in further detail in Section III of this report.

### DEPARTMENTAL CHARGES

<b>Revenue Status</b>				
<b>2016-2017</b>		<b>2015-2016</b>		<b>2016-2017</b>
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$41,731,974	\$23,440,553	56.2%	47.1%	\$465,000

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 \$23.4 million are tracking \$1.3 million above the prior year of \$22.2 million (5.7%) and are tracking to end the year above the budgeted estimate by approximately \$1.5 to \$2.0 million, due primarily to higher than estimated receipts in the Public Works Development Fee Program, Transportation Fee Program, and the PRNS Fee Program.

Planning Development-related revenues are currently below the prior year collection levels, while Public Works Development-related revenues are tracking above the prior year collection levels. Both, however, are expected to meet or exceed the budgeted estimates by year-end.

**Public Works** – Public Works revenues through December of \$5.3 million are 8.6% above the prior year level of \$4.9 million for the same period. The budgeted estimate of \$9.8 million allows for a 13.5% drop from prior year actual revenue collections of \$11.4 million. The revenue collections are comprised of \$3.4 million from the Development Services Fee Program and \$1.9 million from the Utility Fee Program.

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**STATUS OF GENERAL FUND REVENUES**

**DEPARTMENTAL CHARGES**

Revenues in materials testing-residential, engineering residential and non-residential, and planned development pre-zoning/re-zoning categories are all tracking below estimated levels due to lower activity levels. However, these are offset by higher than estimated levels in the record retention, geologic fees, utility excavations, grading permits, parcel maps, and site development permits categories. It is anticipated that Public Works revenues will end the year above estimated levels by approximately \$1.0 million if current collection trends continue.

**Planning, Building and Code Enforcement (PBCE)** – Through December, Planning Fee revenues of \$2.2 million are 26.8% below the prior year collection level of \$3.0 million. This drop is in line with the adopted estimate which allows for a 28.1% decline from the prior year level (\$6.3 million) to reach the budgeted estimate of \$4.5 million. The decrease in revenues from the prior year reflects declines in the following permits: residential tentative maps, public noticing, residential general plan amendments, residential prezonings/rezonings, non-residential planned development prezonings/rezonings, residential conventional prezonings/rezonings, non-residential environmental clearances, residential site development permits, residential planned development permits, non-residential development permit adjustments, residential conditional use permits, and miscellaneous permits. These lower collections are partially offset by strong performance in the following areas: non-residential tentative maps, public information services, preliminary reviews, non-residential general plan amendments, non-residential conventional prezonings/rezonings, residential environmental clearances, annexations, non-residential site development permits, non-residential planned development permits, residential development permit adjustments, non-residential conditional use permits, and single-family design review. Planning Fee revenues are anticipated to meet the 2016-2017 budget revenue estimate of \$4.5 million if current collection trends continue.

**Other Fees** – In the non-development fee areas, the PRNS departmental charges of \$11.9 million are up 18.0% through December when compared to the prior year and are projected to exceed the budgeted estimate of \$20.2 million by at least \$500,000. Transportation Fees of \$911,000 are tracking 14.6% above the prior year level and should slightly exceed the budgeted estimate of \$1.6 million by year-end if current collection trends continue. Library Fees and Fines of \$175,000 are tracking well above the prior year level (\$28,000); however, to meet the budgeted estimate, collections would need to reach \$889,000 by year-end. Based on estimates from the Library Department, collections are expected to end the year close to the budgeted estimate. The Police Department Fees of \$619,000 are currently tracking 27% below the prior year level due to lower POST reimbursements; the budgeted estimate of \$1.3 million allows for a drop of 20% in this category. In addition, other Miscellaneous Departmental Charges are down 7.1% from the prior year due to lower Solid Waste Fees (\$570,000). However, the budgeted estimate allows for a drop of 44% in the Miscellaneous Departmental Charges category primarily to account for the changes in the Solid Waste Program that reduced the fees in 2016-2017.

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## STATUS OF GENERAL FUND REVENUES

### DEPARTMENTAL CHARGES

An action to increase the PRNS budgeted revenue estimate by \$465,000 is recommended to account for increased activity from the preschool program and the Recreation of City Kids (R.O.C.K) program, which is after school programming for kids provided at school sites, and camps. This recommended budget action will increase the PRNS Fee Program estimate from \$20.2 million to \$20.7 million. 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.

### OTHER REVENUE

Revenue Status				
2016-2017		2015-2016		2016-2017
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$125,620,985	\$109,963,605	87.5%	90.2%	\$386,175

The Other Revenue category contains several unrelated revenue sources. Other Revenue collections through December totaled \$110.0 million compared to prior year levels of \$111.3 million. Collections in this category are expected to end the year within or above the budgeted estimate, including the various adjustments recommended in the report that are described in more detail in Section III. Following is a discussion of the other major sub-categories in the Other Revenue category:

Beginning in 2010-2011, the City has had 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 2016-2017, \$100 million had to be issued, which is the same amount that was issued in in the last three years.

In the current year, the City has received \$5.05 million in **SAP Center Rental, Parking, and Naming** revenue in accordance with the terms of a new agreement, which is consistent with the budgeted estimate of \$5.05 million.

**SB 90 Reimbursements** totaled \$298,000 compared to the 2016-2017 Adopted Budget estimate of \$750,000. The actual reimbursements through December are well below the \$1.1 million received through the same period last year. The collection level is under review to determine if additional reimbursements are expected to be received by year-end.

Through December, revenue from the **Sale of Surplus Property** totaled \$152,000 compared to \$28,000 in the prior year. Per information from the Office of Economic Development, it is expected that the revenue estimate of \$1.0 million should be met by year-end.

<b>2016-2017</b> <b>MID-YEAR BUDGET REVIEW</b>
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## STATUS OF GENERAL FUND REVENUES

### OTHER REVENUE

An increase of \$386,175 is recommended in this report to recognize and allocate the following: reimbursements from property owners for emergency street tree services (\$300,000), Council District special events sponsorship funds (\$49,255), the Neighborhood Gateways Galleries grant (\$25,000), and the Pacific Library Partnership grant (\$11,920) as discussed in further detail in Section III of this report.

### TRANSFERS AND REIMBURSEMENTS

Revenue Status				
2016-2017		2015-2016		2016-2017
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$79,128,224	\$54,567,110	69.0%	67.0%	\$472,000

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 \$54.6 million through December are tracking above prior year levels of \$50.3 million primarily due to higher overhead reimbursements and reimbursement for services, partially offset by lower transfers. Overall, collections are currently tracking approximately \$1.5 - \$2.0 million below the budgeted estimate.

**Overhead Reimbursements** associated with special funds are currently budgeted at \$28.6 million and capital funds are budgeted at \$11.1 million for a total category revenue estimate of \$39.7 million. Through December, overhead collections of \$32.4 million were tracking 12.0% above prior year levels of \$28.9 million. Overhead reimbursements associated with special funds are expected to end the year close to the budgeted estimate; however, the overhead associated with capital funds are tracking below the budgeted estimate by approximately \$1 million due to position vacancies in various capital programs.

Budgeted **Transfers** include \$21.2 million in various transfers from other funds (\$20.7 million) and transfers of interest earnings from selected funds (\$539,000). Through December, transfers of \$14.6 million are tracking 7.1% below prior year levels of \$15.7 million and reflect differences in the timing of payments and budgeted transfers. This report includes a recommendation to increase the budgeted transfer from the Neighborhood Security Bond Fund by \$200,000 to repay the General Fund for an advance provided in 2012-2013 in that fund associated with the Fire Station 24 project. In addition, interest earnings in select funds that transfer the earnings to the General Fund are currently tracking to exceed budgeted estimate, therefore an increase of \$272,000 is recommended in this document.

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**STATUS OF GENERAL FUND REVENUES**

**TRANSFERS AND REIMBURSEMENTS**

The budget estimate for **Reimbursement for Services** is \$18.2 million, of which \$17.5 million is expected to be generated from the three **Gas Tax Funds**. Currently, Gas Tax revenues of \$7.5 million are up from the prior year levels of \$5.5 million by 34.9% due to timing differences in the payments. After adjusting for these differences, Gas Tax revenues are actually down 4.7% from the prior year; however, growth of 7.1% from the 2015-2016 actual collection level of \$16.4 million is needed to meet the budgeted estimate of \$17.5 million. Based on current tracking, receipts may end the year below the budgeted estimate by \$500,000 to \$1 million. It is important to note that collections in this category can vary significantly from month to month. Other reimbursements from the Maintenance Assessment District Funds and the Deferred Compensation Program are expected to end the year close to the budgeted estimate.

**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 and information, existing revenues are anticipated to end the year approximately \$15.0 million above budgeted levels (variance of approximately 1.4% when excluding the Beginning Fund Balance), the majority of which represents additional revenue from the Property Tax, Utility Tax, Business Taxes, Licenses and Permits, Departmental Charges, and Use of Money and Property revenue categories. Sales Tax receipts and Transfers and Reimbursement revenue may end the year below the budget, partially offsetting the higher collections in other categories. Approximately \$5.0 million is attributed to the Development Fee Programs, and any excess revenues in those programs will be set aside in the Development Fee Program Reserves. It should be noted that the remaining portion of excess revenue (approximately \$10.0 million) is planned as a funding source for the 2017-2018 budget process and is within estimated levels.

In total, a net increase of \$2.8 million to the General Fund revenue estimates is recommended in this document. This increase primarily reflects a \$2.36 million increase as a result of net-zero Grants Reimbursements and Fees adjustments as well as a net increase of \$472,000 in Transfers as described in Section III of this report.

The revenue estimates for this year will continue to be updated and used as a starting point in the development of the 2018-2022 General Fund Forecast, due to be released in late February, as well as the 2017-2018 Proposed Budget, due to be released on May 1, 2017. As always, staff will continue to closely monitor the City's current year financial status and report to the City Council any significant developments through the Bi-Monthly Financial Reports. The January/February Bi-Monthly Financial Report will be brought to the Public Safety, Finance and Strategic Support Committee in April.

<b>2016-2017</b> <b>MID-YEAR BUDGET REVIEW</b>
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## STATUS OF GENERAL FUND EXPENDITURES

### OVERVIEW

General Fund expenditures through December totaled \$516.3 million, or 37.3% of the total 2016-2017 Modified Budget. This represents a decrease of \$10.7 million, or 2.0%, from the December 2015 level of \$527.0 million. Encumbrances totaling \$55.5 million were \$3.9 million (7.5%) below the December 2015 level of \$51.7 million. Expenditures and encumbrances through December of \$571.8 million constituted 41.3% of the total Modified Budget (including reserves) of \$1.4 billion; without reserves of \$137.3 million, expenditures and encumbrances constituted 45.8% of the total Modified Budget. The following chart displays the year-to-date expenditures (excluding encumbrances) compared to the prior year, by category.

### 2016-2017 General Fund Expenditures through December (\$ in Thousands)

Category	Current Budget	YTD Actual	% of Budget	Prior Year % of Budget
<b>Departmental Expenditures</b>				
Personal Services	\$ 738,935	\$ 339,152	45.9%	46.8%
Non-Personal/Equipment	119,908	40,950	34.2%	34.8%
Other Departmental	22,737	10,561	46.4%	42.9%
<i>Subtotal Departmental Expenditures</i>	<i>881,580</i>	<i>390,663</i>	<i>44.3%</i>	<i>45.1%</i>
<b>Non-Departmental Expenditures</b>				
City-Wide Expenses	\$ 256,126	\$ 87,009	34.0%	41.3%
Capital Contributions	82,878	10,589	12.8%	18.7%
Transfers	28,051	28,051	100.0%	100.0%
Reserves	137,305	0.0%	0.0%	0.0%
<i>Subtotal Non-Departmental</i>	<i>504,360</i>	<i>125,649</i>	<i>24.9%</i>	<i>30.1%</i>
<b>Total</b>	<b>\$ 1,385,940</b>	<b>\$ 516,312</b>	<b>37.3%</b>	<b>39.6%</b>

Overall, General Fund expenditures are tracking below anticipated levels and are expected to end the year with savings of approximately \$10.0 million to assist in meeting the 2016-2017 ending fund balance estimate that will be used as a funding source in the Five-Year General Fund Forecast and the 2017-2018 Proposed Budget. The majority of savings is anticipated to be generated from Personal Services and City-Wide expenditure appropriations.

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MID-YEAR BUDGET REVIEW**

**STATUS OF GENERAL FUND EXPENDITURES**

**OVERVIEW**

*Recommended Adjustments*

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

- Address two urgent fiscal/program needs, including: adding \$75,000 to the Office of Immigrant Affairs City-Wide Expenses appropriation to support the Capacity Building Streamlining Legal Defense for Families and Youth program that will provide immigrant service delivery coordination and fill a service gap that exists until County programs are in place; and establishing a Cyber Security City-Wide appropriation in the amount of \$275,000 to perform an audit, address penalties the City has incurred, purchase equipment and software, provide a Payment Card Industry (PCI) awareness training, and add firewalls.
- Implement required technical and rebalancing actions including:
  - Reallocating funding of \$4.0 million within the Fire Department Personal Services appropriation from the salaries and benefits line items to the overtime line item to account for higher than anticipated overtime costs to backfill for staff absences and vacancies, offset by vacancy savings;
  - Reallocating funding from the Parks, Recreation and Neighborhoods Services (PRNS) Personal Services appropriation to the PRNS Non-Personal/Equipment appropriation in the amount of \$1.1 million to provide funding for higher than anticipated parks water costs;
  - Increasing the Homeless Response Team City-Wide Expenses appropriation by \$100,000, offset by current year savings in the Homeless Rapid Rehousing City-Wide Expenses appropriation;
  - Reallocating funding from the Council District 02 Office to a City-Wide Expenses appropriation in the amount of \$75,000 for the Council District 02 participatory budgeting program; and
  - Addressing updated cost estimates, funding needs, and technical adjustments, including additional funding the Business Tax System Replacement (\$100,000), and the Transfer to the Downtown Property and Business Improvement District Fund (\$17,000).

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**STATUS OF GENERAL FUND EXPENDITURES**

**OVERVIEW**

- Appropriate additional grant, reimbursement, and/or fee related funds (\$2.4 million) including but not limited to:
  - Increasing the Fire Department Personal Services appropriation in the amount of \$699,000, offset by a reimbursement from the State, for Strike Teams deployed to assist with fires in Kern, Santa Cruz, Contra Costa, San Bernadino, Eastern Humboldt, and Santa Clara (Loma Prieta) counties;
  - Increasing the Parks, Recreation, and Neighborhood Services Department Fee Activities appropriation in the amount of \$465,000, offset by fee revenue, due to increased activity from the preschool program, the Recreation of City Kids (R.O.C.K) program, which is after school programming for kids provided at school sites, and camps;
  - Establishing a California Gang Reduction, Intervention and Prevention (CALGRIP) Grant appropriation to the Parks, Recreation and Neighborhood Services Department, offset by State revenue in the amount of \$474,000, to target gang-impacted youth through the implementation of proven intervention, substance abuse, and remedial (GED)/vocational education strategies with the intent to reduce gang and youth violence; and
  - Increasing the Emergency Street Tree Services appropriation by \$300,000, offset by property owner reimbursements, for contractor maintenance of street trees which are the responsibility of adjacent property owners.
  
- Implement clean-up actions, such as adjustments that increase Personal Services appropriations, where needed, for Management Pay for Performance Program increases (\$1.3 million) and Health Benefit increases (\$821,000), offset by the Salaries and Benefits Reserve, and reallocate between Personal Services and Non-Personal/Equipment appropriations to fill vacant positions through temporary staffing resources.

In total, adjustments recommended in this document result in a net increase of \$2.8 million to General Fund expenditures. Additional information on these adjustments can be found in *Section III. Recommended Budget Adjustments and Clean-Up Actions* of this document. The following discussion highlights major General Fund expenditure activities through December.



**2016-2017  
MID-YEAR BUDGET REVIEW**

**STATUS OF GENERAL FUND EXPENDITURES**

**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 65.7% of the General Fund expenditures to date.

Through December, personal services expenditures for all City departments totaled 45.9% of the current Modified Budget, which is slightly below expectations (46.4%) at this point of the year. This expenditure level was slightly below the 46.8% expended through December last year. Overall, Personal Services expenditures are tracking to end the year with several million in savings. As of January 4, 2017, the City had 850 vacancies city-wide (all funds) compared to 678 vacancies in the prior year, representing a vacancy factor of over 10%. 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, reallocations of Personal Services appropriation savings to Non-Personal/Equipment appropriations in the Finance, Information Technology, and Parks, Recreation and Community Services Departments are recommended to reflect the use of temporary staffing or contractual services until vacancies are filled and/or to address other expenditure needs. In addition, budget actions are recommended to reallocate salary and benefit savings to overtime for the Fire Department.

Non-Personal/Equipment expenditures of \$41.0 million are also tracking below anticipated levels with 34.2% expended through December, slightly below prior year levels of 34.8% in December 2015. In addition to expenditures, \$28.6 million was encumbered, bringing the total amount of funding committed to \$69.5 million, or 58.0% of the \$119.9 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, as discussed above, many departments have needed to backfill with temporary staffing or contractual services to continue service delivery. As discussed above and described in Section III of this document, reallocations from Personal Services appropriations to Non-Personal/Equipment appropriations are recommended to align departmental budgets with anticipated spending by category.

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 \$10.6 million (46.4%) of the \$22.7 million budget through December, above prior year levels of \$8.6 million (42.9%) in December 2015. Expenditures in this category are expected to remain within budget.

Following is a discussion of the Fire, Parks, Recreation and Neighborhood Services, and Police Departments as well as non-departmental expenditures.

<b>2016-2017 MID-YEAR BUDGET REVIEW</b>
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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>2016-2017 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
<b>Fire</b>	\$203,968	\$95,674	\$93,651

Overall, Fire Department expenditures are tracking slightly below estimated levels after factoring in the recommended mid-year budget actions recommended in this report. Through December, Personal Services expenditures of \$87.8 million are tracking at 46.6%, which is slightly above the par level of 46.4%.

The Fire Department’s Non-Personal/Equipment budget of \$9.6 million was 54% expended or encumbered through December 2016. Non-personal/equipment expenditures are expected to end the year with some savings as encumbrances will be expended during the remainder of the year.

Through December, overtime expenditures of approximately \$7.0 million are tracking significantly above anticipated levels with approximately 74% expended. Higher overtime expenditures were incurred to backfill for sworn vacancies and absences in line duty positions (vacation, strike team deployments, modified duty, sick leave, disability, and other absences) to maintain minimum staffing requirements on Fire apparatus and to staff strike teams that were deployed to fight wildland fires. The Department has requested and will receive reimbursements from the State of California for costs associated with strike team deployments, and actions are being brought forward in this report to recognize and allocate these funds during 2016-2017 (\$699,000). Factoring in reimbursements from the State as well as some reimbursements from the federal government for training, the Department’s overtime expenditures continue to track above budgeted levels. To bring the overtime budget in line with projected expenditures, this report recommends reallocating \$4.0 million from salary and benefits savings to the overtime budget, increasing the department’s overtime budget from \$9.5 million to \$13.5 million.

Overall, the average vacancy rate of 5.8% is 2% higher than the vacancy rate at this time last year; however, vacancies continue to exceed the budgeted rate of 2.8%. In December, the Department completed the preliminary oral board interview of 554 candidates for the Firefighter Recruit Academy. Selection interviews with the Fire Chief occurred in January 2017. It is anticipated that the recruitment and selection of 25 candidates will be completed in March for an April 2017 Firefighter Recruit Academy.

Personal services expenditures in the Development Fee Program of \$2.7 million are tracking at estimated levels with 46.2% expended. To meet service commitments to the Development community, the Department has used temporary resources for peak workload demand and to temporarily fill vacancies.

<b>2016-2017</b> <b>MID-YEAR BUDGET REVIEW</b>
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**STATUS OF GENERAL FUND EXPENDITURES**

**DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS**

In accordance with the City Council’s approval of a March 2010 report on annual vacancy and absence rates, the Fire Department has committed to limiting administrative assignments for sworn administrative personnel for overtime control purposes. As of the end of December, of the 32 current authorized staffing level, the Fire Department had 29 sworn personnel on administrative assignments.

<b>Expenditure Status (\$ in thousands)</b>			
<u>Department</u>	<u>2016-2017 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
<b>Parks, Recreation &amp; Neighborhood Services</b>	\$68,936	\$37,216	\$33,196

Overall, Parks, Recreation and Neighborhood Services (PRNS) expenditures are tracking above estimated levels through December due to higher non-personal/equipment expenditures, partially offset by lower personal services expenditures. PRNS’ personal services are tracked on a seasonal basis instead of a straight line basis since seasonal activity better represents the department's expenditure trends. Through December, PRNS has spent \$37.2 million, or 45.0% of their personal services budget. Current tracking indicates the department will end the year with savings of \$1.4 million, primarily due to vacancy savings.

PRNS non-personal/equipment expenditures are tracking significantly above benchmark levels; year-to-date non-personal/equipment expenditures and encumbrances of \$13.4 million are at 70.7% of budget. A large increase in water costs is the main driver for the higher non-personal/equipment expenditures. Specifically, through December, PRNS has expended 84.1% of its budget for water utility, compared to 60.0% in the prior year.

PRNS attributes the higher expenditure rate to the water rate increases and increased usage in response to reduced conservation targets and community feedback that turf and sports fields are in poor condition. The increased water usage was also partially due to water leaks identified in the system for one account in May, June, and July 2016 where PRNS will be refunded for the expenses incurred. In addition, the higher than anticipated water rates, drought surcharges, and true-up charges of previous bills contributed to the increased costs. PRNS is currently evaluating and analyzing the increased water usage and billings from the San Jose Water Company and working to address the issue.

Due to the increased water usage and costs, the department is currently tracking to exceed budgeted levels by approximately \$2 million. PRNS is evaluating potential strategies to mitigate this impact. PRNS will be entering in their annual period where watering is kept to a minimum to prevent deterioration of irrigation systems. In addition, a reallocation of \$1.1 million from the Personal Services appropriation to the Non-Personal/Equipment appropriation to fund the increased costs is recommended as part of this report.

<b>2016-2017</b> <b>MID-YEAR BUDGET REVIEW</b>
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**STATUS OF GENERAL FUND EXPENDITURES**

**DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS**

<b>Expenditure Status (\$ in thousands)</b>			
<u>Department</u>	2016-2017 <u>Budget</u>	YTD <u>Actual</u>	Prior YTD <u>Actual</u>
<b>Police</b>	\$346,516	\$160,307	\$160,716

On an overall basis, the Police Department’s expenditures are tracking slightly below estimated levels.

Personal services expenditures of \$146.9 million through December are tracking slightly below anticipated levels (46.0% compared to the par of 46.4%). Overtime expenditures of \$18.2 million are tracking higher than anticipated levels with 50.9% expended of the current \$35.7 million budget. Overtime is used primarily to backfill for sworn and non-sworn vacant positions as well as to conduct investigations and maintain targeted enforcement of high crime activity through suppression cars, specifically related to gang enforcement, prostitution, and graffiti. Based on current trends, personal services expenditures are tracking to end the year with savings of approximately \$2 - \$3 million, which represents less than 1% of the personal services budget. Although the Police Department is conducting regular police officer recruit academies to hire for sworn vacancies and continues to review strategies to improve the rate of sworn hiring and training, the Department is anticipated to begin 2017-2018 with approximately 132 sworn vacancies based on current attrition rates.

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 2016 was 228,150 hours for sworn personnel. This represents an increase of 33,183 hours or 17.0% compared to the December 2015 balance of 194,967. The Police Department is in the process of implementing changes to the compensatory time usage to reduce the balance, including the implementation of special pay cars to minimize compensatory time accrual; recent implementation of the Overtime Staffing Plan to backfill positions in patrol with paid overtime; and moving sworn staff throughout the department into Patrol to minimize vacancies. In addition, the Department is looking at the feasibility of having staff, which are over the maximum compensatory time balance of 240 hours, use compensatory time first when taking time off and exploring other ways to reduce the compensatory time liability by year-end.

<b>2016-2017</b> <b>MID-YEAR BUDGET REVIEW</b>
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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 at work:

	2015-2016 (as of 1/26/16)	2016-2017 (as of 1/13/17)
<b>Authorized Sworn Staffing</b>	<b>1,109</b>	<b>1,109</b>
Vacancies	(193)	(184)
<b>Filled Sworn Staffing</b>	<b>916</b>	<b>925</b>
Field Training Officer/Recruits	(45)	(51)
<b>Street-Ready Sworn Positions Available</b>	<b>871</b>	<b>874</b>
Disability/Modified Duty/Other Leaves	(54)	(73)
<b>Street-Ready Sworn Positions Working</b>	<b>817</b>	<b>801</b>

In order to fill the vacant sworn positions and put more Police Officers back on patrol, the Department will conduct three Police Recruit Academies in 2016-2017 with one that began in October 2016. Each academy has the capacity to host between 45 - 60 recruits. The October Academy currently has 34 recruits, with the next academy beginning in February 2017 with 31 recruits, and a third academy anticipated in June 2017.

A total of \$13.4 million (49.6%) of the Department's Non-Personal/Equipment budget was expended or encumbered through December, and expenditures are expected to remain within budget. Excluding the remaining balances for centrally-determined details, including electricity, gas, and vehicle operation and replacement, the Department has approximately \$7.2 million, or 43.0% of the non-centrally-determined appropriation available for the remainder of the fiscal year.

### NON-DEPARTMENTAL EXPENDITURES

With a Modified Budget of \$504.4 million, Non-Departmental Expenditures include City-Wide Expenses, Capital Contributions, Transfers, and Reserves.

Through December, City-Wide Expenses totaled \$87.0 million, or 34.0% of the Modified Budget of \$256.1 million. When expenditures and encumbrances of \$19.9 million are combined, the total amount of funding committed (\$106.9 million) was 41.7% of the budget. In total, City-Wide expenditures are tracking to end the year slightly below budgeted levels.

<b>2016-2017</b> <b>MID-YEAR BUDGET REVIEW</b>
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## STATUS OF GENERAL FUND EXPENDITURES

### NON-DEPARTMENTAL EXPENDITURES

**2016-2017 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	\$ 43,255	\$ 8,018	18.5%	\$ 16,272	46.0%
Environmental & Utility Services	4,326	729	16.9%	533	17.6%
Neighborhood Services	10,510	3,582	34.1%	5,603	45.2%
Public Safety	23,024	8,934	38.8%	8,582	39.2%
Transportation & Aviation Services	6,798	2,855	42.0%	2,791	46.1%
Strategic Support	168,213	62,891	37.4%	71,263	40.5%
<b>TOTAL</b>	<b>256,126</b>	<b>87,009</b>	<b>34.0%</b>	<b>105,044</b>	<b>41.3%</b>

The expenditure tracking for City-Wide Expenses can vary significantly depending on payment schedules and the timing of projects. For example, in 2016-2017, no payment has been booked through December for the Convention Center Lease Payments; however, in 2015-2016, \$9.8 million had been booked for this purpose, which accounts for the major difference in expenditures from year to year for the Community and Economic Development City Service Area (CSA) in the chart above. 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 2017-2018 to complete projects in progress.

Adjustments to City-Wide Expenses appropriations are recommended in this report to align the budget with the year-end expenditure projections. Additional details on these actions can be found in *Section III. Recommended Budget Adjustments and Clean-Up Actions* of this 2016-2017 Mid-Year Budget Review.

Key actions recommended in this report include:

- Increasing the California Gang Reduction, Intervention and Prevention (CALGRIP) Grant appropriation and corresponding revenue from the State of California in the amount of \$474,000. The CALGRIP grant is a collaborative effort to help reduce gang and youth violence through intervention, substance abuse, and remedial (GED)/vocational education.
- Establishing new appropriations to the Police Department for the following three grants: 2016 County Victim Services Program (\$142,000); 2016 Internet Crimes Against Children (ICAC) Task Force (\$38,000); and 2016 Sex Offender Registration and Notification (25,000), and recognizing total grant revenue in the amount of \$205,000.

**2016-2017**  
**MID-YEAR BUDGET REVIEW**

**STATUS OF GENERAL FUND EXPENDITURES**

**NON-DEPARTMENTAL EXPENDITURES**

- Increasing the Emergency Street Tree Services appropriation and corresponding revenue or payment from property owners in the amount of \$300,000. This program currently has a backlog of pending tree work and this additional funding will enable the City to provide contractor maintenance of street trees, which are the responsibility of adjacent property owners.

In total, adjustments recommended in this report result in a net increase of \$1.3 million to City-Wide Expenses. Additional information on these adjustments can be found in Section III of this report.

The following highlights key appropriations in City-Wide Expenses across the five different CSAs:

- In July 2016, the City issued \$100 million in Tax and Revenue Anticipation Notes (TRANs) for cash flow purposes. The \$100.4 million **Tax and Revenue Anticipation Notes** Debt Service appropriation is used for repayment of these TRANs, including issuance, principal, and interest costs; \$45.4 million or approximately 45% of the budget was expended through December. This appropriation constitutes the largest allocation in the Strategic Support CSA.
- **Workers' Compensation Claims** appropriations totaling \$21.5 million are budgeted in four of the six CSAs with total expenditures of \$9.7 million through December 2016, or approximately 45% of the Modified Budget. This expenditure level is approximately 3% above the \$9.4 million expended through December 2015; the budget of \$21.5 million, however, is approximately 18% above the prior year actual expenditures of \$18.2 million. Overall, Workers' Compensation claim payments are currently tracking below budget, although some adjustments will need to be made to specific departmental City-Wide appropriations to redistribute funding based on projected needs. The Fire Department's appropriation is anticipated to have approximately \$1.9 million of savings from its \$9.2 million budget, while the Workers' Compensation Claims appropriation for the Department of Public Works is projected to exceed their budget of \$500,000 by \$300,000. A portion of the savings from the Fire Department Workers' Compensation Claims appropriation is recommended to be redistributed to the Workers' Compensation appropriation for the Department of Public Works.
- In the Strategic Support CSA, the **General Liability Claims** appropriation totals \$21.1 million, of which approximately 6.0% is expended or encumbered through December 2016, as compared to 29.0% expended or encumbered through December 2015. Claims expenditures can significantly vary from year to year.

**2016-2017  
MID-YEAR BUDGET REVIEW**

**STATUS OF GENERAL FUND EXPENDITURES**

**NON-DEPARTMENTAL EXPENDITURES**

- Also in the Strategic Support CSA, **Sick Leave Payment Upon Retirement** expenditures of \$1.3 million through December reflect 25.4% of the total 2016-2017 budget of \$5.0 million. Year-to-date expenditures for these payouts are below the prior year level of \$1.7 million through December 2015 (2015-2016 year-end expenditures totaled \$4.0 million). Expenditures in this category are currently tracking to end the year at or below the budget. It is important to note, however, that the majority of expenditures in this appropriation typically occur in the second half of the year.
- In the Community and Economic Development CSA, the **Homeless Rapid Rehousing** and **Homeless Response Team** appropriations have expended or encumbered 32.2% and 75.9% of their respective budgets. These two appropriations provide funding for critical resources to address the City's ongoing efforts related to homelessness. This report includes an action to reallocate \$100,000 from the Homeless Rapid Rehousing appropriation to the Homeless Response Team appropriation to provide funding for anticipated expenditures associated with additional encampment cleanups in response to community and business concerns.
- In the Neighborhood Services CSA, the **San José BEST and Safe Summer Initiative Programs** appropriation has year-to-date expenditures of \$2.4 million with an additional \$1.9 million encumbered, reflecting 63.5% of the total budget of \$6.8 million committed. This appropriation supports gang prevention and intervention efforts across the City.
- In Strategic Support CSA, there are two large system upgrade projects underway, including the **Human Resources/Payroll/Budget Systems Upgrade** project and the **Business Tax System Replacement** project. The budget for both of these projects combined totals \$4.8 million; each project has expended or encumbered 71.0% and 68.3% of their respective budgets.

Through December, **General Fund Capital** expenditures total \$10.6 million and encumbrances total \$7.0 million, bringing the amount committed to \$17.6 million, or 21.3% of the \$82.9 million budget. Overall, minimal General Fund Capital expenditure savings are anticipated as the rebudget of unspent funds to 2017-2018 will be recommended to complete projects. No budget action is recommended to the General Fund Capital expenditures in this report.

**Transfers** of \$28.1 million are 100.0% expended through December as anticipated. All of the transfers from the General Fund are processed at the beginning of the year and have been completed. A recommended increase to the transfer to the Downtown Property and Business Improvement District (PBID) Fund of \$17,000 is included in this report to align the assessment rates for 2016-2017 used to calculate the transfer amount with the assessment rates adopted by the PBID Committee in June 2016 (the General Fund pays the assessment for City-owned facilities).



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MID-YEAR BUDGET REVIEW**

**STATUS OF GENERAL FUND EXPENDITURES**


**NON-DEPARTMENTAL EXPENDITURES**

There are no expenditures against the **Reserves** budget of \$101.8 million because expenditures cannot be charged directly to a reserve (to use Reserve funding, budget actions are necessary to move funding from a Reserve to an expenditure appropriation). The largest reserves include the Budget Stabilization Reserve (\$16.3 million), Development Fee Program Reserves (Building, \$16.5 million; Fire, \$5.9 million; Public Works, \$5.2 million, and Planning, \$2.3 million), Workers' Compensation/General Liability Catastrophic Reserve (\$15.0 million), Salaries and Benefits Reserve (\$8.1 million), Retiree Healthcare Solutions Reserve (\$6.1 million), Sick Leave Upon Retirement Reserve (\$6.0 million), and Cultural Facilities Capital Maintenance Reserve (\$5.9 million).

Several budget actions are recommended in this report that impact General Fund Reserves. The major actions are described below.

