



ANNUAL REPORT

SEPTEMBER 2016
OFFICE OF THE CITY MANAGER

2015-2016 ANNUAL REPORT

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

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

The financial information used in this report represents final, unaudited 2015-2016 year-end closing figures as of June 30, 2016.

**2015-2016
ANNUAL REPORT**

Table of Contents

<i>Transmittal Memorandum</i>	1
<hr/>	
<i>Definitions</i>	1
<i>Glossary of Terms</i>	3
<i>Fund Descriptions</i>	5
I. BUDGET PERFORMANCE SUMMARY (ALL FUNDS)	I - 1
<hr/>	
Comparison of Budget to Actual Revenues and Expenditures by Fund	I - 3
Comparison of Estimated to Actual 2015-2016 Ending Fund Balance	I - 6
Summary of 2015-2016 Year-End Reserves by Fund	I - 9
II. GENERAL FUND BUDGET PERFORMANCE	II - 1
<hr/>	
General Fund Year-End Performance	II - 3
General Fund Revenue Performance	II - 6
General Fund Expenditure Performance	II - 23
III. SELECTED SPECIAL/CAPITAL FUNDS BUDGET PERFORMANCE	III - 1
<hr/>	
Airport Funds	III - 2
Building and Structure Construction Tax Fund	III - 7
Construction and Conveyance Tax Funds	III - 9
Construction Excise Tax Fund	III - 11
Integrated Waste Management Fund	III - 13
San José-Santa Clara Treatment Plant Funds	III - 15
Sanitary Sewer Funds	III - 19
Water Utility Funds	III - 21

**2015-2016
ANNUAL REPORT**

Table of Contents

IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS	IV- 1
---	-------

V. FINANCIAL STATEMENTS	
-------------------------	--

2015-2016

ANNUAL

REPORT

TRANSMITTAL

MEMORANDUM



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Norberto Dueñas

SUBJECT: 2015-2016 ANNUAL REPORT

DATE: September 30, 2016

RECOMMENDATION

It is recommended that the City Council:

- (a) Accept the 2015-2016 City Manager's Annual Report of the Finances of the City of San José in compliance with City Charter Section 701 (F).
- (b) Adopt Appropriation Ordinance and Funding Sources Resolution amendments in various operating and capital funds to implement the 2015-2016 Annual Report recommendations, including appropriate technical adjustments, as detailed in Section IV (Recommended Budget Adjustments and Clean-Up/Rebudget Actions).
- (c) Approve the addition of 0.75 Senior Recreation Leader PT and the elimination of 0.50 Recreation Leader PT in the Parks, Recreation and Neighborhood Services Department and the elimination of 1.0 limit-dated Executive Analyst in the City Manager's Office, as detailed in Section IV (Recommended Budget Adjustments and Clean-Up/Rebudget Actions).

OUTCOME

In accordance with Section 701 (F) of the San José City Charter, the 2015-2016 Annual Report describes the financial status of the City at the end of the 2015-2016 fiscal year. As specified in the City Charter, the focus of the City Manager's Annual Report is a comparison of actual revenue collections and expenditures to projections and appropriations included in the City's budget. This will provide the City Council with the information necessary to review the financial performance of all City funds. In addition, this report provides a comparison of the actual 2015-2016 Ending Fund Balance for each fund to the estimate used in the development of the 2016-2017 Adopted Budget as well as information on the status of the year-end reserve levels for each of the City's budgeted funds.

Approval of the recommended budget actions will implement required fund balance reconciliations as well as necessary rebudget and clean-up adjustments based on the final 2015-2016 financial performance (unaudited). The document also includes actions that are necessary to revise the 2016-2017 budget to align budgeted revenue and expenditures with the most current information, correct technical problems, recognize new or adjust existing grant, reimbursement or fee activity revenues and expenditures, fund a very limited number of urgent fiscal/program needs in the General Fund, and reflect changes in project and program allocations based on revised cost estimates as well as establish a limited number of new projects and programs in special and capital funds.

EXECUTIVE SUMMARY

The Administration proactively managed the City's 111 budgeted funds in 2015-2016. Budget actions were brought forward during the year to ensure that revenues and expenditures remained in alignment with actual performance. Through this careful management, the various City funds generally ended the year with revenues close to the budgeted estimates and expenditures below the budgeted allocations.

With the local economy's sustained growth over the past several years, and as expenditures were closely forecasted and monitored, the City's budget remained stable. Accordingly, the 2015-2016 Adopted Budget continued to hold the line, allowed for incremental increases in employee compensation in order to remain competitive as an employer in this challenging labor marketplace, and allocated a small General Fund surplus of \$9.4 million for targeted service restorations and infrastructure investments. As always, the City will maintain its focus on rebuilding services within available resources to meet the needs of the San José community.

In the General Fund, both the revenues and expenditures ended the year very close to budgeted expectations. At the end of 2015-2016, there was \$6.2 million (0.2% of the 2015-2016 Modified Budget total sources and uses) in additional General Fund 2015-2016 Ending Fund Balance above the level assumed in the development of the 2016-2017 Adopted Budget. These funds are recommended to be allocated in the 2015-2016 Annual Report as shown below.

PROPOSED 2016-2017 GENERAL FUND ADJUSTMENTS (\$000s)

Additional 2015-2016 Ending Fund Balance for Annual Report	\$ 6,248
Clean-Up Actions	
Development Fee Programs Reconciliation	(4,840)
Rebudgets/Clean-Up Adjustments (\$150,000 early rebudget on 8/16/16)	5,417
Sub-total Clean-Up Actions	\$ 577
Fund Balance Available After Clean-up Actions	\$ 6,825
Recommended Budget Adjustments	
Required Technical/Rebalancing Actions	(5,475)
Grants/Reimbursements/Fee Activities (\$2.1 million in net-zero adjustments)	0
Urgent Fiscal/Program Needs	(1,350)
Sub-total Recommended Budget Adjustments	\$ (6,825)
Remaining Balance After Clean-ups/Recommended Adjustments	\$ 0

EXECUTIVE SUMMARY

When bringing forward recommendations for the use of the additional 2015-2016 Ending Fund Balance, the Administration considers clean-up actions associated with the close-out of the 2015-2016 fiscal year to be essentially non-discretionary and the highest priority. These clean-up actions result in a net increase to the available fund balance of \$577,000 and are broken down into two categories: changes to the Development Fee Programs reserves to reconcile actual 2015-2016 performance (decrease to fund balance of \$4.84 million); and adjustments to rebudget amounts that were carried over to 2016-2017 to complete projects and technical adjustments to other revenue and expenditure line items (increase to fund balance of \$5.42 million). It should be noted that an early rebudget action of \$150,000 was previously approved by the City Council on August 16, 2016. After accounting for those clean-up actions, the additional General Fund 2015-2016 Ending Fund Balance was within \$6.83 million (0.25%) of the 2015-2016 Modified Budget (sources and uses). The \$6.83 million positive fund balance variance is comprised of net additional revenues of \$3.5 million (0.33%), additional 2015-2016 Beginning Fund Balance (\$335,000), net expenditure savings of \$2.1 million (0.18%), and higher than estimated liquidation of prior year encumbrances of \$869,000. The remaining General Fund balance of \$6.83 million is recommended to fund various required technical/rebalancing actions (\$5.48 million) and a small number of recommended actions to address urgent fiscal/program needs (\$1.35 million).

The largest actions in the General Fund include an increase to the Pavement Maintenance program (\$3.3 million) for street pavement and repairs, an increase to the Development Fee Program Technology Reserve (\$798,000) to account for the Multiple Housing Occupancy Program's share of costs for the implementation of the Integrated Permit System (AMANDA) upgrade, an increase of \$566,000 (partially offset by \$165,000 in contributions from other funds and the development fee programs) for the Human Resources/Payroll/Budget Systems Upgrades project to increase the project contingency and add funding for Managed Services, and an increase of \$540,000 for the Human Resources Department to support a third-party administrator (TPA) for a portion of the Workers' Compensation Program for the period of January 1, 2017 through June 30, 2017. In addition, \$2.1 million in net-zero adjustments to various grants, reimbursements and fee activities are included along with a series of technical adjustments.

This report also addresses immediate needs in various special and capital funds, including adding resources to support regional rail planning; increasing funding to address urgent needs at the Convention Center, Civic Auditorium, and Center for Performing Arts; increasing the Airport budget to provide funding for U.S. Customs and Border Protection (CBP) services to address the increasing level of international passengers; accelerating the replacement of the Fire Station 29 generator; and adding funding to complete the acquisition of property for conversion into a future affordable housing development.

As we move forward, the Administration will continue to monitor and report on the City's financial performance through Bi-Monthly Financial Reports and the Mid-Year Budget Review. The financial results of 2015-2016 will also be factored into the development of the 2018-2022 General Fund Five-Year Forecast that will be released in February 2017.

BACKGROUND

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

- **Transmittal Memorandum** – This section provides an overall summary of the 2015-2016 Annual Report.
- **Section I: Financial Performance Summary (All Funds)** – This section provides a comparison of the 2015-2016 budget to actual revenues received and expenditures incurred by fund as well as an explanation of revenue and/or expenditure variances of 10% or greater to the budget. This section also provides a comparison of the year-end actual 2015-2016 Ending Fund Balance by fund to the 2015-2016 Ending Fund Balance/2016-2017 Beginning Fund Balance estimate used in the development of the 2016-2017 Adopted Budget. In addition, a listing of the Earmarked and Contingency Reserves that were available at the end of 2015-2016 by fund is included.
- **Section II: General Fund Financial Performance** – This section provides a summary of the General Fund performance in 2015-2016, including the following: Results of Operations in the General Fund; Revenue Performance; and Expenditure Performance.
- **Section III: Selected Special/Capital Funds Financial Performance** – This section provides financial information on the 2015-2016 year-end performance for selected special and capital funds that represent major City operations. It includes a discussion of variances between actual and budgeted revenues and expenditures as well as a comparison between the actual ending fund balance and the fund balance estimated for 2015-2016 in the development of the 2016-2017 Adopted Budget.
- **Section IV: Recommended Budget Adjustments and Clean-Up/Rebudget Actions** – This section provides a description of the recommended budget adjustments and clean-up actions for City Council consideration. The proposed actions generally fall into three categories: (1) adjustments to the 2016-2017 Beginning Fund Balance amounts in various funds, including the General Fund, based on the final reconciliation of 2015-2016; (2) upward and downward adjustments to the rebudget figures to ensure the appropriate amount of unexpended funds are carried over to 2016-2017 to complete projects; and (3) actions based on more recent information that are necessary to revise the 2016-2017 budget to align budgeted revenue and expenditures with the most current information, correct technical problems, recognize new or adjust grant, reimbursement or fee activity revenues and expenditures, fund a very limited number of urgent fiscal/program needs in the General Fund, and reflect changes in project and program allocations based on revised cost estimates as well as establish a limited number of new projects and programs in special and capital funds.

BACKGROUND

- **Section V: Financial Statements** – This section provides the financial results (unaudited), prepared by the Finance Department, for all budgeted fund groups for 2015-2016. It should be noted that audited financial results will be released later in the fall as part of the 2016 Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ended June 30, 2016. Final fund balance reconciliations to the CAFR will be conducted for all funds and, while very few adjustments are typically necessary, any final adjustments will be brought forward for City Council consideration as part of the 2016-2017 Mid-Year Budget Review.

ANALYSIS

This Analysis section includes the following:

- an overview of the economic environment;
- a discussion of the 2015-2016 budget performance of all City funds;
- a discussion of the 2015-2016 budget performance for the General Fund;
- a discussion of the components of the 2015-2016 General Fund ending fund balance;
- an analysis of the impact of the General Fund performance on the 2016-2017 Adopted Budget; and
- a discussion of the 2015-2016 budget performance of selected special and capital funds.

Economic Environment

When the 2015-2016 Adopted Budget was developed, economic growth was expected to continue throughout the year. This assumption has proven true, with continued improvement in economic indicators and actual revenue performance during 2015-2016. Employment indicators, construction activity, median single-family home prices, number of home sales, and the number of days it took to sell these homes all performed well in 2015-2016.

The June 2016 employment level in the San José – Sunnyvale - Santa Clara Metropolitan Statistical Area (MSA) of 1.09 million was 2.2% above the June 2015 level of 1.06 million. This represents the sixth consecutive year of sustained growth



ANALYSIS

Economic Environment

from June to June. The growth is underscored by the current low unemployment that the San José – Sunnyvale – Santa Clara MSA is experiencing.

The unemployment rate in the San José metropolitan area continued to improve in 2015-2016, dropping from 4.2% in June 2015 to 4.1% in June 2016. The June 2016 unemployment rate in this region is less than the unadjusted rate for the State (5.7%) and the nation (5.1%).