- Liquidation of a portion of the Salary and Benefits Reserve for health plan rate increases of 4.9%, effective January 1, 2017, for distribution to departmental budgets that are not tracking to generate sufficient vacancy savings to absorb these additional costs;
- Liquidation of a portion of the Salary and Benefits Reserve for the management pay-for-performance program (\$1.3 million) that is set aside in the 2016-2017 Adopted Budget. This is offset by the distribution of \$1.2 million to those departments with insufficient vacancy savings to cover these increase costs and a return of \$140,000 to the Development Fee Program Earmarked Reserves for savings identified in those programs;

No budget action is recommended for the **Contingency Reserve**, which currently totals \$35.5 million and complies with the City Council policy to set aside 3% of expenditures.



2016-2017

MID-YEAR  
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SECTION  
II

**S**ELECTED **S**PECIAL/  
**C**APITAL **F**UNDS  
**S**TATUS **R**EPORT



**2016-2017  
MID-YEAR BUDGET REVIEW**

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

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

<b>2016-2017</b> <b>MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

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

	2016-2017 Current Modified	2016-2017 YTD Actual	2016-2017 % of Budget
<i>Revenues – Airport Revenue Fund</i>	146,009,620	71,710,726	49.1%
<i>Expenditures – Airport Maintenance and Operation Fund</i>	81,057,743	36,378,705	44.9%

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 operating revenue categories include Landing Fees, Terminal Rentals, Airfield, Terminal Concessions, Parking and Roadway, and General and Non-Aviation.

Overall revenue performance at the Airport of \$71.7 million is tracking at 49.1% of the estimated budget and is slightly above the benchmark through December. All revenue categories are tracking at or above estimated levels. Through December 2016, passenger levels are 11.3% greater than the same period last fiscal year and compared to the 2016-2017 Adopted Budget estimate of 2.25%, while passenger airline operations (takeoffs and landings) are 13.9% greater than last year and compared to the 2016-2017 Adopted Budget estimate of 2.25%. Airfield revenues are exceeding budgeted levels due to higher than anticipated in-flight kitchen revenues and ground support concession revenues while landing fee revenue exceeds estimated levels due to the increased number of landings. Total general and non-aviation revenues, consisting of fees associated with hangars, land and building rentals, petroleum program, general aviation, interest earnings, and other non-aviation (miscellaneous) revenues, are tracking above budgeted levels due to higher than anticipated interest earnings and compressed natural gas (CNG) tax rebates. While parking and roadway revenue is on target, it is not reflecting increases commensurate with the passenger growth rates. Overall, revenues are tracking to exceed budget estimates by year-end.

**2016-2017  
MID-YEAR BUDGET REVIEW**

**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, Police and Fire, direct support, and overhead reimbursements. Overall expenditures are tracking below budget estimates at 44.9% spent. Through December 2016, Airport’s Personal Services and Non-Personal/Equipment expenditures are tracking at 40.4% of budgeted levels. Historically, this fund has spent approximately 89% of the budget by year-end.

Personal Services expenditures are tracking at 44.2% of budget compared to the benchmark of 47.2%. 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. Recruitment for 11 Airport positions is currently underway, with the remaining positions being evaluated for appropriate realignment. The Airport expects the majority of active recruitments to be finalized in early spring 2017. Recently, the Airport Staffing Plan was approved by City Council which added 17 ongoing positions in the Airport Department to help address current and projected increases in passenger activity levels. Recruitment for the new positions is underway with seven job opportunities posted and the remaining utilizing active pools. Overtime expenditures of \$138,538 or 40.8%, are tracking within budget and will be closely monitored for the remainder of the fiscal year.

Non-Personal/Equipment expenditures (excluding encumbrances) are tracking at 32.8%, with total committed tracking at 70.8% of budgeted levels. It is anticipated that through conservative spending and close monitoring, the Non-Personal/Equipment appropriation will end the year within budgeted levels.

Interdepartmental expenditures (charges for staff and services located in other City departments including the Police and Fire Departments) total \$9.4 million through December 2016, aligning with the budget.

<b>2016-2017 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

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

**FUND STATUS**

	<b>2016-2017 Current Modified</b>	<b>2016-2017 YTD Actual</b>	<b>2016-2017 % of Budget</b>
<i>Ending Fund Balance – Airport Revenue Fund</i>	95,712,258	N/A	N/A
<i>Ending Fund Balance – Airport Maintenance and Operation Fund</i>	30,855,832	N/A	N/A

*Fund Balance* – This report includes an adjustment to the Ending Fund Balance in the Airport Revenue Fund in order to transfer an additional \$1.0 million to the Airport Fiscal Agent Fund for augmenting the Reserve for Debt Service. After accounting for this action, the revised Ending Fund Balance in the Airport Revenue Fund is \$94.7 million. No change to the Ending Fund Balance in the Airport Maintenance and Operation Fund is recommended at this time.

<b>2016-2017 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**BUILDING AND STRUCTURE CONSTRUCTION TAX FUND**

	2016-2017 Current Modified	2016-2017 YTD Actual	2016-2017 % of Budget
<i>Revenues</i>	28,438,000	13,436,941	49.8%
<i>Expenditures</i>	59,052,817	5,588,965	9.5%

**FUND STATUS**

Revenues – Tax revenue in the Building and Structure Construction Tax Fund, which is a major funding source for the Traffic Capital Program, is tracking above anticipated levels. Through the first half of 2016-2017, Building and Structure Construction Tax receipts totaled \$13.3 million, which is 102.6% of the 2016-2017 Adopted Budget estimate of \$13.0 million and reflects much higher than anticipated residential permit activity and development activity in commercial areas. This collection level is up significantly (75.0% or \$5.7 million) from prior year collections through December of \$7.6 million. If strong collections continue (although at a slightly lower level), it is anticipated tax receipts will exceed the budgeted estimate by at least \$11.0 million. Federal and State grants are the other major revenue sources in the Building and Structure Construction Tax Fund and are generally tracking below estimated levels. Variances in collections are due to timing differences for grant-supported projects.

Expenditures – Overall, expenditures through December in the Building and Structure Construction Tax Fund totaled \$5.6 million, or 9.5% of the modified budget. In addition, \$9.2 million has been encumbered, bringing overall commitments through December to 25.1% of the modified budget. Expenditures are tracking below expected levels through December; by year-end expenditures are anticipated to reach approximately \$44.3 million, or 75.0% of the modified budget. Any remaining project balances at year-end are anticipated to be reallocated to 2017-2018 as part of the 2017-2018 Proposed Capital Budget to complete those projects. Some of the larger projects that are expected to be rebudgeted to 2017-2018 include Route 101/Blossom Hill Road Interchange, Autumn Street Extension, and East Santa Clara Bridge at Coyote Creek. Project timelines have been impacted by a delay in receiving Caltrans authorization, delays in awarding contracts, and the reallocation of staffing resources to higher priority projects. This report includes a limited number of expenditure adjustments, which are described below. Further detail regarding these recommendations can be found in Section III of this report, Recommended Budget Adjustments and Clean-up Actions.

Included in this report are recommendations to decrease the Regional Policy and Legislation appropriation to reallocate staff to support the Safety-Pedestrian Improvements project and to decrease the Miscellaneous Multimodal Projects appropriation to support an expanded project scope in the Ocala Avenue Pedestrian Improvements project.

<b>2016-2017 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS  
BUILDING AND STRUCTURE CONSTRUCTION TAX FUND  
FUND STATUS**

	2016-2017 Current Modified	2016-2017 YTD Actual	2016-2017 % of Budget
<i>Unrestricted Ending Fund Balance</i>	1,608,365	N/A	N/A

*Fund Balance* – No adjustment to the Ending Fund Balance is recommended at this time.



<b>2016-2017 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONSTRUCTION AND CONVEYANCE TAX FUNDS**

	2016-2017 Current Modified	2016-2017 YTD Actual	2016-2017 % of Budget
<i>Revenues</i>	67,736,618	16,479,116	24.3%
<i>Expenditures</i>	108,439,872	19,351,632	17.9%

**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. Revenues in the C&C Tax Funds are comprised of C&C Tax receipts, sale of surplus property, transfer revenue, grant funding, and other miscellaneous revenue. Through December 2016, revenue in the C&C Tax Funds totaled \$16.5 million, which is 24.3% of the 2016-2017 Modified Budget of \$67.7 million. Year-to-date revenues are tracking below budgeted levels primarily due to the Modified Budget including revenue for the sale of the Central Service Yard (\$17.5 million) and transfers between funds (\$10.7 million) that have not yet occurred, but are anticipated to occur by year-end. However, C&C Tax collections, which is the biggest source of revenue for these funds, are tracking slightly higher than budgeted through the first half of the fiscal year. In addition, due to interest earnings received through December 2016 in the C&C Tax Funds being higher than anticipated, an increase to the Revenue from the Use of Money/Property estimate of \$262,000 (across five C&C Tax Funds) is recommended. Consistent with annual budget practices, a corresponding action to transfer this revenue to the General Fund is also recommended in this report.

Through December, C&C Tax revenues totaled \$13.5 million, or 37.5% of the budgeted estimate of \$36.0 million. However, due to a timing issue, the December Conveyance receipts of \$3.9 million is not accounted for in this figure. After adjusting for the December tax collection, the revised year-to-date receipts total \$17.4 million, or 48.3% of the budgeted estimate. The 2016-2017 Adopted Capital Budget was developed with the assumption that C&C Tax receipts would total \$38.0 million in 2015-2016 and drop slightly to \$36.0 million in 2016-2017. In the last quarter of 2015-2016, however, tax receipts had an extremely strong performance, which resulted in the 2015-2016 receipts totaling \$42.7 million. Due to the unanticipated high collections in 2015-2016, the 2016-2017 C&C Tax estimate of \$36.0 million, allows for a 15.7% decline in tax revenue from the 2015-2016 actual tax collection. Receipts through December 2016 of \$17.4 million, are slightly lower than the same time period in the prior year (1.1%) and Conveyance receipts received in January 2017 show additional declines (37.0%) when compared to January 2016 receipts. Overall, collections are down 10.4 % through January 2017 when compared to the same period in 2015-2016; this drop is below the 15.7% decline allowed in the 2016-2017 budgeted

**2016-2017  
MID-YEAR BUDGET REVIEW**

**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONSTRUCTION AND CONVEYANCE TAX FUNDS**

**FUND STATUS**

estimate. If current collection trends continue, a revised 2016-2017 C&C Tax estimate of \$38.0 million is now anticipated, which represents an 11.0% decline in tax revenue compared to the 2015-2016 actual collections of \$42.7 million. Though budget adjustments are not recommended as part of this report, the \$38.0 million estimate for 2016-2017 will be used in the development of the 2017-2018 Proposed Capital Budget and 2018-2022 Capital Improvement Program. This revenue will continue to be monitored to determine if additional changes to the estimate may be necessary at a later date.

Over 99% of the total C&C Taxes are comprised of conveyance receipts, a tax based on the value of property transfers (sales). Similar to the current trend with C&C collection levels, the local real estate market is seeing declines in property transfers compared to prior year levels. The December 2016 number of property transfers totaled 561, a decrease of 17.6% compared to the 681 sales that occurred in December 2015. The number of new listings for single-family and multi-family dwellings has also decreased (27.0%), from 322 listings in December 2015 to 235 listings in December 2016. However, the median single-family home price in December 2016 totaled \$863,000, which is an increase of 4.6% from the \$825,000 median single-family home price in December 2015. In addition, it took less time to sell these homes, with the average days on the market for single-family and multi-family dwellings in December 2016 totaling 34 days, a 13.0% decrease from December 2015 (39 days).

Expenditures – Overall, expenditures in the various C&C Tax Funds are tracking within expected levels and are anticipated to end the year within budgeted levels. Through December, expenditures totaled \$19.4 million, 17.9% of the 2016-2017 Modified Budget (\$108.4 million). An additional \$9.3 million has been encumbered through December, bringing the total amount committed to \$28.7 million, or 26.5% of the 2016-2017 Modified Budget. To the extent funding is not expended this fiscal year for any particular project that may occur over multiple years, it is likely that a rebudget of those funds will be recommended for City Council consideration later this year. This report recommends expenditure adjustments to the following projects:

- Acquisition of Materials (\$96,000 – Library C&C Tax Fund);
- Almaden Lake Park Playground Improvements (\$150,000 – Council District 10 C&C Tax Fund);
- Buena Vista Park Improvements (\$120,000 – Council District 6 C&C Tax Fund);
- Capital Program and Public Works Department Support Services Costs (\$5,000 – Service Yards C&C Tax Fund);
- Del Monte Park Expansion Phase II (-\$175,000 – Council District 6 C&C Tax Fund);
- Del Monte Park Expansion Phase III Land Acquisition (\$188,000 – Council District 6 C&C Tax Fund);
- Guadalupe Gardens Soccer Facility Feasibility Study (\$30,000 – Parks City-Wide C&C Tax Fund);

<b>2016-2017 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONSTRUCTION AND CONVEYANCE TAX FUNDS**

**FUND STATUS**

- Guadalupe Gardens Soccer Facility Reserve (-\$30,000 – Parks City-Wide C&C Tax Fund);
- Parks Maintenance District Feasibility Study (\$25,000 – Parks Central C&C Tax Fund);
- Phase II Commercial Paper (\$400,000 – Service Yards C&C Tax Fund);
- Self-Contained Breathing Apparatus (SCBA) Equipment (\$42,000 – Fire C&C Tax Fund); and
- Transfer to the General Fund – Interest Earnings (\$262,000 – Parks Central C&C Tax Fund, Fire C&C Tax Fund, Library C&C Tax Fund, Service Yards C&C Tax Fund, and Park Yards C&C Tax Fund).

Further detail regarding the above recommendations can be found in Section III of this report, Recommended Budget Adjustments and Clean-up Actions.

	<b>2016-2017 Current Modified</b>	<b>2016-2017 YTD Actual</b>	<b>2016-2017 % of Budget</b>
<i>Unrestricted Ending Fund Balances</i>	23,837,627	N/A	N/A

Ending Fund Balance – This report includes recommendations to decrease the various C&C Tax Funds Ending Fund Balances by \$755,000 as a net result of the actions previously discussed and detailed in Section III of this report, Recommended Budget Adjustments and Clean-up Actions.

<b>2016-2017</b> <b>MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONSTRUCTION EXCISE TAX FUND**

	2016-2017 Current Modified	2016-2017 YTD Actual	2016-2017 % of Budget
<i>Revenues</i>	53,313,798	39,506,686	74.1%
<i>Expenditures</i>	112,701,140	26,694,484	23.7%

**FUND STATUS**

*Revenues* – Construction Excise Tax receipts are the single largest source of revenue in the Traffic Capital Program. Through December, Construction Excise Tax receipts totaled \$18.5 million, or 108.9% of the budgeted estimate of \$17.0 million, reflecting much higher than anticipated residential activity and development and commercial activity. This collection level is up significantly (96.8% or \$9.1 million) from the prior year level of \$9.4 million through December. Due to extremely high collections to date, it is anticipated that tax receipts will exceed the budgeted estimate by approximately \$15.0 million. Federal and State grants are the other major revenue sources in the Construction Excise Tax Fund and are tracking below estimated levels. As detailed below, variances in collections are due to timing differences for grant-supported projects.

Included in this report is a recommendation to increase the Inter-Agency Encroachment Permit revenue estimate by \$300,000 to account for higher than anticipated encroachment permit fee revenue associated with several regional transportation projects. This report also includes a recommendation to increase the estimate for revenue from the State of California by \$249,900 to recognize a rebate for the use of recycled tires in rubberized asphalt. In addition, a request to increase the estimate for Developer Contributions by \$96,376 is recommended to recognize higher than anticipated developer contributions for several projects. Also included in this report is a recommendation to decrease the One Bay Area Grant for the Bikeways Program grant revenue estimate by \$500,000. Due to project delays, the grant revenue is no longer anticipated to be received in 2016-2017, but is anticipated to be reallocated to 2017-2018 as part of the 2018-2022 Proposed Capital Budget. In addition, a recommendation is included in this report to decrease the Transportation Development Act Bicycle and Pedestrian Facilities grant revenue estimate by \$128,000 due to the expiration of a three-year cycle grant.

Traffic Impact Fees 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 Route 101/Oakland/Mabury (\$2,885,363), North San José (\$1,842,249), and Evergreen area (\$158,270) through December. Also included in this report is a recommendation to increase the revenue received from Santa Clara County for Pavement Maintenance – Measure B by \$408,732 to recognize vehicle registration fee revenue received over the estimate through December. The corresponding expenditure adjustments for these actions are discussed below, and further detail regarding these recommendations can be found in Section III of this report, Recommended Budget Adjustments and Clean-up Actions.

**2016-2017  
MID-YEAR BUDGET REVIEW**

**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONSTRUCTION EXCISE TAX FUND**

**FUND STATUS**

*Expenditures* – Overall, expenditures through December in the Construction Excise Tax Fund totaled \$26.7 million, or 23.7% of the modified budget. In addition, \$19.9 million has been encumbered, bringing overall expenditures through December to 41.3% of the modified budget. Expenditures are tracking below expected levels through December; by year-end expenditures are anticipated to reach approximately \$74.9 million, or 66.5% of the modified budget. However, any unspent project funds at year-end are anticipated to be rebudgeted to 2017-2018 as part of the 2018-2022 Proposed Capital Budget to complete those projects. This report recommends several expenditure adjustments summarized below. Further detail regarding these recommendations can be found in Section III of this report, Recommended Budget Adjustments and Clean-up Actions.

- Increase the Local Transportation Policy and Planning appropriation by \$250,000 (from \$150,000 to \$400,000) to support a reevaluation of the City’s transportation impact analysis guidelines as directed by the Rules and Open Government Committee on July 27, 2016, for the transition to a vehicle miles traveled based metric to assess environmental impacts under CEQA per Senate Bill 743.
- Increase the Pavement Maintenance – City project by \$249,900 (from \$9.9 million to \$10.2 million) to appropriate rebate revenue received from the State of California for the use of recycled tires in rubberized asphalt.
- Increase the Pavement Maintenance Measure – B appropriation by \$408,732 (from \$7.9 million to \$8.3 million) to recognize Measure B vehicle license fee revenue from Santa Clara County received above the budgeted estimate.
- Increase the Inter-Agency Encroachment Permit appropriation by \$300,000 (from \$300,000 to \$600,000) to support inspection work for several large regional transportation projects.
- Increase Safety – Pedestrian Improvements by \$65,000 (from \$1.2 million to \$1.3 million) to support staffing costs associated with an expansion of the Vision Zero Program.
- Increases to the Miscellaneous Street Improvements (\$36,116) and Pavement-Maintenance – City (\$8,260) projects to appropriate developer contribution revenue received in excess of the estimate.
- Reallocate anticipated project savings from East San José Bike/Pedestrian Transit Connection (\$200,000) to fund the Kirk Avenue Sidewalk Improvements project in partnership with Santa Clara County.

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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**CONSTRUCTION EXCISE TAX FUND**

**FUND STATUS**

- Allocate Traffic Impact Fees received through December 2016 to the following reserves: Route 101/Oakland/Mabury Impact Fees Reserve (\$2,885,363), North San José Traffic Impact Fees Reserve (\$1,842,249), and Traffic Impact Fees Reserve (\$158,270).
- Decrease the following projects to align with revised project schedules: Bikeways Program (\$500,000), and Bicycle and Pedestrian Facilities (\$128,000).

	2016-2017 Current Modified	2016-2017 YTD Actual	2016-2017 % of Budget
<i>Unrestricted Ending Fund Balance</i>	2,229,587	N/A	N/A

*Fund Balance* – A recommendation to decrease the Ending Fund Balance by \$200,000 is included in this report as a net result of the actions described above. In addition, technical adjustments are recommended to decrease the Ending Fund Balance by a net \$100,820 as a result of a reconciliation of the fund to the final audited 2015-2016 Comprehensive Annual Financial Report. After accounting for all these actions, the revised Ending Fund Balance will be \$1.9 million. Further details on the adjustments can be found in Section III of this report, Recommended Budget Adjustments and Clean-up Actions.

<b>2016-2017 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**INTEGRATED WASTE MANAGEMENT FUND**

	2016-2017 Current Modified	2016-2017 YTD Actual	2016-2017 % of Budget
<i>Revenues</i>	127,286,586	105,540,836	82.9%
<i>Expenditures</i>	136,000,455	43,970,666	32.3%

**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) (\$118.7 million); AB 939 fees (\$3.5 million); Recycle Plus Negotiated Savings (\$2.7 million); payments received from the Construction and Demolition Diversion Deposit (CDDD) Program (\$740,000) that are identified as ineligible deposits for refund; Las Plumas Tenant Utility Reimbursements (\$510,000); Lien-Related Charges (\$440,000); SB 332 Beverage Container Recycling payments (\$250,000); interest earnings (\$230,000); miscellaneous revenue (\$203,000); NMTC Leverage Loan Interest (\$98,000); and Franchise Applications (\$500).

Through December, revenues totaled \$105.5 million, or 82.9% of budget, and were generated primarily from the following: Recycle Plus Collection Charges (\$101.2 million); AB 939 fees (\$1.2 million); Recycle Plus Negotiated Savings (\$1.3 million); and a Santa Clara County Household Hazardous Waste facility payment (\$726,000).

Overall, revenues are expected to end the year at the budgeted estimates. Contributing to the year-end estimate is an unanticipated payment by Santa Clara County of \$726,000 to account for unspent funds on County household hazardous waste programs that are reallocated back to the cities that provided the original funding, offset by lower than anticipated Recycle Plus single-family and multi-family collection charges (\$526,000) and lien-related fees (\$340,000) based on actual activity.

Expenditures – Through December, \$44.0 million, or 32.2% of the budget, was expended, and an additional \$81.0 million, or 59.5%, was encumbered. The year-to-date expenditures and encumbrances

<b>2016-2017 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**INTEGRATED WASTE MANAGEMENT FUND**

**FUND STATUS**

of \$125.0 million are attributed primarily to the Recycle Plus contracts for Single-Family Dwelling (\$54.0 million), Yard Trimmings/Street Sweeping (\$23.3 million), and Multi-Family Dwelling (\$20.1 million). Additional expenditures include Single Family Dwelling Processing (\$9.4 million), IDC Disposal Agreement (\$6.3 million), Environmental Services Department (ESD) Personal Services (\$3.0 million), ESD Non-Personal/Equipment (\$2.4 million), and General Fund Overhead (\$2.1 million) appropriations.

Overall, savings of approximately \$4.3 million are projected by the end of the year in various appropriations, with the largest estimated savings in the Recycle Plus single family contract (\$913,000) primarily due to lower than estimated costs for hauler payments and the free large item collection program which has not reached the maximum allowance, IDC garbage disposal contract (\$779,000) because of increased recycling resulting from the processing of garbage before disposing of it in the landfill, ESD Non-Personal/Equipment (\$600,000) primarily for contractual services, and ESD Personal Services (\$507,000) due primarily to vacancies in the department.

This report includes recommendations to increase the ESD Non-Personal/Equipment by \$133,000 (from \$3.1 million to \$3.2 million) for the installation of illegal dumping deterrents, such as gates, bollards, and cameras. These improvements are funded by AB939 fees passed to the City from Santa Clara County. AB939 fees are allocated to waste diversion and household hazardous waste activities.

	<b>2016-2017 Current Modified</b>	<b>2016-2017 YTD Actual</b>	<b>2016-2017 % of Budget</b>
<i>Unrestricted Ending Fund Balance</i>	8,087,817	N/A	N/A

Ending Fund Balance – A recommendation to decrease the Unrestricted Ending Fund Balance by \$133,000 is included in this report to offset the expenses related to illegal dumping deterrents.



<b>2016-2017</b> <b>MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**MUNICIPAL GOLF COURSE FUND**

	2016-2017 Current Modified	2016-2017 YTD Actual	2016-2017 % of Budget
<i>Revenues</i>	2,675,000	2,450,235	91.6%
<i>Expenditures</i>	2,953,000	1,735,041	58.8%

**FUND STATUS**

Revenues – Budgeted revenues for this fund consists of the following: a subsidy from the General Fund (\$2.2 million), course fees from San José Municipal Golf Courses (\$450,000), and miscellaneous revenues and interest (\$25,000). Through December, the full subsidy of \$2.2 million has been received from the General Fund. Course revenues totaled \$245,000, or 54.4% of the budget (\$450,000) and is tracking slightly below 2015-2016 levels. Miscellaneous revenues and interest totaled \$4,900, or 19.6% of the budget (\$25,000).

Revenues from the San José Municipal Golf Course totaled \$245,000 through December and are based on a fixed percentage of the gross sales, regardless of operator costs. This collection level is slightly lower than the prior year actual of \$260,000 through December 2015. Based on historical tracking, it is anticipated that revenues generated from the San José Municipal Golf Course will end 2016-2017 slightly below budgeted levels.

All revenues generated in this fund are intended to help offset the debt service costs and net operating losses from Los Lagos and Rancho del Pueblo Golf Courses. As a result of the inability to cover both operating fixed costs and the debt service through course fees, a General Fund subsidy has been required to support these golf courses. Currently, the subsidy is budgeted at \$2.2 million for 2016-2017.

Expenditures – Overall, expenditures in the Municipal Golf Course Fund are generally incurred for two purposes: payments to course operators to cover any net operating losses at Los Lagos (\$550,000) and Rancho del Pueblo Golf Courses (\$400,000); and payment of the debt service for the bonds used to develop the two courses (\$2.0 million).

Expenditures in this fund are tracking to exceed the budget due to the additional costs (\$75,000) associated with a community outreach project consultant for the Los Lagos Golf Course as well as the performance at Los Lagos and Rancho del Pueblo Golf Courses. Los Lagos net operating losses are tracking significantly higher than 2015-2016 levels and total revenue related golf rounds are down by 5.0% compared to the prior year. Once adjusted for differences in timing of payments and year-end accruals indicated in their profit and loss statement, the true net Los Lagos operating loss year-to-date for 2016-2017 is \$325,000 compared to prior year’s true net operating loss of \$243,000. Net operating losses are

<b>2016-2017</b> <b>MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**MUNICIPAL GOLF COURSE FUND**

**FUND STATUS**

currently tracking to end the year approximately \$25,000 above the budget. In response to a recent golf audit, a contract in the amount of \$75,000 was executed for a community outreach project consultant to provide translation services and to oversee the community engagement process for Los Lagos. The community outreach effort will inform the City's future strategy development regarding land use to maximize the value of the Los Lagos' open space relative to current costs and public benefits of operating a golf facility. This document includes a recommendation to increase the Los Lagos expenditure appropriation by \$100,000 (from \$550,000 to \$650,000) to fund the contract (\$75,000) and to fund the higher than anticipated operating losses (\$25,000).

Rancho del Pueblo Golf Course net operating losses are also tracking higher than 2015-2016 levels and total revenue related golf rounds are down by 9.0% compared to prior year. Once adjusted for differences in timing of payments and year-end accruals indicated in the profit and loss statement, the true net operating loss year-to-date for 2016-2017 is \$223,000 compared to prior year's true net operating loss of \$186,000. This document includes a recommendation to increase the Rancho del Pueblo expenditure appropriation by \$50,000 (from \$400,000 to \$450,000) to fund the higher than anticipated operating losses.

	<b>2016-2017 Current Modified</b>	<b>2016-2017 YTD Actual</b>	<b>2016-2017 % of Budget</b>
<i>Unrestricted Ending Fund Balances</i>	464,861	N/A	N/A

Ending Fund Balance – A \$150,000 decrease to the Ending Fund Balance (from \$465,000 to \$315,000) is recommended to offset the increase to the Los Lagos budget of \$100,000 for a consultant to conduct outreach and to fund the higher than anticipated net operating losses as well as the increase to the Rancho del Pueblo budget of \$50,000 to fund the higher than anticipated net operating losses.

<b>2016-2017</b> <b>MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

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

	2016-2017 Current Modified	2016-2017 YTD Actual	2016-2017 % of Budget
<i>Revenues</i>	76,697,000	20,822,543	27.1%
<i>Expenditures</i>	282,807,786	29,453,271	10.4%

**FUND STATUS**

*Revenues* – Budgeted revenue for the San Jose-Santa Clara Treatment Plant Capital Fund consists of transfers from the City of San José Sewer Service and Use Charge (SSUC) Fund (\$35.7 million) and the Sewage Treatment Plant Connection Fee Fund (\$3.1 million); contributions from the City of Santa Clara and other Tributary Agencies (\$35.5 million); interest earnings (\$1.8 million); Calpine Metcalf Energy Center Facilities Repayments (\$389,000); and a U.S. Bureau of Reclamation (USBR) Grant (\$250,000). Through December, \$20.8 million, or 27.1%, has been received due to the timing of payments. Based on the reconciliation of prior year project expenditures, it is anticipated that contributions from the tributary agencies may end the year \$2.9 million lower than the budgeted estimate, but prior year fund balance is available to offset this shortfall. Each year, adjustments to contributions from the tributary agencies are made to true up for actual Treatment Plant expenditures and encumbrances from the prior year. The other revenue sources for this fund are anticipated to end the year at the budgeted estimate.

While no financing mechanism is necessary in 2016-2017, the Department is still exploring different methods to finance the Treatment Plant Projects in the upcoming years, including Clean Water State Revolving Fund loans along with commercial paper as a bridge before issuing longer-term bonds.

*Expenditures* – Expenditures in this fund represent the costs of improvements and rehabilitation of the San José-Santa Clara Water Pollution Control Plant. Through December, \$29.5 million, or 10.4%, of the budget was expended and an additional \$163.5 million, or 57.8%, was encumbered, bringing overall commitments through December to 68.2%.

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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

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

**FUND STATUS**

A large portion of the budget is currently anticipated to be expended or encumbered on projects and related expenses by the end of the year. It is currently estimated that up to \$6.0 million may be rebudgeted to 2017-2018 to complete projects. The largest project that is currently anticipated to be rebudgeted is the Aeration Tanks and Blower Rehabilitation project.

Staff anticipate continuing to make significant progress on large efforts in 2016-2017, such as the Digester and Thickener Facilities Upgrade (\$132.6 million), Energy Generation Improvements (\$44.5 million), and Iron Salt Feed Station (\$7.2 million).

The amount budgeted for the debt service payment to the Clean Water Financing Authority Debt Service Payment Fund (\$6.8 million) represented debt service payments for the Series 2005A (\$5.2 million) and Series 2009A (\$1.6 million) bonds. The final payment for the Series 2005A bonds was instead made from the reserve funds held by the trustee, resulting in savings for that appropriation. A portion of the savings (\$1.3 million) was used to pay for increased reserve requirements for the Series 2009A bonds that resulted from an increase in principal payment per the debt service schedule. Savings of \$3.9 million will remain at year-end; a portion of these savings will be allocated to the Tributary Agencies based on the proportion of the cost as per the year-end reconciliation and reflected in the true-up adjustment in 2017-2018.

	<b>2016-2017 Current Modified</b>	<b>2016-2017 YTD Actual</b>	<b>2016-2017 % of Budget</b>
<i>Unrestricted Ending Fund Balance</i>	7,629,138	N/A	N/A

Fund Balance – No adjustment to the Ending Fund Balance is recommended at this time.

<b>2016-2017 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

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

	2016-2017 Current Modified	2016-2017 YTD Actual	2016-2017 % of Budget
<i>Revenues</i>	90,121,400	21,433,765	23.8%
<i>Expenditures</i>	106,342,356	46,519,248	43.7%

**FUND STATUS**

*Revenues* – Revenue for the San José-Santa Clara Treatment Plant Operating Fund consists primarily of transfers from the Sewer Service and Use Charge Fund, contributions from the City of Santa Clara and participating tributary agencies, recycled water sales, and interest earnings. Through December, revenues totaled \$21.4 million, or 23.8% of the budgeted estimate due primarily to the timing of payments. The largest source of revenue in this fund, the transfer from the Sewer Service and Use Charge Fund (\$53.5 million), has not yet been received. This transfer occurs in two installments on or around February 1 and June 1. Contributions from Santa Clara and other agencies, however, are estimated to come in higher than budgeted levels by \$1.4 million. These contributions are made in four installments based on the amounts provided in the 2016-2017 Proposed Budget. However, after the Comprehensive Annual Financial Report is released and prior year actuals are determined, the amounts owed by the agencies are adjusted accordingly. As a result of the final reconciliation for 2015-2016, this year’s agency reimbursement revenue is projected to come in above budget. Revenues from recycled water are estimated to be approximately \$2.0 million higher than budgeted levels of \$8.0 million, primarily because recycled water sales have recovered more than anticipated after the conservation efforts that took place in 2015-2016. Overall, revenues are tracking to come in higher than the budgeted estimate by approximately \$3.4 million.

*Expenditures* – Expenditures in this fund represent the costs required for the operation and maintenance of the San José-Santa Clara Water Pollution Control Plant, including the South Bay Water Recycling System and associated regulatory activities. Through December, \$46.5 million, or 43.7% of the budget, has been expended, and an additional \$13.8 million, or 13.0%, has been encumbered, bringing the total commitments to 56.7%. Spending is lower than expected in several appropriations, with the largest savings expected in the Environmental Services Department (ESD) Personal Services and ESD Non-Personal/Equipment appropriations. It is estimated that the ESD Personal Services appropriation (\$54.8 million) may have approximately \$4.9 million in savings by year-end, due to vacancies, and the ESD Non-Personal/Equipment appropriation (\$39.5 million) may have \$2.1 million in savings by year-end, due primarily to less than anticipated maintenance costs and lower energy prices.

<b>2016-2017 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS  
SAN JOSE-SANTA CLARA TREATMENT PLANT OPERATING FUND  
FUND STATUS**

	2016-2017 Current Modified	2016-2017 YTD Actual	2016-2017 % of Budget
<i>Unrestricted Ending Fund Balance</i>	3,313,418	N/A	N/A

*Ending Fund Balance* – No adjustments to the Ending Fund Balance are recommended at this time.

<b>2016-2017</b> <b>MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**  
**SEWER SERVICE AND USE CHARGE CAPITAL IMPROVEMENT FUND**

	2016-2017 Current Modified	2016-2017 YTD Actual	2016-2017 % of Budget
<i>Revenues</i>	33,780,000	10,997,292	32.6%
<i>Expenditures</i>	112,204,140	13,247,901	11.8%

**FUND STATUS**

*Revenues* – Budgeted revenue for this fund in the Sanitary Sewer Capital Program consists of transfers from the Sewer Service and Use Charge Fund (\$32.0 million), reimbursements from the West Valley Sanitation District (WVSD) for joint projects (\$1.4 million), and interest earnings (\$380,000). Revenues are expected to end the year close to the budgeted estimate.

*Expenditures* – Overall, expenditures in this fund represent the costs of improvements and rehabilitation of the Sanitary Sewer System. Through December, \$13.2 million or 11.8% of the budget was expended and an additional \$21.9 million or 19.5% was encumbered bringing the total amount committed to 31.3%. Public Works anticipate expending or encumbering approximately another \$67 million, or 60%, on projects in the remainder of 2016-2017, focusing on large capacity enhancement efforts such as the 60-inch Brick Interceptor Project, Trimble Capewood Sanitary Sewer Improvements, Cast Iron Pipe – Remove and Replace Program, and a number of neighborhood sewer improvement projects that will reduce sanitary sewer overflows and/or repair severely deteriorated sewers.

	2016-2017 Current Modified	2016-2017 YTD Actual	2016-2017 % of Budget
<i>Unrestricted Ending Fund Balances</i>	10,392,956	N/A	N/A

*Ending 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>2016-2017</b> <b>MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**

**WATER UTILITY FUND**

	2016-2017 Current Modified	2016-2017 YTD Actual	2016-2017 % of Budget
<i>Revenues</i>	41,820,150	22,916,252	54.8%
<i>Expenditures</i>	45,435,791	20,741,658	45.7%

**FUND STATUS**

Revenues – Revenue for the Water Utility Fund consists of Potable Water Sales, Recycled Water Sales, miscellaneous revenues, and interest income. Through December, revenues totaled \$22.9 million, or 54.8% of the budgeted estimate. The largest (and most volatile) of these revenues is from the sale of potable water within the Municipal Water System service area. Year-to-date, potable water sales and services have totaled \$19.4 million, or 54.0% of the budgeted estimate of \$35.9 million. However, revenues are projected to fall short of the budgeted estimate by approximately \$259,000 at year-end, due primarily to continued conservation and decreased water sales projected during winter 2017 as a result of increased storm activity. Recycled water sales are tracking to end the year close to budgeted levels of \$5.5 million. It should be noted that these figures may change as the season progresses, and the extent of the increased storm activity and its effect on water conservation as a whole is known.

Late Fees are also recorded in this fund and transferred to the General Fund as an unrestricted source of funds. Late fee revenue totaled \$422,000 through December and is projected to end the year at approximately \$522,000, exceeding the budgeted amount by \$250,000. A portion of the late fee revenue is for late fees incurred by customers in 2015-2016 that were unable to be collected last fiscal year because of a transition to a new billing system.

Expenditures – Expenditures in this fund represent costs of the operation, improvement, and maintenance of the Municipal Water System, including transfers to the Water Utility Capital Fund, as necessary for ongoing capital improvements. Through December, \$20.7 million, or 45.7% of the budget, has been expended, and an additional \$1.9 million, or 4.3%, has been encumbered. Spending is lower than anticipated in several appropriations, with the largest savings expected in the Environmental Services Department (ESD) Personal Services appropriation because of vacant positions. Overall, expenses are expected to end the year slightly under budget and will offset lower revenues from water sales.



<b>2016-2017 MID-YEAR BUDGET REVIEW</b>
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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS**


**WATER UTILITY FUND**

**FUND STATUS**

	<b>2016-2017 Current Modified</b>	<b>2016-2017 YTD Actual</b>	<b>2016-2017 % of Budget</b>
<i>Unrestricted Ending Fund Balance</i>	54,496	N/A	N/A

Ending Fund Balance – No adjustments to the Ending Fund Balance are recommended at this time.

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2016-2017

MID-YEAR  
BUDGET  
REVIEW



SECTION  
III

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



**2016-2017  
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 with further information found on the following pages:

**General Fund**

**Urgent Fiscal/Program Needs** – These actions recommend additional funding to address a very limited number of urgent fiscal/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 because the Administration has deemed the need can or should not wait until later in the year.

**Required Technical/Rebalancing Actions** – These actions recommend adjustments to align already approved revenue estimates and expenditure budgets with the most current tracking information, or reallocate funding among appropriations based on updated needs.

**Grants/Reimbursements/Fees** – These actions, which have a net-zero impact, recognize new or adjusted grant, reimbursement, or fee activity revenue and adjust the appropriations for these purposes, as appropriate.

**Special/Capital Funds**

**Special/Capital Fund Adjustments** – These actions adjust revenue estimates based on current year collection information; recognize revenues from new or adjusted grants, reimbursements, and fees; reflect changes in project and program allocations based on revised cost estimates and project timing; reallocate project funding from reserves; and/or establish a limited number of new projects and programs.

**2016-2017  
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 & Special/Capital Funds. The following types of adjustments are included:

**Fund Balance Reconciliations** – Beginning Fund Balances in each budgeted fund are adjusted each year as part of the Annual Report process based on unaudited Comprehensive Annual Financial Report (CAFR) statements. In very limited cases, however, additional actions are required at the Mid-Year Budget Review to further revise Beginning Fund Balances based on a reconciliation to the final audited 2015-2016 CAFR.

**Salary and Benefits Program (MPP and Health Programs)** – Various actions are recommended to increase various department Personal Services appropriations for Management Pay for Performance Program (MPP) costs where departmental budgets are not tracking to generate sufficient vacancy savings to absorb these additional costs (\$1,395,000 all funds and \$1,171,000 General Fund). In addition, \$139,000 is being returned to the Development Fee Program Reserves due to their non-distribution. To offset these augmentations totaling \$1.3 million, this report includes recommendations to partially decrease the Salary and Benefits Reserve allocation in the General Fund that was set aside for the Management Pay for Performance Program in the 2016-2017 Adopted Budget and reduce the Ending Fund Balances in the Special Funds as appropriate. The savings in the General Fund of approximately \$256,000 will be used to assist in meeting the 2016-2017 Ending Fund Balance estimate used as an ongoing funding source in the Five-Year General Fund Forecast.

In addition, increases to various department Personal Services appropriations are recommended to accommodate the Health Program's lowest cost health plan rate increases (4.9%), effective January 1, 2017, where departmental budgets are not tracking to generate sufficient vacancy savings to absorb these additional costs (\$899,000 in all funds; \$844,000 in the General Fund). To offset these augmentations, decreases to the Salary and Benefits Reserve (\$844,000) and Development Fee Program Reserves (\$23,000) in the General Fund and reductions to Ending Fund Balances in the Special Funds are recommended. Because health rates were forecasted to increase 7.5%, but actually increased only 4.9%, savings of \$688,000 will remain in the Salary and Benefits Reserve. This funding will also be used to assist in meeting the 2016-2017 Ending Fund Balance estimate used as an ongoing funding source in the Five-Year General Fund Forecast.

**2016-2017  
MID-YEAR BUDGET REVIEW**

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

**RECOMMENDED CLEAN-UP ACTIONS**

**General Fund & Special/Capital Funds**

**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. This category may also include minor adjustments for funding needs that total less than \$5,000. Some examples include the reallocation of funds between categories in the Housing Department, the shift of funding between the Finance Department and the Information Technology Department Personal Services and Non-Personal/Equipment for temporary staffing needs, the shift of Workers' Comp funding between the Fire and Public Works Departments, and the re-categorization of revenues for the Office of Economic Development.
- **Interest Earnings** – These actions increase several revenue estimates for interest earnings anticipated to be received in various Capital and Special Funds in 2016-2017. Offsetting adjustments to increase the corresponding transfer of these interest earnings to the General Fund are also included in this report.
- **Appropriation Re-Title** – These technical adjustments re-title selected appropriation names (e.g. Preliminary Engineering will be changed to Preliminary Engineering – Sanitary Sewer) and selected appropriation numbers to align with parameters within the new budget system, Hyperion.

# General Fund Recommended Budget Adjustments Summary

## 2016-2017 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>Cybersecurity (Payment and Industry Requirements)</i>	CITY-WIDE EXPENSES		\$275,000	
<p>This action establishes a Cybersecurity appropriation in the amount of \$275,000. A portion of this funding (\$225,000) is needed to cover the cost of a Payment Card Industry (PCI) security audit, associated penalties, equipment, and software required to ensure compliance with PCI standards. Any entity accepting credit card payments must demonstrate compliance with these standards, which include having a secure system environment and equipment, as well as formal policies, procedures, and documentation. Training and an audit also must be done by a PCI certified vendor. Failure to comply can result in the City's inability to accept credit card payments. The remaining portion of this funding (\$50,000) will ensure the Information Technology Department (ITD) has the resources to cover increased costs of network firewalls and to implement cybersecurity training city-wide. This funding will also provide City membership to the Arizona Cyber Threat Response Alliance (ACTRA), a cybersecurity alliance that provides information on how to address cyberattacks. In the upcoming months, ITD plans to use temporary resources within its existing budget to develop and implement new procedures and policies designed to protect enterprise communications, systems and assets from both internal and external cyber threats.</p>				
<i>Office of Immigrant Affairs (Capacity Building and Streamlining Legal Defense for Families and Youth)</i>	CITY-WIDE EXPENSES		\$75,000	
<p>This action increases the Office of Immigrant Affairs appropriation by \$75,000 (from \$250,000 to \$325,000) to establish a one-time Capacity Building and Streamlining Legal Defense for Families and Youth Program to provide immigrant service delivery coordination and fill a service gap that exists until County programs are in place. On January 10, 2017 the City Council directed the City Administration to identify one-time funding to begin implementation of a coordinated response to immigrant needs. If approved, the funding will provide services to support receiving referrals from lead immigrant-serving community based organizations that are over capacity; referred case assessment; coordination with pro bono attorney's and law firms; tracking and monitoring cases; as well as additional communication, outreach and collaboration efforts with San José school districts to create an efficient entry point to serve youth.</p>				
<b>TOTAL URGENT FISCAL/PROGRAM NEEDS</b>			<b>\$350,000</b>	<b>\$0</b>

# General Fund Recommended Budget Adjustments Summary 2016-2017 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>Business Tax System Replacement (Partial Reallocation from Personal Services - Finance)</i></b>	CITY-WIDE EXPENSES		\$185,000	
<p>This action increases the Business Tax System Replacement appropriation by \$185,000, from \$584,000 to \$769,000. This project has been delayed due to changes in system needs resulting from the Business Tax Modernization ballot measure passed in November 2016, including alterations to the set-up and calculation methods behind billing. Because of this delay, additional funding is needed to cover staffing costs (\$85,000) as well as service order extensions for the system consultants (\$100,000) until the go-live date of May 1, 2017. A decrease to the Finance Department's Personal Services appropriation of \$85,000 is recommended in this report to partially offset this action.</p>				
<b><i>City Council District #02 Participatory Budgeting -Calpine Settlement (Reallocation from Council District #02)</i></b>	CITY-WIDE EXPENSES		\$75,000	
<p>This action increases the City Council District #02 Participatory Budgeting - Calpine Settlement appropriation by \$75,000 (from \$1,000,000 to \$1,075,000) to reflect funding reallocated from City Council District #02 to support a neighborhood security camera project, titled, "Free Security Cameras and Signs for C.A.L.M.S Neighborhoods". A corresponding decrease to City Council District #02 is recommended in this report as directed by the City Council on January 24, 2017 to offset this action.</p>				
<b><i>Council District #02 (Reallocation to City Council District #02 Participatory Budgeting - Calpine Settlement)</i></b>	MAYOR & COUNCIL		(\$75,000)	
<p>This action decreases the Council District #02 appropriation by \$75,000 (from \$880,968 to \$805,968) and recommends funds be reallocated to the City Council District #02 Participatory Budgeting - Calpine Settlement appropriation for the Free Security Cameras and Signs for C.A.L.M.S Neighborhood project. A corresponding increase to the City Council District #02 Participatory Budgeting - Calpine Settlement appropriation is recommended in this report as directed by the City Council on January 24, 2017 to offset this action.</p>				



# General Fund Recommended Budget Adjustments Summary

## 2016-2017 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>Homeless Rapid Rehousing (Reallocation to Homeless Response Team)</i>	CITY-WIDE EXPENSES		(\$100,000)	
<p>This action decreases the Homeless Rapid Rehousing appropriation by \$100,000 from (\$5.3 million to \$5.2 million) to offset expenditures associated with additional encampment cleanups in response to community and business concerns. The Homeless Rapid Rehousing appropriation was initially established in 2013-2014 to engage transitionally homeless individuals from targeted encampments with a history of sustained San José residency and provide them with supportive services and rental subsidies to assist them in their transition from homelessness to permanent housing. Unfortunately, in the short term, there has been lower than anticipated use of housing coupons due to significant delays associated the execution of loan agreements and RFPs with homeless housing projects. For example, the Plaza Hotel project is now anticipated to be remodeled and ready for occupation by late summer. Vermont House, a smaller homeless development, is currently under construction. An increase to the Homeless Response Team appropriation in the amount of \$100,000 to offset this action is recommended in this report.</p>				
<i>Homeless Response Team (Reallocation from Homeless Rapid Rehousing)</i>	CITY-WIDE EXPENSES		\$100,000	
<p>This action increases the Homeless Response Team appropriation by \$100,000 (from \$2.0 million to \$2.1 million) to offset expenditures associated with additional encampment cleanups in response to community and business concerns. The Homeless Response Team appropriation was initially established in 2013-2014 to address the needs of homeless residents and the community by funding property and waste clean-ups, security services, property storage, encampment deterrents, and outreach workers to distribute materials and supplies as well as provide transportation to shelter or housing for the encampment residents. A decrease to the Homeless Rapid Rehousing appropriation in the amount of \$100,000 is recommended in this report to offset this action with no current year service level impacts.</p>				
<i>Non-Personal/Equipment (Reallocation from Personal Services for Water Costs)</i>	PARKS, REC, & NEIGH SVCS		\$1,100,000	
<p>This action increases the Parks, Recreation and Neighborhood Services Non-Personal/Equipment appropriation by \$1.1 million, from \$18.3 million to \$19.4 million, to fund higher than anticipated water costs (increase from \$4.3 million to \$5.4 million) due to the water rate increases and increased usage in response to reduced conservation targets (from 30% to 20%) and community feedback that turf and sports fields are in poor condition. Drought surcharges and true-up charges also contributed to the increased costs. A corresponding decrease to the Parks, Recreation and Neighborhood Services Personal Services appropriation is recommended in this report to offset this action.</p>				

# General Fund Recommended Budget Adjustments Summary

## 2016-2017 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>Personal Services (Reallocation to Business Tax System Replacement)</i>	FINANCE		(\$85,000)	
<p>This action decreases the Finance Department's Personal Services appropriation by \$85,000, from \$13.6 million to \$13.5 million. Staff vacancies in the Department have resulted in Personal Services savings. These savings are recommended to be shifted to the Business Tax System Replacement appropriation to cover the additional staffing costs needed for the system implementation. A corresponding increase to the Business Tax System Replacement City-Wide Expenses appropriation is recommended in this report to offset this action.</p>				
<i>Personal Services (Reallocation to Non-Personal/Equipment for Water Costs)</i>	PARKS, REC, & NEIGH SVCS		(\$1,100,000)	
<p>This action decreases the Parks, Recreation and Neighborhood Services Personal Services appropriation by \$1.1 million to reallocate funding to the Non-Personal/Equipment appropriation for higher than anticipated water costs due to the water rate increases and increased usage in response to reduced conservation targets (from 30% to 20%) and community feedback that turf and sports fields are in poor condition. Drought surcharges and true-up charges also contributed to the increased costs. There are sufficient vacancy savings to accommodate the reduction in the Personal Services appropriation with no impacts to current service levels. A corresponding action to increase the Non-Personal/Equipment appropriation is recommended elsewhere in this report.</p>				
<i>Personal Services (Shift \$4.0 million from Salaries and Benefits to Overtime)</i>	FIRE			
<p>This action reallocates \$4.0 million in anticipated 2016-2017 vacancy savings from the salary and benefits line items to the overtime line item, bringing the total overtime budget from \$9.5 million to \$13.5 million in the Fire Department Personal Services appropriation. This adjustment will bring the budget in line with projected overtime 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). The current overtime expenditure rate is expected to continue for the remaining periods this fiscal year while the April 2017 Firefighter Recruit Academy takes place and the County accreditation process is complete. A separate budget action is recommended in this report to recognize and allocate Strike Team reimbursement revenue to the Fire Department's Personal Services appropriation for overtime expenditures used to support those deployments.</p>				

# General Fund Recommended Budget Adjustments Summary 2016-2017 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 Downtown Property and Business Improvement District Fund</i>	TRANSFERS		\$17,000	
<p>This action increases the transfer from the General Fund to the Downtown Property and Business Improvement District (PBID) Fund by \$16,100 (from \$727,007 to \$744,007) to align the assessment rates used to calculate the transfer amount with the assessment rates adopted in April 2016. The 2016-2017 Adopted Operating Budget assumed an approximate 3% assessment rate increase based on the most recent Consumer Price Index (CPI) and other program costs; however, a 5% rate increase was approved by the PBID Board of Directors (Board) in April 2016. The General Fund pays the assessment for City-owned facilities and a contractually determined amount for the downtown transit mall.</p>				
<i>Transfers and Reimbursements (Transfer from the Neighborhood Security Bond Fund)</i>	REVENUE ADJUSTMENTS			\$200,000
<p>This action transfers \$200,000 of revenue received in the Neighborhood Security Bond Fund from a mediated settlement between the City and the Guarantee Company of North America USA, the surety for the contractor that was unable to properly and timely complete the construction of Fire Station 24. In the 2012-2013 Year-End Budget Review, the General Fund fronted \$200,000 for the City to retain a new contractor in order to complete the construction of Fire Station 24 while the dispute with the original contractor continued. This action repays the General Fund for this loan. A corresponding action in the Neighborhood Security Bond Fund is recommended in this report to offset this action.</p>				
<b>TOTAL REQUIRED TECHNICAL/REBALANCING ACTIONS</b>			<b>\$117,000</b>	<b>\$200,000</b>
<b>GRANTS/REIMBURSEMENTS/FEES</b>				
<i>2016 County Victim Services Program/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$142,203	\$142,203
<p>This action establishes a 2016 County Victim Services Program appropriation to the Police Department and increases the estimate for Revenue from Local Agencies to recognize grant funds from the Santa Clara County District Attorney's Office for the California Office of Emergency Services County Victim Services Program in the amount of \$142,203. This grant, which totals \$262,226, provides funding to the San José Police Department's Family Violence Center to support two temporary forensic interviewer positions, an audio/video system in the victim interview room, and a LED light alert system throughout the facility. These forensic interviewers will conduct developmentally and culturally appropriate and legally defensible forensic interviews of children and adolescents alleging sexual abuse. The grant term is July 1, 2016 through June 30, 2018. The remaining portion (\$120,023) will be appropriated next fiscal year.</p>				

# General Fund Recommended Budget Adjustments Summary

## 2016-2017 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>2016 Sex Offender Registration and Notification Act/Revenue from State of California</i></b>	CITY-WIDE EXPENSES		\$25,000	\$25,000
<p>This action establishes the 2016 Sex Offender Registration and Notification Act appropriation to the Police Department and increases the estimate for Revenue from State of California to recognize grant funding from the State of California Department of Justice in the amount of \$25,000. This grant funds the purchase of equipment specifically used to improve sex offender criminal investigations, registration, and notification in the community such as laptops, printers, digital cameras, an electronic whiteboard, and GPS tracking devices. The grant expires on May 15, 2017.</p>				
<b><i>Bulletproof Vest Partnership Grant Program/Revenue from Federal Government</i></b>	CITY-WIDE EXPENSES		\$396	\$396
<p>This action establishes the Bulletproof Vest Partnership Grant Program appropriation to the Police Department and increases the estimate for Revenue from the Federal Government by \$396 to recognize grant funds from the United States Department of Justice toward the purchase of bulletproof vests. The term of the grant is April 1, 2016 through August 31, 2018.</p>				
<b><i>California Gang Reduction, Intervention and Prevention (CALGRIP) Grant 2015/Revenue from State of California</i></b>	CITY-WIDE EXPENSES		\$474,222	\$474,222
<p>This action establishes the California Gang Reduction, Intervention and Prevention (CALGRIP) Grant appropriation to the Parks, Recreation and Neighborhood Services Department and increases the estimate for Revenue from the State of California by \$474,222. This is the third year of a three-year grant; this funding covers the period January 2017 through December 2017. This action recognizes and appropriates \$474,222 in grant funding from the State of California's Board of State and Community Corrections. This CALGRIP grant is a collaborative effort targeting gang-impacted youth through the implementation of proven intervention, substance abuse, and remedial (GED)/vocational education strategies with the intent to reduce gang and youth violence. Funding will provide for 1.0 Youth Outreach Specialist and 2.0 Youth Outreach Worker overstrength positions to deliver the hospital intervention program; \$140,000 in Community Based Organization funding for gang intervention case management, employment development services, and record clearance services; data collection and program evaluation services; supplies and materials to support case management, including non-gang related clothing, hygiene products, and food; and some training and travel.</p>				
<b><i>Council District #02 Special Event Sponsorship/Other Revenue</i></b>	MAYOR & COUNCIL		\$10,855	\$10,855
<p>This action increases the Council District #2 appropriation to reflect sponsorship funding received for the Future Roots Event (\$500), the Indian Flag Raising Event (\$1,000), the Village Fest Event (\$4,355) and the Gun Buy Back Event (\$5,000).</p>				

# General Fund Recommended Budget Adjustments Summary

## 2016-2017 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>Council District #03 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$100	\$100
This action increases the Council District #3 appropriation to reflect sponsorship funding received for the D3 Yes Event.				
<i>Council District #05 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$1,250	\$1,250
This action increases the Council District #5 appropriation to reflect sponsorship funding received for the 2016 National Night Out Event.				
<i>Council District #08 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$16,050	\$16,050
This action increases the Council District #8 appropriation to reflect sponsorship funding received for the Day in the Park Event (\$15,550) and the End of the Term Reception Event (\$500).				
<i>Council District #09 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$21,000	\$21,000
This action increases the Council District #9 appropriation to reflect sponsorship funding received for the 2016 Celebrate Cambrian Festival Event.				
<i>Cultural Affairs Special Project/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		(\$72,648)	(\$72,648)
This action decreases the Cultural Affairs Special Project appropriation to the Office of Economic Development and the corresponding estimate for Revenue from Local Agencies by \$72,648 to reflect the reconciliation of various grants within this appropriation. The remaining funds will support the final phase of the management of public art enhancements for the Santa Clara Valley Transportation Authority's Bus Rapid Transit project.				
<i>Emergency Street Tree Services/Other Revenue</i>	CITY-WIDE EXPENSES		\$300,000	\$300,000
This action increases the Emergency Street Tree Services appropriation and corresponding estimate for Other Revenue by \$300,000 (from \$452,000 to \$752,000). The additional funding will provide for contractor maintenance of street trees which are the responsibility of adjacent property owners. The program currently has a backlog of pending tree work requested by property owners. Property owners reimburse the City for the cost of the tree maintenance services provided.				

# General Fund Recommended Budget Adjustments Summary

## 2016-2017 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>Internet Crimes Against Children Federal Grant 2016-2018/Revenue from Federal Government</i>	CITY-WIDE EXPENSES		\$37,500	\$37,500
<p>This action establishes an Internet Crimes Against Children Federal Grant 2016-2018 appropriation to the Police Department and increases the estimate for Revenue from the Federal Government to recognize grant funding from the United States Department of Justice in the amount of \$37,500. This grant, which totals \$150,000, funds the temporary hiring of wounded veterans to assist the Internet Crimes Against Children (ICAC) task forces to meet the demand for effective and efficient forensic examinations to support investigation and prosecution of online enticement and exploitation of children by sexual predators and child pornography. The grant term is October 1, 2016 through September 30, 2018. The remaining portion (\$112,500) will be appropriated next fiscal year.</p>				
<i>Library Grants (California Library Literacy Services)/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$89,702	\$89,702
<p>This action increases the Library Grants appropriation and the estimate for Revenue from State of California by \$89,702 to recognize receipt of the California Library Literacy Services grant. This funding will allow for the purchase of books, materials, and computer software as well as support the Adult Literacy and Families for Literacy program. This program helps adults increase their basic literacy skills and address the literacy needs of their young children.</p>				
<i>Library Grants (California Public Library Broadband Project: Branch Connections)/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$60,000	\$60,000
<p>This action increases the Library Grants appropriation and the estimate for Revenue from State of California by \$60,000 to recognize receipt of the California Public Library Broadband Project: Branch Connections grant. This funding will support consulting services to connect the San José Public Library to the California Research &amp; Education Network, a high-capacity fiber-optic-based network through the Corporation for Education Network Initiatives in California broadband consortium serving universities, educational institutions, and public libraries in California.</p>				
<i>Library Grants (Pacific Library Partnership for Life Skills Academy Program)/Other Revenue</i>	CITY-WIDE EXPENSES		\$11,920	\$11,920
<p>This action increases the Library Grants appropriation and the estimate for Other Revenue by \$11,920 to recognize receipt of the Pacific Library Partnership grant. This funding will support the Life Skills Academy program which teaches teenagers practical and essential life skills to prepare them for young adulthood and life after high school.</p>				

# General Fund Recommended Budget Adjustments Summary

## 2016-2017 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>Neighborhood Gateway Galleries/Other Revenue</i>	CITY-WIDE EXPENSES		\$25,000	\$25,000
<p>This action establishes the Neighborhood Gateway Galleries appropriation and increases the estimate for Other Revenue by \$25,000. This action recognizes and appropriates grant funding from the National Endowment for the Arts to support project costs related to the Neighborhood Gateway Galleries, a city-wide public art initiative transforming underpasses into exhibition space for artworks jointly created by residents and artists. The grant totals \$50,000, and the remaining portion (\$25,000) will be appropriated next fiscal year.</p>				
<i>Non-Personal/Equipment (Special Operations Training)/Revenue from Local Agencies</i>	FIRE		\$24,790	\$24,790
<p>This action increases the Fire Department Non-Personal/Equipment appropriation and corresponding estimate for Revenue from Local Agencies by \$24,790 to support Urban Search and Rescue (USAR) specialized training activities. The award of \$24,790 from the Santa Clara County Homeland Security training and Exercise Grants Advisory Group reimburses the Department for training activities related to rope rescue, which are expected to be completed in spring 2017.</p>				
<i>PRNS Fee Activities/Departmental Charges</i>	PARKS, REC, & NEIGH SVCS		\$465,000	\$465,000
<p>This action increases the Parks, Recreation and Neighborhood Services Department (PRNS) Fee Activities appropriation by \$465,000, from \$8.9 million to \$9.3 million, and the corresponding estimate for Departmental Charges. Through the first six months of the year, PRNS Fee Activities are tracking to exceed the budgeted revenue estimate by at least \$465,000 due to increased activity from the preschool program and the Recreation of City Kids (R.O.C.K.) program, which is after school programming for kids provided at school sites and camps. The increase in the Fee Activities appropriation will provide for programming costs, such as additional instructors and supplies.</p>				
<i>Personal Services (California Task Force 3 National Urban Search and Rescue Team)/Revenue from Federal Government</i>	FIRE		\$6,705	\$6,705
<p>This action increases the Fire Department Personal Services appropriation and corresponding estimate for Revenue from the Federal Government by \$6,705 to support Task Force 3 training activities. California Task Force 3 was established in September 1991 to provide lifesaving extrication of victims trapped by structural collapse during earthquakes, hurricanes, tornados, floods, acts of terrorism, and other disasters. Reimbursement covers the costs associated with training exercises provided by the Department that took place from July 2016 through November 2016.</p>				

# General Fund Recommended Budget Adjustments Summary

## 2016-2017 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>Personal Services (FBI San Francisco Joint Terrorism Task Force)/Revenue from Federal Government</i>	POLICE		\$17,548	\$17,548
<p>This action increases the Police Department's Personal Services appropriation and recognizes Revenue from the Federal Government in the amount of \$17,548 for the Federal Bureau of Investigations (FBI) San Francisco Joint Terrorism Task Force. The task force is investigating illegal activities in San José and has requested continued assistance from San José Police Department personnel to accomplish the objectives of this task force. This funding reimburses for overtime costs associated with this effort.</p>				
<i>Personal Services (Fire Strike Team)/Revenue from State of California</i>	FIRE		\$699,403	\$699,403
<p>This action increases the Fire Department Personal Services appropriation and corresponding estimate for Revenue from State of California by \$699,403 to reimburse for Strike Teams deployed to assist with fires in Kern, Santa Cruz, Contra Costa, San Bernadino, Eastern Humbolt, and Santa Clara (Loma Prieta) counties. Strike Team reimbursements cover costs associated with the backfill need of the department while teams are deployed, as well as the associated apparatus costs.</p>				
<i>Planning Development Fee Program - Non-Personal/Equipment (Peak Staffing)</i>	PLANNING, BLDG, & CODE ENF		\$70,000	
<p>This action increases the Planning, Building and Code Enforcement Department's Planning Development Fee Program - Non-Personal/Equipment appropriation by \$70,000 (from \$140,000 to \$210,000) to provide additional funding for peak staffing agreements, which will be funded by the Planning Development Fee Program Reserve. The Planning Development Services Program has experienced a continued increase in inspection services, plan checks, and plan reviews. In order to meet the higher demand during peak times, on a temporary as-needed basis, this funding will augment current staffing with contractual services. The additional funding is needed for the use of two peak staffing contracted employees through the remainder of the fiscal year. A corresponding decrease to the Planning Development Fee Program Reserve is included in this report to offset this action.</p>				
<i>Planning Development Fee Program Reserve</i>	EARMARKED RESERVES		(\$70,000)	
<p>This action decreases the Planning Development Fee Program Reserve to offset the increase in the Planning Development Fee Program - Non-Personal/Equipment appropriation for peak staffing services recommended in this report.</p>				



# General Fund Recommended Budget Adjustments Summary 2016-2017 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>Public Works Development Fee Program - Non-Personal/Equipment (Electric Vehicle Buy-out)</i>	PUBLIC WORKS		\$30,000	
<p>This action increases the Public Works Development Fee Program – Non-Personal/Equipment appropriation for the purchase of three Mitsubishi I-Miev electric plug-in vehicles as their lease is coming to an end. These are dedicated electric vehicles and the charging infrastructure exists at City Hall and other City locations. The vehicles will be available for business transportation needs such as offsite meetings, inspections, and other local travel needs.</p>				
<i>Public Works Development Fee Program Reserve</i>	EARMARKED RESERVES		(\$30,000)	
<p>This action decreases the Public Works Development Fee Reserve by \$30,000. This action offsets the increase to the Public Works Development Fee Program – Non-Personal/Equipment appropriation for the purchase of electric vehicles recommended in this report.</p>				
<b>TOTAL GRANTS/REIMBURSEMENTS/FEES</b>			<b>\$2,355,996</b>	<b>\$2,355,996</b>

*General Fund Recommended Budget Adjustments Totals*

<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
	<b>\$2,822,996</b>	<b>\$2,555,996</b>

# Special/Capital Funds Recommended Budget Adjustments Summary

## 2016-2017 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT FISCAL AGENT FUND (525)</b>				
<b><i>Ending Fund Balance - Debt Service Reserve</i></b>	Airport		\$1,000,000	
This action increases the Ending Fund Balance - Debt Service Reserve by \$1.0 million, from \$80.7 million to \$81.7 million, to ensure that the Airport meets the minimum bond reserve requirements in this fund. This transfer is necessary to offset the temporary fluctuation of the investment value of the securities, which is used to help meet the bond reserve requirement. A corresponding increase to the Transfers and Reimbursements revenue estimate is recommended in this report to offset this action.				
<b><i>Transfers and Reimbursements</i></b>	Airport			\$1,000,000
This action increases the Transfers and Reimbursements revenue estimate by \$1.0 million, from \$95.7 million to \$96.7 million, to account for an increase to the Transfer from the Airport Revenue Fund. This transfer will ensure that the Airport meets the minimum bond reserve requirements. A corresponding increase to the Ending Fund Balance - Debt Service Reserve and increase to the Transfer to the Airport Fiscal Agent Fund in the Airport Revenue Fund are recommended in this report to offset this action.				
<b>TOTAL AIRPORT FISCAL AGENT FUND (525)</b>			<b>\$1,000,000</b>	<b>\$1,000,000</b>
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>				
<b><i>Operations Contingency</i></b>	Airport		(\$70,000)	
This action decreases the Airport's Operations Contingency by \$70,000, from \$1,278,685 to \$1,208,685, to offset the increase in the Workers' Compensation Claims appropriation. Claims through December are higher than anticipated and are expected to exceed budget by year end. A corresponding increase to the Workers' Compensation Claims is recommended in this report.				
<b><i>Workers' Compensation Claims</i></b>	Human Resources		\$70,000	
This action increases the Workers' Compensation Claims appropriation by \$70,000, from \$563,462 to \$633,462. Claims through December are higher than anticipated and are expected to exceed budget by year end. A corresponding decrease to the Airport's Operations Contingency is recommended in this report to offset this action.				
<b>TOTAL AIRPORT MAINT &amp; OPER FUND (523)</b>			<b>\$0</b>	<b>\$0</b>
<b>AIRPORT RENEW &amp; REPL FUND (527)</b>				
<b><i>Ending Fund Balance</i></b>	Airport Capital Program		(\$551,000)	
This action decreases the Ending Fund Balance by \$551,000, from \$5.8 million to \$5.3 million. This action offsets the new Terminal B Expansion Ramp project which will reconstruct the ramp area south of Terminal B to a full strength concrete ramp.				