Unemployment Rate (Unadjusted)

	June 2015	June 2016
SJ Metropolitan Statistical Area*	4.2%	4.1%
State of California	6.2%	5.7%
United States	5.5%	5.1%

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

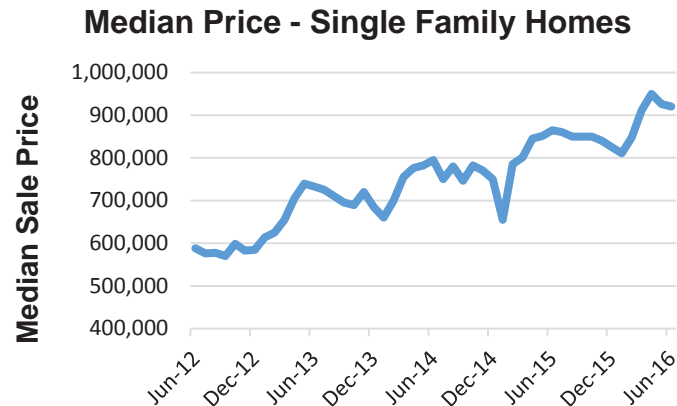
Construction activity remained strong in 2015-2016 at a valuation of \$1.5 billion, which was 14.3% above the \$1.3 billion valuation of projects that were received in 2014-2015. Commercial valuation of \$474.0 million tracked above the estimate of \$240.0 million and exceeded the prior year level of \$380.0 million. Industrial activity of \$594.7 million surpassed the forecasted level of \$250.0 million and was above last year’s level of \$359.9 million. While commercial and industrial activity was up compared to the prior year, residential activity was down. Residential valuation of \$440.9 million was lower than the prior year total of \$580.9 million and less than the estimate of \$615.0 million.

Major projects contributing to the tax receipts in 2015-2016 were the eBay campus on East Hamilton Avenue, the Samsung R&D building on North First Street, a 163,000 square foot warehouse on Piercy Road east of the Highway 101/85 split in South San José, a 144 room hotel located on North First Street just south of Highway 237, an office building in the Coleman Highline development, and a new 315 unit apartment building on West San Carlos Street. Overall, this construction activity drives the revenue collection in several construction tax categories such as the Building and Structure Construction Tax and Construction Excise Tax and is an indicator of future activity for other categories such as storm and sanitary sewer system fees.

ANALYSIS

Economic Environment

The housing market also continued to improve in 2015-2016. The median price for single family homes increased in value, with a median home price in June 2016 of \$920,000, up 6.4% from the June 2015 price of \$865,000. The number of home sales (single-family and multi-family dwelling units), has increased over the past year (2.9%) from 7,992 in 2014-2015 to 8,223 sales in 2015-2016. The amount of time it takes to sell a home (single-family and multi-family dwelling units) has increased slightly in the past year from 17 days in June 2015 to 19 days in June 2016.



2015-2016 Budget Performance (All Funds)

As shown in Section I of this document, City revenues (excluding Beginning Fund Balances) totaled \$2.48 billion in 2015-2016, which was 1.9% (\$46.9 million) below the budgeted estimate of \$2.53 billion.

In 2015-2016, expenditures (excluding Reserves and Ending Fund Balances) totaled \$2.8 billion, which was \$497.6 million (15.2%) below the modified budget of \$3.3 billion. At the end of 2015-2016, the Contingency and Earmarked Reserves for all City funds totaled \$719.3 million, which represented 17.5% of the total 2015-2016 Modified Budget of \$4.1 billion (including interfund transfers, loans, and contributions). In the General Fund, Reserves totaled \$165.0 million.

The financial performance in 2015-2016 is used as the starting point for 2016-2017. The collective 2015-2016 Ending Fund Balances for all City funds totaled \$1.3 billion, which was \$107.3 million above the 2015-2016 Ending Fund Balance estimates of \$1.2 billion used in the development of the 2016-2017 Adopted Budget. After adjusting for additional rebudgets of \$12.1 million recommended in this report, the adjusted 2015-2016 Ending Fund Balance variance for all funds falls to \$95.2 million, or 2.3% of the 2015-2016 Modified Budget. The adjusted fund balance variance totaled \$6.8 million in the General Fund, \$30.5 million in the special funds, and \$58.0 million in the capital funds.

ANALYSIS

2015-2016 General Fund Budget Performance

The City's General Fund ended the 2015-2016 fiscal year within budgeted levels. As shown in the chart below, the General Fund Ending Fund Balance of \$255.2 million was \$6.2 million (0.2% of the 2015-2016 Modified Budget total sources and uses) above the fund balance estimate assumed when the 2016-2017 Adopted Budget was developed. The following table summarizes the General Fund performance in 2015-2016, comparing the actual results to the modified budget and the estimates used to develop the 2016-2017 Adopted Budget.

Table 1
General Fund Year-End Status
For the Year Ended June 30, 2016
 (\$000s)

Sources	2015-2016 Modified Budget	2015-2016 Year-end Estimate	2015-2016 Budgetary Basis Actual	Actual to Budget Variance	Actual to Estimate Variance
<i>Beginning Fund Balance</i>	265,520	265,520	265,855	335	335
<i>Carryover Encumbrances</i>	42,526	42,526	42,526	-	-
<i>Liquidation of Carry- over Encumbrances</i>	-	1,000	1,869	1,869	869
<i>Revenue</i>	<u>1,059,439</u>	<u>1,059,439</u>	<u>1,055,517</u>	<u>(3,922)</u>	<u>(3,922)</u>
<i>Total Sources</i>	<u><u>1,367,485</u></u>	<u><u>1,368,485</u></u>	<u><u>1,365,767</u></u>	<u><u>(1,718)</u></u>	<u><u>(2,718)</u></u>
Uses					
<i>Expenditures/Transfers</i>	1,202,426	1,118,802	1,110,561	(91,865)	(8,241)
<i>Reserves</i>	<u>165,059</u>	<u>725</u>	<u>-</u>	<u>(165,059)</u>	<u>(725)</u>
<i>Total Uses</i>	<u><u>1,367,485</u></u>	<u><u>1,119,527</u></u>	<u><u>1,110,561</u></u>	<u><u>(256,924)</u></u>	<u><u>(8,966)</u></u>
<i>Ending Fund Balance</i>	<u><u>-</u></u>	<u><u>248,958</u></u>	<u><u>255,206</u></u>	<u><u>255,206</u></u>	<u><u>6,248</u></u>

Note: In the chart above, the General Fund excludes the Emergency Reserve Fund and the Cash Reserve Fund, which are budgeted as separate funds and reflected separately in this document. In the 2015-2016 Comprehensive Financial Report (CAFR), the Emergency Reserve Fund and Cash Reserve Fund will be displayed as part of the General Fund to comply with GASB 54 reporting requirements.

In 2015-2016, General Fund revenues of \$1.1 billion ended the year \$3.9 million (0.4%) below both the modified budget and the estimate used to develop the 2016-2017 Adopted Budget. Other funding sources included additional 2015-2016 Beginning Fund Balance of \$335,000 and the liquidation of prior year carryover encumbrances totaling \$1.9 million, which was \$869,000 above the estimate used to develop the 2016-2017 Adopted Budget. General Fund expenditures/transfers of \$1.11 billion were \$91.9 million (7.6%) below the modified budget of \$1.2 billion and \$8.2 million (0.74%) below the estimate used to develop the 2016-2017 Adopted Budget. Budgeted reserves of \$165.1 million remain unexpended at year-end.

ANALYSIS

2015-2016 General Fund Budget Performance

When comparing the actual revenue and expenditure performance to the estimates used to develop the 2016-2017 Adopted Budget, a portion of these variances is related to various grants and reimbursements that were not received in 2015-2016, but are expected to be received in 2016-2017. A total of \$4.3 million of grant and reimbursement revenues and expenditures were rebudgeted to 2016-2017 in the 2016-2017 Adopted Budget. This resulted in lower actual revenues and expenditures in 2015-2016, with no net impact to the General Fund. After factoring out the lower revenues and expenditures associated with these grants and reimbursements, revenues were above the estimate by \$407,000 (0.1%) and expenditures savings totaled \$4.6 million. In addition, the 2015-2016 Beginning Fund Balance was \$335,000 above the estimate, and the liquidation of carryover encumbrances exceeded the \$1.0 million estimate by \$869,000. Further adjustments to these figures are necessary to account for the recommended rebudget and clean-up actions in the Annual Report.

In this Annual Report document, budget actions are recommended to distribute fund balance. Of the \$6.248 million in additional fund balance, \$6.098 million is allocated in this report and the remaining \$150,000 was already distributed as an early rebudget approved by the City Council on August 16, 2016. Per City Council Policy 1-18, when determining the proposed distribution of these funds, the first priority is to complete clean-up actions associated with the final reconciliation of 2015-2016. Recommended clean-up actions result in net increase of \$577,000 to the amount of funding available to distribute, and reflect the allocation of \$4.84 million to reconcile the actual performance of the Development Fee Programs for 2015-2016 and a net negative adjustment of \$5.42 million in required expenditure rebudgets and other clean-up adjustments to close-out 2015-2016. The adjusted figure of \$6.83 million in additional funding available to distribute was generated from net additional revenues of \$3.5 million and net expenditure savings of \$2.1 million, a Beginning Fund Balance adjustment of \$335,000, and higher than estimated liquidation of prior year encumbrances (\$869,000).

The additional General Fund balance of \$6.83 million (0.25%) available for distribution is recommended to be allocated to address various required technical and rebalancing actions (\$5.48 million), and recommended urgent fiscal/program needs (\$1.35 million), which are described later in this transmittal memorandum.

To identify revenue and expenditure trends, the actual 2015-2016 revenues and expenditures are compared to the prior year. Table 2 below compares the City's financial performance in 2015-2016 with the financial performance of the prior year.

ANALYSIS

2015-2016 General Fund Budget Performance

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

	2014-2015 Actuals	2015-2016 Actuals	Change	% Change
Source of Funds				
Beginning Fund Balance	311,414	265,855	(45,559)	-14.6%
Revenues	1,048,677	1,055,518	6,841	0.7%
Total Source of Funds	1,360,091	1,321,373	(38,718)	-2.8%
Use of Funds				
Personal Services	649,086	692,220	43,134	6.6%
Non-Personal/Equipment/Other	115,085	129,244	14,159	12.3%
City-Wide Expenses	264,174	223,639	(40,535)	-15.3%
Capital Contributions	29,470	38,308	8,838	30.0%
Transfers	36,756	27,150	(9,606)	-26.1%
Reserves	-	-	-	N/A
Total Use of Funds	1,094,571	1,110,561	15,990	1.5%

As shown in Table 2, 2015-2016 General Fund revenues of \$1.056 billion represent an increase of 0.7% from the 2014-2015 collection level of \$1.049 billion. The categories that experienced the largest increases included: Property Tax, Sales Tax, Business Taxes, Licenses and Permits, and Departmental Charges. The largest declines from the prior year were experienced in the Revenue from Local Agencies (primarily due to lower Successor Agency to the Redevelopment Agency reimbursement of \$22.5 million) and Other Revenue (lower Sale of Property proceeds of \$33.6 million due primarily to a portion of the Airport West property sold in 2014-2015) categories. These large declines are dampening overall revenue growth comparisons to the prior year.

General Fund expenditures of \$1.11 billion in 2015-2016 were 1.5% (\$16.0 million) above prior year expenditure levels of \$1.09 billion. This increase is due to higher Personal Services (\$43.1 million), Non-Personal/Equipment/Other (\$14.2 million), and Capital Contributions (\$8.8 million), partially offset by lower City-Wide Expenses (\$40.5 million), and Transfers (\$9.6 million).

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

ANALYSIS

2015-2016 General Fund Ending Fund Balance

The current budgeting practice of the City is to use the projected level of fund balance expected to remain in the General Fund at the end of any fiscal year as a funding source for the following year. The Ending Fund Balance estimate always contains two components: the portion of the fund balance that needs to be rebudgeted for completing projects or retaining reserves; and the portion which is undesignated and available as a general funding source in the coming year. In the 2016-2017 Adopted Budget, a total fund balance estimate of \$249.0 million was included as a funding source. As discussed earlier, the 2015-2016 General Fund Ending Fund Balance of \$255.2 million was \$6.2 million above this estimate.

The components of the 2015-2016 General Fund Ending Fund Balance include additional funding sources, expenditure/transfer savings, and unexpended reserves as described below:

**2015-2016 General Fund
Ending Fund Balance Components**

Fund Balance Component	\$ Amount (\$ in 000s)
Additional Funding Sources	(1,718)
Expenditure/Transfer Savings	91,865
Unexpended Reserves	165,059
TOTAL	\$ 255,206

The total Sources of Funds ended the year \$1.7 million below the modified budget as a result of lower revenues (\$3.9 million) that were partially offset by a higher 2015-2016 Beginning Fund Balance (\$335,000) and liquidation of carryover encumbrances (\$1.9 million). After net-zero revenue rebudgets and additional rebudget and clean-up actions recommended in the Annual Report, there is an adjusted revenue surplus of \$3.5 million (0.33%) from the modified budget.

For the Uses of Funds, expenditure and transfer savings totaled \$91.9 million, while unexpended reserves totaled \$165.1 million, representing the largest component of the 2015-2016 Ending Fund Balance. Clean-up expenditure actions of \$2.5 million are recommended in this document to reconcile the Development Fee Programs for 2015-2016 (\$2.0 million) and to adjust various rebudget amounts and clean up appropriations (\$512,000). After accounting for these technical adjustments, the remaining General Fund expenditures and transfer savings totaled \$2.1 million, or 0.18% of the modified budget (excluding reserves).

ANALYSIS

2015-2016 General Fund Ending Fund Balance

General Fund Reserves, totaling \$165.1 million at the end of 2015-2016, include two categories: Earmarked Reserves (\$130.6 million) established to address specific needs per City Council direction; and the Contingency Reserve (\$34.5 million) set at a minimum of 3% of expenditures per City Council policy.

Following is additional information regarding the two reserve categories.

- ***Earmarked Reserves (\$130.6 million)*** – At the end of 2015-2016, the most significant reserves included the following: Ending Fund Balance Reserve (\$25.5 million); Building Development Fee Program Reserve (\$24.4 million); Workers Compensation/General Liability Catastrophic Reserve (\$15.0 million); Budget Stabilization Reserve (\$10.0 million); Salaries and Benefits Reserve (\$6.9 million); Fire Development Fee Program (\$6.4 million); Retiree Healthcare Solutions Reserve (\$6.1 million); Sick Leave Payments Upon Retirement Reserve (\$6.0 million); Public Works Development Fee Program Reserve (\$5.5 million); Cultural Facilities Capital Maintenance Reserve (\$5.0 million); and the 2016-2017 Police Department Overtime Reserve (\$5.0 million). The majority of the Earmarked Reserves were either approved for rebudget or used as a funding source in the 2016-2017 Adopted Budget. A rebudget adjustment is recommended in the Annual Report to reconcile the Artificial Turf Capital Replacement Reserve.

The 2015-2016 Ending Fund Balance Reserve of \$25.5 million was proactively set aside to help ensure sufficient fund balance would be available at the end of 2015-2016 to meet the budgeted estimate used in the development of the 2016-2017 Adopted Budget. Annually, as part of the development of the General Fund Forecast and Adopted Budget for the following year, a certain amount of current year unrestricted ending fund balance is estimated to be available at the end of the year as a funding source for the following year's budget. This ending fund balance is expected to be generated from additional revenues above budgeted levels, expenditure savings, and the liquidation of carryover encumbrances during the year. In the 2016-2017 Adopted Budget, it was assumed that \$45.2 million would be generated from these sources. The establishment of the 2015-2016 Ending Fund Balance Reserve set aside a portion of this funding, with the assumption that the remaining amount would be realized by year-end primarily from expenditure savings and the liquidation of prior year carryover encumbrances.

ANALYSIS

2015-2016 General Fund Ending Fund Balance

- **Contingency Reserve (\$34.5 million)** – The City Council has established a budget policy of maintaining a minimum 3% Contingency Reserve in the General Fund. At the end of 2015-2016, the Contingency Reserve Balance was \$34.5 million. As part of the 2016-2017 Adopted Budget, the full Contingency Reserve was rebudgeted in order to comply with the Council Policy of maintaining a 3.0% Contingency Reserve in the General Fund. It is important to note, however, that if this Contingency Reserve is ever needed, it is only sufficient enough to cover General Fund payroll expenditures for approximately two and a half weeks in the event of an emergency. This level of reserve is a very low amount for a city the size of San José.

As discussed above, it was assumed that \$249.0 million would remain in the General Fund at the end of 2015-2016 and would be carried over to 2016-2017 as Beginning Fund Balance as part of the adoption of the 2016-2017 Budget. These funds, which were expected to be generated from unexpended reserves, unexpended funds that were rebudgeted to 2016-2017, additional revenue, expenditure savings and the liquidation of carryover encumbrances, were programmed for use in the 2016-2017 Adopted Budget. The actual General Fund Ending Fund Balance was above the estimate used in the 2016-2017 Adopted Budget by \$6.2 million, due to excess revenues and additional expenditure savings.

The following chart details the recommended uses of the \$6.248 million additional fund balance as well as other budget adjustments that are recommended as part of this report. Recommended clean-up actions will result in an increase to the available fund balance by \$577,000, reflecting a downward adjustment of \$4.84 million to reconcile the actual performance of the Development Fee Programs in 2015-2016 and a net upward adjustment of \$5.42 million to account for additional rebudget and clean-up actions to close-out 2015-2016. Once these adjustments have been accounted for, the net available fund balance available for allocation totals \$6.83 million. This additional fund balance is proposed to be allocated to address required technical/rebalancing needs as well as a very limited number of urgent fiscal/program needs in the current year.

ANALYSIS

Impacts on the 2016-2017 General Fund Budget

PROPOSED 2016-2017 GENERAL FUND ADJUSTMENTS (\$000s)

Additional 2015-2016 Ending Fund Balance	\$ 6,248
Clean-Up Actions	
Development Fee Programs Reconciliation	(4,840)
Rebudgets/Clean-Up Adjustments (\$150,000 early rebudget on 8/16/16)	5,417
Sub-total Clean-Up Actions	577
Fund Balance Available After Clean-Up Actions	\$ 6,825
Recommended Budget Adjustments	
Required Technical/Rebalancing Actions	
- Pavement Maintenance Program	3,300
- Development Fee Program Technology Reserve	798
- Human Resources/Payroll Budget Systems Upgrade	401
- Urban Forestry Services Reserve	200
- Elections and Ballot Measures	200
- Banking Services	200
- Fire Non-Personal/Equipment (Electronic Patient Care Reporting Project)	186
- Finance Non-Personal/Equipment (State Board of Equalization Sales Tax Set-Up)	175
- Business Tax Outreach Reserve	150
- Animal Care and Services Fire Alarm and Security Upgrade	148
- SAP Center Renegotiation	20
- Sports Authority and Arena Authority	15
- Digital Arts Program (add 0.75 Senior Leader PT/delete 0.50 Recreation Leader PT)	0
- Vietnamese-American Community Center (eliminate 1.0 Executive Analyst)	0
- Police Department Overtime (\$17.0 million from Salaries and Benefits to overtime)	0
- Silicon Valley Regional Communications System - Infrastructure Payment	0
- Building Development Fee Program Reserve	(170)
- Air Service Incentive Program Reserve	(75)
- Transfers and Reimbursements (Water Utility Fund)	(66)
- Transfers and Reimbursements Convention and Cultural Affairs Fund)	(7)
Sub-total Required Technical/Rebalancing Actions	\$ 5,475
Grants/Reimbursements/Fee Activities (\$2.1 million in net-zero adjustments)	\$ 0
Urgent Fiscal/Program Needs	
- Human Resources Non-Personal/Equipment (Workers' Compensation Third Party Administrator)	540
- Housing (Legal Fees for Housing Authority Litigation)	360
- Hammer Theatre Center Upgrades	0
- City Manager's Office Talent Recruitment Initiative	250
- Economic Development Diridon Area Development Advisor	100
- City Attorney (E-Discovery and Public Records Act Software)	100
Sub-total Urgent Fiscal/Program Needs	\$ 1,350
Total Recommended Budget Adjustments	\$ 6,825
Remaining Balance After Recommended Adjustments	\$ 0

ANALYSIS

Impacts on the 2016-2017 General Fund Budget

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

Clean-Up Actions (\$577,000)

- **Development Fee Programs Reconciliation (-\$4.84 million)** – Consistent with the budget policy enacted many years ago, year-end reconciliations of the revenues and expenditures in the Development Fee Programs are conducted to determine if revenues exceeded or fell below costs. To meet the commitment to the development community that all development fees will be used solely to support development fee activities, any excess revenues and interest earnings above actual costs are placed in Development Fee Program Reserves. Based on 2015-2016 results, \$4.8 million is recommended to be added to the Development Program Fee Reserves (Building, Fire, Planning, and Public Works), preserving any net savings between revenues and expenditures in these programs.
- **Rebudgets/Clean-Up Adjustments (\$5.42 million)** – A series of adjustments are recommended to complete existing projects in 2016-2017 and to reflect any necessary technical budget adjustments or reconciliation actions. The Annual Report is the point in the budget process where action is required to rebudget unexpended funds from the prior year that were not anticipated when the Adopted Budget was approved, but are required to complete a project in the current year. Also recommended are actions that actually reduce previous rebudgets to reflect instances where expenditures, for which rebudgets were approved, actually occurred in 2015-2016, therefore, the funds are not available for rebudget to 2016-2017. Other technical adjustments include the reconciliation of restricted program funding (e.g. General Plan Update, 4th Street Garage Banquet Facility Maintenance and Operations, Public, Education, and Government Access activities) and the repayment of previous contributions for Leland Sports Fields to the Council District 10 Construction and Conveyance Tax Fund.

Recommended Budget Adjustments (-\$6.83 million)

A number of General Fund budget adjustments, with a total net cost of \$6.83 million are recommended and can be classified under three categories: 1) Required Technical/Rebalancing Actions (net cost of \$5.48 million) that align already approved expenditure budgets with the most current tracking information, comply with actions previously authorized by the City Council, or correct technical problems in the 2016-2017 Adopted Budget; 2) Grants/Reimbursement/Fee Activities that have a net-zero of \$2.1 million, recognizing new or adjusted grant, reimbursement, or fee activity revenue, and adjust the appropriations for these purposes; and 3) Urgent Fiscal/Program Needs (net cost of \$1.35 million) for needs the Administration has deemed cannot or should not wait until later in the year.

ANALYSIS

Impacts on the 2016-2017 General Fund Budget

A summary of these adjustments include:

- **Required Technical/Rebalancing Actions (\$5.48 million)**
 - This action increases the *Pavement Maintenance Program* appropriation by \$3.3 million, from \$25.7 million to \$29.0 million, for street pavement and repairs. Per the Operating Budget and Capital Improvement Program Policy (Council Policy 1-18), any General Fund Ending Fund Balance identified in the City Manager's Annual Report, after accounting for actions to rebudget funds, correct errors, or reflected updated cost information, shall be allocated 50% towards unmet/deferred infrastructure and maintenance needs and 50% to offset any projected deficit. Because the projected deficit for 2017-2018 has already been addressed as part of the 2016-2017 Adopted Budget, this action will allocate the entire remaining General Fund Ending Fund Balance after rebudget and clean-up adjustments towards helping to address unmet/deferred pavement maintenance needs. (\$3.3 million)
 - This action increases the *Development Fee Program Technology Reserve* by \$798,000 (from \$295,000 to \$1.1 million) to include the Multiple Housing Occupancy Program's share of costs for the implementation of the Integrated Permit System (AMANDA) upgrade. The Development Fee Program Technology Reserve was established by contributions from the Development Services Partners (Building, Fire, Planning, and Public Works) and this action will payback those partners for the Multiple Housing Occupancy Program fair share portion of the system's costs that was funded by this reserve. This action is funded by 2015-2016 excess revenue and expenditure savings from the Multiple Housing Occupancy Program. (\$798,000)
 - This action increases the *Human Resources/Payroll/Budget Systems Upgrade* appropriation by \$566,000 consistent with recommendations included in the September 27, 2016 City Council memorandum on this project (Item 3.4). Of this amount, \$466,000 will be added to the project contingency, bringing the total contingency amount to \$1,883,740. The remaining \$100,000 of additional funding will cover an Agreement with CherryRoad Technology Inc. for Managed Services. This Agreement will provide the City with additional technical support once the systems have all been implemented. Transfers from various special and capital funds of \$136,000, and a reimbursement from the Development Fee Program of \$29,000, will provide partial funding for the additional project costs, resulting in a net General Fund impact of \$401,000. (\$566,000)
 - As previously directed by the City Council on June 21, 2016, this action establishes an *Urban Forestry Services Reserve* in the amount of \$200,000. This funding will potentially be used for additional work related to the cultivation of plants and young trees, planting and care for trees in neighborhoods, schools, and parks, and educating the community on urban forestry and environmental issues. A recommendation regarding the use of this reserve will be brought forward for City Council consideration in winter 2016 pending the

ANALYSIS

Impacts on the 2016-2017 General Fund Budget

outcome of an audit regarding the expenditure of existing City funding and the compliance with terms of existing urban forestry grant agreements with the City. (\$200,000)