# Special/Capital Funds Recommended Budget Adjustments Summary

## 2016-2017 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>AIRPORT RENEW &amp; REPL FUND (527)</b>				
<b><i>Terminal B Expansion Ramp</i></b>	Airport Capital Program		\$551,000	
<p>This action establishes the Terminal B Expansion Ramp appropriation in the amount of \$551,000. This project will reconstruct the ramp area south of Terminal B to a full strength concrete ramp. This area is currently used to park aircraft overnight; however, this reconstruction will provide greater use of this space and allow for ground boarding of aircraft. Currently, the gates at the Airport are filled to capacity during peak hours of the day. This project will help address that issue by allowing passengers to ground board. This funding is needed for design and design management work, which will be completed by the end of this fiscal year. Additional funding to complete this project will be requested as part of the 2018-2022 Proposed Capital Improvement Program. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
<b>TOTAL AIRPORT RENEW &amp; REPL FUND (527)</b>			<b>\$0</b>	<b>\$0</b>
<b>AIRPORT REV BOND IMP FUND (526)</b>				
<b><i>Federal Inspection Facility Sterile Corridor Extension</i></b>	Airport Capital Program		\$423,000	
<p>This action increases the Federal Inspection Facility Sterile Corridor Extension appropriation by \$423,000, from \$463,000 to \$886,000. This project was initially intended to receive grant funding from the Federal Aviation Administration (FAA), which was budgeted in the Airport Capital Improvement Fund. However, it was later determined that the project did not meet FAA grant requirements. The additional funding will cover recorded expenses for this project that will be shifted from the Airport Capital Improvement Fund to the Airport Revenue Bond Improvement Fund. A corresponding decrease of \$423,000 to the Terminal A Ground Transportation Island Modification appropriation is recommended elsewhere in this report to offset this action.</p>				
<b><i>Southeast Ramp Reconstruction</i></b>	Airport Capital Program		\$400,000	
<p>This action increases the Southeast Ramp Reconstruction appropriation by \$400,000, from \$365,000 to \$765,000. Project costs and grant award for the Southeast Ramp Reconstruction have come in higher than the original estimate. Additional funding is required to meet the local share match of the Federal Aviation Administration grant that was awarded for this project. A corresponding decrease of \$400,000 to the Terminal A Ground Transportation Island Modification appropriation is recommended elsewhere in this report to offset this action.</p>				

# Special/Capital Funds Recommended Budget Adjustments Summary

## 2016-2017 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>Terminal A Ground Transportation Island Modification</i></b>	Airport Capital Program		(\$823,000)	
<p>This action decreases the Terminal A Ground Transportation Island Modification appropriation by \$823,000, from \$2.8 million to \$2.0 million. This project is near completion and the Airport has identified alternate uses for the project's savings. This funding will be reallocated to the Southeast Ramp Reconstruction appropriation (\$400,000) and the Federal Inspection Facility (FIS) Sterile Corridor Extension appropriation (\$423,000) to ensure adequate funding is available for these projects. Corresponding increases to the Southeast Ramp Reconstruction and FIS Sterile Corridor Extension appropriations are recommended in this report to offset this action.</p>				
<b>TOTAL AIRPORT REV BOND IMP FUND (526)</b>			<b>\$0</b>	<b>\$0</b>
<b>AIRPORT REVENUE FUND (521)</b>				
<b><i>Ending Fund Balance - Airline Agreement Reserve</i></b>	Airport		(\$1,000,000)	
<p>This action decreases the Ending Fund Balance - Airline Agreement Reserve by \$1.0 million, from \$48.3 million to \$47.3 million, to offset a transfer to the Airport Fiscal Agent Fund.</p>				
<b><i>Transfer to the Airport Fiscal Agent Fund</i></b>	Airport		\$1,000,000	
<p>This action increases the Transfer to the Airport Fiscal Agent Fund by \$1.0 million, from \$48.1 million to \$49.1 million, to ensure that the Airport meets the minimum bond reserve requirements in the Airport Fiscal Agent Fund. This transfer is necessary to offset the temporary fluctuation of the investment value of the securities, which is used to help meet the bond reserve requirement. A corresponding decrease to the Ending Fund Balance - Airline Agreement Reserve and increase to the Transfers and Reimbursements appropriation in the Airport Fiscal Agent Fund are recommended in this report to offset this action.</p>				
<b>TOTAL AIRPORT REVENUE FUND (521)</b>			<b>\$0</b>	<b>\$0</b>
<b>BENEFIT FUND (160)</b>				
<b><i>401(a) Defined Contribution Retirement Plan/Transfers</i></b>	Human Resources		\$20,000	\$20,000
<p>This action increases the 401(a) Defined Contribution Retirement Plan appropriation and corresponding revenue estimate for Transfers from various City funds by \$20,000 (from \$136,000 to \$156,000). Based on the current trend, 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 than assumed in the development of the 2016-2017 Adopted Budget.</p>				
<b><i>FICA-Medicare/Transfers</i></b>	Human Resources		\$481,000	\$481,000
<p>This action increases the FICA-Medicare appropriation and corresponding revenue estimate for Transfers from various City funds by \$481,000 (from \$7.7 million to \$8.2 million). These costs, which are supported by various City funds, have been tracking at higher levels than assumed in the development of the 2016-2017 Adopted Budget.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2016-2017 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		\$100,000	\$100,000
<p>This action increases the Part-Time, Temporary, and Contractual (PTC) 457 appropriation and corresponding revenue estimate for Transfers from various City funds by \$100,000 (from \$1.18 million to \$1.28 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 or Police and 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 2016-2017 Adopted Budget.</p>				
<b>TOTAL BENEFIT FUND (160)</b>			<b>\$601,000</b>	<b>\$601,000</b>
<b>BLDG &amp; STRUCT CONST TAX FD (429)</b>				
<b><i>Miscellaneous Multimodal Projects (Reallocation to Ocala Avenue Pedestrian Improvements)</i></b>	Capital Projects		(\$250,000)	
<p>This action decreases the Miscellaneous Multimodal Projects appropriation by \$250,000 (from \$250,000 to \$0) and reallocates the funding to the Ocala Avenue Pedestrian Improvements project to fund an increased project scope. A corresponding increase to the Ocala Avenue Pedestrian Improvements appropriation is recommended in this report to offset this action.</p>				
<b><i>Ocala Avenue Pedestrian Improvements (Reallocation from Miscellaneous Multimodal Projects)</i></b>	Capital Projects		\$250,000	
<p>This action increases the Ocala Avenue Pedestrian Improvements appropriation by \$250,000 (from \$2.1 million to \$2.3 million) to fund an increased project scope. A lighting analysis revealed insufficient street lighting on Ocala Avenue from Daytona Drive to East Capital Expressway. The funding allows for the installation of 19 additional streetlights and upgrades to three existing streetlights. A corresponding decrease to the Miscellaneous Multimodal Projects appropriation is recommended in this report to offset this action.</p>				
<b><i>Regional Policy and Legislation (Reallocation to Safety-Pedestrian Improvements)</i></b>	Capital Projects		(\$65,000)	
<p>This action decreases the Regional Policy and Legislation appropriation by \$65,000 (from \$250,000 to \$185,000) and reallocates the funding to the Safety-Pedestrian Improvements project to fund staff support related to the Vision Zero Program. A corresponding increase to the Safety-Pedestrian Improvements Project is recommended in this report to offset this action.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2016-2017 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>Safety-Pedestrian Improvements (Reallocation from Regional Policy and Legislation)</i></b>	Capital Projects		\$65,000	
<p>This action increases the Safety-Pedestrian Improvements appropriation by \$65,000 (from \$998,000 to \$1.1 million) to fund staff support related to the Vision Zero Program. One Senior Transportation Specialist will shift from performing regional policy and legislation analysis to overseeing pedestrian safety improvement projects, contributing to the implementation of traffic safety enhancements focused on improving pedestrian crossings on major roads. The Safety-Pedestrian Improvements Project supports the Vision Zero goal of reducing major injury vehicle crashes and eliminating fatal crashes. A corresponding decrease to the Regional Policy and Legislation appropriation is recommended in this report to offset this action.</p>				
<b>TOTAL BLDG &amp; STRUCT CONST TAX FD (429)</b>			<b>\$0</b>	<b>\$0</b>
<b>CFD #2 AND CFD #3 FUND (369)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Transportation		(\$250,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<b><i>Non-Personal/Equipment (Miscellaneous Program Needs)</i></b>	Transportation		\$250,000	
<p>This action increases the Transportation Department's Non-Personal/Equipment appropriation by \$250,000 (from \$1.10 million to \$1.35 million) in the Community Facilities District #2 (Aborn-Murillo) and Community Facilities District #3 (Silverland-Capriana) Funds for increased irrigation costs (\$150,000), an irrigation controller hub upgrade (\$15,000), storm water control measures (\$35,000), and tree pruning/removal/replacement (\$50,000). Both districts have experienced higher than anticipated irrigation costs due to malfunctioning water programming timers and billing costs overlapping fiscal years. To mitigate these excessive irrigation costs, this funding will provide for a controller hub upgrade that allows for web-based monitoring of all water usage in the districts. Additionally, this funding will provide for improvements around lakes to prevent erosion, implement storm water control measures, as well as support contractual costs for the removal, replacement, and pruning of trees posing safety risks to the public. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL CFD #2 AND CFD #3 FUND (369)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX CENTRAL FD (390)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		(\$25,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended below.</p>				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX CENTRAL FD (390)</b>				
<b><i>Parks Maintenance District Feasibility Study</i></b>	Parks & Comm Fac Dev Capital Program		\$25,000	
<p>This action increases the Parks Maintenance District Feasibility Study by \$25,000, bringing the total allocation to \$150,000. The study explores establishing a Downtown Parks Maintenance District and a city-wide Parks Maintenance District, as directed by the City Council on November 6, 2015. Increased funding of \$25,000 is recommended to be allocated to the study due to an increased project scope to include public opinion polling. A corresponding decrease to the Parks Central Construction and Conveyance Tax Fund Ending Fund Balance is recommended above to offset this action.</p>				
<b>TOTAL CONST/CONV TAX CENTRAL FD (390)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX FIRE FUND (392)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Public Safety Capital Program		(\$42,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<b><i>Self-Contained Breathing Apparatus (SCBA) Equipment</i></b>	Public Safety Capital Program		\$42,000	
<p>This action increases the Self-Contained Breathing Apparatus (SCBA) Equipment appropriation by \$42,000, from \$27,000 to \$69,000, to replenish inventory for the April 2017 Firefighter Recruit Academy and for the annual mask fit test for all sworn personnel. A corresponding decrease to Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL CONST/CONV TAX FIRE FUND (392)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX LIBRARY FD (393)</b>				
<b><i>Acquisition of Materials (Sales Tax)</i></b>	Library		\$96,000	
<p>This action increases the Acquisition of Materials appropriation by \$96,000 (from \$4.1 million to \$4.2 million) in the Construction Tax and Property Conveyance Tax Fund. In response to the California Board of Equalization (BOE) audit of Sales and Use Tax, it was determined that the Library Department is responsible to pay \$96,000 of tax and associated interest for the period July 2012 through June 2015 for the acquisition of books and other library materials. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Library		(\$96,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<b>TOTAL CONST/CONV TAX LIBRARY FD (393)</b>			<b>\$0</b>	<b>\$0</b>

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PK CD 6 FUND (384)</b>				
<b><i>Buena Vista Park Improvements</i></b>	Parks & Comm Fac Dev Capital Program		\$120,000	
<p>This action establishes the Buena Vista Park Improvements project totaling \$120,000. Unexpended Proposition 84 grant funding was recently approved from the State of California to be allocated to improvements at Buena Vista Park. Project elements may include installation of a shade structure, drinking fountain, landscaped walkways, and trash receptacles. The grant award totals \$100,000 with a mandatory 20% local match (\$20,000) requirement and stipulates the project must be completed by spring 2017. The grant funding is provided on a reimbursement basis, therefore this report includes a corresponding reduction of \$120,000 from the Council District 6 Construction and Conveyance Tax Fund Ending Fund Balance. Once the grant funding (\$100,000) is received (anticipated in 2017-2018) the Council District 6 Construction and Conveyance Tax Fund Ending Fund Balance will be reimbursed accordingly.</p>				
<b><i>Del Monte Park Expansion Phase II</i></b>	Parks & Comm Fac Dev Capital Program		(\$175,000)	
<p>This action eliminates the Del Monte Park Expansion Phase II project totaling \$175,000 in the Council District 6 Construction and Conveyance Tax Fund. The Del Monte Park Expansion Phase II project, which provides funding to construct a multi-purpose turf field and other amenities at Del Monte Park, is under construction and is anticipated to open to the public in winter 2017. Sufficient funding to complete the project is available in the Park Trust Fund; therefore, this action recommends eliminating the project in the Council District 6 Construction and Conveyance Tax Fund. A corresponding increase to the Council District 6 Construction and Conveyance Tax Funding Ending Fund Balance is recommended below to offset this action.</p>				
<b><i>Del Monte Park Expansion Phase III Land Acquisition</i></b>	Parks & Comm Fac Dev Capital Program		\$188,000	
<p>This action increases the Del Monte Park Expansion Phase III Land Acquisition allocation by \$188,000, bringing the allocation to \$348,000 in the Council District 6 Construction and Conveyance Tax Fund (additional funding of \$640,000 is included in the Park Trust Fund for the land purchase). The property purchase, which is needed to construct phase III improvements at Del Monte Park, was approved by the City Council on August 16, 2016. The action recommended as part of this report increases the project budget due to higher than anticipated relocation costs (\$13,000) and expands the project scope to include funding for demolition costs (\$175,000). A corresponding decrease to the Council District 6 Construction and Conveyance Tax Funding Ending Fund Balance is recommended below to offset this action.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		(\$133,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended above.</p>				
<b>TOTAL CONST/CONV TAX PK CD 6 FUND (384)</b>			<b>\$0</b>	<b>\$0</b>



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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX PK CD10 FD (389)</b>				
<b><i>Almaden Lake Park Playground Improvements</i></b>	Parks & Comm Fac Dev Capital Program		\$150,000	
This action establishes the Almaden Lake Park Playground Improvements project in the amount of \$150,000. Project elements include removing the existing rope structures in the playground that have severely deteriorated and are causing safety concerns and replacing the rope structures with new playground equipment. A corresponding decrease to the Council District 10 Construction and Conveyance Tax Fund Ending Fund Balance is recommended below to offset this action.				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks & Comm Fac Dev Capital Program		(\$150,000)	
This action decreases the Ending Fund Balance to offset the action recommended above.				
<b>TOTAL CONST/CONV TAX PK CD10 FD (389)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PKS CW FUND (391)</b>				
<b><i>Guadalupe Gardens Soccer Facility Feasibility Study</i></b>	Parks & Comm Fac Dev Capital Program		\$30,000	
This action establishes the Guadalupe Gardens Soccer Facility Feasibility Study in the amount of \$30,000. This project provides funding to conduct a feasibility study related to the potential design and construction of a soccer facility at Guadalupe River Park and Gardens Park. A corresponding decrease to the Guadalupe Gardens Soccer Facility Reserve is recommended below to offset this action.				
<b><i>Guadalupe Gardens Soccer Facility Reserve</i></b>	Parks & Comm Fac Dev Capital Program		(\$30,000)	
This action decreases the Guadalupe Gardens Soccer Facility Reserve by \$30,000, bringing the reserve to \$4.2 million. A corresponding action is recommended above to allocate the funding to the Guadalupe Gardens Soccer Facility Feasibility Study.				
<b>TOTAL CONST/CONV TAX PKS CW FUND (391)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX SRVC YDS FD (395)</b>				
<b><i>Capital Program and Public Works Department Support Service Costs</i></b>	Public Works		\$5,000	
This action increases the Capital Program and Public Works Department Support Service Costs appropriation by \$5,000 (from \$0 to \$5,000) to account for Public Works support staff costs. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.				
<b><i>Ending Fund Balance Adjustment</i></b>	Public Works		(\$505,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				

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## 2016-2017 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONST/CONV TAX SRVC YDS FD (395)</b>				
<b><i>Phase II Commercial Paper</i></b>	Public Works		\$500,000	
<p>This action increases the Phase II Commercial Paper appropriation to the Public Works Department by \$500,000, from \$178,000 to \$678,000. This appropriation is for payment of the interest accrued on outstanding commercial paper notes for Phase II of the Central Service Yard project. The initial budget assumed the sale of the Main Yard property in September 2016; however, this sale was delayed. The planning process has taken longer than anticipated and the underwriting for the sale has gone through revision. As a result of the delay, additional interest has accrued on the outstanding debt and will continue to accrue until the sale takes place. While the targeted escrow is March 31, 2017, the additional funding will cover the interest through June 2016. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report to offset this action.</p>				
<b>TOTAL CONST/CONV TAX SRVC YDS FD (395)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONSTRUCTION EXCISE TAX FD (465)</b>				
<b><i>Bicycle and Pedestrian Facilities/Revenue from State of California</i></b>	Capital Projects		(\$193,000)	(\$128,000)
<p>This action decreases the Bicycle and Pedestrian Facilities project by \$193,000 (from \$2.0 million to \$1.8 million) and corresponding estimate for Revenue from State of California by \$128,000 due to the expiration of a 3-year cycle grant. Grants for this project are awarded annually by the State of California under the Transportation Development Act and expire after three years. The 2013-2014 grant expired on June 30, 2016, and all eligible expenditures have been invoiced for reimbursement. Due to staffing shortages, several improvements within this project scope were not completed within the 3-year window for grant reimbursement. As a result, the grant support and local match are recommended to be decreased.</p>				
<b><i>Bikeways Program (OBAG)/Revenue from Federal Government</i></b>	Capital Projects		(\$500,000)	(\$500,000)
<p>This action decreases the Bikeways Program (OBAG) appropriation and corresponding estimate for Revenue from Federal Government by \$500,000 (from \$1.4 million to \$900,000) because of a revised timeline for the project. A recent land survey and title reports revealed that adjacent properties overlap with the project boundaries on Meridian Avenue, between Douglas Street and Auzerais Avenue. The award of the construction contract will be delayed to allow for the additional time required for staff review of right-of-way easements and potential project rescoping. This project provides funding for the installation of various bicycle facilities, including sidewalks, crosswalks, bike lanes, bike routes, and bike parking. The construction contract is anticipated to be awarded in June 2018.</p>				

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## 2016-2017 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>Developer Contributions (Pedestrian Safety in Districts 6 and 9: Branham Lane Road Diet)</i></b>	Capital Projects			\$50,000
This action increases the estimate for Developer Contributions by \$50,000 to recognize the receipt of the contribution from the developer for the Pedestrian Safety in Districts 6 and 9: Branham Lane Road Diet project. The Mayor's June Budget Message for 2015-2016, which was approved by City Council on June 9, 2015, allocated \$400,000 towards a road diet project to narrow Branham Lane from six lanes to four lanes between Almaden Expressway and Highway 87. The funding for the project was rebudgeted as part of the 2016-2017 Proposed Capital Improvements Program. The anticipated developer contribution of \$50,000 was inadvertently not rebudgeted in 2016-2017. A corresponding increase to the Ending Fund Balance is recommended in this report to offset this action.				
<b><i>East San José Bike/Pedestrian Transit Connection (OBAG) (Reallocation to Kirk Avenue Sidewalk Improvements)</i></b>	Capital Projects		(\$200,000)	
This action decreases the East San José Bike/Pedestrian Transit Connection (OBAG) appropriation by \$200,000 (from \$2.5 million to \$2.3 million) because design costs for this project, which are not grant reimbursable, came in lower than anticipated. The savings are recommended to be reallocated to support the implementation of the Kirk Avenue Sidewalks Improvement project in partnership with Santa Clara County. A corresponding action to establish the Kirk Avenue Sidewalk Improvements Project is recommended in this report to offset this action.				
<b><i>Ending Fund Balance Adjustment</i></b>	Capital Projects		(\$200,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Evergreen Traffic Impact Fees Reserve/Fees, Rates, and Charges</i></b>	Capital Projects		\$158,270	\$158,270
This action increases the Evergreen Traffic Impact Fees Reserve and corresponding estimate for Fees, Rates, and Charges by \$158,270 to reflect actual traffic impact fees collected from developers through December 2016. The use of these funds are restricted to traffic improvements within the Evergreen Area and will be allocated as projects are identified.				
<b><i>Inter-Agency Encroachment Permit/Licenses and Permits</i></b>	Capital Projects		\$300,000	\$300,000
This action increases the Inter-Agency Encroachment Permit appropriation and corresponding estimate for Licenses and Permits by \$300,000 (from \$300,000 to \$600,000) for inspection work related to several large regional transportation projects. This annual allocation provides fee-reimbursed funding for the purpose of recovering, to the extent allowed by law, the City's permit and inspection costs related to revocable street encroachment permits under Chapter 13.36 of the Municipal Code. The fee-reimbursed inspection costs and corresponding revenue are tracking to exceed original estimates due to higher than anticipated activity related to the Bus Rapid Transit Program, VTA: 280/880/Stevens Creek Upgrade, and VTA: Capitol Expressway Light Rail Pedestrian Bus Improvements.				

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<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>Kirk Avenue Sidewalk Improvements (Reallocation from East San José Bike/Pedestrian Transit Connection (OBAG))</i></b>	Capital Projects		\$200,000	
<p>This action establishes an appropriation for the Kirk Avenue Sidewalks Improvement project in the amount of \$200,000. Santa Clara County is administering the project, and a cost sharing agreement is being developed that will allow the City to reimburse the County for construction work completed within the City's jurisdiction. Savings reallocated from the The East San José Bike/Pedestrian Transit Connection (OBAG) project will fund the City portion of this new project, which is in proximity to Linda Vista Elementary School. A corresponding decrease to the East San José Bike/Pedestrian Transit Connection (OBAG) project is recommended in this report to offset this action.</p>				
<b><i>Local Transportation and Policy Planning (Transportation Impact Analysis)</i></b>	Capital Projects		\$250,000	
<p>This action increases the Local Transportation and Policy Planning appropriation by \$250,000 (from \$150,000 to \$400,000) to fund a re-evaluation of the City's transportation impact analysis guidelines. On July, 27 2016, the Rules and Open Government Committee approved a recommendation to update the traffic impact analysis guidelines to accommodate the State mandated transition to a vehicle miles traveled based metric in the assessment of environmental impacts under the California Environmental Quality Act (CEQA). This funding supports additional consultant work for the technical, legal, and environmental analysis required for the transportation environmental impact reassessment process. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b><i>Miscellaneous Street Improvements/Developer Contributions</i></b>	Capital Projects		\$38,116	\$38,116
<p>This action increases the Miscellaneous Street Improvements appropriation and corresponding estimate for Developer Contributions by \$38,116 for traffic improvements near Westfield Valley Fair shopping center. This contribution funds the installation of additional lane delineators on Monroe Street to allow for safer traffic flow.</p>				
<b><i>North San José Traffic Impact Fees Reserve/Fees, Rates, and Charges</i></b>	Capital Projects		\$1,842,249	\$1,842,249
<p>This action increases the North San José Traffic Impact Fees Reserve and corresponding estimate for Fees, Rates, and Charges by \$1,842,249 to reflect actual traffic impact fees collected from developers through December 2016. The use of these 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 - City/Developer Contributions</i></b>	Capital Projects		\$8,260	\$8,260
<p>This action increases the Pavement Maintenance - City appropriation and estimate for Developer Contributions by \$8,260 to recognize and appropriate a developer contribution for pavement work completed on West Santa Clara Street.</p>				

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<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>Pavement Maintenance - City/Revenue from the State of California</i></b>	Capital Projects		\$249,900	\$249,900
<p>This action increases the Pavement Maintenance - City appropriation and corresponding estimate for Revenue from State of California by \$249,900 for revenue received from the California Department of Resources Recycling and Recovery (CalRecycle) related to a pavement recycling rebate. As part of CalRecycle's Rubberized Pavement Grant Program, the City received funding for the use of rubberized asphalt derived from waste tires in the Pavement Maintenance Program. This funding will support additional sealing and resurfacing of streets in the Priority Street Network throughout the City.</p>				
<b><i>Pavement Maintenance - Measure B/Revenue from Local Agencies</i></b>	Capital Projects		\$408,732	\$408,732
<p>This action increases the Pavement Maintenance - Measure B appropriation and corresponding estimate for Revenue from Local Agencies by \$408,732 to recognize Measure B revenue received over the estimate. This allocation, funded by Santa Clara County Measure B vehicle registration fees, provides funding to seal and resurface streets in the Priority Streets Network throughout the City.</p>				
<b><i>Route 101/Oakland/Mabury Traffic Impact Fees Reserve/Fees, Rates, and Charges</i></b>	Capital Projects		\$2,885,363	\$2,885,363
<p>This action increases the Route 101/Oakland/Mabury Traffic Impact Fees Reserve and corresponding estimate for Fees, Rates, and Charges by \$2,885,363 to reflect actual traffic impact fees collected from developers through December 2016. The use of these funds are restricted to traffic improvements within the Route 101/Oakland/Mabury area and will be allocated as projects are identified.</p>				
<b><i>Safety-Pedestrian Improvements</i></b>	Capital Projects		\$65,000	
<p>This action increases the Safety-Pedestrian Improvements appropriation by \$65,000 to fund staff support related to the Vision Zero Program. One Senior Transportation Specialist will shift from working on bicycle and pedestrian facilities projects to overseeing pedestrian safety improvement projects, contributing to the implementation of traffic safety enhancements focused on improving pedestrian crossings on major roads. The Safety-Pedestrian Improvements project supports the Vision Zero goal of reducing major injury vehicle crashes and eliminating fatal crashes. Unspent funds in the Bicycle and Pedestrian Facilities Project are available to offset this cost.</p>				
<b>TOTAL CONSTRUCTION EXCISE TAX FD (465)</b>			<b>\$5,312,890</b>	<b>\$5,312,890</b>
<b>CONV CTR FACIL DIST REV FD (791)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Convention Facilities Dept		\$18,489	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONV CTR FACIL DIST REV FD (791)</b>				
<b><i>Non-Annexed Hotel Revenue Reserve</i></b>	Convention Facilities Dept		\$462,511	
<p>This action increases the Non-Annexed Hotel Revenue Reserve by \$462,511 (from \$3,038,000 to \$3,500,511). This Reserve reflects revenues received from hotels that are not yet part of the Convention Center Facilities District. These revenues have been set aside until the hotels are included in the District. This Reserve increase results from a reconciliation of 2015-2016 receipts which identified additional revenue received than previously estimated. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
<b><i>Convention Center Boiler Protection</i></b>	Muni Improvements Capital Program		\$319,000	
<p>This action increases the Convention Center Boiler Protection appropriation by \$319,000 (from \$196,000 to \$515,000) to fund the additional work required to integrate the heat exchangers and boilers. This project funds the Convention Center's heat exchangers for the boilers that are more than 30 years old and failing. This project also designs and installs a water treatment system to protect the replaced heat exchangers. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
<b><i>Convention Center Concourse Column Covers</i></b>	Muni Improvements Capital Program		(\$800,000)	
<p>This action eliminates the Convention Center Concourse Column Covers appropriation in the Convention Center Facilities District Fund (CCFD) and shifts the project to the Convention and Cultural Affairs Fund. This project provides funding to add stainless steel diamond plates to the concrete columns that run throughout the Convention Center concourse. In 2015-2016, a higher than anticipated portion of CCFD Tax Revenues (\$462,511) were received from hotels not yet part of the CCFD, thereby reducing the amount of funding available for capital projects as that funding can not yet be expended. As a result, this project is being shifted to the Convention and Cultural Affairs Fund. Corresponding increases to the Ending Fund Balance in this fund and the Convention Center Concourse Column Covers appropriation in the Convention and Cultural Affairs Fund are recommended in this report.</p>				
<b>TOTAL CONV CTR FACIL DIST REV FD (791)</b>			<b>\$0</b>	<b>\$0</b>
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>				
<b><i>Center for Performing Arts (CPA) Rehabilitation</i></b>	Muni Improvements Capital Program		\$730,000	
<p>This action establishes a Center for Performing Arts Rehabilitation appropriation in the amount of \$730,000. This amount includes \$230,000 previously included in the Cultural Facilities Rehabilitation/Repair – Structures appropriation for an initial assessment of rehabilitation needs, an additional \$300,000 to increase the assessment's scope to include a draft schedule of capital improvements, and \$200,000 to repair two dilapidated catwalks and install two additional catwalks. As more significant improvements at the CPA begin, establishing a separate project is now appropriate. A corresponding decrease to the Center for Performing Arts Rehabilitation Reserve is recommended to offset this action.</p>				

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>				
<b><i>Center for Performing Arts (CPA) Rehabilitation Reserve</i></b>	Muni Improvements		(\$730,000)	
This action decreases the Center for Performing Arts (CPA) Rehabilitation Reserve by \$730,000 (from \$2.0 million to \$1.3 million). A corresponding action is recommended elsewhere to establish the Center for Performing Arts Rehabilitation appropriation that includes \$230,000 previously included in the Cultural Facilities Rehabilitation/Repair – Structures appropriation for an initial assessment of rehabilitation needs, an additional \$300,000 to increase the assessment’s scope to include a draft schedule of capital improvements, and \$200,000 to repair two dilapidated catwalks and install two additional catwalks. A corresponding increase to the Center for Performing Arts Rehabilitation appropriation is recommended to offset this action.	Capital Program			
<b><i>Convention Center Concourse Column Covers</i></b>	Muni Improvements		\$800,000	
This action establishes a Convention Center Concourse Column Covers appropriation in the amount of \$800,000. This project, originally programmed in the Convention Center Facilities District (CCFD) Fund, provides funding to add stainless steel diamond plates to the concrete columns that run throughout the Convention Center concourse. In 2015-2016, a higher than anticipated portion of CCFD Tax Revenues (\$462,511) were received from hotels not yet part of the CCFD. These revenues are held in reserve until such time that the hotel is included in the CCFD. As a result, this project is being shifted to the Convention and Cultural Affairs Fund. Corresponding decreases to the Cultural Facilities Rehabilitation/Repair - Mechanical appropriation and Ending Fund Balance are recommended to offset this action.	Capital Program			
<b><i>Cultural Facilities Rehabilitation/Repair - Electrical</i></b>	Muni Improvements		\$231,000	
This action increases the Cultural Facilities Rehabilitation/Repair - Electrical appropriation by \$231,000 (from \$721,000 to \$952,000) to install lighting at the Center for Performing Arts (CPA) and Convention Center garage for a PG&E energy efficiency program and security cameras near the kitchen and warehouse areas that were removed during the renovation at the Convention Center. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.	Capital Program			
<b><i>Cultural Facilities Rehabilitation/Repair - Mechanical</i></b>	Muni Improvements		(\$262,000)	
This action decreases the Cultural Facilities Rehabilitation/Repair - Mechanical appropriation by \$262,000 (from \$570,000 to \$308,000) to reflect the deferral of the Convention Center garage digital parking reader boards and the Center for Performing Arts chiller replacement projects that will not need to be replaced in the immediate future. Funding from these projects can instead be used to partially offset more time critical projects such as the Convention Center Concourse Column Covers.	Capital Program			

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<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>				
<b><i>Cultural Facilities Rehabilitation/Repair - Miscellaneous</i></b>	Muni Improvements Capital Program		\$45,000	
<p>This action increases the Cultural Facilities Rehabilitation/Repair - Miscellaneous appropriation by a net \$45,000 (from \$504,000 to \$549,000) to purchase outdoor tables in the Convention Center courtyard area and upgraded software to better manage the heating and air conditioning controls in the Convention Center. This funding increase was partially offset by \$30,000 of funding for the purchase of a truck that is no longer needed since some recently purchased carts address the need. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
<b><i>Cultural Facilities Rehabilitation/Repair - Structures</i></b>	Muni Improvements Capital Program		\$153,000	
<p>This action increases the Cultural Facilities Rehabilitation/Repair - Structures appropriation by a net \$153,000 (from \$1,622,000 to \$1,775,000) to fund the following: the purchase and installation of safety equipment required to clean and repair the barrel roof at the Convention Center (\$280,000); replacement of a Team San Jose office door and 12 new pairs of fire code compliant doors as the result of damage sustained during the Convention Center renovation (\$185,000); the repair of chairs and stair railings at the Center for Performing Arts (\$69,000); and stage lift and rigging support for theater productions (\$59,000). These increases are partially offset by the shift of funds for the initial CPA facility study (\$230,000) and theater repair work project savings (\$210,000). A corresponding decrease to the Ending Fund Balance is recommended to offset the remaining balance of this action.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Muni Improvements Capital Program		(\$967,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<b>TOTAL CONV/CULTURAL AFFAIRS FUND (536)</b>			<b>\$0</b>	<b>\$0</b>
<b>DOWNTOWN PBID FUND (302)</b>				
<b><i>Transfer from the General Fund (Downtown Property and Business Improvement District)/Ending Fund Balance</i></b>	Transportation		\$17,000	\$17,000
<p>This action increases the transfer from the General Fund by \$17,000 (from \$727,007 to \$744,007) to account for the payment due from the City for 2016-2017 and increases the Ending Fund Balance. The assessment rates assumed during budget development were lower than the final assessment rates adopted by the Property and Business Improvement District (PBID) Board of Directors in April 2016. The 2016-2017 Adopted Operating Budget assumed a 3% assessment rate increase based on the most recent Consumer Price Index (CPI) and other program costs; however a 5% rate increase was approved by the Board in April 2016. The assessment rates and budget for the PBID are determined by the Board and formally approved by the City Council. The General Fund pays the assessment for City-owned facilities in the PBID, as well as a contractually determined amount for maintenance of the downtown transit mall.</p>				
<b>TOTAL DOWNTOWN PBID FUND (302)</b>			<b>\$17,000</b>	<b>\$17,000</b>



## Special/Capital Funds Recommended Budget Adjustments Summary 2016-2017 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>GIFT TRUST FUND (139)</b>				
<i>Library - General Gifts/Other Revenue</i>	Library		\$12,186	\$12,186
<p>This action increases the Library - General Gifts appropriation and the corresponding estimate for Other Revenue to recognize and appropriate \$12,186 gift made by the Legacy San José Alviso Youth Foundation in support of the Alviso Homework Club.</p>				
<b>TOTAL GIFT TRUST FUND (139)</b>			<b>\$12,186</b>	<b>\$12,186</b>
<b>INTEGRATED WASTE MGT FUND (423)</b>				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		(\$133,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Illegal Dumping Deterrents</i>	Environmental Services		\$133,000	
<p>This action increases the Environmental Services Department's Non-Personal/Equipment appropriation by \$133,000 (from \$3.1 million to \$3.2 million) to install illegal dumping deterrents. These improvements are funded by AB939 fees passed to the City from Santa Clara County. AB939 fees are allocated to waste diversion and household hazardous waste activities. The funding will be used to install deterrents, including gates, bollards, signage, and cameras, in areas within the city that are heavily impacted by illegal dumping. The installation of deterrents has shown to be effective at decreasing incidents of illegal dumping, and cameras will be used to issue citations to people found dumping items illegally. A consultant report on illegal dumping in San José completed in 2015 recommended the City implement a PACE (Prevention, Abatement, Cleanup, and Enforcement) model when dealing with illegal dumping. Installing deterrents, such as gates and bollards, are key to the Prevention component of the PACE model. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL INTEGRATED WASTE MGT FUND (423)</b>			<b>\$0</b>	<b>\$0</b>
<b>LIBRARY PARCEL TAX FUND (418)</b>				
<i>Personal Services (Hiring True-Up)</i>	Human Resources		\$10,000	
<p>This action increases the Human Resources Department's Personal Services appropriation by \$10,000 (from \$52,866 to \$62,866) due to higher than budgeted salary and retirement costs. During the development of the 2016-2017 Adopted Budget, new and vacant positions were budgeted at a lower salary level and at Tier 2 retirement costs. However, some positions were filled with incumbents that were hired at a higher salary level or with current City employees who are in the Tier 1 retirement system. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.</p>				
<i>Ending Fund Balance Adjustment</i>	Library		(\$10,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<b>TOTAL LIBRARY PARCEL TAX FUND (418)</b>			<b>\$0</b>	<b>\$0</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2016-2017 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>LOW/MOD INCOME HSNG ASSET FD (346)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Housing		(\$115,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Successor Agency to the Redevelopment Agency (Transfer of Loan Repayment)</i></b>	Housing		\$45,000	
This action increases the Successor Agency to the Redevelopment Agency (SARA) appropriation by \$45,000, from \$70,000 to \$115,000, to enable the Housing Department to transfer a loan payment to SARA. A Promissory Note, secured by a Deed of Trust, was executed by SARA in 1997 in connection with a Carnegie Square project loan. A loan repayment was received by the City in 2015-2016; however, the funds should have been transferred to SARA. A corresponding decrease to Ending Fund Balance is recommended to offset this action in this report.				
<b><i>Public Works Personal Services (Overage)</i></b>	Public Works		\$70,000	
This action increases the Public Works Department's Personal Services appropriation by \$70,000 to address higher than budgeted retirement services costs. During the development of the 2016-2017 Adopted Operating Budget, the retirement services costs were inadvertently calculated at Tier 2 retirement services rates; however, one position funded by this fund is in the Tier 1 retirement system. This action will better align the budget with the projected retirement costs. A corresponding decrease to Ending Fund Balance is recommended to offset this action in this report.				
<b>TOTAL LOW/MOD INCOME HSNG ASSET FD (346)</b>			<b>\$0</b>	<b>\$0</b>
<b>MULTI-SOURCE HOUSING FD (448)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Housing		\$1,489,596	
This action increases the Ending Fund Balance to offset the actions recommended in this report.				
<b><i>Inclusionary Projects (Equity-Share Loans)</i></b>	Housing		\$50,000	
This action reestablishes the Inclusionary Projects appropriation in the amount of \$50,000 for the issuance of 10 equity-share, single-family home loans of approximately \$5,000 each to homebuyers purchasing income-restricted units. These loans will be repaid over 30 years. As City loans get repaid and as repayments accumulate to a feasible amount, loan repayments will be recycled to fund similar small-scale loans in the future. A corresponding decrease to Ending Fund Balance to offset this action is recommended in this report.				