- This action increases the ***Elections and Ballot Measures*** appropriation by \$200,000 as a result of higher actual costs for the June 2016 General Election and increased cost estimates associated with the November 2016 General Election, including three ballot measures and run-off elections for Council Districts 2, 6, and 8. (\$200,000)
- This action increases the ***Banking Services*** appropriation by \$200,000 (from \$1,774,000 to \$1,974,000) to cover the rising merchant services fees paid by the City, as more customers have been paying City fees with credit cards. The increase in merchant fees is primarily a result of services newly covered by this appropriation, including utility payments. This is a result of the new Customer Information System (CIS) Infinity Utility system that was implemented in 2015-2016, enabling customers to pay online via credit card. Once this system became integrated with the City's cashiering system, the merchant fees from these payments began being charged directly to the Banking Services appropriation. (\$200,000)
- This action increases the ***Fire Department Non-Personal/Equipment*** appropriation by \$186,000 to purchase equipment and/or services to support the full implementation of the ***Electronic Patient Care Reporting (ePCR) Project***. The ePCR project will allow the Emergency Medical Services (EMS) providers in the County of Santa Clara to meet State-mandated EMS data reporting requirements, ensure quality assurance, and aggregate patient care reports. Each fire station will be equipped with various pieces of equipment and services (such as desktop computers, laptops, tablets, other remote data collection devices, required software, and connectivity). These pieces of equipment and services will be used by Firefighter/Paramedics and Fire Captains at the stations. Funding for this project was received at the end of 2015-2016 from the County of Santa Clara's allocation of the Emergency Medical Services (EMS) Trust Fund, but was not appropriated due to the late timing. The deadline for the City to complete the project is June 30, 2017. (\$186,000)
- This action increases the ***Finance Department Non-Personal/Equipment*** appropriation in the amount of \$175,000 to cover the costs of implementing the voter-approved increase to the City's sales tax rate. The State Board of Equalization (BOE) charges the City for its services in administering the local tax ordinance. With a newly approved sales tax rate, the BOE will charge the City a maximum amount of \$175,000 for the administrative costs associated with collecting the new sales tax, including the updating of returns and publications as well as the notification of taxpayers. (\$175,000)
- This action establishes a ***Business Tax Outreach Reserve*** in the amount of \$150,000 to fund a potential education outreach program regarding new Business Tax rates, if the voters approve a Business Tax Modernization Ballot Measure in November. On August 2, 2016,

ANALYSIS

Impacts on the 2016-2017 General Fund Budget

the City Council directed the City Manager upon voter approval of the Business Tax Modernization Measure on the November 8 ballot, to develop an educational campaign for those affected by the Business Tax Modernization measure and to report to the Community and Economic Development (CED) Committee in December 2016 with education outreach implementation plan beginning in January 2017 for the July 1, 2017 effective date of the new tax rates. If the voters approve the Business Tax Modernization Measure, staff will present a report at the November 28 CED Committee that will include a recommended outreach plan with a report to the full Council on December 13. In order to commence a potential multi-lingual education outreach program in January 2017, it is necessary to set aside funds in a reserve for appropriation in December. (\$150,000)

- This action increases the *Animal Care and Services Fire and Security Upgrade* appropriation by \$148,000 (from \$100,000 to \$248,000) to address higher than anticipated project costs. The most recent quote for the construction phase of this project exceeded the engineering estimate, due primarily to material cost escalation and the current competitive nature of the construction industry. This project will upgrade the current fire alarm and security systems at the Animal Care and Services Shelter, which ensures that the fire alarm is heard throughout the facility. The project will also enhance the announcing devices so that the alarm is audible and visible throughout the entire facility, addressing health and safety needs. (\$148,000)
- This action establishes the *SAP Center Renegotiation* appropriation in the amount of \$20,000 to continue the renegotiation of the SAP Center operating agreement as directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council. (\$20,000)
- This action increases the *Sports Authority* appropriation by \$10,400 (from \$698,200 to \$708,600) and the *Arena Authority* appropriation by \$4,300 (from \$189,900 to \$194,200) to provide funding for cost of living adjustments that were inadvertently omitted from the 2016-2017 Adopted Operating Budget. (\$14,700)
- This action adds 0.75 Senior Recreation Leader PT position and deletes 0.50 Recreation Leader PT position to provide appropriate staffing support for the expansion of the *Digital Arts* teen and youth program. The Digital Arts program was created to help at-risk youth discover non-violent forms of expression using music, film, photography, and art. This program is offered at Seven Trees, Mayfair, and Roosevelt Community Centers. There is sufficient funding in the San José Best and Safe Summer Initiative Programs appropriation to support this position change in 2016-2017. (\$0)

ANALYSIS

Impacts on the 2016-2017 General Fund Budget

- This action eliminates 1.0 Executive Analyst (limit-dated through June 30, 2017) in the City Manager's Office focused on fundraising and community partnerships for the *Vietnamese-American Community Center*. The Executive Analyst position was added as part of the City Council's approval of the June 2016 Mayor's Budget Message for 2016-2017. The Administration has re-evaluated the program needs and determined that utilization of a City staff member to lead private fundraising efforts would not provide the most efficient and effective solution to achieve the program's fundraising goals. Donors often seek the tax benefits that can most readily be accessed through a 501c3 non-profit corporation, and as a result the Parks, Recreation and Neighborhood Services Department (PRNS) is working on the selection of an appropriate non-profit to successfully accomplish the private fundraising. (\$0)
- This action establishes the *Silicon Valley Regional Communications System - Infrastructure Payment* appropriation in the amount of \$1,961,440, offset by a corresponding decrease to the *Silicon Valley Regional Communications System (SVRCS) Reserve* to fully fund the second payment to the Silicon Valley Regional Interoperability Agency (SVRIA) for the City's share of the infrastructure costs related to the build out of the SVRCS. After this action, the remaining funds in the Reserve will fund the third payment and will fulfill the City's obligation. (\$0)
- This action increases *Police Department Overtime* funding in 2016-2017 by \$17.0 million (\$18.6 million to \$35.6 million). This funding will primarily be used to continue to backfill for vacant sworn and civilian positions and continue the expanded targeted enforcement efforts for high crime activity. This action reallocates \$17.0 million in anticipated 2016-2017 vacancy savings from the salary and benefits line items to the overtime line item in the Police Department Personal Services appropriation. (\$0)
- This action decreases the *Building Development Fee Program Reserve* by \$170,000 related to higher than budgeted personal services costs for the Building Inspector Combination classification. When the 2016-2017 Adopted Budget was developed, lower salary amounts were assumed for the flexibly staffed inspector positions, which understated costs for a number of these positions. This action correctly accounts for the actual salaries and associated overtime for Building Inspectors based on their classifications. (-\$170,000)
- This action eliminates the *Air Service Incentive Program Reserve* in the amount of \$500,000 and reduces the overhead reimbursement from the Airport Maintenance and Operation Fund to the General Fund by \$425,494. The municipally-funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by the City Council in March 2007, requires that, should the percentage growth in annual enplanements at the Airport exceed the growth in annual enplanements

ANALYSIS

Impacts on the 2016-2017 General Fund Budget

nationwide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage. In 2015-2016, the percentage growth in annual enplanements at the Airport was 6.8% which exceeded the FAA's projection of 4.2% for national enplanement growth. In order to comply with the provisions of the Agreements, the overhead reimbursement from the Airport Maintenance and Operation Fund will be reduced by 2.6% (from the Adopted Budget overhead rate of 17.57% to 15.00%), or \$425,494, in 2016-2017. In anticipation of this reduction, the 2016-2017 Adopted Budget included an Air Service Incentive Program Reserve of \$500,000 to offset the projected loss in revenue. Because the actual overhead reduction is slightly below the estimate incorporated into the 2016-2017 Adopted Budget, this action results in savings of \$74,506 to be returned to the General Fund. (-\$75,000)

- This action increases the *Transfers and Reimbursements* estimate by \$66,000 from the *Water Utility Fund* as a technical adjustment to bring the overhead costs into alignment with current year projected personal services costs. As approved by the City Council on June 14, 2016, the Amendments to the City Pay Plan for Various Classifications item included adjustments to various classifications that resulted in increased personal services costs for 2016-2017. (-\$66,000)
- This action increases the *Transfers and Reimbursements* estimate by \$7,209. Team San Jose collects \$1 for every ticket sold for a Broadway San José show and then remits these payments to the City for repayment of a past loan made to the American Musical Theater (AMT) in the amount of \$1 million. Receipts are collected in the *Convention and Cultural Affairs Fund* and then transferred to the General Fund, the originating funding source of the AMT loan. Ticket sale receipts in 2015-2016 exceeded the Modified Budget estimate of \$260,413 by \$7,209, for a total amount of receipts collected of \$267,622. (-\$7,209)
- **Grants/Reimbursements/Fees (\$0)**
 - A series of net-zero adjustments totaling \$2.1 million are recommended to reflect new or updated revenues and expenditures for *Grants, Reimbursements, and/or Fees* for the following Departments: Police (\$788,000), Parks, Recreation and Neighborhood Services (\$564,000), Office of Economic Development (\$250,000), Office of the City Clerk (\$245,000), Mayor and City Council (\$80,000), Fire (\$65,000), and Human Resources (\$7,000). These adjustments are described in *Section IV. Recommended Budget Adjustments and Clean-Up/Rebudget Actions*.

ANALYSIS

Impacts on the 2016-2017 General Fund Budget

- **Urgent Fiscal/Program Needs (\$1.35 million)**

- This action increases the *Human Resources Non-Personal/Equipment* appropriation by \$540,000 to support a third-party administrator (TPA) for a portion of the *Workers' Compensation Program* for the period of January 1, 2017 through June 30, 2017. Currently, as part of an alternative service delivery pilot program, a TPA is handling approximately half of the City's workers' compensation claim administration cases as well as all City bill review, utilization review, and medical management, and provides for the use of a Medical Provider Network. As approved by the City Council on June 21, 2016, after three amendments, the current TPA agreement for these workers' compensation program services was extended for a fourth time, from July 1 through December 31, 2016, in order to provide sufficient time to prepare a new Request for Proposals (RFP) and to review and accept bids for these services through the standard procurement process. As planned, the RFP was initiated this fall and is in its final stages before award. Based on a preliminary estimate, additional funding will be needed to award a new contract for the second half of the year and additional ongoing funding for these services will also be required. The Human Resources Department will bring forward a recommendation to the City Council regarding the Workers' Compensation Program service delivery model, which will include a new TPA contract, by November 2016. This action ensures that funding for these workers' compensation services can be provided for the remainder of the year. (\$540,000)
- This action increases the *Housing Department's Non-Personal/Equipment* appropriation by \$360,000 to fund a reimbursement payment to the Housing Authority of the County of Santa Clara for *Legal Fees* associated with a *Housing Authority Litigation* for breach of contract claims against Housing and Urban Development (HUD), which resulted in a \$36 million judgment award to the City Housing Authority by the United States Court of Claims. Because of the various restrictions on the City's Housing funds, these litigation cost must be borne by the General Fund. Information on the authorized uses of the award to the City Housing Authority by the United States Court of Claims will be brought to the City Council by early winter 2017. (\$360,000)
- This action establishes the *Hammer Theatre Center Upgrades* appropriation in the amount of \$200,000 to fund repairs at this facility, offset by a corresponding reduction to the Cultural Facilities Capital Maintenance Reserve (from \$5,819,000 to \$5,619,000) for a net-zero impact on the General Fund. This funding will be used to modernize the elevator controls (\$125,000) and address repairs to the stage flooring (\$75,000). The single elevator, which services the facility, is at risk of failing and the control mechanisms are no longer available. In addition, the current stage floor has an uneven surface with protrusions and dips, creating possible trip hazards. (\$0)

ANALYSIS

Impacts on the 2016-2017 General Fund Budget

- This action provides funding to support a *City Manager's Office Talent Recruitment Initiative* in the amount of \$250,000. Given the high level of position vacancies city-wide (as of September 14, 2016 there were 843 full time equivalent position vacancies, representing a vacancy level of 14%), this funding will be used to attract and rapidly onboard more people into City service. While recent improvements have been made to hiring cycle times, there has been an ongoing wave of retirements, continued attrition, and annual modest increases to the City's position count, which has caused the City to continue to experience a significant level of vacancies that necessitates a new recruitment approach. Professional services and contracts that directly support implementing an improved recruiting process, prototyping new recruiting methods, and analyzing the City's recruiting service delivery model are among the strategies that will be employed with this new funding. The outcome of this initiative is to 1) increase the number of people onboarded (volume); 2) reduce the time to recruit and fill positions (cycle time); and 3) increase the percentage of high performers entering City service (quality). (\$250,000)

- This action increases the *Economic Development Non-Personal/Equipment* appropriation in the amount of \$100,000 for consultant services to enable high-quality corporate development and financing associated with private development and intermodal transportation in the Diridon Area. The 2016-2017 Adopted Budget included one-time funding of \$140,000 for project management services to continue the coordination and development of the Diridon Station Area Plan (DSAP). Additionally, a grant award of \$600,000 was issued to the City from the California High Speed Rail Authority (CHSRA) for 2015-2016 and 2016-2017 to fund project management and consultant services to develop a financing strategy, governance structure, parking strategy, and process to select a master developer for the Diridon area. The work has begun and the process to select the master developer will begin in January 2017. The CHSRA, Valley Transportation Authority, and Caltrain are beginning rail planning and the consultant services are needed for the City to have an input in that planning to allow for future corporate development in the area. Given the time sensitive nature of this project, City funds of \$100,000 are recommended through this action to continue the DSAP work. (\$100,000)

This action increases the *City Attorney Non-Personal/Equipment* appropriation by \$100,000 for the acquisition of high-volume document processing, review, and production software that will enable the City Attorney's Office to respond to an increasing number of *E-Discovery and Public Records Act (PRA)* requests for litigation, in an accurate, timely, and legally defensible manner. Funding was provided in the 2015-2016 Adopted Budget for consultant services to ensure that the infrastructure development and legal framework for PRA requests were closely coordinated between the Information Technology Department and the Attorney's Office. As a result of the consultant's evaluation, it is recommended that the Attorney's Office procure software to aid in processing the high volume of documents to gain immediate improvements in the PRA process. (\$100,000)

ANALYSIS

2015-2016 Selected Special/Capital Funds Budget Performance

Airport Operating Funds

The Airport served 10.21 million passengers in 2015-2016, which was an overall increase of 6.9% from 2014-2015. Moreover, the percentage growth in annual enplanements at the Airport in 2015-2016 was 6.8%, which exceeded the Federal Aviation Administration’s projection of 4.2% for national enplanement growth for 2015-2016. Additional airport activity categories that demonstrated growth as compared to last year include pounds of mail/freight/cargo, traffic operations, landed weights, parking exits, gallons of aviation fuel sold, and ground transportation. For 2016-2017, passenger growth is anticipated to increase by 2.25% over the 10.2 million passengers in 2015-2016.