# Special/Capital Funds Recommended Budget Adjustments Summary

## 2016-2017 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>Other Revenue (Metropolitan Apartments North - Loan Repayments)</i></b>	Housing			\$1,539,596
This action increases the estimate for Other Revenue by \$1.5 million to recognize funds received as part of the Metropolitan Apartments North project construction and permanent financing actions. These funds are being recognized in the Multi-Source Fund because the original source of this revenue was from one-time State Housing Trust funds received in 2005. Revenue from the State of California for affordable housing uses is accounted for in the Multi-Source Housing Fund. Budget actions to expend these funds will be brought forward to City Council for approval and appropriation with a future affordable housing project.				
<b><i>Recovery Act - Neighborhood Stabilization Program 2/Revenue from the Use of Money/Property</i></b>	Housing		\$300,000	\$300,000
This action increases the Recovery Act – Neighborhood Stabilization Program 2 (NSP2) appropriation by \$300,000 (from \$22,000 to \$322,000) and the corresponding estimate for Revenue from the Use of Money/Property to recognize loan repayments received this year. The additional funding in the NSP2 appropriation will be transferred to Housing Trust Silicon Valley, the lead agency administrating the NSP2 program. In collaboration with the City, the Housing Trust Silicon Valley will fund new housing projects with the program income.				
<b>TOTAL MULTI-SOURCE HOUSING FD (448)</b>			<b>\$1,839,596</b>	<b>\$1,839,596</b>
<b>MUNICIPAL GOLF COURSE FUND (518)</b>				
<b><i>Ending Fund Balance Adjustment</i></b>	Parks, Rec, & Neigh Svcs		(\$150,000)	
This action decreases the Ending Fund Balance by \$150,000 to offset the actions recommended in this report.				
<b><i>Los Lagos Golf Course</i></b>	Parks, Rec, & Neigh Svcs		\$100,000	
This action increases the Los Lagos Golf Course appropriation by \$100,000 (from \$550,000 to \$650,000) in the Municipal Golf Course Fund to cover higher projected net operating losses (\$25,000) and a consultant contract (\$75,000). The appropriation covers payments to the course operator in months when course fees are unable to cover the costs of operating the facility. These payments are tracking to exceed the budget by \$25,000 due to larger operating losses. In response to the City Auditor's audit, a contract in the amount not to exceed \$75,000 was executed for a community outreach consultant to oversee a community outreach process and translation services. The community outreach effort will inform the City's future strategy development regarding land use to maximize the value of the Los Lagos' open space relative to current costs and public benefits of operating a golf facility. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.				

# Special/Capital Funds Recommended Budget Adjustments Summary

## 2016-2017 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>MUNICIPAL GOLF COURSE FUND (518)</b>				
<b><i>Rancho del Pueblo Golf Course</i></b>	Parks, Rec, & Neigh Svcs		\$50,000	
<p>This action increases the Rancho del Pueblo Golf Course appropriation by \$50,000 (from \$400,000 to \$450,000) in the Municipal Golf Course Fund. The appropriation covers payments to the course operator in months when course fees are unable to cover fixed costs of operating the facility. These payments are tracking to exceed the budget due to larger operating losses. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.</p>				
<b>TOTAL MUNICIPAL GOLF COURSE FUND (518)</b>			<b>\$0</b>	<b>\$0</b>
<b>NEIGHBHD SECURITY BOND FD (475)</b>				
<b><i>Other Revenue (Contractor Settlement Proceeds)/Transfer to the General Fund/Fire Station 37(Willow Glen)/Other Capital Projects Reserve</i></b>	Public Safety Capital Program		\$214,167	\$214,167
<p>This action establishes an estimate for Other Revenue in the Neighborhood Security Bond Fund to recognize revenue received from a mediated settlement between the City and the Guarantee Company of North America USA, the surety for the contractor that was unable to properly and timely complete the construction of Fire Station 24, in the amount of \$214,167. This action also establishes a Transfer to the General Fund appropriation to transfer \$200,000 of the revenue received to the General Fund. In the 2012-2013 Year-End Budget Review, the General Fund fronted \$200,000 for the City to retain a new contractor in order to complete the construction of Fire Station 24 while the dispute with the original contractor continued. The remaining balance of \$14,167 is recommended to be placed in the Fire Station 37 (Willow Glen)/Other Capital Projects Reserve. A corresponding transfer from the Neighborhood Security Bond Fund is recommended in the General Fund.</p>				
<b>TOTAL NEIGHBHD SECURITY BOND FD (475)</b>			<b>\$214,167</b>	<b>\$214,167</b>
<b>PUBLIC WKS PRO SUPPORT FD (150)</b>				
<b><i>Personal Services (Hiring True-Up)</i></b>	Human Resources		\$3,000	
<p>This action increases the Human Resources Department's Personal Services appropriation by \$3,000 (from \$114,035 to \$117,035) due to higher than budgeted salary and retirement costs. During the development of the 2016-2017 Adopted Budget, new and vacant positions were budgeted at a lower salary level and at Tier 2 retirement costs. However, some positions were filled with incumbents that were hired at a higher salary level or with current City employees who are in the Tier 1 retirement system. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Public Works		(\$33,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				

# Special/Capital Funds Recommended Budget Adjustments Summary

## 2016-2017 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>PUBLIC WKS PRO SUPPORT FD (150)</b>				
<b><i>Non-Personal/Equipment (Electric Vehicle Buy-Out)</i></b>	Public Works		\$30,000	
<p>This action increases the Public Works Department – Non-Personal/Equipment appropriation for the purchase of three Mitsubishi I-Miev electric plug-in vehicles as their lease is coming to an end. These are dedicated electric vehicles and the charging infrastructure exists at City Hall and other City locations. The vehicles will be available for business transportation needs such as offsite meetings, inspections, and other local travel needs. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.</p>				
<b>TOTAL PUBLIC WKS PRO SUPPORT FD (150)</b>			<b>\$0</b>	<b>\$0</b>
<b>SELF-INSURED MEDICAL FUND (158)</b>				
<b><i>Health Plans</i></b>	Human Resources		(\$72,000)	
<p>This action decreases the Health Plans appropriation by \$72,000 (from \$7,104,000 to \$7,032,000). Based on the actual enrollment in this new medical plan, it is anticipated that savings will remain at the end of the year and can be reallocated to the Stop Loss Premium action recommended in this report.</p>				
<b><i>Stop Loss Premium</i></b>	Human Resources		\$72,000	
<p>This action increases the Stop Loss Premium appropriation by \$72,000 (from \$558,000 to \$698,000). The overall enrollment that was recommended by the City's broker is close to what was assumed in the development of this fund that was approved by City Council on November 8, 2016. This increase is due to enrollment in higher cost tier coverage levels. Funding for this increase is offset by a reduction to the Health Plans appropriation.</p>				
<b>TOTAL SELF-INSURED MEDICAL FUND (158)</b>			<b>\$0</b>	<b>\$0</b>
<b>SJ ARENA CAPITAL RESERVE FD (459)</b>				
<b><i>Electrical Repairs</i></b>	Economic Development		\$794,815	
<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 lighting system, transformers, audio visual systems, and Wi-Fi system. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>				
<b><i>Ending Fund Balance Adjustment</i></b>	Economic Development		\$12,453	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<b><i>Mechanical Repairs</i></b>	Economic Development		\$286,906	
<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 cooling tower, pumps, brine chillers, and air conditioning chillers. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>				

## Special/Capital Funds Recommended Budget Adjustments Summary 2016-2017 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SJ ARENA CAPITAL RESERVE FD (459)</b>				
<i>Miscellaneous Repairs</i>	Economic Development		\$66,045	
<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 Hall of Fame wall. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>				
<i>Previously Approved Repairs Reserve</i>	Economic Development		(\$2,107,596)	
<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. In addition, this action includes a decrease of \$12,453 to recognize a credit from a vendor for boiler repairs made in a prior year. This decrease is offset with a corresponding increase to the Ending Fund Balance as recommended in this report.</p>				
<i>Structures Repairs</i>	Economic Development		\$820,210	
<p>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 roof, fixed seating, and doors and frames. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>				
<i>Unanticipated/Emergency Repairs</i>	Economic Development		\$127,167	
<p>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 skylight glass replacement, power edger replacement, carpet replacement in the dressing rooms, amplifier repairs, hoist repairs, and landscaping. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>				
<b>TOTAL SJ ARENA CAPITAL RESERVE FD (459)</b>			<b>\$0</b>	<b>\$0</b>
<b>STORM SEWER OPERATING FD (446)</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>Workers' Compensation Claims</i>	Environmental Services		\$50,000	
<p>This action increases the Workers' Compensation Claims appropriation by \$50,000, from \$86,000 to \$136,000. Claims through December are higher than anticipated and are expected to exceed budget by year end. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<b>TOTAL STORM SEWER OPERATING FD (446)</b>			<b>\$0</b>	<b>\$0</b>

# Special/Capital Funds Recommended Budget Adjustments Summary

## 2016-2017 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>SUBDIVISION PARK TRUST FUND (375)</b>				
<b><i>Calabazas Community Center Portable Classroom</i></b>	Parks & Comm Fac Dev Capital Program		\$12,000	
<p>This action increases the Calabazas Community Center Portable Classroom allocation by \$12,000, bringing the 2016-2017 budget to \$13,000. This project, which was completed in fall 2016, provided funding for the addition of a new portable classroom at Calabazas Community Center. Savings of \$49,000 were anticipated when the project was completing, therefore, the budget was reduced as part of the 2015-2016 Annual Report, which was approved by the City Council on October 18, 2016. However, an outstanding electrical invoice was later identified and the recommended funding will allow for the final project close-out. A corresponding decrease to the Future PDO/PIO Projects Reserve to offset the action is recommended below.</p>				
<b><i>Cannery Park Design Review and Inspection/Developer Contributions</i></b>	Parks & Comm Fac Dev Capital Program		\$355,000	\$355,000
<p>This action establishes the Cannery Park Design Review and Inspection allocation and recognizes revenue received from a developer for \$355,000. Cannery Park is a turnkey project being designed and constructed by a developer to partially fulfill its Parkland Dedication Agreement. Once completed, the new 1.0 acre neighborhood park near Mission Street and 10th Street will include a tot lot, dog park, picnic areas, open turf, and other amenities. Once the project is complete and open to the public (currently anticipated in fall 2018), the operating and maintenance costs are anticipated to be approximately \$15,000 annually. The operating and maintenance costs related to this project were not included in the 2017-2021 Five-Year General Fund Forecast, however, they will be included in the 2018-2022 General Fund Forecast, which will be released in February 2017. The action recommended as part of this document recognizes revenue received by the developer and allocates the funding for design review and inspection costs related to the new neighborhood park.</p>				
<b><i>Future PDO/PIO Projects Reserve</i></b>	Parks & Comm Fac Dev Capital Program		(\$12,000)	
<p>This action decreases the Future PDO/PIO Projects Reserve to offset the action recommended above.</p>				
<b>TOTAL SUBDIVISION PARK TRUST FUND (375)</b>			<b>\$355,000</b>	<b>\$355,000</b>
<b>SUPPL LAW ENF SVCES FUND (414)</b>				
<b><i>SLES Grant 2016-2018/Revenue from State of California</i></b>	Police		\$203,664	\$203,664
<p>This action increases the Supplemental Law Enforcement Services (SLES) Grant 2016-2018 appropriation to the Police Department and increases the estimate for Revenue from State of California in the amount of \$203,664 for the State of California's Citizen's Option for Public Safety (COPS) Program. Funding will be used in accordance with the spending plan that was approved by the City Council on December 13, 2016. The spending plan allocates funding for department hardware, software, and technology; officer safety equipment and enhancements in investigative abilities; crime prevention; community policing; and grants administration.</p>				
<b>TOTAL SUPPL LAW ENF SVCES FUND (414)</b>			<b>\$203,664</b>	<b>\$203,664</b>

## Special/Capital Funds Recommended Budget Adjustments Summary 2016-2017 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>Inventory Purchases (Personal Services and Non-Personal/Equipment)</i></b>	Public Works		(\$400,000)	
This action decreases the Inventory Purchases appropriation by \$400,000 (from \$6.7 million to \$6.3 million) to reflect projected savings as a result of lower than anticipated fuel costs and consumption and, in separate actions, reallocates the funding to the Personal Services appropriation by \$200,000 and the Non-Personal/Equipment appropriation by \$200,000 to address higher than budgeted retirement costs and maintenance and operation costs of departments' vehicles.				
<b><i>Non-Personal/Equipment (Vehicle M&amp;O)</i></b>	Public Works		\$200,000	
This action increases the Non-Personal/Equipment appropriation by \$200,000 (from \$1.7 million to \$1.9 million) to accommodate the maintenance and operation costs for new vehicles that were added in multiple departments. A corresponding decrease to the Inventory Purchases appropriation is recommended to offset this action in this report.				
<b><i>Personal Services (Hiring True Up)</i></b>	Public Works		\$200,000	
This action increases the Personal Services appropriation by \$200,000 (from \$8.0 million to \$8.2 million) to address higher than budgeted retirement costs. During the development of the 2016-2017 Adopted Budget, various positions were budgeted at Tier 2 retirement costs. However, these positions were filled with incumbents that were hired with current City employees who are in the Tier 1 retirement system. A corresponding decrease to the Inventory Purchases appropriation is recommended to offset this action in this report.				
<b>TOTAL VEHICLE MAINT &amp; OPER FUND (552)</b>			<b>\$0</b>	<b>\$0</b>
<b>WORKFORCE DEVELOPMENT FD (290)</b>				
<b><i>Administration/Revenue from State of California</i></b>	Economic Development		(\$2,143)	(\$2,143)
This action decreases the Administration appropriation and the corresponding estimate for Revenue from State of California by \$2,143 to reflect the reduction of the grant amount allocated by the State of California Employment Development Department for 2016-2017.				
<b><i>Adult Workers/Revenue from State of California</i></b>	Economic Development		(\$9,239)	(\$9,239)
This action decreases the Adult Workers appropriation and the corresponding estimate for Revenue from State of California by \$9,239 to reflect the reduction of the grant amount allocated by the State of California Employment Development Department for 2016-2017.				
<b><i>BusinessOwnerSpace.com Network/Other Revenue</i></b>	Economic Development		\$7,454	\$7,454
This action increases the BusinessOwnerSpace.com Network appropriation and the corresponding estimate for Other Revenue to support work2future's Board and BusinessOwnerSpace.com related activities. The work2future Foundation funding will fund BusinessOwnerSpace.com (BOS), a one-stop resource for launching and growing a business in the greater San José metropolitan area.				



## Special/Capital Funds Recommended Budget Adjustments Summary 2016-2017 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<b>WORKFORCE DEVELOPMENT FD (290)</b>				
<b><i>Customer Centered Design Project/Revenue from State of California</i></b>	Economic Development		\$20,000	\$20,000
This action establishes the Customer Centered Design Project appropriation and increases the estimate for Revenue from State of California by \$20,000. This grant from the State of California Employment Development Department will support the costs associated with assessing work2future's customer services delivery system.				
<b><i>Dislocated Workers/Revenue from State of California</i></b>	Economic Development		(\$10,046)	(\$10,046)
This action decreases the Dislocated Workers appropriation and the corresponding estimate for Revenue from State of California by \$10,046 to reflect the reduction of the grant amount allocated by the State of California Employment Development Department for 2016-2017. This program provides training services for unemployed workers including career counseling, training and educational resources.				
<b><i>Rapid Response/Revenue from State of California</i></b>	Economic Development		(\$879)	(\$879)
This action decreases the Rapid Response appropriation and the corresponding estimate for Revenue from State of California by \$879 to reflect the reduction of the grant amount allocated by the State of California Employment Development Department for 2016-2017. This program provides job training services to businesses and workers impacted or at risk of being impacted by company closures or layoffs.				
<b><i>Regional Plan Development Project/Revenue from State of California</i></b>	Economic Development		\$166,569	\$166,569
This action establishes the Regional Plan Development Project appropriation and increases the Revenue from State of California by \$166,569. This grant from the State of California Employment Development Department will support the costs related to the development of the local plan as mandated by the State of California.				
<b><i>State Incentive Award/Revenue from State of California</i></b>	Economic Development		\$54,838	\$54,838
This action establishes the State Incentive Award appropriation and increases the estimate for Revenue from State of California by \$54,838. This action recognizes and appropriates grant funding to support Workforce Innovation and Opportunity Act (WIOA) programs, administrative and general activities. The work2future program received this incentive award for being one of the 31 local boards that were certified by the State as a high-performing board in 2012-2013. The Governor's discretionary funding has recently been restored and have made the funds available to provide performance incentives.				
<b>TOTAL WORKFORCE DEVELOPMENT FD (290)</b>			<b>\$226,554</b>	<b>\$226,554</b>

**General Fund  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>CITY ATTORNEY</b>							
<b>Clean-Up Actions</b>							
Salary and Benefits Program	\$149,823			\$149,823		\$0	\$149,823
<b>Clean-Up Actions Total</b>	<b>\$149,823</b>	<b>\$0</b>	<b>\$0</b>	<b>\$149,823</b>	<b>\$0</b>	<b>\$0</b>	<b>\$149,823</b>
<b>CITY ATTORNEY TOTAL</b>	<b>\$149,823</b>	<b>\$0</b>	<b>\$0</b>	<b>\$149,823</b>	<b>\$0</b>	<b>\$0</b>	<b>\$149,823</b>
<b>CITY AUDITOR</b>							
<b>Clean-Up Actions</b>							
Salary and Benefits Program	\$16,545			\$16,545		\$0	\$16,545
<b>Clean-Up Actions Total</b>	<b>\$16,545</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,545</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,545</b>
<b>CITY AUDITOR TOTAL</b>	<b>\$16,545</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,545</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,545</b>
<b>CITY MANAGER</b>							
<b>Clean-Up Actions</b>							
Salary and Benefits Program	\$206,807			\$206,807		\$0	\$206,807
<b>Clean-Up Actions Total</b>	<b>\$206,807</b>	<b>\$0</b>	<b>\$0</b>	<b>\$206,807</b>	<b>\$0</b>	<b>\$0</b>	<b>\$206,807</b>
<b>CITY MANAGER TOTAL</b>	<b>\$206,807</b>	<b>\$0</b>	<b>\$0</b>	<b>\$206,807</b>	<b>\$0</b>	<b>\$0</b>	<b>\$206,807</b>
<b>CITY-WIDE EXPENSES</b>							
<b>Budget Adjustments</b>							
2016 County Victim Services Program/Revenue from Local Agencies			\$142,203	\$142,203	\$142,203	\$0	\$0
2016 Sex Offender Registration and Notification Act/Revenue from State of California			\$25,000	\$25,000	\$25,000	\$0	\$0
Bulletproof Vest Partnership Grant Program/Revenue from Federal Government			\$396	\$396	\$396	\$0	\$0

**General Fund  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 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>							
Business Tax System Replacement (Partial Reallocation from Personal Services - Finance)			\$185,000	\$185,000		\$0	\$185,000
California Gang Reduction, Intervention and Prevention (CALGRIP) Grant 2015/Revenue from State of California			\$474,222	\$474,222	\$474,222	\$0	\$0
City Council District #02 Participatory Budgeting - Calpine Settlement (Reallocation from Council District #02)			\$75,000	\$75,000		\$0	\$75,000
Cultural Affairs Special Project/Revenue from Local Agencies			(\$72,648)	(\$72,648)	(\$72,648)	\$0	\$0
Cybersecurity (Payment and Industry Requirements)			\$275,000	\$275,000		\$0	\$275,000
Emergency Street Tree Services/Other Revenue			\$300,000	\$300,000	\$300,000	\$0	\$0
Homeless Rapid Rehousing (Reallocation to Homeless Response Team)			(\$100,000)	(\$100,000)		\$0	(\$100,000)
Homeless Response Team (Reallocation from Homeless Rapid Rehousing)			\$100,000	\$100,000		\$0	\$100,000
Internet Crimes Against Children Federal Grant 2016-2018/Revenue from Federal Government			\$37,500	\$37,500	\$37,500	\$0	\$0
Library Grants (California Library Literacy Services)/Revenue from State of California			\$89,702	\$89,702	\$89,702	\$0	\$0
Library Grants (California Public Library Broadband Project: Branch Connections)/Revenue from State of California			\$60,000	\$60,000	\$60,000	\$0	\$0
Library Grants (Pacific Library Partnership for Life Skills Academy Program)/Other Revenue			\$11,920	\$11,920	\$11,920	\$0	\$0

**General Fund  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 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>							
Neighborhood Gateway Galleries/Other Revenue			\$25,000	\$25,000	\$25,000	\$0	\$0
Office of Immigrant Affairs (Capacity Building and Streamlining Legal Defense for Families and Youth)			\$75,000	\$75,000		\$0	\$75,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,703,295</b>	<b>\$1,703,295</b>	<b>\$1,093,295</b>	<b>\$0</b>	<b>\$610,000</b>
<b>Clean-Up Actions</b>							
Tech Adjust: Diridon Station Area Plan (Reallocation from Economic Development Non-Personal/Equipment)			\$100,000	\$100,000		\$0	\$100,000
Tech Adjust: Workers' Compensation Claims - Fire (Reallocation to Workers' Compensation Claims - Public Works)			(\$300,000)	(\$300,000)		\$0	(\$300,000)
Tech Adjust: Workers' Compensation Claims - Public Works (Reallocation from Workers' Compensation Claims - Fire)			\$300,000	\$300,000		\$0	\$300,000
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>
<b>CITY-WIDE EXPENSES TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,803,295</b>	<b>\$1,803,295</b>	<b>\$1,093,295</b>	<b>\$0</b>	<b>\$710,000</b>
<b>EARMARKED RESERVES</b>							
<b>Budget Adjustments</b>							
Planning Development Fee Program Reserve			(\$70,000)	(\$70,000)		\$0	(\$70,000)
Public Works Development Fee Program Reserve			(\$30,000)	(\$30,000)		\$0	(\$30,000)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$100,000)</b>	<b>(\$100,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$100,000)</b>
<b>Clean-Up Actions</b>							
Salary and Benefits Program - Building Development Fee Program Reserve			\$111,152	\$111,152		\$0	\$111,152

**General Fund  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 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>Clean-Up Actions</b>							
Salary and Benefits Program - Fire Development Fee Program Reserve			(\$7,271)	(\$7,271)		\$0	(\$7,271)
Salary and Benefits Program - Planning Development Fee Program Reserve			\$25,434	\$25,434		\$0	\$25,434
Salary and Benefits Program - Public Works Development Fee Program Reserve			(\$13,156)	(\$13,156)		\$0	(\$13,156)
Salary and Benefits Program - Salaries and Benefits Reserve			(\$2,131,971)	(\$2,131,971)		\$0	(\$2,131,971)
Tech Adjust: 2017-2018 Master Address Database Reserve (Reallocation from Public Works Personal Services)			\$130,000	\$130,000		\$0	\$130,000
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,885,812)</b>	<b>(\$1,885,812)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,885,812)</b>
<b>EARMARKED RESERVES TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,985,812)</b>	<b>(\$1,985,812)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,985,812)</b>
<b>ECONOMIC DEVELOPMENT</b>							
<b>Clean-Up Actions</b>							
Salary and Benefits Program	\$62,428			\$62,428		\$0	\$62,428
Salary and Benefits Program - Building Fee	\$3,452			\$3,452		\$0	\$3,452
Tech Adjust: Economic Development Non-Personal/Equipment (Reallocation to Diridon Station Area Plan)		(\$100,000)		(\$100,000)		\$0	(\$100,000)
<b>Clean-Up Actions Total</b>	<b>\$65,880</b>	<b>(\$100,000)</b>	<b>\$0</b>	<b>(\$34,120)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$34,120)</b>
<b>ECONOMIC DEVELOPMENT TOTAL</b>	<b>\$65,880</b>	<b>(\$100,000)</b>	<b>\$0</b>	<b>(\$34,120)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$34,120)</b>

**General Fund  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>FINANCE</b>							
<b>Budget Adjustments</b>							
Personal Services (Reallocation to Business Tax System Replacement)	(\$85,000)			(\$85,000)		\$0	(\$85,000)
<b>Budget Adjustments Total</b>	<b>(\$85,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$85,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$85,000)</b>
<b>Clean-Up Actions</b>							
Non-Personal/Equipment (Reallocation from Personal Services for Temporary Agency Staffing Costs)		\$615,000		\$615,000		\$0	\$615,000
Personal Services (Reallocation to Non-Personal/Equipment for Temporary Agency Staffing Costs)	(\$615,000)			(\$615,000)		\$0	(\$615,000)
Salary and Benefits Program	\$86,377			\$86,377		\$0	\$86,377
Salary and Benefits Program - Building Fee	\$1,252			\$1,252		\$0	\$1,252
<b>Clean-Up Actions Total</b>	<b>(\$527,371)</b>	<b>\$615,000</b>	<b>\$0</b>	<b>\$87,629</b>	<b>\$0</b>	<b>\$0</b>	<b>\$87,629</b>
<b>FINANCE TOTAL</b>	<b>(\$612,371)</b>	<b>\$615,000</b>	<b>\$0</b>	<b>\$2,629</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,629</b>
<b>FIRE</b>							
<b>Budget Adjustments</b>							
Non-Personal/Equipment (Special Operations Training)/Revenue from Local Agencies		\$24,790		\$24,790	\$24,790	\$0	\$0
Personal Services (California Task Force 3 National Urban Search and Rescue Team)/Revenue from Federal Government	\$6,705			\$6,705	\$6,705	\$0	\$0
Personal Services (Fire Strike Team)/Revenue from State of California	\$699,403			\$699,403	\$699,403	\$0	\$0
Personal Services (Shift \$4.0 million from Salaries and Benefits to Overtime)				\$0		\$0	\$0

**General Fund  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 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>	<b>\$706,108</b>	<b>\$24,790</b>	<b>\$0</b>	<b>\$730,898</b>	<b>\$730,898</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
	Salary and Benefits Program	\$258,986			\$258,986		\$0	\$258,986
	Salary and Benefits Program - Fire Fee	\$73,444			\$73,444		\$0	\$73,444
	<b>Clean-Up Actions Total</b>	<b>\$332,430</b>	<b>\$0</b>	<b>\$0</b>	<b>\$332,430</b>	<b>\$0</b>	<b>\$0</b>	<b>\$332,430</b>
	<b>FIRE TOTAL</b>	<b>\$1,038,538</b>	<b>\$24,790</b>	<b>\$0</b>	<b>\$1,063,328</b>	<b>\$730,898</b>	<b>\$0</b>	<b>\$332,430</b>
<b>HOUSING</b>								
<b>Clean-Up Actions</b>								
	Salary and Benefits Program	\$5,272			\$5,272		\$0	\$5,272
	<b>Clean-Up Actions Total</b>	<b>\$5,272</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,272</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,272</b>
	<b>HOUSING TOTAL</b>	<b>\$5,272</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,272</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,272</b>
<b>HUMAN RESOURCES</b>								
<b>Clean-Up Actions</b>								
	Salary and Benefits Program	\$46,542			\$46,542		\$0	\$46,542
	<b>Clean-Up Actions Total</b>	<b>\$46,542</b>	<b>\$0</b>	<b>\$0</b>	<b>\$46,542</b>	<b>\$0</b>	<b>\$0</b>	<b>\$46,542</b>
	<b>HUMAN RESOURCES TOTAL</b>	<b>\$46,542</b>	<b>\$0</b>	<b>\$0</b>	<b>\$46,542</b>	<b>\$0</b>	<b>\$0</b>	<b>\$46,542</b>
<b>INDEPENDENT POLICE AUDITOR</b>								
<b>Clean-Up Actions</b>								
	Salary and Benefits Program	\$9,385			\$9,385		\$0	\$9,385





**General Fund  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 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>							
<b>Clean-Up Actions</b>							
Salary and Benefits Program - Council District #01			\$1,390	\$1,390		\$0	\$1,390
Salary and Benefits Program - Council District #02			\$1,390	\$1,390		\$0	\$1,390
Salary and Benefits Program - Council District #03			\$1,390	\$1,390		\$0	\$1,390
Salary and Benefits Program - Council District #04			\$1,390	\$1,390		\$0	\$1,390
Salary and Benefits Program - Council District #05			\$1,390	\$1,390		\$0	\$1,390
Salary and Benefits Program - Council District #06			\$1,390	\$1,390		\$0	\$1,390
Salary and Benefits Program - Council District #07			\$1,390	\$1,390		\$0	\$1,390
Salary and Benefits Program - Council District #08			\$1,390	\$1,390		\$0	\$1,390
Salary and Benefits Program - Council District #09			\$1,390	\$1,390		\$0	\$1,390
Salary and Benefits Program - Council District #10			\$1,390	\$1,390		\$0	\$1,390
Salary and Benefits Program - Office of the Mayor			\$8,813	\$8,813		\$0	\$8,813
Tech Adjust: Office of the Mayor Rebudget (Travel Expense Reconciliation)			\$5,000	\$5,000		\$0	\$5,000
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$27,713</b>	<b>\$27,713</b>	<b>\$0</b>	<b>\$0</b>	<b>\$27,713</b>
<b>MAYOR &amp; COUNCIL TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,968</b>	<b>\$1,968</b>	<b>\$49,255</b>	<b>\$0</b>	<b>(\$47,287)</b>
<b>PARKS, REC, &amp; NEIGH SVCS</b>							
<b>Budget Adjustments</b>							
Non-Personal/Equipment (Reallocation from Personal Services for Water Costs)		\$1,100,000		\$1,100,000		\$0	\$1,100,000