Overall, revenue performance exceeded the budget by \$8.5 million (6.3%). Airline Rates and Charges (combined total of landing fees and terminal rents) and all other operating categories, excluding transfers, ended the year at \$143.5 million, which was \$8.5 million above the budget of \$135.0 million. The positive variance is mainly attributed to the Parking and Roadways revenue category, which was above the budgeted estimate by \$3.4 million (7.2%) due to higher revenues from parking and rental car concession fees associated with increased passenger activity.

The Airport Customer Facility and Transportation Fee Fund (Fund 519) and Airport Maintenance and Operating Fund (Fund 523) had a combined year-end expenditure savings of \$5.5 million (5.4%) compared to the budgeted levels of \$101.5 million. The \$2.3 million in personal services savings were the result of position vacancies experienced during the year. The non-personal/equipment expenditure savings of \$2.3 million resulted from adhering to strict cost controls, prioritizing needs, and deferring purchases. Savings were also realized from the

ANALYSIS

2015-2016 Selected Special/Capital Funds Budget Performance

transition to cashierless parking lot operations, from lower Letter of Credit fees for the Commercial Paper Program, and reduced costs from the new shuttle bus operator agreement.

These savings resulted in a lower than anticipated transfer from the Airport Revenue Fund to the Airport Maintenance and Operating Fund and higher year-end fund balance in the Airport Revenue Fund. The additional fund balance in the Airport Revenue Fund will contribute towards the development of the 2017-2018 budget.

Water Utility Operating Fund

Overall, revenues totaled \$36.9 million and were \$3.2 million (8.1%) below the modified budget, but \$23,000 (0.1%) above the prior year level of \$36.8 million. Notably, the revenue level was also \$1.7 million below the estimate used in the development of the 2016-2017 Adopted Budget. This negative variance to the estimate was due primarily to three factors: 1) an increase to the reserve for bad debt by approximately \$479,000 was necessary at fiscal year-end, due to an increase in levels of uncollected revenues; 2) an overall 5% decrease in potable water consumption for March through June compared to 2014-2015, with an uptick occurring in the last month, providing for some of the additional revenue from those water sales to be realized in 2016-2017; and 3) a multi-year potable water billing discrepancy, affecting a single customer and discovered as part of the billing system implementation, providing for an approximately \$300,000 higher than estimated reimbursement.

Expenditures totaled \$41.0 million and were \$4.7 million (10.2%) below the modified budget, but \$5.6 million (15.9%) above the prior year level of \$35.4 million. The negative variance to the budget was due primarily to lower non-personal/equipment expenditures in ESD (\$4.4 million), which was largely a result of lower than budgeted potable water purchases due to higher than anticipated water conservation; however, compared to the estimate used to develop the 2016-2017 Adopted Budget, the non-personal/equipment expenditure variance was only \$295,000. Expenditures were above the prior year due primarily to an increased transfer to the Water Utility Capital Fund and higher non-personal/equipment and personal services expenditures in ESD. The lower revenues in this fund resulted in an ending fund balance shortfall of \$1.4 million that is recommended to be addressed through adjustments that are described later in section IV of this report.

ANALYSIS

2015-2016 Selected Special/Capital Funds Budget Performance

Capital Fund Major Revenues

A number of taxes and fees levied on construction and property resale (conveyance) activity provide a large source of revenue to the City’s Capital program. The 2015-2016 actual collections in all major capital revenue categories, except Residential Construction Tax, ended the year above budgeted estimates. The chart below provides a comparison of estimated revenues to actual revenues for these types of revenues, and a discussion of the three largest revenue sources follows.

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

	2015-2016 Estimate*	2015-2016 Actuals	% Variance
Construction and Conveyance Tax	\$38,000	\$42,699	12.4%
Building and Structure Construction Tax	\$14,000	\$19,390	38.5%
Construction Excise Tax	\$18,500	\$22,466	21.4%
Municipal Water System Fees	\$100	\$103	3.0%
Residential Construction Tax	\$200	\$190	(5.0%)
Sanitary Sewer Connection Fee	\$700	\$989	41.3%
Storm Drainage Connection Fee	\$200	\$265	32.5%

* Revenue estimate used in the development of the 2016-2017 Adopted Capital Budget.

• **Construction and Conveyance Tax**

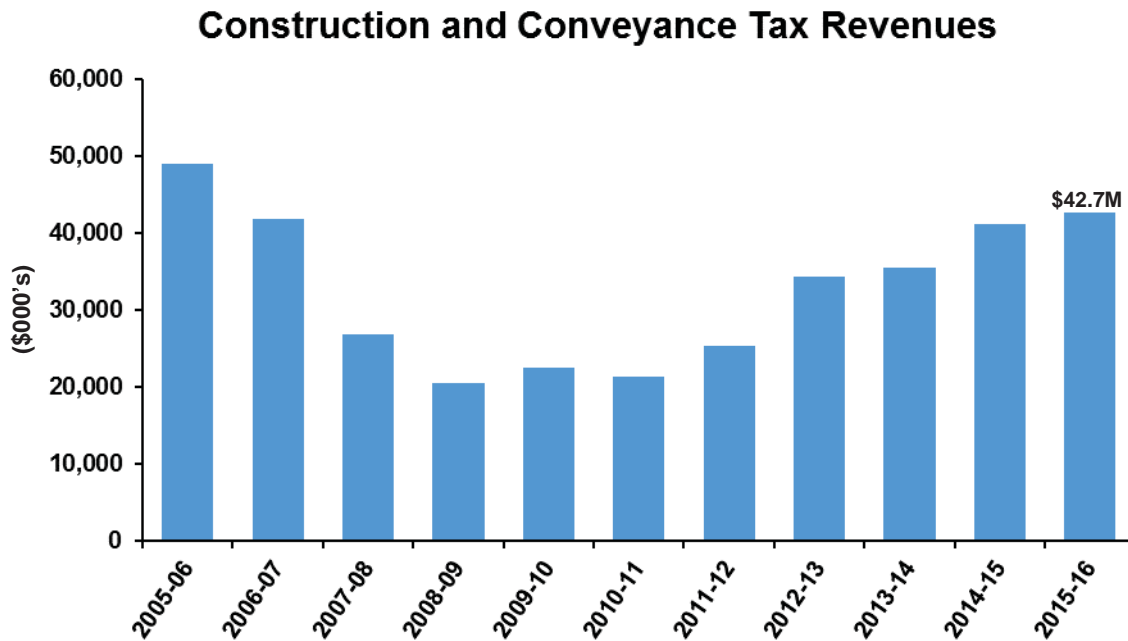
Real estate activity (primarily housing re-sales) determines the collection level of one of the major capital revenue sources, the Construction & Conveyance (C&C) Tax. Approximately 96% of C&C Tax is derived from a tax imposed upon each transfer of real property, with the remaining 4% generated from a construction tax levied on most types of construction. C&C Tax revenues, which are a significant source of funds for the Parks and Community Facilities Development, Library, Fire, Service Yards, and Communications capital programs, totaled \$42.7 million in 2015-2016. This collection level was \$1.5 million (3.6%) above 2014-2015 collections of \$41.2 million, \$7.7 million (22.0%) above the 2015-2016 Modified Budget estimate of \$35.0 million, and \$4.7 million (12.4%) above the estimate of \$38.0 million that was assumed in the development of the 2016-2017 Adopted Capital Budget.

ANALYSIS

2015-2016 Selected Special/Capital Funds Budget Performance

Capital Fund Major Revenues

The following graph displays the collection history of Construction and Conveyance (C&C) Tax receipts.



The 2015-2016 tax receipts represent the highest collection level since the peak year 2005-2006 when annual collections peaked at \$49.0 million as a result of the recovering real estate market. Changes in home prices and the number of sales are major drivers of C&C Tax receipts. The median home price for single family homes within the City increased from \$865,000 in June 2015 to \$920,000 in June 2016, which represents a 6.4% increase. In addition, the number of home sales (single-family and multi-dwelling units) have increased over the past year, compared to 2014-2015 activity levels. The number of sales in 2015-2016 totaled 8,223, which represents a 2.9% increase from the 2014-2015 level of 7,992. Finally, the amount of time it takes to sell a home (single-family and multi-family dwelling units) has slightly decreased in the past year from an average 27 days in 2014-2015 to 24 days in 2015-2016, a 11.1% decrease.

ANALYSIS

2015-2016 Selected Special/Capital Funds Budget Performance

Capital Fund Major Revenues

The 2015-2016 Adopted Capital Budget was developed with the assumption that C&C Tax receipts would total \$35.0 million in 2014-2015 and remain steady in 2015-2016. In the last quarter of 2014-2015, however, tax receipts had an extremely strong performance, which resulted in 2014-2015 receipts totaling \$41.2 million. Due to the unanticipated high collections in 2014-2015, the 2015-2016 C&C Tax Adopted Budget estimate of \$35.0 million, resulted in a 15.1% decline in tax revenue from the 2014-2015 actual tax collection. In development of the 2016-2017 Adopted Capital Budget, therefore, the 2015-2016 C&C Tax estimate was increased to \$38.0 million in response to the strong collection levels, however, actual collections did exceed the revised estimate. The 2015-2016 collection level of \$42.7 million exceeded the 2015-2016 Modified Budget by \$7.7 million and the 2015-2016 estimate by \$4.7 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 in 2016-2017 will be closely monitored, and an upward adjustment to the estimated revenue may be recommended at a later date, with corresponding adjustments to fund balances as appropriate. It is important to note that tax receipts in this category have been volatile in the past with large surges in collections based on economic conditions.

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

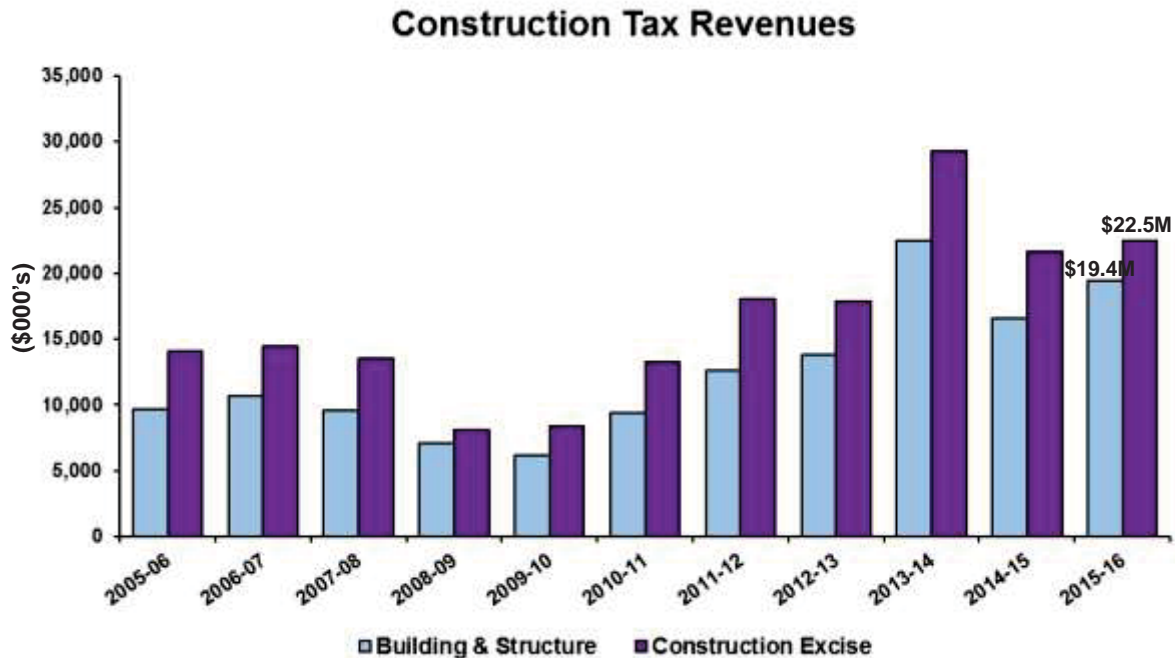
The Building and Structure Construction Tax and the Construction Excise Tax are major sources of funding for the Traffic Capital Program. Year-end collections in the Building and Structure Construction Tax category totaled \$19.4 million in 2015-2016. This collection level was 38.6% (\$5.4 million) above the revenue estimate of \$14.0 million used to develop the 2016-2017 Adopted Capital Budget, and represents a 16.9% (\$2.8 million) increase from 2014-2015 collections of \$16.6 million. Construction Excise Tax receipts for 2015-2016 totaled \$22.5 million, 21.6% (\$4.0 million) above the revenue estimate of \$18.5 million used to develop the 2016-2017 Adopted Capital Budget, and represents a 3.7% (\$795,000) increase from 2014-2015 collections of \$21.7 million.

The graph on the following page displays the collection history of both the Building and Structure and Construction Excise Tax receipts. While down from 2013-2014's historically high level, revenue growth has continued its upward trend from the low in 2009-2010.

ANALYSIS

2015-2016 Selected Special/Capital Funds Budget Performance

Capital Fund Major Revenues



When the 2016-2017 Adopted Capital Budget was developed, it was assumed that Building and Structure Construction Tax receipts would total \$14.0 million in 2015-2016 and drop approximately 7% to \$13.0 million in 2016-2017 and Construction Excise Tax receipts would total \$18.5 million in 2015-2016 and drop 9% to \$17.0 million in 2016-2017 as projects are completed and activity levels slightly decrease. However, since actual collections were higher in 2015-2016, tax receipts for Building and Structure Construction Tax can now drop 33% and Construction Excise Tax can now drop 24% in 2016-2017. An upward adjustment to the 2016-2017 revenue estimate may likely be warranted later in the year after several months of current year actual experience is analyzed.

Special and Capital Funds Budget Adjustments

Several budget adjustments for both special and capital funds are included in this report, including recognition of grants, net-zero transfers/reallocations, new allocations for a small number of high priority projects and programs, and required fund rebalancing activity.

In the Water Utility Operating Fund, several budget actions are recommended in this report in order to address the ending fund balance shortfall which resulted from lower revenue collections, adjust for estimated 2016-2017 performance, and account for staff compensation adjustments and additional 1.0% rate increase (from 2.0% to 3.0%) approved in June 2016. Some notable actions include: an increase of \$300,000 to adjust the personal services allocation to include a reclassification of several water operator job specifications approved in June 2016, a net revenue

ANALYSIS

2015-2016 Selected Special/Capital Funds Budget Performance

Special and Capital Funds Budget Adjustments

decrease of \$1.1 million for potable water sales, a decrease to expenditures of \$1.1 million to reflect reduced amount of wholesale water purchases, and a decrease to the Transfer to the Water Utility Capital Fund (\$474,000). Additionally, a decrease to the Rate Stabilization Reserve (\$900,000) is recommended as a temporary funding source until staff returns to City Council with additional recommendations relating to water rates, including information regarding water conservation and its effects on changes in water usage, as well as wholesale water supply availability, which is currently anticipated for fall 2016.

In the Municipal Improvements Capital Program, year-end savings in the operating subsidy paid by the Convention and Cultural Affairs Fund to Team San Jose to operate the Convention Center and other cultural facilities allowed for additional resources to address urgent deferred maintenance needs or drive additional revenue-generating activity. Notable investments include: the replacement of several forklifts and floor scrubbers that have outlived their useful lives (\$275,000); the replacement of the Center for the Performing Arts marquee whose components are no longer available (\$255,000); funding to supplement an initial investment of \$400,000 of Theater Preservation for the activation of the Civic Auditorium courtyard into saleable space that will also generate additional food and beverage revenue (\$250,000); and abatement of asbestos encountered while replacing windows at the Civic Auditorium (\$200,000).

Included in this report are several recommended adjustments in the Parks and Community Facilities Development Capital Program. The recommended adjustments include, but are not limited to, funding to support the completion of the Happy Hollow Park and Zoo Alligator Exhibit (\$200,000), additional funding for the TRAIL: Coyote Creek Fish Passage Remediation and Pedestrian Bridge project (\$200,000) to complete design documents for a future bridge span and creek restoration work at the Singleton Crossing along Coyote Creek, and reallocation of funds to establish the Watson Park Taylor Street Access Study Reserve as a result of the study for the new entrance to Watson Park being on hold.

In the Traffic Capital Program, recommended adjustments include funding set aside in a Developer Permitting Fees Refund Reserve (\$3.0 million) to refund developers in the event that construction taxes collected are erroneously assessed an incorrect tax rate, funding to reimburse CalTrans (\$771,000) for grant reimbursements received by the City for ineligible expenditures on projects, additional funding for the Regional Rail Planning appropriation (\$725,000) to fund temporary staffing for transportation planning, engineering, and coordination with other departments and agencies related to regional rail systems, and recognition of new funding (\$270,000) from the High Speed Rail Authority to reimburse the City for staff costs associated with the development of high speed rail throughout the City.

Finally, the rebudget of unexpended funds for projects and programs extending into 2016-2017 is recommended in this report. Details of these adjustments can be found in Section IV of this report.

NEXT STEPS

The results of the 2015-2016 Annual Report will provide an updated starting point for monitoring 2016-2017 financial performance. The revenue and expenditure trends will be factored into the analysis of the General Fund and the numerous special and capital funds. Information on the City's budget for 2016-2017 will be provided in Bi-Monthly Financial Reports and the 2016-2017 Mid-Year Budget Review. These reports will also provide information on the current economic environment and its impact on the City's revenue collections.

The 2015-2016 Annual Report results will also be factored into the 2017-2018 budget development process. The General Fund Five-Year Forecast is scheduled to be released in late February 2017. The 2017-2018 Proposed Capital and Operating Budgets are scheduled to be released on April 24, 2017 and May 1, 2017, respectively.

PUBLIC OUTREACH/INTEREST

This document is posted on the City's website for the October 18, 2016, City Council agenda.

COORDINATION

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

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

CONCLUSION

Through careful fiscal management, overall revenues for the various City funds ended the year close to estimated levels and expenditures were below budgeted allocations. When the 2015-2016 Adopted Budget was developed, it was assumed that economic growth would continue in 2015-2016. Economic indicators and actual revenue performance supported this general assumption, with a number of revenue categories, such as Property Tax, Sales Tax, Transient Occupancy Tax, and Construction and Conveyance Tax, experiencing strong growth. Those revenue categories associated with private development and construction projects, such as development-related fees and taxes, also continued to experience solid performance in 2015-2016.

In the General Fund, the additional fund balance at the end of 2015-2016 after considering clean-up adjustments totaled \$6.83 million. Recommendations are included in this report to allocate those funds to various required technical and rebalancing actions (\$5.48 million) and to address

CONCLUSION

urgent fiscal/program needs (\$1.35 million). The largest actions include the increase to the Pavement Maintenance Program by \$3.3 million for street pavement and repairs in accordance with the Operating Budget and Capital Improvement Program Policy (Council Policy 1-18) that directs the allocation of remaining fund balance – after accounting for all necessary appropriation adjustments – to unmet/deferred infrastructure, an increase of \$798,000 to the Development Fee Program Technology Reserve to include the Multiple Housing Occupancy Program’s share of costs for the implementation of the Integrated Permit System (AMANDA), an increase of \$566,000 (partially offset by \$165,000 in contributions from other funds and the development fee programs) to the Human Resources/Payroll/Budget Systems Upgrades appropriation to facilitate the project’s completion as approved by the City Council on September 27, 2016, and \$540,000 in the Human Resources Department to extend the support of a third party administrator for a portion of the Workers’ Compensation Program through the end of the fiscal year. In addition, \$2.1 million in net-zero adjustments to various grants, reimbursements, and fee activities are included.

The Administration will continue to monitor and report on the City’s budget performance through Bi-Monthly Financial Reports and the Mid-Year Budget Review. The financial results of 2015-2016, as well as the actual performance in 2016-2017, will be factored into the development of the 2017-2018 budget. The 2018-2022 General Fund Five-Year Forecast will be released in February 2017 for budget planning purposes.



Norberto Dueñas
City Manager

CERTIFICATION OF FUNDS

I hereby certify that there will be available for appropriation in the designated funds and in the amounts as listed below in fiscal year 2016-2017 monies in excess of those heretofore appropriated therefrom:

General Fund	\$14,549,306
Airport Fiscal Agent Fund	\$362,149
Airport Passenger Facility Charge Fund	\$314,522
Airport Renewal and Replacement Fund	\$1,134,804
Airport Revenue Bond Improvement Fund	\$3,366,779
Airport Revenue Fund	\$13,601,008
Benefit Fund	\$2,316
Building and Structure Construction Tax Fund	\$8,820,859
Business Improvement District Fund	\$303,363
City Hall Debt Service Fund	\$116,190
Community Development Block Grant Fund	\$1,117,697
Community Facilities Revenue Fund	\$3,392,205
Community Facilities District Fund #1	\$38,993
Community Facilities District Fund #2 and #3	\$9,528
Community Facilities District Fund #11	\$16,381
Community Facilities District Fund #12	\$86,292
Community Facilities District Fund #13	\$12,341
Community Facilities District Fund #14	\$88,749
Community Facilities District Fund #15	\$92,864
Construction and Conveyance Tax – Central Fund	\$947,132
Construction and Conveyance Tax – Communications	\$306,927
Construction and Conveyance Tax – Fire	\$1,019,342
Construction and Conveyance Tax – Library	\$669,675
Construction and Conveyance Tax – Council District 1	\$485,204
Construction and Conveyance Tax – Council District 2	\$292,764
Construction and Conveyance Tax – Council District 3	\$314,385
Construction and Conveyance Tax – Council District 4	\$345,189
Construction and Conveyance Tax – Council District 5	\$605,348
Construction and Conveyance Tax – Council District 6	\$428,609
Construction and Conveyance Tax – Council District 8	\$400,788
Construction and Conveyance Tax – Council District 9	\$614,455
Construction and Conveyance Tax – Council District 10	\$486,265
Construction and Conveyance Tax – City-Wide	\$927,302
Construction and Conveyance Tax – Parks Yards	\$135,596
Construction and Conveyance Tax – Service Yards	\$609,435
Construction Excise Tax Fund	\$29,541,956

CERTIFICATION OF FUNDS

Contingent Lien District Fund	\$60,853
Convention and Cultural Affairs Fund	\$3,502,312
Convention Center Facilities District Project Fund	\$677,927
Dental Insurance Fund	\$4,568
Federal Drug Forfeiture Fund	\$72,384
General Purpose Parking Fund	\$3,948,492
Gift Trust Fund	\$276,112
Housing Trust Fund	\$500,979
Ice Centre Revenue Fund	\$1,075,142
Improvement District Fund	\$1,198,868
Integrated Waste Management Fund	\$1,967,800
Low and Moderate Income Housing Asset Fund	\$2,143,827
Maintenance District Fund #1	\$35,108
Maintenance District Fund #5	\$55,096
Maintenance District Fund #8	\$20,212
Maintenance District Fund #11	\$39,323
Maintenance District Fund #15	\$198,244
Maintenance District Fund #18	\$66,357
Maintenance District Fund #19	\$19,634
Maintenance District Fund #20	\$9,621
Maintenance District Fund #22	\$13,388
Major Collectors and Arterials Fund	\$349,534
Major Facilities Fund	\$489,746
Municipal Golf Course Fund	\$155,387
Neighborhood Security Bond	\$285,568
Parks and Recreation Bond Projects Fund	\$11,859,129
Residential Construction Tax Contribution Fund	\$221,618
San José Arena Capital Reserve Fund	\$1,073,115
Sanitary Sewer Connection Fee Fund	\$1,426,284
Sewer Service and Use Charge Fund	\$1,004,640
Sewer Service and Use Charge Capital Improvement Fund	\$9,393,242
San Jose-Santa Clara Treatment Plant Capital Fund	\$3,750,645
San Jose-Santa Clara Treatment Plant Operating Fund	\$3,314,993
San Jose-Santa Clara Treatment Plant Income Fund	\$89,049
Sewage Treatment Plant Connection Fee Fund	\$686,558
State Drug Forfeiture Fund	\$23,572
Storm Drainage Fee	\$163,016
Storm Sewer Capital Fund	\$3,052,685
Storm Sewer Operating Fund	\$486,913
Supplemental Law Enforcement Services Fund	\$1,161,751
Transient Occupancy Tax Fund	\$3,807,301
Underground Utility Fund	\$624,941

CERTIFICATION OF FUNDS

Unemployment Insurance Fund	\$102,643
Vehicle Maintenance and Operations Fund	\$186,950
Water Utility Capital Fund	\$529,413
Workforce Development Fund	\$4,207,052



Jennifer A. Maguire
Senior Deputy City Manager/
Budget Director

2015-2016

ANNUAL

REPORT

DEFINITIONS/

GLOSSARY OF **T**ERMS/

FUND **D**ESCRPTIONS

DEFINITIONS

- **Actuals vs. Budget/Estimate** – This document includes analyses of department appropriations and funds based on variances between the 2015-2016 actual revenues/expenditures and either the 2015-2016 Modified Budget or 2015-2016 estimates.
 - "Actuals" represent unaudited year-end close figures as of June 30, 2016.
 - "Budget" reflects the original 2015-2016 Adopted Budget plus Council-approved modifications to the Appropriation Ordinance and Funding Sources Resolution. This number represents the year-end budget.
 - "Estimates" are revenue/expenditure projections based on information available prior to June 30, 2016. These estimates were used in projecting the year-end fund balance, and consequently, the 2016-2017 Adopted Budget beginning fund balance.