**General Fund  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>PARKS, REC, &amp; NEIGH SVCS</b>							
<b>Budget Adjustments</b>							
PRNS Fee Activities/Departmental Charges			\$465,000	\$465,000	\$465,000	\$0	\$0
Personal Services (Reallocation to Non-Personal/Equipment for Water Costs)	(\$1,100,000)			(\$1,100,000)		\$0	(\$1,100,000)
<b>Budget Adjustments Total</b>	<b>(\$1,100,000)</b>	<b>\$1,100,000</b>	<b>\$465,000</b>	<b>\$465,000</b>	<b>\$465,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>							
Salary and Benefits Program	\$225,305			\$225,305		\$0	\$225,305
<b>Clean-Up Actions Total</b>	<b>\$225,305</b>	<b>\$0</b>	<b>\$0</b>	<b>\$225,305</b>	<b>\$0</b>	<b>\$0</b>	<b>\$225,305</b>
<b>PARKS, REC, &amp; NEIGH SVCS TOTAL</b>	<b>(\$874,695)</b>	<b>\$1,100,000</b>	<b>\$465,000</b>	<b>\$690,305</b>	<b>\$465,000</b>	<b>\$0</b>	<b>\$225,305</b>
<b>PLANNING, BLDG, &amp; CODE ENF</b>							
<b>Budget Adjustments</b>							
Planning Development Fee Program - Non-Personal/Equipment (Peak Staffing)			\$70,000	\$70,000		\$0	\$70,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$70,000</b>	<b>\$70,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$70,000</b>
<b>Clean-Up Actions</b>							
Salary and Benefits Program	\$23,915			\$23,915		\$0	\$23,915
Salary and Benefits Program - Fire Fee	\$1,167			\$1,167		\$0	\$1,167
<b>Clean-Up Actions Total</b>	<b>\$25,082</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,082</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,082</b>
<b>PLANNING, BLDG, &amp; CODE ENF TOTAL</b>	<b>\$25,082</b>	<b>\$0</b>	<b>\$70,000</b>	<b>\$95,082</b>	<b>\$0</b>	<b>\$0</b>	<b>\$95,082</b>

**General Fund  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
<b>POLICE</b>							
<b>Budget Adjustments</b>							
Personal Services (FBI San Francisco Joint Terrorism Task Force)/Revenue from Federal Government	\$17,548			\$17,548	\$17,548	\$0	\$0
<b>Budget Adjustments Total</b>	<b>\$17,548</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,548</b>	<b>\$17,548</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>							
Salary and Benefits Program	\$496,308			\$496,308		\$0	\$496,308
<b>Clean-Up Actions Total</b>	<b>\$496,308</b>	<b>\$0</b>	<b>\$0</b>	<b>\$496,308</b>	<b>\$0</b>	<b>\$0</b>	<b>\$496,308</b>
<b>POLICE TOTAL</b>	<b>\$513,856</b>	<b>\$0</b>	<b>\$0</b>	<b>\$513,856</b>	<b>\$17,548</b>	<b>\$0</b>	<b>\$496,308</b>
<b>PUBLIC WORKS</b>							
<b>Budget Adjustments</b>							
Public Works Development Fee Program - Non-Personal/Equipment (Electric Vehicle Buy-out)		\$30,000		\$30,000		\$0	\$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>\$30,000</b>
<b>Clean-Up Actions</b>							
Salary and Benefits Program	\$121,177			\$121,177		\$0	\$121,177
Salary and Benefits Program - Public Works Fee	\$91,173			\$91,173		\$0	\$91,173
Tech Adjust: Personal Services (Reallocation to 2017-2018 Master Address Database Reserve)	(\$130,000)			(\$130,000)		\$0	(\$130,000)
<b>Clean-Up Actions Total</b>	<b>\$82,350</b>	<b>\$0</b>	<b>\$0</b>	<b>\$82,350</b>	<b>\$0</b>	<b>\$0</b>	<b>\$82,350</b>
<b>PUBLIC WORKS TOTAL</b>	<b>\$82,350</b>	<b>\$30,000</b>	<b>\$0</b>	<b>\$112,350</b>	<b>\$0</b>	<b>\$0</b>	<b>\$112,350</b>

**General Fund  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 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>							
Transfers and Reimbursements (Transfer from the Neighborhood Security Bond Fund)				\$0	\$200,000	\$0	(\$200,000)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$200,000</b>	<b>\$0</b>	<b>(\$200,000)</b>
<b>Clean-Up Actions</b>							
Tech Adjust: Transfers and Reimbursements (Transfer from Capital Funds - Interest Income)				\$0	\$272,000	\$0	(\$272,000)
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$272,000</b>	<b>\$0</b>	<b>(\$272,000)</b>
<b>REVENUE ADJUSTMENTS TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$472,000</b>	<b>\$0</b>	<b>(\$472,000)</b>
<b>TRANSFERS</b>							
<b>Budget Adjustments</b>							
Transfer to the Downtown Property and Business Improvement District Fund			\$17,000	\$17,000		\$0	\$17,000
<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>\$17,000</b>
<b>TRANSFERS TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,000</b>	<b>\$17,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,000</b>
<b>TRANSPORTATION</b>							
<b>Clean-Up Actions</b>							
Salary and Benefits Program	\$113,741			\$113,741		\$0	\$113,741
<b>Clean-Up Actions Total</b>	<b>\$113,741</b>	<b>\$0</b>	<b>\$0</b>	<b>\$113,741</b>	<b>\$0</b>	<b>\$0</b>	<b>\$113,741</b>
<b>TRANSPORTATION TOTAL</b>	<b>\$113,741</b>	<b>\$0</b>	<b>\$0</b>	<b>\$113,741</b>	<b>\$0</b>	<b>\$0</b>	<b>\$113,741</b>
<b>GENERAL FUND TOTAL</b>	<b>\$744,755</b>	<b>\$1,711,790</b>	<b>\$371,451</b>	<b>\$2,827,996</b>	<b>\$2,827,996</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up Actions  
 2016-2017 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST	
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance		
<b>AIRPORT FISCAL AGENT FUND (525)</b>									
<b>Budget Adjustments</b>									
<b>AIRPORT</b>									
Ending Fund Balance - Debt Service Reserve			\$1,000,000		\$1,000,000				\$1,000,000
Transfers and Reimbursements					\$0	\$1,000,000			(\$1,000,000)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT FISCAL AGENT FUND (525) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT MAINT &amp; OPER FUND (523)</b>									
<b>Budget Adjustments</b>									
<b>HUMAN RESOURCES</b>									
Workers' Compensation Claims			\$70,000		\$70,000				\$70,000
<b>AIRPORT</b>									
Operations Contingency			(\$70,000)		(\$70,000)				(\$70,000)
<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>\$0</b>
<b>Clean-Up Actions</b>									
<b>CITY ATTORNEY</b>									
Salary and Benefits Program	\$12,704				\$12,704				\$12,704
<b>AIRPORT</b>									
Salary and Benefits Program - Operations Contingency			(\$12,704)		(\$12,704)				(\$12,704)
<b>Clean-Up Actions Total</b>	<b>\$12,704</b>	<b>\$0</b>	<b>(\$12,704)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT MAINT &amp; OPER FUND (523) TOTAL</b>	<b>\$12,704</b>	<b>\$0</b>	<b>(\$12,704)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up Actions  
 2016-2017 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 RENEW &amp; REPL FUND (527)</b>								
<b>Budget Adjustments</b>								
<b>AIRPORT CAPITAL PROGRAM</b>								
Ending Fund Balance				(\$551,000)	(\$551,000)			(\$551,000)
Terminal B Expansion Ramp			\$551,000		\$551,000			\$551,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$551,000</b>	<b>(\$551,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT RENEW &amp; REPL FUND (527) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$551,000</b>	<b>(\$551,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>AIRPORT REV BOND IMP FUND (526)</b>								
<b>Budget Adjustments</b>								
<b>AIRPORT CAPITAL PROGRAM</b>								
Federal Inspection Facility Sterile Corridor Extension			\$423,000		\$423,000			\$423,000
Southeast Ramp Reconstruction			\$400,000		\$400,000			\$400,000
Terminal A Ground Transportation Island Modification			(\$823,000)		(\$823,000)			(\$823,000)
<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>AIRPORT REV BOND IMP FUND (526) 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>AIRPORT REVENUE FUND (521)</b>								
<b>Budget Adjustments</b>								
<b>AIRPORT</b>								
Ending Fund Balance - Airline Agreement Reserve			(\$1,000,000)		(\$1,000,000)			(\$1,000,000)
Transfer to the Airport Fiscal Agent Fund			\$1,000,000		\$1,000,000			\$1,000,000
<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>AIRPORT REVENUE FUND (521) 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>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up Actions  
 2016-2017 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>BENEFIT FUND (160)</b>								
<b>Budget Adjustments</b>								
<b>HUMAN RESOURCES</b>								
401(a) Defined Contribution Retirement Plan/Transfers			\$20,000		\$20,000	\$20,000		\$0
FICA-Medicare/Transfers			\$481,000		\$481,000	\$481,000		\$0
PTC 457/Transfers			\$100,000		\$100,000	\$100,000		\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$601,000</b>	<b>\$0</b>	<b>\$601,000</b>	<b>\$601,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>HUMAN RESOURCES</b>								
Salary and Benefits Program	\$6,296				\$6,296			\$6,296
Salary and Benefits Program - Ending Fund Balance				(\$6,296)	(\$6,296)			(\$6,296)
<b>Clean-Up Actions Total</b>	<b>\$6,296</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$6,296)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>BENEFIT FUND (160) TOTAL</b>	<b>\$6,296</b>	<b>\$0</b>	<b>\$601,000</b>	<b>(\$6,296)</b>	<b>\$601,000</b>	<b>\$601,000</b>	<b>\$0</b>	<b>\$0</b>

**BLDG & STRUCT CONST TAX FD (429)**

**Budget Adjustments**

**TRAFFIC CAPITAL PROGRAM**

Miscellaneous Multimodal Projects (Reallocation to Ocala Avenue Pedestrian Improvements)			(\$250,000)		(\$250,000)			(\$250,000)
Ocala Avenue Pedestrian Improvements (Reallocation from Miscellaneous Multimodal Projects)			\$250,000		\$250,000			\$250,000
Regional Policy and Legislation (Reallocation to Safety-Pedestrian Improvements)			(\$65,000)		(\$65,000)			(\$65,000)

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up Actions  
 2016-2017 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>BLDG &amp; STRUCT CONST TAX FD (429)</b>								
<b>Budget Adjustments</b>								
<b>TRAFFIC CAPITAL PROGRAM</b>								
Safety-Pedestrian Improvements (Reallocation from Regional Policy and Legislation)			\$65,000		\$65,000			\$65,000
<b>Budget Adjustments Total</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>BLDG &amp; STRUCT CONST TAX FD (429) TOTAL</b>			<b>\$0</b>	<b>\$0</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					(\$250,000)	(\$250,000)		(\$250,000)
Non-Personal/Equipment (Miscellaneous Program Needs)		\$250,000			\$250,000			\$250,000
<b>Budget Adjustments Total</b>			<b>\$0</b>	<b>\$250,000</b>	<b>\$0</b>	<b>(\$250,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>CFD #2 AND CFD #3 FUND (369) TOTAL</b>			<b>\$0</b>	<b>\$250,000</b>	<b>\$0</b>	<b>(\$250,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>COMM DEV BLOCK GRANT FUND (441)</b>								
<b>Clean-Up Actions</b>								
<b>HOUSING</b>								
Fund Balance Reconciliation					\$2	\$2		\$2
<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>COMM DEV BLOCK GRANT FUND (441) TOTAL</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2</b>	<b>\$2</b>	<b>\$0</b>



Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up Actions  
 2016-2017 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>COMMTY FACIL REVENUE FUND (422)</b>								
<b>Clean-Up Actions</b>								
<b>FINANCE</b>								
Fund Balance Reconciliation				(\$2,269)	(\$2,269)		(\$2,269)	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,269)</b>	<b>(\$2,269)</b>	<b>\$0</b>	<b>(\$2,269)</b>	<b>\$0</b>
<b>COMMTY FACIL REVENUE FUND (422) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,269)</b>	<b>(\$2,269)</b>	<b>\$0</b>	<b>(\$2,269)</b>	<b>\$0</b>
<b>CONST/CONV TAX CENTRAL FD (390)</b>								
<b>Budget Adjustments</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Ending Fund Balance Adjustment				(\$25,000)	(\$25,000)			(\$25,000)
Parks Maintenance District Feasibility Study			\$25,000		\$25,000			\$25,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,000</b>	<b>(\$25,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				(\$1)	(\$1)		(\$1)	\$0
Tech Adjust: Transfer to the General Fund - Interest Income/Revenue from the Use of Money/Property			\$194,000		\$194,000	\$194,000		\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$194,000</b>	<b>(\$1)</b>	<b>\$193,999</b>	<b>\$194,000</b>	<b>(\$1)</b>	<b>\$0</b>
<b>CONST/CONV TAX CENTRAL FD (390) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$219,000</b>	<b>(\$25,001)</b>	<b>\$193,999</b>	<b>\$194,000</b>	<b>(\$1)</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up Actions  
 2016-2017 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONST/CONV TAX FIRE FUND (392)</b>								
<b>Budget Adjustments</b>								
<b>PUBLIC SAFETY CAPITAL PROGRAM</b>								
Ending Fund Balance Adjustment				(\$42,000)	(\$42,000)			(\$42,000)
Self-Contained Breathing Apparatus (SCBA) Equipment			\$42,000		\$42,000			\$42,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$42,000</b>	<b>(\$42,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>PUBLIC SAFETY CAPITAL PROGRAM</b>								
Tech Adjust: Transfer to the General Fund - Interest Income/Revenue from the Use of Money/Property			\$27,000		\$27,000	\$27,000		\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$27,000</b>	<b>\$0</b>	<b>\$27,000</b>	<b>\$27,000</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX FIRE FUND (392) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$69,000</b>	<b>(\$42,000)</b>	<b>\$27,000</b>	<b>\$27,000</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX LIBRARY FD (393)</b>								
<b>Budget Adjustments</b>								
<b>LIBRARY</b>								
Acquisition of Materials (Sales Tax)			\$96,000		\$96,000			\$96,000
Ending Fund Balance Adjustment			(\$96,000)		(\$96,000)			(\$96,000)
<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>LIBRARY CAPITAL PROGRAM</b>								
Tech Adjust: Transfer to the General Fund - Interest Income/Revenue from the Use of Money/Property			\$14,000		\$14,000	\$14,000		\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,000</b>	<b>\$0</b>	<b>\$14,000</b>	<b>\$14,000</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX LIBRARY FD (393) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,000</b>	<b>\$0</b>	<b>\$14,000</b>	<b>\$14,000</b>	<b>\$0</b>	<b>\$0</b>

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONST/CONV TAX PK CD 4 FUND (381)</b>								
<b>Clean-Up Actions</b>								
<b>PARKS, REC, &amp; NEIGH SVCS</b>								
Tech Adjust: Alviso Park Improvements (Change of appropriation number)						\$0		\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 4 FUND (381) 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>CONST/CONV TAX PK CD 6 FUND (384)</b>								
<b>Budget Adjustments</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Buena Vista Park Improvements			\$120,000		\$120,000			\$120,000
Del Monte Park Expansion Phase II			(\$175,000)		(\$175,000)			(\$175,000)
Del Monte Park Expansion Phase III Land Acquisition			\$188,000		\$188,000			\$188,000
Ending Fund Balance Adjustment				(\$133,000)	(\$133,000)			(\$133,000)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$133,000</b>	<b>(\$133,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD 6 FUND (384) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$133,000</b>	<b>(\$133,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up Actions  
 2016-2017 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONST/CONV TAX PK CD10 FD (389)</b>								
<b>Budget Adjustments</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Almaden Lake Park Playground Improvements			\$150,000		\$150,000			\$150,000
Ending Fund Balance Adjustment				(\$150,000)	(\$150,000)			(\$150,000)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$150,000</b>	<b>(\$150,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK CD10 FD (389) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$150,000</b>	<b>(\$150,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK YARDS FD (398)</b>								
<b>Clean-Up Actions</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Tech Adjust: Transfer to the General Fund - Interest Income/Revenue from the Use of Money/Property			\$16,000		\$16,000	\$16,000		\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,000</b>	<b>\$0</b>	<b>\$16,000</b>	<b>\$16,000</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PK YARDS FD (398) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,000</b>	<b>\$0</b>	<b>\$16,000</b>	<b>\$16,000</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX PKS CW FUND (391)</b>								
<b>Budget Adjustments</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Guadalupe Gardens Soccer Facility Feasibility Study			\$30,000		\$30,000			\$30,000
Guadalupe Gardens Soccer Facility Reserve			(\$30,000)		(\$30,000)			(\$30,000)
<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>CONST/CONV TAX PKS CW FUND (391) 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>

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 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>CONST/CONV TAX SRVC YDS FD (395)</b>								
<b>Budget Adjustments</b>								
<b>PUBLIC WORKS</b>								
Capital Program and Public Works Department Support Service Costs			\$5,000		\$5,000			\$5,000
Ending Fund Balance Adjustment				(\$505,000)	(\$505,000)			(\$505,000)
Phase II Commercial Paper			\$500,000		\$500,000			\$500,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$505,000</b>	<b>(\$505,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>SERVICE YARDS CAPITAL PROGRAM</b>								
Tech Adjust: Transfer to the General Fund - Interest Income/Revenue from the Use of Money/Property			\$11,000		\$11,000	\$11,000		\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,000</b>	<b>\$0</b>	<b>\$11,000</b>	<b>\$11,000</b>	<b>\$0</b>	<b>\$0</b>
<b>CONST/CONV TAX SRVC YDS FD (395) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$516,000</b>	<b>(\$505,000)</b>	<b>\$11,000</b>	<b>\$11,000</b>	<b>\$0</b>	<b>\$0</b>

**CONSTRUCTION EXCISE TAX FD (465)**

**Budget Adjustments**

**TRAFFIC CAPITAL PROGRAM**

Bicycle and Pedestrian Facilities/Revenue from State of California			(\$193,000)		(\$193,000)	(\$128,000)		(\$65,000)
Bikeways Program (OBAG)/Revenue from Federal Government			(\$500,000)		(\$500,000)	(\$500,000)		\$0
Developer Contributions (Pedestrian Safety in Districts 6 and 9: Branham Lane Road Diet)					\$0	\$50,000		(\$50,000)
East San José Bike/Pedestrian Transit Connection (OBAG) (Reallocation to Kirk Avenue Sidewalk Improvements)			(\$200,000)		(\$200,000)			(\$200,000)
Ending Fund Balance Adjustment				(\$200,000)	(\$200,000)			(\$200,000)
Evergreen Traffic Impact Fees Reserve/Fees, Rates, and Charges			\$158,270		\$158,270	\$158,270		\$0
Inter-Agency Encroachment Permit/Licenses and Permits			\$300,000		\$300,000	\$300,000		\$0
Kirk Avenue Sidewalk Improvements (Reallocation from East San José Bike/Pedestrian Transit Connection (OBAG))			\$200,000		\$200,000			\$200,000

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONSTRUCTION EXCISE TAX FD (465)</b>								
<b>Budget Adjustments</b>								
<b>TRAFFIC CAPITAL PROGRAM</b>								
Local Transportation and Policy Planning (Transportation Impact Analysis)			\$250,000		\$250,000			\$250,000
Miscellaneous Street Improvements/Developer Contributions			\$38,116		\$38,116	\$38,116		\$0
North San José Traffic Impact Fees Reserve/Fees, Rates, and Charges			\$1,842,249		\$1,842,249	\$1,842,249		\$0
Pavement Maintenance - City/Developer Contributions			\$8,260		\$8,260	\$8,260		\$0
Pavement Maintenance - City/Revenue from the State of California			\$249,900		\$249,900	\$249,900		\$0
Pavement Maintenance - Measure B/Revenue from Local Agencies			\$408,732		\$408,732	\$408,732		\$0
Route 101/Oakland/Mabury Traffic Impact Fees Reserve/Fees, Rates, and Charges			\$2,885,363		\$2,885,363	\$2,885,363		\$0
Safety-Pedestrian Improvements			\$65,000		\$65,000			\$65,000
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,512,890</b>	<b>(\$200,000)</b>	<b>\$5,312,890</b>	<b>\$5,312,890</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>TRAFFIC CAPITAL PROGRAM</b>								
Fund Balance Reconciliation				(\$100,820)	(\$100,820)		(\$100,820)	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$100,820)</b>	<b>(\$100,820)</b>	<b>\$0</b>	<b>(\$100,820)</b>	<b>\$0</b>
<b>CONSTRUCTION EXCISE TAX FD (465) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,512,890</b>	<b>(\$300,820)</b>	<b>\$5,212,070</b>	<b>\$5,312,890</b>	<b>(\$100,820)</b>	<b>\$0</b>

**CONV CTR FACIL DIST REV FD (791)**

**Budget Adjustments**

**CONVENTION FACILITIES DEPT**

Ending Fund Balance Adjustment				\$18,489	\$18,489			\$18,489
Non-Annexed Hotel Revenue Reserve			\$462,511		\$462,511			\$462,511

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>CONV CTR FACIL DIST REV FD (791)</b>								
<b>Budget Adjustments</b>								
<b>MUNI IMPROVEMENTS CAPITAL PROGRAM</b>								
Convention Center Boiler Protection			\$319,000		\$319,000			\$319,000
Convention Center Concourse Column Covers			(\$800,000)		(\$800,000)			(\$800,000)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$18,489)</b>	<b>\$18,489</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONV CTR FACIL DIST REV FD (791) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$18,489)</b>	<b>\$18,489</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONV/CULTURAL AFFAIRS FUND (536)</b>								
<b>Budget Adjustments</b>								
<b>MUNI IMPROVEMENTS CAPITAL PROGRAM</b>								
Center for Performing Arts (CPA) Rehabilitation			\$730,000		\$730,000			\$730,000
Center for Performing Arts (CPA) Rehabilitation Reserve			(\$730,000)		(\$730,000)			(\$730,000)
Convention Center Concourse Column Covers			\$800,000		\$800,000			\$800,000
Cultural Facilities Rehabilitation/Repair - Electrical			\$231,000		\$231,000			\$231,000
Cultural Facilities Rehabilitation/Repair - Mechanical			(\$262,000)		(\$262,000)			(\$262,000)
Cultural Facilities Rehabilitation/Repair - Miscellaneous			\$45,000		\$45,000			\$45,000
Cultural Facilities Rehabilitation/Repair - Structures			\$153,000		\$153,000			\$153,000
Ending Fund Balance Adjustment				(\$967,000)	(\$967,000)			(\$967,000)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$967,000</b>	<b>(\$967,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>CONVENTION FACILITIES DEPT</b>								
Fund Balance Reconciliation				\$429,952	\$429,952		\$429,952	\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$429,952</b>	<b>\$429,952</b>	<b>\$0</b>	<b>\$429,952</b>	<b>\$0</b>
<b>CONV/CULTURAL AFFAIRS FUND (536) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$967,000</b>	<b>(\$537,048)</b>	<b>\$429,952</b>	<b>\$0</b>	<b>\$429,952</b>	<b>\$0</b>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up Actions  
 2016-2017 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>DENTAL INSURANCE FUND (155)</b>								
<b>Clean-Up Actions</b>								
<b>HUMAN RESOURCES</b>								
Salary and Benefits Program	\$3,083				\$3,083			\$3,083
Salary and Benefits Program - Ending Fund Balance				(\$3,083)	(\$3,083)			(\$3,083)
<b>Clean-Up Actions Total</b>	<b>\$3,083</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,083)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>DENTAL INSURANCE FUND (155) TOTAL</b>	<b>\$3,083</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,083)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>DOWNTOWN PBID FUND (302)</b>								
<b>Budget Adjustments</b>								
<b>TRANSPORTATION</b>								
Transfer from the General Fund (Downtown Property and Business Improvement District)/Ending Fund Balance				\$17,000	\$17,000	\$17,000		\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,000</b>	<b>\$17,000</b>	<b>\$17,000</b>	<b>\$0</b>	<b>\$0</b>
<b>DOWNTOWN PBID FUND (302) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,000</b>	<b>\$17,000</b>	<b>\$17,000</b>	<b>\$0</b>	<b>\$0</b>
<b>EDW BYRNE MEMORIAL JAG FD (474)</b>								
<b>Clean-Up Actions</b>								
<b>POLICE</b>								
Fund Balance Reconciliation				(\$3)	(\$3)		(\$3)	\$0







**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>INTEGRATED WASTE MGT FUND (423)</b>								
<b>Clean-Up Actions</b>								
<b>FINANCE</b>								
Salary and Benefits Program	\$9,233				\$9,233			\$9,233
<b>ENVIRONMENTAL SERVICES</b>								
Salary and Benefits Program - Ending Fund Balance				(\$11,160)	(\$11,160)			(\$11,160)
<b>Clean-Up Actions Total</b>	<b>\$11,160</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$11,160)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>INTEGRATED WASTE MGT FUND (423) TOTAL</b>	<b>\$11,160</b>	<b>\$133,000</b>	<b>\$0</b>	<b>(\$144,160)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LIBRARY PARCEL TAX FUND (418)</b>								
<b>Budget Adjustments</b>								
<b>HUMAN RESOURCES</b>								
Personal Services (Hiring True-Up)	\$10,000				\$10,000			\$10,000
<b>LIBRARY</b>								
Ending Fund Balance Adjustment				(\$10,000)	(\$10,000)			(\$10,000)
<b>Budget Adjustments Total</b>	<b>\$10,000</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$10,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LIBRARY PARCEL TAX FUND (418) TOTAL</b>	<b>\$10,000</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$10,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LOW/MOD INCOME HSNH ASSET FD (346)</b>								
<b>Budget Adjustments</b>								
<b>HOUSING</b>								
Ending Fund Balance Adjustment				(\$115,000)	(\$115,000)			(\$115,000)
Successor Agency to the Redevelopment Agency (Transfer of Loan Repayment)			\$45,000		\$45,000			\$45,000

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up Actions  
 2016-2017 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>LOW/MOD INCOME HSNG ASSET FD (346)</b>								
<b>Budget Adjustments</b>								
<b>PUBLIC WORKS</b>								
Public Works Personal Services (Overage)	\$70,000				\$70,000			\$70,000
<b>Budget Adjustments Total</b>	<b>\$70,000</b>	<b>\$0</b>	<b>\$45,000</b>	<b>(\$115,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>CITY ATTORNEY</b>								
Salary and Benefits Program	\$3,239				\$3,239			\$3,239
<b>HOUSING</b>								
Non-Personal/Equipment (Reallocation to Non-Personal/Equipment for Loan Underwriting Services)		\$280,000			\$280,000			\$280,000
Personal Services (Reallocation to Non-Personal/Equipment for Loan Underwriting Services)	(\$280,000)				(\$280,000)			(\$280,000)
Salary and Benefits Program - Ending Fund Balance					(\$3,239)			(\$3,239)
<b>Clean-Up Actions Total</b>	<b>(\$276,761)</b>	<b>\$280,000</b>	<b>\$0</b>	<b>(\$3,239)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LOW/MOD INCOME HSNG ASSET FD (346) TOTAL</b>	<b>(\$206,761)</b>	<b>\$280,000</b>	<b>\$45,000</b>	<b>(\$118,239)</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>HOUSING</b>								
Ending Fund Balance Adjustment				\$1,489,596	\$1,489,596			\$1,489,596
Inclusionary Projects (Equity-Share Loans)			\$50,000		\$50,000			\$50,000
Other Revenue (Metropolitan Apartments North - Loan Repayments)					\$0	\$1,539,596		(\$1,539,596)
Recovery Act - Neighborhood Stabilization Program 2/Revenue from the Use of Money/Property			\$300,000		\$300,000	\$300,000		\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$350,000</b>	<b>\$1,489,596</b>	<b>\$1,839,596</b>	<b>\$1,839,596</b>	<b>\$0</b>	<b>\$0</b>

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>MULTI-SOURCE HOUSING FD (448)</b>								
<b>Clean-Up Actions</b>								
<b>CITY ATTORNEY</b>								
Salary and Benefits Program	\$1,890				\$1,890			\$1,890
<b>HOUSING</b>								
Salary and Benefits Program - Ending Fund Balance				(\$1,890)	(\$1,890)			(\$1,890)
Tech Adjust: Recovery Act - Neighborhood Stabilization Program 1 (Reallocation from Recovery Act - Neighborhood Stabilization Program 2)			\$10,000		\$10,000			\$10,000
Tech Adjust: Recovery Act - Neighborhood Stabilization Program 2 (Reallocation to Recovery Act - Neighborhood Stabilization Program 1)			(\$10,000)		(\$10,000)			(\$10,000)
<b>Clean-Up Actions Total</b>	<b>\$1,890</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,890)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>MULTI-SOURCE HOUSING FD (448) TOTAL</b>	<b>\$1,890</b>	<b>\$0</b>	<b>\$350,000</b>	<b>\$1,487,706</b>	<b>\$1,839,596</b>	<b>\$1,839,596</b>	<b>\$0</b>	<b>\$0</b>
<b>MUNICIPAL GOLF COURSE FUND (518)</b>								
<b>Budget Adjustments</b>								
<b>PARKS, REC, &amp; NEIGH SVCS</b>								
Ending Fund Balance Adjustment			(\$150,000)		(\$150,000)			(\$150,000)
Los Lagos Golf Course			\$100,000		\$100,000			\$100,000
Rancho del Pueblo Golf Course			\$50,000		\$50,000			\$50,000
<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>MUNICIPAL GOLF COURSE FUND (518) 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>

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up Actions  
 2016-2017 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>NEIGHBHD SECURITY BOND FD (475)</b>								
<b>Budget Adjustments</b>								
<b>PUBLIC SAFETY CAPITAL PROGRAM</b>								
Other Revenue (Contractor Settlement Proceeds)/Transfer to the General Fund/Fire Station 37(Willow Glen)/Other Capital Projects Reserve			\$200,000	\$14,167	\$214,167	\$214,167		\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$200,000</b>	<b>\$14,167</b>	<b>\$214,167</b>	<b>\$214,167</b>	<b>\$0</b>	<b>\$0</b>
<b>NEIGHBHD SECURITY BOND FD (475) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$200,000</b>	<b>\$14,167</b>	<b>\$214,167</b>	<b>\$214,167</b>	<b>\$0</b>	<b>\$0</b>
<b>PUBLIC WKS PRO SUPPORT FD (150)</b>								
<b>Budget Adjustments</b>								
<b>HUMAN RESOURCES</b>								
Personal Services (Hiring True-Up)	\$3,000				\$3,000			\$3,000
<b>PUBLIC WORKS</b>								
Ending Fund Balance Adjustment				(\$33,000)	(\$33,000)			(\$33,000)
Non-Personal/Equipment (Electric Vehicle Buy-Out)		\$30,000			\$30,000			\$30,000
<b>Budget Adjustments Total</b>	<b>\$3,000</b>	<b>\$30,000</b>	<b>\$0</b>	<b>(\$33,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>HUMAN RESOURCES</b>								
Salary and Benefits Program	\$2,829				\$2,829			\$2,829
<b>PUBLIC WORKS</b>								
Salary and Benefits Program - Ending Fund Balance				(\$2,829)	(\$2,829)			(\$2,829)
<b>Clean-Up Actions Total</b>	<b>\$2,829</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,829)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>PUBLIC WKS PRO SUPPORT FD (150) TOTAL</b>	<b>\$5,829</b>	<b>\$30,000</b>	<b>\$0</b>	<b>(\$35,829)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Beg Fund Balance	
<b>RES CONST TAX FUND (420)</b>							
<b>Clean-Up Actions</b>							
<b>DEVELOPER ASSISTED CAPITAL PROGRAM</b>							
Tech Adjust: Transfer to the General Fund - Interest Income/Revenue from the Use of Money/Property			\$7,000	\$7,000	\$7,000		\$0
<b>Clean-Up Actions Total</b>			<b>\$0</b>	<b>\$0</b>	<b>\$7,000</b>	<b>\$7,000</b>	<b>\$0</b>
<b>RES CONST TAX FUND (420) TOTAL</b>			<b>\$0</b>	<b>\$0</b>	<b>\$7,000</b>	<b>\$7,000</b>	<b>\$0</b>
<b>SANITARY SEWER CONN FEE FD (540)</b>							
<b>Clean-Up Actions</b>							
<b>PUBLIC WORKS</b>							
Tech Adjust: Preliminary Engineering - Sanitary Sewer (Change appropriation name from Preliminary Engineering)				\$0			\$0
Tech Adjust: Program Management - Sanitary Sewer (Change appropriation name from Program Management)				\$0			\$0
<b>Clean-Up Actions Total</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SANITARY SEWER CONN FEE FD (540) TOTAL</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SELF-INSURED MEDICAL FUND (158)</b>							
<b>Budget Adjustments</b>							
<b>HUMAN RESOURCES</b>							
Health Plans			(\$72,000)	(\$72,000)			(\$72,000)
Stop Loss Premium			\$72,000	\$72,000			\$72,000
<b>Budget Adjustments Total</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SELF-INSURED MEDICAL FUND (158) TOTAL</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 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>Clean-Up Actions</b>								
<b>CITY ATTORNEY</b>								
Salary and Benefits Program	\$7,210				\$7,210			\$7,210
<b>FINANCE</b>								
Salary and Benefits Program	\$5,090				\$5,090			\$5,090
<b>ENVIRONMENTAL SERVICES</b>								
Fund Balance Reconciliation				\$372,004	\$372,004		\$372,004	\$0
Salary and Benefits Program - Ending Fund Balance				(\$12,300)	(\$12,300)			(\$12,300)
<b>Clean-Up Actions Total</b>	<b>\$12,300</b>	<b>\$0</b>	<b>\$0</b>	<b>\$359,704</b>	<b>\$372,004</b>	<b>\$0</b>	<b>\$372,004</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHARGE FD (541) TOTAL</b>	<b>\$12,300</b>	<b>\$0</b>	<b>\$0</b>	<b>\$359,704</b>	<b>\$372,004</b>	<b>\$0</b>	<b>\$372,004</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHG CAP FD (545)</b>								
<b>Clean-Up Actions</b>								
<b>PUBLIC WORKS</b>								
Tech Adjust: Preliminary Engineering - Sanitary Sewer (Change appropriation name from Preliminary Engineering)					\$0			\$0
Tech Adjust: Program Management - Sanitary Sewer (Change appropriation name from Program Management)					\$0			\$0
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SEWER SVC &amp; USE CHG CAP FD (545) 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>



Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up Actions  
 2016-2017 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 ARENA CAPITAL RESERVE FD (459)</b>								
<b>Budget Adjustments</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Electrical Repairs			\$794,815		\$794,815			\$794,815
Ending Fund Balance Adjustment				\$12,453	\$12,453			\$12,453
Mechanical Repairs			\$286,906		\$286,906			\$286,906
Miscellaneous Repairs			\$66,045		\$66,045			\$66,045
Previously Approved Repairs Reserve			(\$2,107,596)		(\$2,107,596)			(\$2,107,596)
Structures Repairs			\$820,210		\$820,210			\$820,210
Unanticipated/Emergency Repairs			\$127,167		\$127,167			\$127,167
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$12,453)</b>	<b>\$12,453</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SJ ARENA CAPITAL RESERVE FD (459) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$12,453)</b>	<b>\$12,453</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SJ-SC TRMNT PLANT OPER FUND (513)</b>								
<b>Clean-Up Actions</b>								
<b>CITY ATTORNEY</b>								
Salary and Benefits Program	\$1,411				\$1,411			\$1,411
<b>FINANCE</b>								
Salary and Benefits Program	\$4,311				\$4,311			\$4,311
<b>ENVIRONMENTAL SERVICES</b>								
Salary and Benefits Program - Ending Fund Balance				(\$5,722)	(\$5,722)			(\$5,722)
<b>Clean-Up Actions Total</b>	<b>\$5,722</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,722)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SJ-SC TRMNT PLANT OPER FUND (513) TOTAL</b>	<b>\$5,722</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,722)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
<b>STORM DRAINAGE FEE FUND (413)</b>								
<b>Clean-Up Actions</b>								
<b>STORM SEWER CAPITAL PROGRAM</b>								
Tech Adjust: Transfer to the General Fund - Interest Income/Revenue from the Use of Money/Property			\$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>STORM DRAINAGE FEE FUND (413) 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>STORM SEWER CAPITAL FUND (469)</b>								
<b>Clean-Up Actions</b>								
<b>PUBLIC WORKS</b>								
Tech Adjust: Preliminary Engineering - Storm Sewer (Change appropriation name from Preliminary Engineering)						\$0		\$0
Tech Adjust: Program Management - Storm Sewer (Change appropriation name from Program Management)						\$0		\$0
<b>Clean-Up Actions Total</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>STORM SEWER CAPITAL FUND (469) TOTAL</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>STORM SEWER OPERATING FD (446)</b>								
<b>Budget Adjustments</b>								
<b>ENVIRONMENTAL SERVICES</b>								
Ending Fund Balance Adjustment				(\$50,000)	(\$50,000)			(\$50,000)
Workers' Compensation Claims			\$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>STORM SEWER OPERATING FD (446) 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>

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 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>SUBDIVISION PARK TRUST FUND (375)</b>								
<b>Budget Adjustments</b>								
<b>PARKS &amp; COMM FAC DEV CAPITAL PROGRAM</b>								
Calabazas Community Center Portable Classroom			\$12,000		\$12,000			\$12,000
Cannery Park Design Review and Inspection/Developer Contributions			\$355,000		\$355,000	\$355,000		\$0
Future PDO/PIO Projects Reserve			(\$12,000)		(\$12,000)			(\$12,000)
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$355,000</b>	<b>\$0</b>	<b>\$355,000</b>	<b>\$355,000</b>	<b>\$0</b>	<b>\$0</b>
<b>SUBDIVISION PARK TRUST FUND (375) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$355,000</b>	<b>\$0</b>	<b>\$355,000</b>	<b>\$355,000</b>	<b>\$0</b>	<b>\$0</b>
<b>SUPPL LAW ENF SVCES FUND (414)</b>								
<b>Budget Adjustments</b>								
<b>POLICE</b>								
SLES Grant 2016-2018/Revenue from State of California			\$203,664		\$203,664	\$203,664		\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$203,664</b>	<b>\$0</b>	<b>\$203,664</b>	<b>\$203,664</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean-Up Actions</b>								
<b>POLICE</b>								
Tech Adjust: SLES Grant 2012-2014/Revenue from the Use of Money/Property			\$28		\$28	\$28		\$0
Tech Adjust: SLES Grant 2013-2015/Revenue from the Use of Money/Property			\$1,317		\$1,317	\$1,317		\$0
Tech Adjust: SLES Grant 2014-2016/Revenue from the Use of Money/Property			\$6,111		\$6,111	\$6,111		\$0
Tech Adjust: SLES Grant 2015-2017/Revenue from the Use of Money/Property			\$2,728		\$2,728	\$2,728		\$0

Special/Capital Funds  
 Recommended Budget Adjustments and Clean-Up Actions  
 2016-2017 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>SUPPL LAW ENF SVCES FUND (414)</b>								
<b>Clean-Up Actions</b>								
<b>POLICE</b>								
Tech Adjust: SLES Grant 2016-2018/Revenue from the Use of Money/Property			\$98		\$98	\$98		\$0
<b>Clean-Up Actions Total</b>			<b>\$0</b>	<b>\$0</b>	<b>\$10,282</b>	<b>\$0</b>	<b>\$10,282</b>	<b>\$0</b>
<b>SUPPL LAW ENF SVCES FUND (414) TOTAL</b>			<b>\$0</b>	<b>\$0</b>	<b>\$213,946</b>	<b>\$0</b>	<b>\$213,946</b>	<b>\$0</b>
<b>UNEMPLOYMENT INSUR FD (157)</b>								
<b>Clean-Up Actions</b>								
<b>HUMAN RESOURCES</b>								
Salary and Benefits Program			\$1,574		\$1,574			\$1,574
Salary and Benefits Program - Ending Fund Balance					(\$1,574)	(\$1,574)		(\$1,574)
<b>Clean-Up Actions Total</b>			<b>\$1,574</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,574)</b>	<b>\$0</b>	<b>\$0</b>
<b>UNEMPLOYMENT INSUR FD (157) TOTAL</b>			<b>\$1,574</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,574)</b>	<b>\$0</b>	<b>\$0</b>
<b>VEHICLE MAINT &amp; OPER FUND (552)</b>								
<b>Budget Adjustments</b>								
<b>PUBLIC WORKS</b>								
Inventory Purchases (Personal Services and Non-Personal/Equipment)				(\$400,000)		(\$400,000)		(\$400,000)
Non-Personal/Equipment (Vehicle M&O)			\$200,000		\$200,000			\$200,000
Personal Services (Hiring True Up)			\$200,000		\$200,000			\$200,000
<b>Budget Adjustments Total</b>			<b>\$200,000</b>	<b>\$200,000</b>	<b>(\$400,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>


**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	
<b>VEHICLE MAINT &amp; OPER FUND (552)</b>							
<b>Clean-Up Actions</b>							
<b>HUMAN RESOURCES</b>							
Salary and Benefits Program	\$1,449				\$1,449		\$1,449
<b>PUBLIC WORKS</b>							
Fund Balance Reconciliation				(\$191,494)	(\$191,494)	(\$191,494)	\$0
Salary and Benefits Program	\$52,118				\$52,118		\$52,118
Salary and Benefits Program - Ending Fund Balance				(\$53,567)	(\$53,567)		(\$53,567)
<b>Clean-Up Actions Total</b>	<b>\$53,567</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$245,061)</b>	<b>(\$191,494)</b>	<b>\$0</b>	<b>(\$191,494)</b>
<b>VEHICLE MAINT &amp; OPER FUND (552) TOTAL</b>	<b>\$253,567</b>	<b>\$200,000</b>	<b>(\$400,000)</b>	<b>(\$245,061)</b>	<b>(\$191,494)</b>	<b>\$0</b>	<b>(\$191,494)</b>
<b>WORKFORCE DEVELOPMENT FD (290)</b>							
<b>Budget Adjustments</b>							
<b>ECONOMIC DEVELOPMENT</b>							
Administration/Revenue from State of California			(\$2,143)		(\$2,143)	(\$2,143)	\$0
Adult Workers/Revenue from State of California			(\$9,239)		(\$9,239)	(\$9,239)	\$0
BusinessOwnerSpace.com Network/Other Revenue			\$7,454		\$7,454	\$7,454	\$0
Customer Centered Design Project/Revenue from State of California			\$20,000		\$20,000	\$20,000	\$0
Dislocated Workers/Revenue from State of California			(\$10,046)		(\$10,046)	(\$10,046)	\$0
Rapid Response/Revenue from State of California			(\$879)		(\$879)	(\$879)	\$0
Regional Plan Development Project/Revenue from State of California			\$166,569		\$166,569	\$166,569	\$0
State Incentive Award/Revenue from State of California			\$54,838		\$54,838	\$54,838	\$0
<b>Budget Adjustments Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$226,554</b>	<b>\$0</b>	<b>\$226,554</b>	<b>\$226,554</b>	<b>\$0</b>

**Special/Capital Funds  
Recommended Budget Adjustments and Clean-Up Actions  
2016-2017 Mid-Year Budget Review**

<b>Department/Proposal</b>	<b>USE</b>			<b>Ending Fund Balance</b>	<b>Total Use</b>	<b>SOURCE</b>		<b>NET COST</b>
	<b>Personal Services</b>	<b>Non-Personal/ Equipment</b>	<b>Other</b>			<b>Revenue</b>	<b>Beg Fund Balance</b>	
<b>WORKFORCE DEVELOPMENT FD (290)</b>								
<b>Clean-Up Actions</b>								
<b>ECONOMIC DEVELOPMENT</b>								
Tech Adjust: Workforce Innovation and Opportunity (Reallocation from Other Revenue to Revenue from Federal Government)					\$0	(\$12,401,005)		\$12,401,005
Tech Adjust: Workforce Innovation and Opportunity (Reallocation from Other Revenue to Revenue from Local Agencies)					\$0	(\$921,555)		\$921,555
Tech Adjust: Workforce Innovation and Opportunity (Reallocation from Other Revenue to Revenue from State of California)					\$0	(\$337,538)		\$337,538
Tech Adjust: Workforce Innovation and Opportunity (Reallocation to Revenue from Federal Government from Other Revenue)					\$0	\$12,401,005		(\$12,401,005)
Tech Adjust: Workforce Innovation and Opportunity (Reallocation to Revenue from Local Agencies from Other Revenue)					\$0	\$921,555		(\$921,555)
Tech Adjust: Workforce Innovation and Opportunity (Reallocation to Revenue from State of California from Other Revenue)					\$0	\$337,538		(\$337,538)
<b>Clean-Up Actions Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>WORKFORCE DEVELOPMENT FD (290) TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$226,554</b>	<b>\$0</b>	<b>\$226,554</b>	<b>\$226,554</b>	<b>\$0</b>	<b>\$0</b>

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2016-2017

MID-YEAR  
BUDGET  
REVIEW

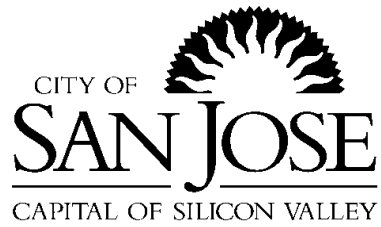


SECTION  
IV

APPENDIX







## **FINANCE DEPARTMENT**

### Monthly Financial Report

Financial Results for the Month Ended December 31, 2016

Fiscal Year 2016-2017

*(UNAUDITED)*

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**Finance Department, City of San José**  
**Monthly Financial Report**  
**Financial Results for the Month Ended December 31, 2016**  
**Fiscal Year 2016-2017**  
*(UNAUDITED)*

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**Finance Department, City of San José**  
**Monthly Financial Report**  
**Financial Results for the Month Ended December 31, 2016**  
**Fiscal Year 2016-2017**  
*(UNAUDITED)*

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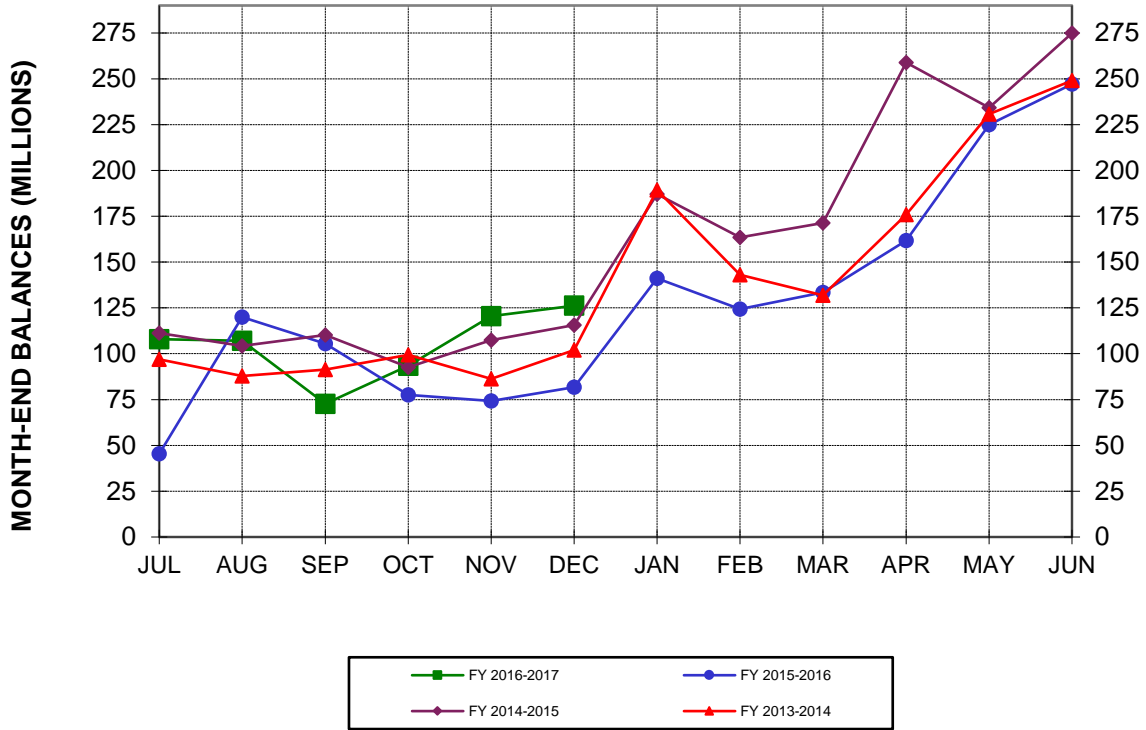
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Submitted by:



JULIA H. COOPER  
Director, Finance Department

**GENERAL FUND**  
**Comparison of Cash Balances vs. Prior Year's Balance**



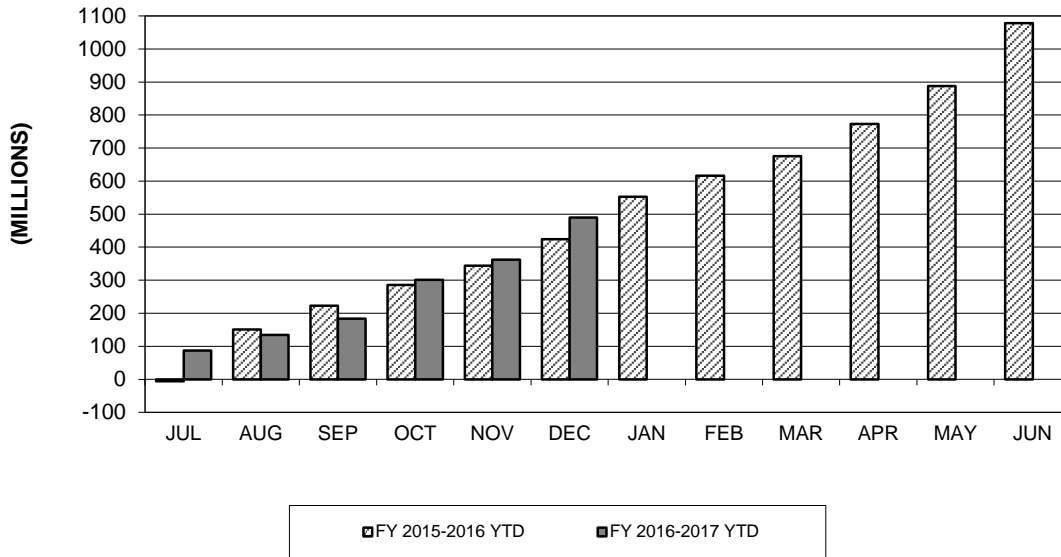
**GENERAL FUND MONTHLY CASH BALANCES**

MONTH	FY 2016-2017	FY 2015-2016	FY 2014-2015	FY 2013-2014
JULY (1)	\$ 108,012,647	\$ 45,401,908	\$ 111,318,585	\$ 97,000,280
AUGUST	107,081,005	119,988,835	104,337,113	87,887,607
SEPTEMBER	72,718,873	105,422,447	110,248,937	91,326,643
OCTOBER	93,456,157	77,571,562	92,649,862	99,449,689
NOVEMBER	120,485,944	74,153,007	107,339,933	86,285,372
DECEMBER	126,203,310	81,796,424	115,544,081	102,057,315
JANUARY	-	141,189,103	187,078,566	189,299,222
FEBRUARY	-	124,444,495	163,468,559	143,098,965
MARCH	-	133,493,608	171,379,481	131,881,129
APRIL (2)	-	161,690,247	258,939,637	175,838,186
MAY	-	224,983,657	234,171,050	230,678,939
JUNE	-	247,092,735	274,909,173	249,043,058

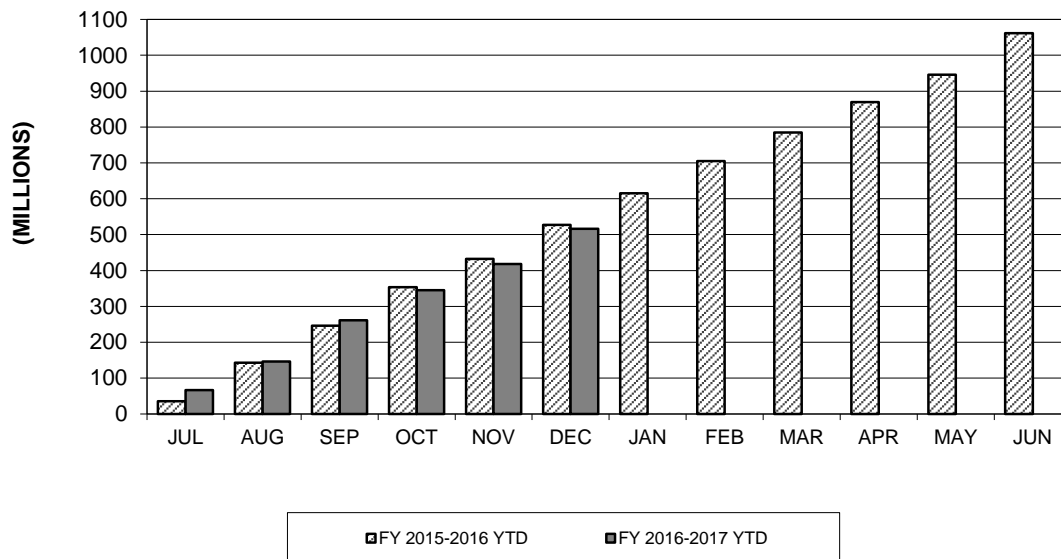
(1) The General Fund cash balance decreases each July mainly due to the Council's direction to annually pre-fund the employer share of retirement contributions in a lump-sum to achieve budgetary savings to the City.

(2) The General Fund cash balance increases in April or May of every year mainly due to the receipt of the second annual installment of property taxes from Santa Clara County.

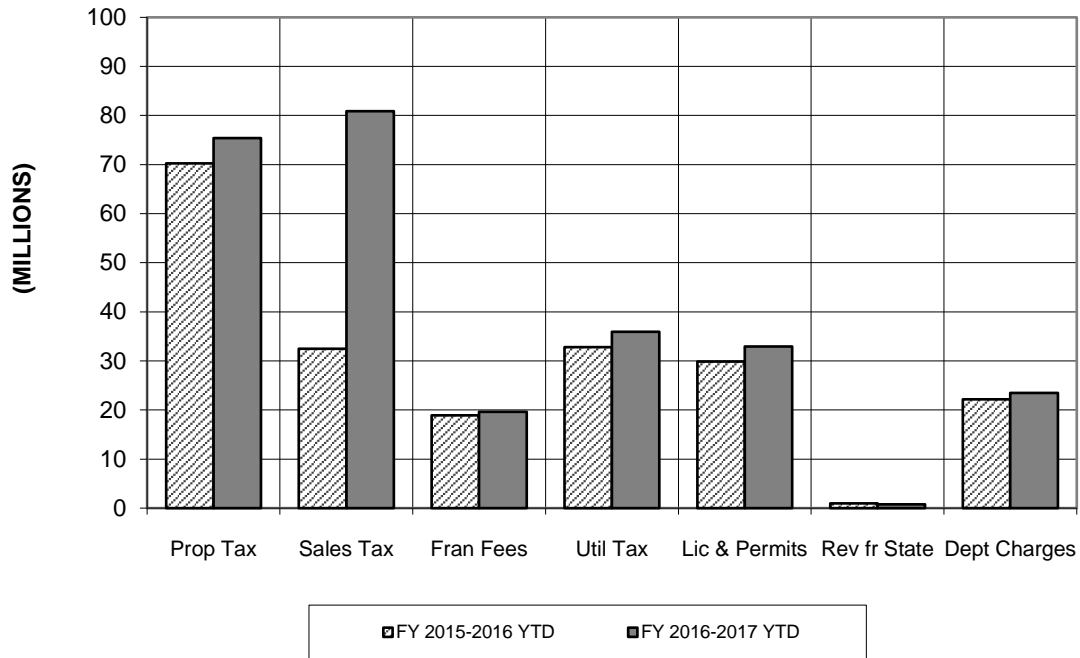
**GENERAL FUND**  
**Comparison of YTD Revenues vs. Prior YTD Revenues**  
**Actual**



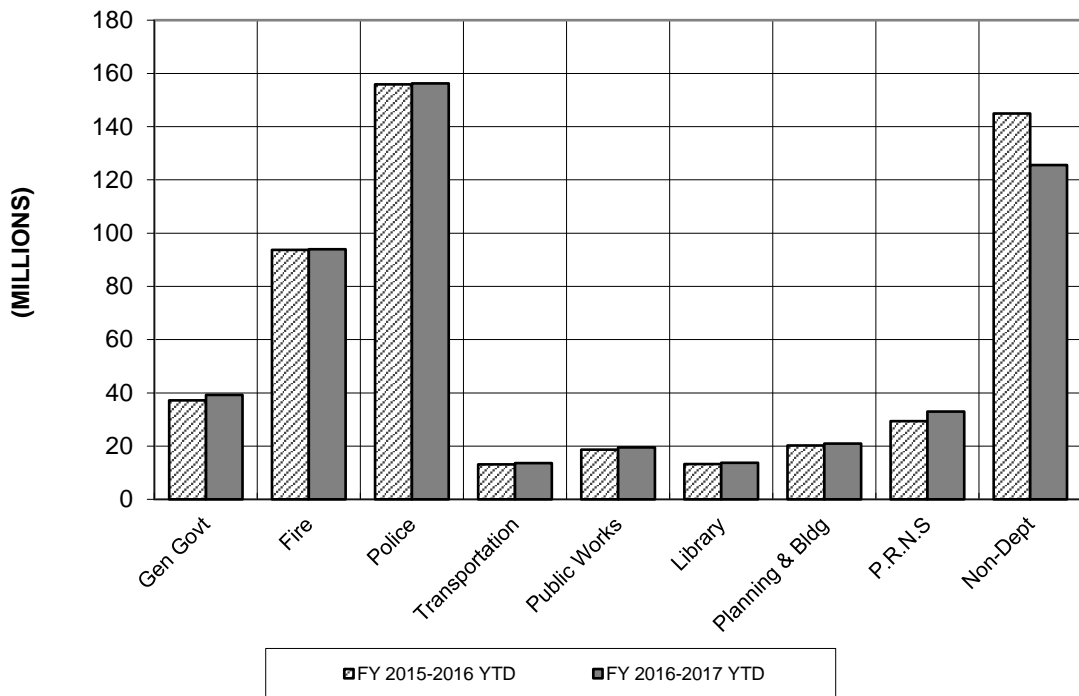
**GENERAL FUND**  
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**GENERAL FUND MAJOR REVENUES**  
**Comparison of YTD Actual vs. Prior YTD Actual**



**GENERAL FUND MAJOR EXPENDITURES**  
**Comparison of YTD Actual vs. Prior YTD Actual**



**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS**  
**FOR THE MONTHS ENDED DECEMBER 31, 2016**  
*(UNAUDITED)*  
*( \$000's )*

	ADOPTED FY 2016-2017 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2016-2017 BUDGET	CUR YTD ACTUAL (*)	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL (*)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END ACTUAL (*)	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
<b>Fund Balance</b>											
Prior Year Encumbrances	-	-	38,832	38,832	38,832	100.00%	44,325	104.23%	42,525	(5,493)	-12.39%
Liquidation of c/o Encumbrance	-	-	-	-	-	-	-	-	-	-	-
Available Balance	248,958	6,248	-	255,206	255,206	100.00%	265,520	99.87%	265,855	(10,314)	-3.88%
<b>Total Fund Balance</b>	<b>248,958</b>	<b>6,248</b>	<b>38,832</b>	<b>294,038</b>	<b>294,038</b>	<b>100.00%</b>	<b>309,845</b>	<b>100.48%</b>	<b>308,380</b>	<b>(15,807)</b>	<b>-5.10%</b>
<b>General Revenues</b>											
Property Tax	271,737	-	-	271,737	75,371	27.74%	70,258	26.72%	262,950	5,113	7.28%
Sales Tax	224,696	-	-	224,696	80,901	36.00%	32,474	16.09%	201,797	48,427	149.13%
Telephone Line Tax	21,614	-	-	21,614	7,894	36.52%	7,975	39.72%	20,077	(81)	-1.02%
Transient Occupancy Tax	16,952	-	-	16,952	7,265	42.86%	6,576	39.70%	16,565	689	10.48%
Franchise Fees	48,917	-	-	48,917	19,640	40.15%	18,938	38.69%	48,949	702	3.71%
Utility Tax	95,750	-	-	95,750	35,944	37.54%	32,786	35.10%	93,398	3,158	9.63%
Business Taxes	48,800	-	-	48,800	24,641	50.49%	24,509	48.19%	50,864	132	0.54%
Licenses and Permits	51,573	-	-	51,573	32,931	63.85%	29,880	55.57%	53,766	3,051	10.21%
Fines, Forfeits and Penalties	14,911	-	-	14,911	6,857	45.99%	3,062	19.03%	16,090	3,795	123.94%
Use of Money and Property	3,864	-	-	3,864	3,173	82.12%	2,225	43.62%	5,101	948	42.61%
Revenue from Local Agencies	24,811	3,624	-	28,435	5,075	17.85%	4,230	24.67%	17,143	845	19.98%
Revenue from State of Cal.	11,329	753	-	12,082	767	6.35%	969	7.96%	12,174	(202)	-20.85%
Revenue from Federal Government	4,161	1,842	-	6,003	973	16.21%	6,325	59.68%	10,599	(5,352)	-84.62%
Departmental Charges	41,732	-	-	41,732	23,443	56.18%	22,171	47.11%	47,058	1,272	5.74%
Other Revenues	17,752	107,687	-	125,439	109,961	87.66%	111,284	90.07%	123,548	(1,323)	-1.19%
<b>Total General Revenues</b>	<b>898,599</b>	<b>113,906</b>	<b>-</b>	<b>1,012,505</b>	<b>434,836</b>	<b>42.95%</b>	<b>373,662</b>	<b>38.13%</b>	<b>980,079</b>	<b>61,174</b>	<b>16.37%</b>
<b>Transfers &amp; Reimbursements</b>											
Overhead Reimbursements	40,084	(352)	-	39,732	32,404	81.56%	28,937	80.27%	36,050	3,467	11.98%
Transfers from Other Funds	21,086	136	-	21,222	14,582	68.71%	15,696	69.99%	22,427	(1,114)	-7.10%
Reimbursements for Services	18,167	6	-	18,173	7,580	41.71%	5,648	33.30%	16,962	1,932	34.21%
<b>Total Transfers &amp; Reimburse</b>	<b>79,337</b>	<b>(210)</b>	<b>-</b>	<b>79,127</b>	<b>54,566</b>	<b>68.96%</b>	<b>50,281</b>	<b>66.65%</b>	<b>75,439</b>	<b>4,285</b>	<b>8.52%</b>
<b>Total Sources</b>	<b>1,226,894</b>	<b>119,944</b>	<b>38,832</b>	<b>1,385,670</b>	<b>783,440</b>	<b>56.54%</b>	<b>733,788</b>	<b>53.80%</b>	<b>1,363,898</b>	<b>49,652</b>	<b>6.77%</b>

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**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**EXPENDITURES**  
**FOR THE MONTHS ENDED DECEMBER 31, 2016**  
*( UNAUDITED )*  
*( \$000's )*

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END ACTUAL (1)(*)	CUR YTD LESS PRIOR YTD ACTUAL (1)	% CHANGE
	FY 2016-2017	BUDGET		FY 2016-2017	ACTUAL (*)	ENCUMBR	ACTUAL %	YTD	OF PRIOR			OF PRIOR
	BUDGET	AMENDMENTS		BUDGET	ACTUAL (*)	ENCUMBR	OF BUDGET	ACTUAL (1)(*)	ACTUAL			ACTUAL (1)(*)
<b>General Government</b>												
Mayor and Council	13,249	528	82	13,859	5,295	60	38.21%	4,313	44.81%	9,626	982	22.77%
City Attorney	14,140	195	638	14,973	6,147	653	41.05%	6,289	46.88%	13,416	(142)	-2.26%
City Auditor	2,473	(5)	-	2,468	1,005	22	40.72%	1,085	54.63%	1,986	(80)	-7.37%
City Clerk	2,735	(29)	53	2,759	1,066	27	38.64%	980	46.60%	2,103	86	8.78%
City Manager	14,221	121	975	15,317	6,205	1,133	40.51%	5,655	46.50%	12,161	550	9.73%
Finance	15,997	263	235	16,495	6,730	1,260	40.80%	6,609	47.17%	14,010	121	1.83%
Information Technology	19,251	29	2,082	21,362	6,457	2,506	30.23%	6,685	41.18%	16,232	(228)	-3.41%
Human Resources	8,000	647	42	8,689	3,285	1,129	37.81%	3,149	46.04%	6,840	136	4.32%
Independent Police Auditor	1,260	(2)	22	1,280	591	6	46.17%	451	42.59%	1,059	140	31.04%
Office of Economic Development	5,795	32	326	6,153	2,367	408	38.47%	2,007	48.27%	4,158	360	17.94%
Total General Government	97,121	1,779	4,455	103,355	39,148	7,204	37.88%	37,223	45.62%	81,591	1,925	5.17%
<b>Public Safety</b>												
Fire	202,884	244	840	203,968	93,893	1,781	46.03%	93,651	49.47%	189,321	242	0.26%
Police	344,059	904	1,553	346,516	156,277	4,029	45.10%	155,940	46.90%	332,461	337	0.22%
Total Public Safety	546,943	1,148	2,393	550,484	250,170	5,810	45.45%	249,591	47.83%	521,782	579	0.23%
<b>Capital Maintenance</b>												
Transportation	29,424	(6)	659	30,077	13,597	2,093	45.21%	13,134	45.15%	29,091	463	3.53%
Public Works	42,039	(3)	671	42,707	19,517	3,231	45.70%	18,699	47.09%	39,705	818	4.37%
Total Capital Maintenance	71,463	(9)	1,330	72,784	33,114	5,324	45.50%	31,833	46.27%	68,796	1,281	4.02%
<b>Community Service</b>												
Housing	327	359	2	688	113	4	16.42%	118	48.36%	244	(5)	-4.24%
Library	30,679	(32)	56	30,703	13,722	2,832	44.69%	13,303	44.69%	29,765	419	3.15%
Planning, Bldg & Code Enf.	50,498	833	1,910	53,241	20,918	2,512	39.29%	20,187	45.12%	44,743	731	3.62%
Parks, Rec & Neigh Svcs	68,232	(15)	719	68,936	32,967	4,249	47.82%	29,368	47.27%	62,123	3,599	12.25%
Environmental Services	1,372	-	14	1,386	509	633	36.72%	434	50.64%	857	75	17.28%
Total Community Services	151,108	1,145	2,701	154,954	68,229	10,230	44.03%	63,410	46.04%	137,732	4,819	7.60%
Total Dept. Expenditures	866,635	4,063	10,879	881,577	390,661	28,568	44.31%	382,057	47.17%	809,901	8,604	2.25%

(1) Does not include encumbrance balance.

(\*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis but not on a GAAP basis.



**CITY OF SAN JOSE  
GENERAL FUND SOURCE AND USE OF FUNDS  
EXPENDITURES  
FOR THE MONTHS ENDED DECEMBER 31, 2016  
( UNAUDITED )  
( \$000's )**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END ACTUAL (1)(*)	CUR YTD LESS	% CHANGE	
	FY 2016-2017	BUDGET		FY 2016-2017	ACTUAL (*)	ENCUMBR	ACTUAL %	YTD	OF PRIOR		PRIOR YEAR-END	PRIOR YTD	LESS PRIOR YTD
	BUDGET	AMENDMENTS		BUDGET	ACTUAL (*)	ENCUMBR	OF BUDGET	ACTUAL (1)(*)	ACTUAL		ACTUAL (1)(*)	ACTUAL (1)	ACTUAL
<b>Non-Dept Expenditures</b>													
City-wide Expenditures:													
Econ & Neighborhood Develop.	34,586	1,577	7,125	43,288	8,031	9,579	18.55%	16,274	56.89%	28,607	(8,243)	-50.65%	
Environmental & Utility Services	2,561	1,728	37	4,326	729	298	16.85%	533	30.93%	1,723	196	36.77%	
Public Safety	20,852	1,873	-	22,725	8,901	458	39.17%	8,581	49.38%	17,377	320	3.73%	
Recreation & Cultural Services	9,778	12	720	10,510	3,581	2,339	34.07%	5,603	52.97%	10,577	(2,022)	-36.09%	
Transportation Services	6,344	183	270	6,797	2,855	549	42.00%	2,791	42.59%	6,553	64	2.29%	
Strategic Support	53,664	107,126	7,423	168,213	62,891	6,582	37.39%	71,263	49.82%	143,051	(8,372)	-11.75%	
<b>Total City-wide Expenditures</b>	<b>127,785</b>	<b>112,499</b>	<b>15,575</b>	<b>255,859</b>	<b>86,988</b>	<b>19,805</b>	<b>34.00%</b>	<b>105,045</b>	<b>50.53%</b>	<b>207,888</b>	<b>(18,057)</b>	<b>-17.19%</b>	
Other Non-Dept Expenditures:													
Capital Improvements	70,218	282	12,378	82,878	10,589	7,035	12.78%	12,759	49.33%	25,865	(2,170)	-17.01%	
Transfers to Other Funds	28,012	39	-	28,051	28,051	-	100.00%	27,128	99.92%	27,150	923	3.40%	
Other Operating Expenditures	-	-	-	-	-	-	0.00%	-	0.00%	-	-	100.00%	
<b>Total Non-Dept Expenditures</b>	<b>226,015</b>	<b>112,820</b>	<b>27,953</b>	<b>366,788</b>	<b>125,628</b>	<b>26,840</b>	<b>34.25%</b>	<b>144,932</b>	<b>55.55%</b>	<b>260,903</b>	<b>(19,304)</b>	<b>-13.32%</b>	
<b>Reserves</b>													
Contingency Reserve	35,500	-	-	35,500	-	-	0.00%	-	0.00%	-	-	0.00%	
Earmarked Reserves	98,744	3,061	-	101,805	-	-	0.00%	40	0.00%	-	(40)	0.00%	
<b>Total Reserves</b>	<b>134,244</b>	<b>3,061</b>	<b>-</b>	<b>137,305</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>40</b>	<b>0.00%</b>	<b>-</b>	<b>(40)</b>	<b>0.00%</b>	
<b>Total Uses</b>	<b>1,226,894</b>	<b>119,944</b>	<b>38,832</b>	<b>1,385,670</b>	<b>516,289</b>	<b>55,408</b>	<b>37.26%</b>	<b>527,029</b>	<b>49.22%</b>	<b>1,070,804</b>	<b>(10,740)</b>	<b>-2.04%</b>	

(1) Does not include encumbrance balance.

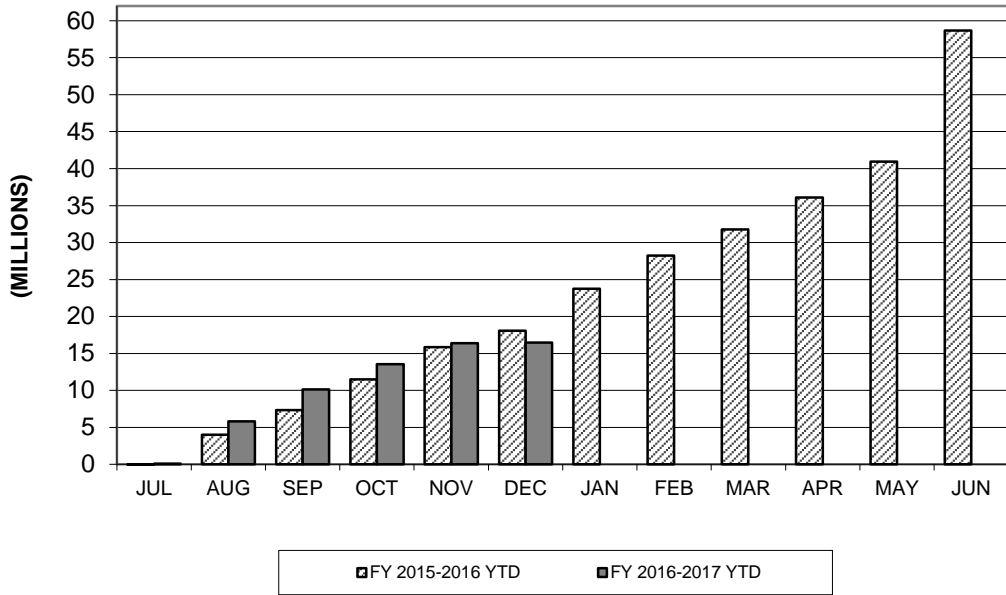
(\*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis but not on a GAAP basis.

**CITY OF SAN JOSE  
GENERAL FUND SOURCE AND USE OF FUNDS  
FOR THE MONTHS ENDED DECEMBER 31, 2016  
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES  
(UNAUDITED)  
(\$000's)**

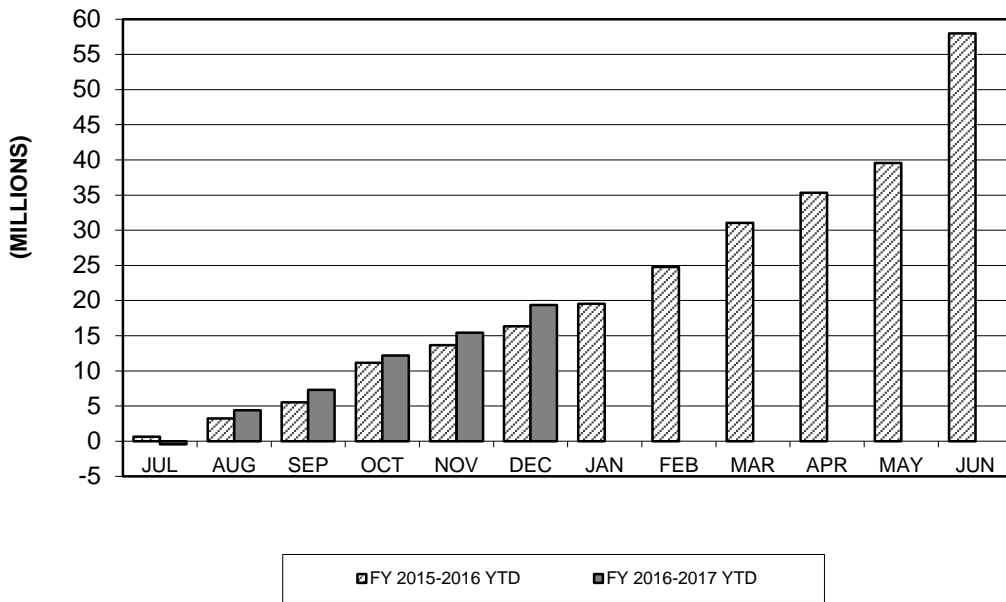
	ADOPTED FY 2016-2017 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2016-2017 BUDGET	CUR YTD ACTUAL (*)	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL (*)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END ACTUAL (*)	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Police	1,264	-	-	1,264	619	48.97%	850	53.73%	1,582	(231)	-27.18%
Public Works	9,815	-	-	9,815	5,327	54.27%	4,906	44.23%	11,093	421	8.58%
Transportation	1,587	-	-	1,587	911	57.40%	795	50.48%	1,575	116	14.59%
Library	889	-	-	889	175	19.69%	28	2.33%	1,201	147	525.00%
Planning, Bldg & Code Enf	4,500	-	-	4,500	2,227	49.49%	3,041	48.62%	6,255	(814)	-26.77%
Parks Rec & Neigh Svcs	20,208	-	-	20,208	11,866	58.72%	10,057	53.11%	18,935	1,809	17.99%
Miscellaneous Dept Charges	3,469	-	-	3,469	2,318	66.82%	2,494	38.87%	6,417	(176)	-7.06%
<b>Total Departmental Revenues</b>	<b>41,732</b>	<b>-</b>	<b>-</b>	<b>41,732</b>	<b>23,443</b>	<b>56.18%</b>	<b>22,171</b>	<b>47.11%</b>	<b>47,058</b>	<b>1,272</b>	<b>5.74%</b>

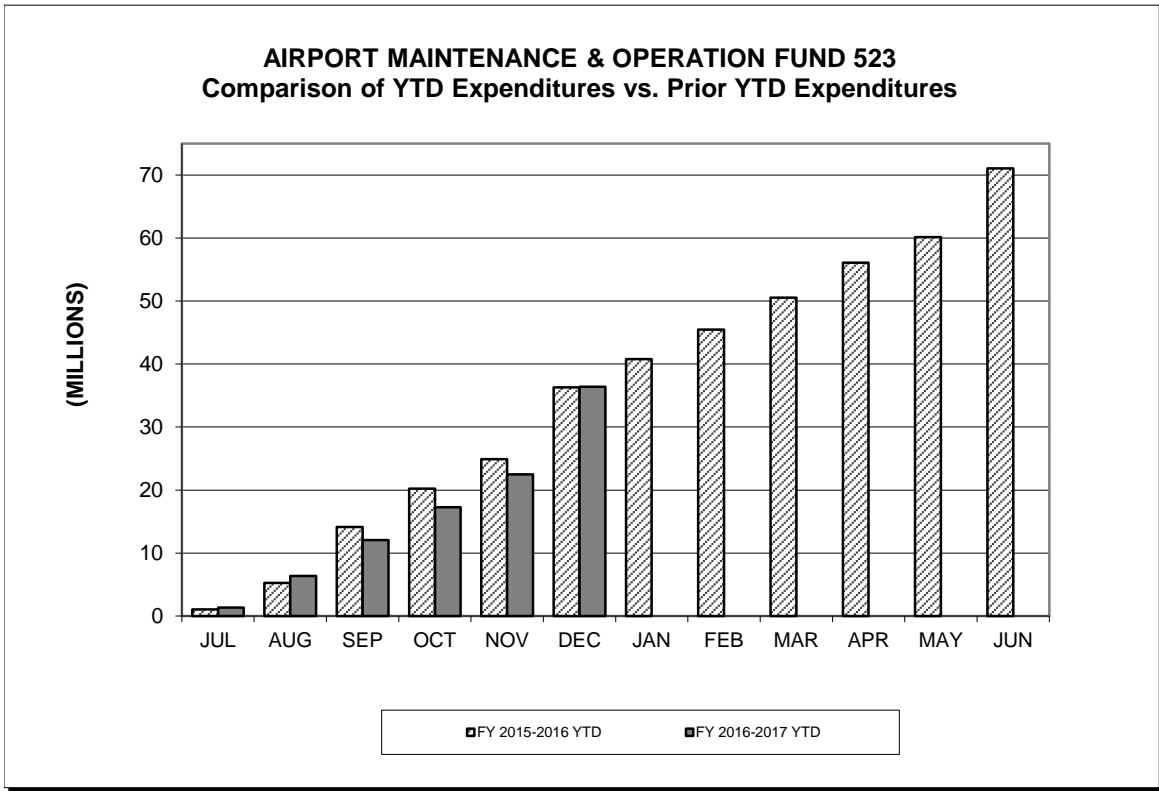
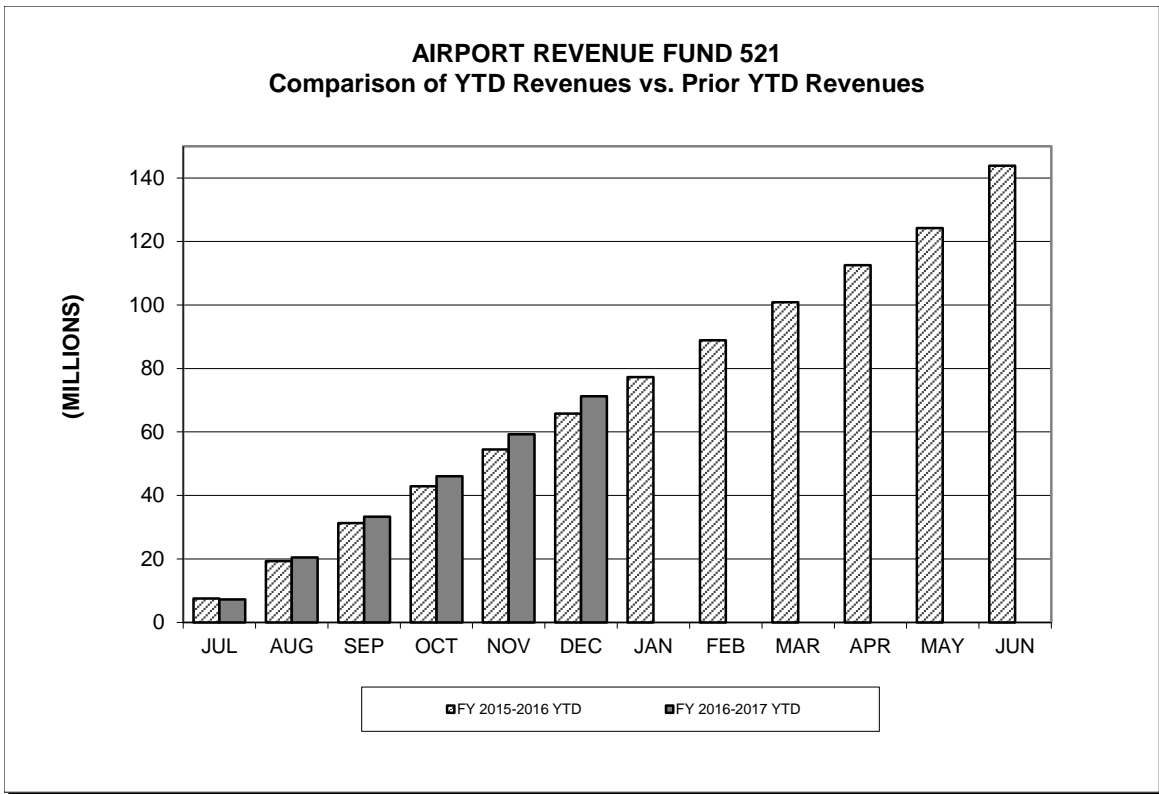
(\*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis but not on a GAAP basis.

**CONSTRUCTION & CONVEYANCE TAX FUNDS**  
**Comparison of YTD Revenues vs. Prior YTD Revenues**



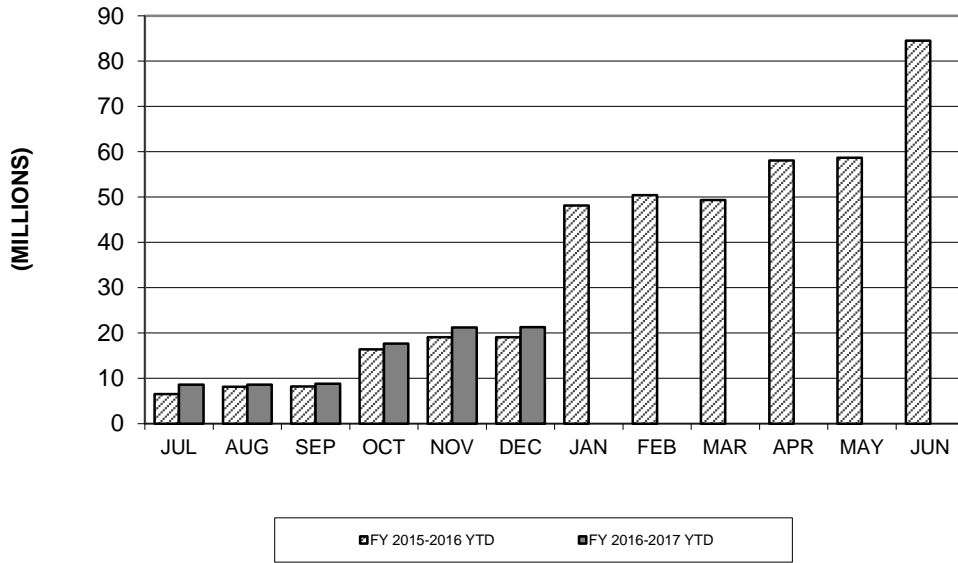
**CONSTRUCTION & CONVEYANCE TAX FUNDS**  
**Comparison of YTD Expenditures vs. Prior YTD Expenditures**



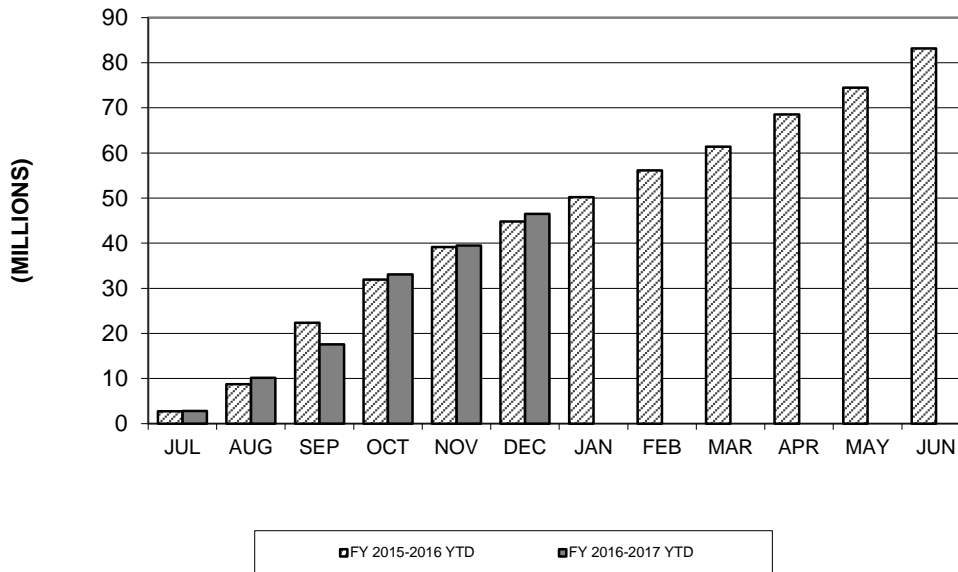


Note: The graphs above include the Airport Revenue Fund (521) and Airport Maintenance & Operation fund (523) only.

**WPCP OPERATION FUND 513  
Comparison of YTD Revenues vs. Prior YTD Revenues**

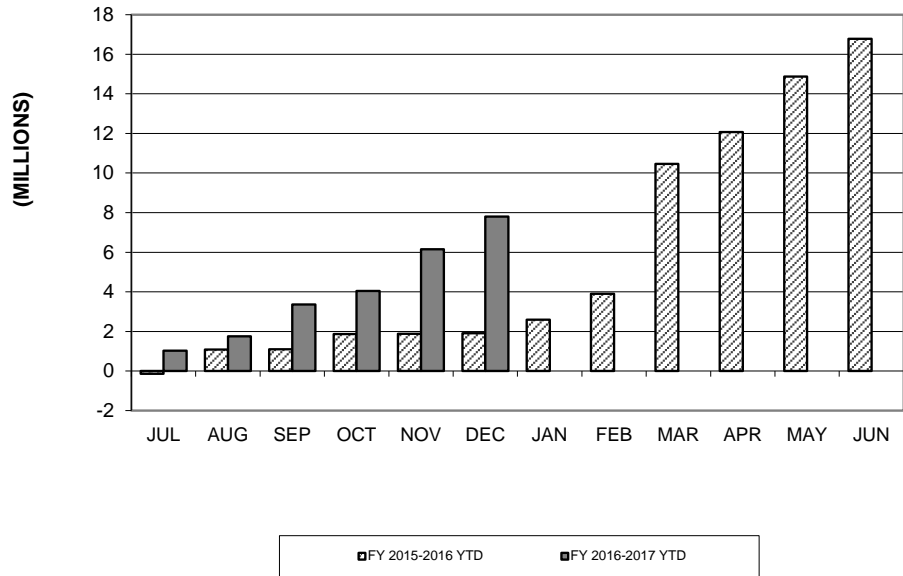


**WPCP OPERATION FUND 513  
Comparison of YTD Expenditures vs. Prior YTD Expenditures**

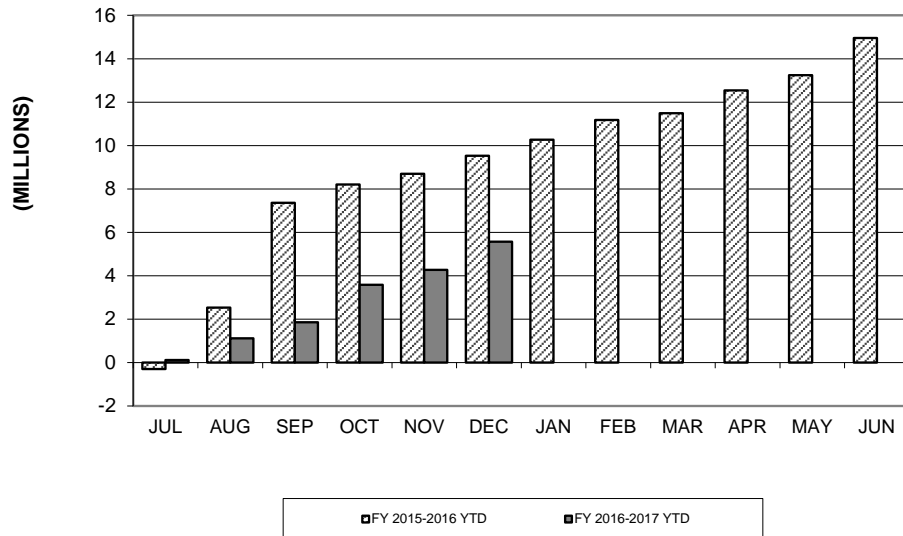


Note: The graphs above are only for the WPCP Operation Fund (513).

**GENERAL PURPOSE PARKING FUND 533**  
**Comparison of YTD Revenues vs. Prior YTD Revenues**



**GENERAL PURPOSE PARKING FUND 533**  
**Comparison of YTD Expenditures vs. Prior YTD Expenditures**



Note: The graphs above are only for the General Purpose Parking Fund (533).

**CITY OF SAN JOSE  
SPECIAL FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE MONTHS ENDED DECEMBER 31, 2016  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2016-2017	BUDGET		FY 2016-2017	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
<b>Construction/Conveyance Tax</b>							
Prior Year Encumbrance	-	-	6,387	6,387	6,387	-	4,954
Beginning Fund Balance	73,084	8,426	-	81,510	81,510	-	82,595
Revenues	66,846	891	-	67,737	16,479	-	18,067
<b>Total Sources</b>	<b>139,930</b>	<b>9,317</b>	<b>6,387</b>	<b>155,634</b>	<b>104,376</b>	<b>-</b>	<b>105,616</b>
<b>Total Uses</b>	<b>139,930</b>	<b>9,317</b>	<b>6,387</b>	<b>155,634</b>	<b>19,352</b>	<b>9,277</b>	<b>16,346</b>
<b>Airport</b>							
Prior Year Encumbrance	-	-	20,463	20,463	20,463	-	7,992
Beginning Fund Balance	279,474	11,466	-	290,940	290,940	-	298,793
Revenues	401,468	21,737	-	423,205	170,113	-	166,581
<b>Total Sources</b>	<b>680,942</b>	<b>33,203</b>	<b>20,463</b>	<b>734,608</b>	<b>481,516</b>	<b>-</b>	<b>473,366</b>
<b>Total Uses</b>	<b>680,942</b>	<b>33,203</b>	<b>20,463</b>	<b>734,608</b>	<b>135,958</b>	<b>48,950</b>	<b>134,629</b>
<b>Waste Water Treatment</b>							
Prior Year Encumbrance	-	-	193,053	193,053	193,053	-	76,236
Beginning Fund Balance	199,636	19,665	-	219,301	219,301	-	319,562
Revenues	351,154	-	-	351,154	193,297	-	199,676
<b>Total Sources</b>	<b>550,790</b>	<b>19,665</b>	<b>193,053</b>	<b>763,508</b>	<b>605,651</b>	<b>-</b>	<b>595,474</b>
<b>Total Uses</b>	<b>550,790</b>	<b>19,665</b>	<b>193,053</b>	<b>763,508</b>	<b>120,394</b>	<b>204,412</b>	<b>121,537</b>
<b>Parking</b>							
Prior Year Encumbrance	-	-	804	804	804	-	794
Beginning Fund Balance	16,354	3,859	-	20,213	20,213	-	16,385
Revenues	16,517	90	-	16,607	7,803	-	1,912
<b>Total Sources</b>	<b>32,871</b>	<b>3,949</b>	<b>804</b>	<b>37,624</b>	<b>28,820</b>	<b>-</b>	<b>19,091</b>
<b>Total Uses</b>	<b>32,871</b>	<b>3,949</b>	<b>804</b>	<b>37,624</b>	<b>5,572</b>	<b>4,586</b>	<b>9,524</b>
<b>Municipal Water</b>							
Prior Year Encumbrance	-	-	5,815	5,815	5,815	-	3,106
Beginning Fund Balance	19,287	936	-	20,223	20,223	-	21,963
Revenues	48,780	(1,574)	-	47,206	25,018	-	22,001
<b>Total Sources</b>	<b>68,067</b>	<b>(638)</b>	<b>5,815</b>	<b>73,244</b>	<b>51,056</b>	<b>-</b>	<b>47,070</b>
<b>Total Uses</b>	<b>68,067</b>	<b>(638)</b>	<b>5,815</b>	<b>73,244</b>	<b>23,890</b>	<b>6,733</b>	<b>20,099</b>

**CITY OF SAN JOSE  
SPECIAL FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE MONTHS ENDED DECEMBER 31, 2016  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2016-2017	BUDGET		FY 2016-2017	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
<b>Gas Tax</b>							
Revenues	17,500	-	-	17,500	7,461	-	6,786
<b>Total Sources</b>	<b>17,500</b>	<b>-</b>	<b>-</b>	<b>17,500</b>	<b>7,461</b>	<b>-</b>	<b>6,786</b>
<b>Total Uses</b>	<b>17,500</b>	<b>-</b>	<b>-</b>	<b>17,500</b>	<b>7,461</b>	<b>-</b>	<b>5,530</b>
<b>Building and Structures</b>							
Prior Year Encumbrance	-	-	6,980	6,980	6,980	-	6,966
Beginning Fund Balance	35,398	8,642	-	44,040	44,040	-	34,119
Revenues	26,966	1,472	-	28,438	13,437	-	8,826
<b>Total Sources</b>	<b>62,364</b>	<b>10,114</b>	<b>6,980</b>	<b>79,458</b>	<b>64,457</b>	<b>-</b>	<b>49,911</b>
<b>Total Uses</b>	<b>62,364</b>	<b>10,114</b>	<b>6,980</b>	<b>79,458</b>	<b>5,589</b>	<b>9,250</b>	<b>5,161</b>
<b>Residential Construction</b>							
Beginning Fund Balance	1,618	222	-	1,840	1,840	-	1,672
Revenues	185	-	-	185	178	-	119
<b>Total Sources</b>	<b>1,803</b>	<b>222</b>	<b>-</b>	<b>2,025</b>	<b>2,018</b>	<b>-</b>	<b>1,791</b>
<b>Total Uses</b>	<b>1,803</b>	<b>222</b>	<b>-</b>	<b>2,025</b>	<b>18</b>	<b>-</b>	<b>16</b>
<b>Transient Occupancy Tax</b>							
Prior Year Encumbrance	-	-	498	498	498	-	335
Beginning Fund Balance	3,914	3,808	-	7,722	7,722	-	8,784
Revenues	25,496	-	-	25,496	10,926	-	9,904
<b>Total Sources</b>	<b>29,410</b>	<b>3,808</b>	<b>498</b>	<b>33,716</b>	<b>19,146</b>	<b>-</b>	<b>19,023</b>
<b>Total Uses</b>	<b>29,410</b>	<b>3,808</b>	<b>498</b>	<b>33,716</b>	<b>11,759</b>	<b>4,492</b>	<b>11,714</b>
<b>Conventions, Arts &amp; Entertainment</b>							
Prior Year Encumbrance	-	-	199	199	199	-	26
Beginning Fund Balance	8,630	3,446	-	12,076	12,076	-	6,917
Revenues	13,762	56	-	13,818	5,889	-	6,483
<b>Total Sources</b>	<b>22,392</b>	<b>3,502</b>	<b>199</b>	<b>26,093</b>	<b>18,164</b>	<b>-</b>	<b>13,426</b>
<b>Total Uses</b>	<b>22,392</b>	<b>3,502</b>	<b>199</b>	<b>26,093</b>	<b>5,530</b>	<b>1,868</b>	<b>5,447</b>



**CITY OF SAN JOSE  
SPECIAL FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE MONTHS ENDED DECEMBER 31, 2016  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2016-2017	BUDGET		FY 2016-2017	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
<b>Golf</b>							
Beginning Fund Balance	587	156	-	743	743	-	422
Revenues	2,675	-	-	2,675	2,450	-	2,866
<b>Total Sources</b>	<b>3,262</b>	<b>156</b>	<b>-</b>	<b>3,418</b>	<b>3,193</b>	<b>-</b>	<b>3,288</b>
<b>Total Uses</b>	<b>3,262</b>	<b>156</b>	<b>-</b>	<b>3,418</b>	<b>1,735</b>	<b>75</b>	<b>1,717</b>
<b>Other Funds</b>							
Prior Year Encumbrance	-	-	36,760	36,760	36,760	-	24,095
Beginning Fund Balance	307,132	10,394	-	317,526	317,526	-	281,893
Revenues	367,685	13,051	-	380,736	232,130	-	248,725
<b>Total Sources</b>	<b>674,817</b>	<b>23,445</b>	<b>36,760</b>	<b>735,022</b>	<b>586,416</b>	<b>-</b>	<b>554,713</b>
<b>Total Uses</b>	<b>674,817</b>	<b>23,445</b>	<b>36,760</b>	<b>735,022</b>	<b>155,286</b>	<b>128,485</b>	<b>149,939</b>

**CITY OF SAN JOSE**  
**CAPITAL PROJECT FUNDS**  
**SOURCE AND USE OF FUNDS**  
**FOR THE MONTHS ENDED DECEMBER 31, 2016**  
*(UNAUDITED)*  
*( \$000's )*

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2016-2017	BUDGET		FY 2016-2017	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
<b>Construction Excise</b>							
Prior Year Encumbrance	-	-	32,198	32,198	32,198	-	33,010
Beginning Fund Balance	54,486	16,703	-	71,189	71,189	-	74,825
Revenues	39,185	14,129	-	53,314	39,317	-	26,272
<b>Total Sources</b>	<b>93,671</b>	<b>30,832</b>	<b>32,198</b>	<b>156,701</b>	<b>142,704</b>	<b>-</b>	<b>134,107</b>
<b>Total Uses</b>	<b>93,671</b>	<b>30,832</b>	<b>32,198</b>	<b>156,701</b>	<b>26,694</b>	<b>19,891</b>	<b>31,381</b>
<b>Other</b>							
Prior Year Encumbrance	-	-	1,818	1,818	1,818	-	13,138
Beginning Fund Balance	19,798	11,119	-	30,917	30,917	-	23,946
Revenues	493	-	-	493	662	-	748
<b>Total Sources</b>	<b>20,291</b>	<b>11,119</b>	<b>1,818</b>	<b>33,228</b>	<b>33,397</b>	<b>-</b>	<b>37,832</b>
<b>Total Uses</b>	<b>20,291</b>	<b>11,119</b>	<b>1,818</b>	<b>33,228</b>	<b>997</b>	<b>1,109</b>	<b>5,129</b>

**CITY OF SAN JOSE  
OTHER FUND TYPES  
SOURCE AND USE OF FUNDS  
FOR THE MONTHS ENDED DECEMBER 31, 2016  
(UNAUDITED)  
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2016-2017 BUDGET	BUDGET AMENDMENTS		FY 2016-2017 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
<b>Trust and Agency</b>							
Prior Year Encumbrance	-	-	87	87	87	-	66
Beginning Fund Balance	8,122	1,334	-	9,456	9,456	-	9,215
Revenues	1,608	1	-	1,609	2,099	-	4,300
<b>Total Sources</b>	<u>9,730</u>	<u>1,335</u>	<u>87</u>	<u>11,152</u>	<u>11,642</u>	<u>-</u>	<u>13,581</u>
<b>Total Uses</b>	<u>9,730</u>	<u>1,335</u>	<u>87</u>	<u>11,152</u>	<u>2,600</u>	<u>180</u>	<u>274</u>

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