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

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

PAGE IS INTENTIONALLY LEFT BLANK

GLOSSARY OF TERMS

Appropriation

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

Base Budget

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

Capital Budget

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

Capital Funds

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

Capital Improvement Program (Five-Year)

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

Carryover

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

Contingency Reserve

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

Contractual Services

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

Debt Service

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

Encumbrance

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

Fiscal Year

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

Fund

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

Fund Balance

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

General Fund

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

Non-Personal/Equipment Expenses

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

Operating Budget

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

Personal Services

Salary and fringe benefit costs of City employees.

Rebudget

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

Reserve

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

Special Funds

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

Transfers

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

PAGE IS INTENTIONALLY LEFT BLANK

FUND DESCRIPTIONS

Airport Capital Funds

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

Airport Operating Funds

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

Benefit Funds

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

Branch Libraries Bond Projects Fund

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

Building and Structure Construction Tax Fund

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

Business Improvement District Fund

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

Cash Reserve Fund

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

City Hall Debt Service Fund

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

FUND DESCRIPTIONS

Civic Center Construction Fund

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

Community Development Block Grant Fund

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

Community Facilities and Maintenance Districts Funds

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

Community Facilities Revenue Fund

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

Construction and Conveyance Tax Funds

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

Construction Excise Tax Fund

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

Contingent Lien District Fund

This Capital Fund accounts for cost sharing agreements through special districts between private parties in regards to the construction of public improvements as required by the city for development purposes. The use of this fund is restricted to completing any unconstructed improvements specified in the engineer's report as approved by the City Council.

Convention and Cultural Affairs Fund

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

Convention Center Facilities District Project Fund

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

FUND DESCRIPTIONS

Convention Center Facilities District Revenue Fund

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

Downtown Property and Business Improvement District Fund

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

Economic Development Administration Loan Fund

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

Economic Development Enhancement Fund

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

Edward Byrne Memorial Justice Assistance Grant Trust Fund

This Special Revenue Fund accounts for the City's portion of funding from the U.S. Department of Justice through the County of Santa Clara as a fiscal agent. Funds are restricted to law enforcement, prevention and education programs, and planning, evaluation, and technology improvements for front line law enforcement.

Emergency Reserve Fund

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

Emma Prusch Memorial Park Fund

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

Federal Drug Forfeiture Fund

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

FUND DESCRIPTIONS

Gas Tax Maintenance and Construction Fund

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

General Purpose Parking Fund

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

Gift Trust Fund

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

Home Investment Partnership Program Trust Fund

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

Housing Trust Fund

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

Ice Centre Revenue Fund

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

Improvement District Fund

This Special Revenue Fund accounts for revenues and expenditures related to the acquisition and construction of a variety of public infrastructure projects for which individual improvement districts were formed.

Integrated Waste Management Fund

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

Lake Cunningham Fund

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

FUND DESCRIPTIONS

Library Parcel Tax Fund

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

Low and Moderate Income Housing Asset Fund

This Special Revenue Fund accounts for housing assets and functions related to the Low and Moderate Income Housing Program retained by the City. This fund provides funding for the administrative costs associated with managing the Successor Housing Agency assets and the continuation of affordable housing programs in the future.

Major Collectors and Arterial Fund

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

Major Facilities Fund

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

Multi-Source Housing Fund

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

Municipal Golf Course Fund

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

Neighborhood Security Act Bond Fund

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

Parks and Recreation Bond Projects Fund

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

FUND DESCRIPTIONS

Public Works Program Support Fund

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

Residential Construction Tax Contribution Fund

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

Retirement Funds

These Trustee Funds account for the accumulation of resources to be used for retirement annuity payments and consist of the following: Federated Retiree Health Care Trust Fund; Federated Retirement Fund; Fire Retiree Health Care Trust Fund; Police Retiree Health Care Trust Fund; and Police and Fire Retirement Fund.

San José Arena Capital Reserve Fund

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

San José Municipal Stadium Capital Fund

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

San José-Santa Clara Treatment Plant Capital Fund

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

San José-Santa Clara Treatment Plant Income Fund

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

FUND DESCRIPTIONS

San José-Santa Clara Treatment Plant Operating Fund

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

Sanitary Sewer Connection Fee Fund

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

Sewage Treatment Plant Connection Fee Fund

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

Sewer Service and Use Charge Fund

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

Sewer Service and Use Charge Capital Improvement Fund

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

State Drug Forfeiture Fund

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

Storm Drainage Fee Fund

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

Storm Sewer Capital Fund

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

Storm Sewer Operating Fund

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

FUND DESCRIPTIONS

Subdivision Park Trust Fund

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

Supplemental Law Enforcement Services Fund

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

Transient Occupancy Tax Fund

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

Underground Utility Fund

This Capital Fund accounts for fees collected from developers in lieu of placing utility facilities underground at the time of development. The Underground Utility Program implements the City's General Plan goals and policies, which state that the City should encourage the movement of existing overhead utilities underground. The fund is used to establish Rule 20B Underground Utility Districts.

Vehicle Maintenance and Operations Fund

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

Water Utility Capital Fund

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

FUND DESCRIPTIONS

Water Utility Fund

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

Workforce Development Fund

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

PAGE IS INTENTIONALLY LEFT BLANK

2015-2016

**ANNUAL
REPORT**

I. BUDGET

PERFORMANCE

SUMMARY (ALL FUNDS)

2015 - 2016 ANNUAL REPORT

I. BUDGET PERFORMANCE SUMMARY

This section of the Annual Report summarizes 2015-2016 financial performance in the General Fund, Special Funds, and Capital Funds, with the following tables provided for reference.

Comparison of Budget to Actual Revenues and Expenditures by Fund – This table, organized by General Fund, Special Funds, and Capital Funds, displays the 2015-2016 Budgeted and Actual revenues as well as the 2015-2016 Budgeted and Actual expenditures, with the dollar and percent variance for each City fund. The revenue figures exclude the Beginning Fund Balance and Reserves and the expenditure figures exclude the Reserves and Ending Fund Balance.

As shown in the Comparison of Budget to Actual Revenues and Expenditures table, actual 2015-2016 revenues across all funds totaled \$2.48 billion, which was 1.9% (\$46.9 million) below the budgeted estimate of \$2.53 billion. In 2015-2016, expenditures totaled \$2.77 billion, which was 15.2% (\$497.6 million) below the modified budget of \$3.27 billion. Any funds with revenue or expenditure variances to the modified budget that are 10% or greater are numbered with a specific revenue or expenditure code, which are detailed at the bottom of the table.

Comparison of Estimated to Actual 2015-2016 Ending Fund Balance – This table, organized by General Fund, Special Funds, and Capital Funds, displays the 2015-2016 Modified Budget for each fund, followed by the estimated 2015-2016 Ending Fund Balance that was used in the development of the 2016-2017 Adopted Budget, the Actual 2015-2016 Ending Fund Balance, the variance between the Estimated and Actual Ending Fund Balance, the value of additional rebudgets recommended in this report, and the revised 2015-2016 Ending Fund Balance variance, should the recommended rebudgets be approved. The table then displays the percentage of the Modified Budget that the revised Ending Fund Balance represents. It is important to note that the dollar amount for the Modified Budget is not adjusted for transfers, loans, and contributions between funds, and therefore, overstates the total funding that was available between the combined funds.

The financial performance in 2015-2016 is used as the starting point for 2016-2017. The collective 2015-2016 Ending Fund Balances for all City funds totaled \$1.3 billion, which was \$107.3 million above the 2015-2016 Ending Fund Balance estimates of \$1.2 billion used in the development of the 2016-2017 Adopted Budget. After adjusting for additional rebudgets of \$12.1 million recommended in this report, the adjusted 2015-2016 Ending Fund Balance variance for all funds falls to \$95.2 million, or 2.3% of the 2015-2016 Modified Budget. The adjusted fund balance variance totaled \$6.8 million in the General Fund, \$30.5 million in the special funds, and \$58.0 million in the capital funds.

**2015 - 2016
ANNUAL REPORT**

I. BUDGET PERFORMANCE SUMMARY

For most funds, the Actual 2015-2016 Ending Fund Balance was above the estimate used in the development of the 2016-2017 Adopted Budget. In these instances, the additional fund balance is programmed as part of the 2015-2016 Annual Report actions. For the few funds where the 2015-2016 Actual Ending Fund Balance was below the estimate used in the development of the 2016-2017 Adopted Budget, actions are recommended in this report to bring the fund into balance with the lower starting point. In some instances, the variance is the result of the timing of revenues and/or expenditures and the reconciling actions will adjust for those timing differences.

Summary of 2015-2016 Year-End Reserves by Fund – This table, organized by General Fund, Special Funds, and Capital Funds, displays the 2015-2016 Contingency and Earmarked Reserves balances for each fund.

At the end of 2015-2016, the Contingency and Earmarked Reserves for all City funds totaled \$719.3 million, which represented 17.4% of the total 2015-2016 Modified Budget of \$4.1 billion (including interfund transfers, loans, and contributions). In the General Fund, Reserves totaled \$165.1 million.

2015-2016 ANNUAL REPORT

COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

Fund	2015-2016 Budget Revenues	2015-2016 Actual Revenues	Revenue Variance	% Variance	2015-2016 Budget Expenditures	2015-2016 Actual Expenditures	Expense Variance	% Variance	Reason for Significant Variances
<i>General Fund</i>	1,059,438,874	1,055,517,617	(3,921,257)	-0.4%	1,202,426,465	1,110,561,398	91,865,067	7.6%	See Section II
<i>Special Funds</i>									
Airport Customer Facility and Transportation Fee Fund	21,287,361	22,472,608	1,185,247	5.6%	20,283,686	19,989,870	293,816	1.4%	R1 (See Section III)
Airport Fiscal Agent Fund	95,828,542	95,873,551	45,009	0.0%	95,732,786	95,475,648	257,138	0.3%	
Airport Maintenance and Operation Fund	81,591,702	71,340,912	(10,250,790)	-12.6%	81,265,699	76,083,757	5,181,942	6.4%	R8, E3 (See Section III)
Airport Revenue Fund	135,022,164	143,518,071	8,495,907	6.3%	131,536,379	121,285,589	10,250,790	7.8%	R1, E5 (See Section III)
Airport Surplus Revenue Fund	8,479,990	8,357,291	(122,699)	-1.4%	7,479,990	7,402,599	77,391	1.0%	
Benefit Funds	72,121,000	67,506,491	(4,614,509)	-6.4%	73,621,413	67,813,393	5,808,020	7.9%	
Business Improvement District Fund	5,536,150	3,924,236	(1,611,914)	-29.1%	5,701,155	3,785,878	1,915,277	33.6%	R2, E5
Cash Reserve Fund	42	39	(3)	-6.6%	0	0	0	0.0%	R6
City Hall Debt Service Fund	24,287,870	24,297,650	9,780	0.0%	24,297,000	24,193,840	103,160	0.4%	
Community Development Block Grant Fund	8,959,253	8,897,630	(61,623)	-0.7%	16,948,916	11,425,974	5,522,942	32.6%	E1, E3
Community Facilities Revenue Fund	9,042,691	9,064,076	21,385	0.2%	10,811,010	7,710,341	3,100,669	28.7%	E1, E3
Convention and Cultural Affairs Fund	13,410,179	13,447,838	37,659	0.3%	15,328,951	10,772,220	4,556,731	29.7%	E3
Convention Center Facilities District Revenue Fund	16,083,000	15,269,178	(813,822)	-5.1%	16,754,000	14,851,413	1,902,587	11.4%	E1
Downtown Property and Business Improvement District Fund	2,855,922	2,797,818	(58,104)	-2.0%	2,752,275	2,749,772	2,503	0.1%	
Economic Development Administration Loan Fund	6,975	826	(6,149)	-88.2%	1,000	0	1,000	100.0%	R4, E1
Edward Byrne Memorial Justice Assistance Grant Trust Fund	204,536	261,736	57,200	28.0%	422,155	297,725	124,430	29.5%	R3, E5
Emergency Reserve Fund	13,500	22,239	8,739	64.7%	26,000	22,239	3,761	14.5%	R5, E5
Federal Drug Forfeiture Fund	33,000	197,945	164,945	499.8%	1,385,871	317,432	1,068,439	77.1%	R5, E1
Gas Tax Maintenance and Construction Funds	17,000,000	16,338,683	(661,317)	-3.9%	17,000,000	16,338,683	661,317	3.9%	
General Purpose Parking Fund	15,564,600	16,747,107	1,182,507	7.6%	24,140,536	15,895,109	8,245,427	34.2%	E1
Gift Trust Fund	150,974	663,019	512,045	339.2%	4,289,669	881,772	3,407,897	79.4%	R5, E4
Home Investment Partnership Program Trust Fund	14,719,498	11,182,212	(3,537,286)	-24.0%	16,213,232	13,243,935	2,969,297	18.3%	R6, E1, E3
Housing Trust Fund	3,834,000	4,060,020	226,020	5.9%	6,607,178	4,447,789	2,159,389	32.7%	E1
Ice Centre Revenue Fund	1,115,521	1,145,766	30,245	2.7%	3,623,006	2,553,220	1,069,786	29.5%	E1
Integrated Waste Management Fund	131,641,907	132,551,924	910,017	0.7%	128,562,399	125,590,914	2,971,485	2.3%	See Section III
Library Parcel Tax Fund	8,323,000	8,471,897	148,897	1.8%	10,157,622	8,392,255	1,765,367	17.4%	E3
Low and Moderate Income Housing Asset Fund	49,165,330	53,863,622	4,698,292	9.6%	33,480,229	20,043,773	13,436,456	40.1%	R5, E1, E3
Multi-Source Housing Fund	7,762,115	8,842,454	1,080,339	13.9%	22,707,327	19,102,621	3,604,706	15.9%	R2, R6, E1, E3
Municipal Golf Course Fund	3,068,500	3,056,000	(12,500)	-0.4%	2,935,000	2,735,613	199,387	6.8%	
Public Works Program Support Fund	14,486,000	13,376,454	(1,109,546)	-7.7%	14,709,391	13,798,061	911,330	6.2%	
San Jose Arena Capital Reserve Fund	3,991,000	4,033,936	42,936	1.1%	5,780,613	3,594,912	2,185,701	37.8%	E1

2015-2016 ANNUAL REPORT

COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

Fund	2015-2016 Budget Revenues	2015-2016 Actual Revenues	Revenue Variance	% Variance	2015-2016 Budget Expenditures	2015-2016 Actual Expenditures	Expense Variance	% Variance	Reason for Significant Variances
<i>Special Funds</i>									
San Jose Arena Enhancement Fund	0	0	0	0.0%	50,388	50,388	0	0.0%	
San Jose Municipal Stadium Capital Fund	32,000	34,489	2,489	7.8%	32,000	31,299	701	2.2%	
San José-Santa Clara Treatment Plant Operating Funds	232,752,756	227,862,352	(4,890,404)	-2.1%	245,553,467	233,339,592	12,213,875	5.0%	See Section III
Special Assessment Maintenance District Funds	5,111,145	5,231,397	120,252	2.4%	8,263,798	6,601,602	1,662,196	20.1%	E1
State Drug Forfeiture Fund	205,000	36,264	(168,736)	-82.3%	300,000	107,691	192,309	64.1%	R6, E1
Storm Sewer Operating Fund	32,694,505	32,838,648	144,143	0.4%	35,170,027	33,196,310	1,973,717	5.6%	
Supplemental Law Enforcement Services Fund	1,484,660	2,199,538	714,878	48.2%	3,550,204	2,768,161	782,043	22.0%	R3, E1
Transient Occupancy Tax Fund	24,488,000	24,638,002	150,002	0.6%	29,723,608	26,034,698	3,688,910	12.4%	E1
Vehicle Maintenance and Operations Fund	21,217,719	20,477,026	(740,693)	-3.5%	23,795,283	22,125,283	1,670,000	7.0%	
Workforce Development Fund	14,479,181	10,605,998	(3,873,183)	-26.8%	13,368,841	10,498,993	2,869,848	21.5%	R4, E1
Water Utility Fund	40,096,074	36,856,318	(3,239,756)	-8.1%	45,704,889	41,367,816	4,337,073	9.5%	See Section III
Sub-Total Special Funds	1,138,147,362	1,122,363,262	(15,784,100)	-1.4%	1,200,066,993	1,086,918,180	113,148,813	9.4%	
<i>Capital Funds</i>									
Airport Capital Funds	43,948,000	31,080,048	(12,867,952)	-29.3%	95,898,397	66,555,222	29,343,175	30.6%	R4, E1, E2 (See Section III)
Branch Libraries Bond Projects Fund	2,110,000	2,121,039	11,039	0.5%	6,457,423	6,057,984	399,439	6.2%	E1
Building and Structure Construction Tax Fund	21,240,000	21,681,643	441,643	2.1%	43,268,137	18,588,786	24,679,351	57.0%	R4, E1 (See Section III)
Construction and Conveyance Tax Funds	66,060,103	58,664,076	(7,396,027)	-11.2%	111,379,920	64,387,649	46,992,271	42.2%	R1, R6, E1 (See Section III)
Construction Excise Tax Fund	61,502,992	50,955,146	(10,547,846)	-17.2%	132,695,815	87,605,489	45,090,326	34.0%	R4, E1 (See Section III)
Contingent Lien District Fund	0	48,980	48,980	0.0%	476,822	30,916	445,906	93.5%	E1
Convention Center Facilities District Project Fund	0	3,876	3,876	0.0%	419,078	16,838	402,240	96.0%	E2
Emma Prusch Park Fund	85,000	85,810	810	1.0%	332,000	131,343	200,657	60.4%	E1
Improvement District Fund	2,950,793	0	(2,950,793)	-100.0%	2,950,554	1,656,482	1,294,072	43.9%	R4, E1
Lake Cunningham Fund	893,000	858,345	(34,655)	-3.9%	1,558,179	1,018,636	539,543	34.6%	E1
Major Collectors and Arterials Fund	171,000	478,379	307,379	179.8%	144,489	101,844	42,645	29.5%	R3, E1
Major Facilities Fund	31,000	562,144	531,144	1713.4%	250,000	43,398	206,602	82.6%	R1, E1
Neighborhood Security Bond Fund	1,339,999	1,341,588	1,589	0.1%	2,681,220	2,395,021	286,199	10.7%	E1
Parks and Recreation Bond Projects Fund	19,000	114,764	95,764	504.0%	13,167,371	1,294,635	11,872,736	90.2%	R5, E1
Residential Construction Tax Contribution Fund	264,000	202,742	(61,258)	-23.2%	297,000	35,124	261,876	88.2%	R2, R6, E1, E1
San José-Santa Clara Treatment Plant Capital Fund	76,253,000	68,580,482	(7,672,518)	-10.1%	238,268,940	207,636,837	30,632,103	12.9%	R3, R6, E1, E2 (See Section III)

2015-2016 ANNUAL REPORT

COMPARISON OF BUDGET TO ACTUAL REVENUES AND EXPENDITURES BY FUND

Fund	2015-2016 Budget Revenues	2015-2016 Actual Revenues	Revenue Variance	% Variance	2015-2016 Budget Expenditures	2015-2016 Actual Expenditures	Expense Variance	% Variance	Reason for Significant Variances
<i>Capital Funds</i>									
Sanitary Sewer Connection Fee Fund	1,006,000	1,071,436	65,436	6.5%	12,475,089	9,590,151	2,884,938	23.1%	E1
Sewer Service and Use Charge Capital Improvement Fund	33,760,000	32,622,037	(1,137,963)	-3.4%	105,785,714	56,559,795	49,225,919	46.5%	E1, E2
Storm Drainage Fee Fund	159,000	273,399	114,399	71.9%	478,062	379,383	98,679	20.6%	R1, E2
Storm Sewer Capital Fund	12,829,000	9,962,517	(2,866,483)	-22.3%	33,877,057	15,949,832	17,927,225	52.9%	R4, E1, E2
Subdivision Park Trust Fund	598,103	16,103,350	15,505,247	2592.4%	52,748,391	25,411,907	27,336,484	51.8%	R5, E1
Underground Utility Fund	709,000	1,850,505	1,141,505	161.0%	693,000	372,464	320,536	46.3%	R1, R5, E1, E2
Water Utility Capital Fund	6,777,000	6,817,050	40,050	0.6%	10,086,409	8,019,637	2,066,772	20.5%	E1 (See Section III)
Sub-Total Capital Funds	332,705,990	305,479,355	(27,226,635)	-8.2%	866,389,067	573,839,373	292,549,694	33.8%	
TOTAL ALL FUNDS	2,530,292,226	2,483,360,234	(46,931,992)	-1.9%	3,268,882,525	2,771,318,951	497,563,574	15.2%	

Reasons for Significant Variances in Revenues

- R1 Revenues collected from taxes, fees, and charges came in higher than anticipated
- R2 Revenues collected from taxes, fees, and charges came in lower than anticipated
- R3 Revenues collected from grants and reimbursements came in higher than anticipated
- R4 Revenues collected from grants and reimbursements came in lower than anticipated
- R5 Interest earnings, developer/agency contributions, and other miscellaneous revenue came in higher than anticipated
- R6 Interest earnings, developer/agency contributions, and other miscellaneous revenue came in lower than anticipated
- R7 Transfers from various funds were higher than anticipated
- R8 Transfers from various funds were lower than anticipated

Reasons for Significant Variances in Expenditures

- E1 Expenditures were lower than anticipated due to the delay of projects and/or change in schedule of expenditures
- E2 Expenditures were lower than anticipated due to project/program savings
- E3 Expenditures were lower than anticipated due to lower operating costs (e.g., personal services and non-personal/equipment cost savings)
- E4 Expenditures were lower than anticipated due to unspent gifts
- E5 Expenditures/Transfers to various funds were lower than budgeted based on actual 2015-2016 activity

2015-2016 ANNUAL REPORT

COMPARISON OF ESTIMATED TO ACTUAL 2015-2016 ENDING FUND BALANCE

Fund	2015-2016 Modified Budget	2015-2016 Est. Ending Fund Balance	2015-2016 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments*	Revised Variance (incl. Rebudget Adjustments)	Revised Variance As % of Mod Budget
General Fund	1,367,485,142	248,958,239	255,206,415	6,248,176	576,808	6,824,984	0.5%
Special Funds							
Airport Customer Facility and Transportation Fee Fund	31,517,368	12,441,682	12,724,645	282,963	0	282,963	0.9%
Airport Fiscal Agent Fund	176,001,230	80,208,444	80,570,593	362,149	0	362,149	0.2%
Airport Maintenance and Operation Fund	114,566,232	33,300,533	29,339,923	(3,960,610)	0	(3,960,610)	-3.5%
Airport Revenue Fund	201,280,103	74,889,413	88,490,421	13,601,008	0	13,601,008	6.8%
Airport Surplus Revenue Fund	24,526,302	17,046,312	17,001,004	(45,308)	0	(45,308)	-0.2%
Benefit Funds	80,553,076	7,582,952	7,663,243	80,291	(2,000)	78,291	0.1%
Business Improvement District Fund	5,741,905	40,750	344,113	303,363	0	303,363	5.3%
Cash Reserve Fund	5,652	5,652	5,650	(2)	0	(2)	0.0%
City Hall Debt Service Fund	24,372,942	75,942	192,132	116,190	0	116,190	0.5%
Community Development Block Grant Fund	19,378,722	6,947,509	8,065,204	1,117,695	0	1,117,695	5.8%
Community Facilities Revenue Fund	12,314,090	1,232,930	4,625,135	3,392,205	0	3,392,205	27.5%
Convention and Cultural Affairs Fund	20,352,828	8,629,877	12,075,748	3,445,871	0	3,445,871	16.9%
Convention Center Facilities District Revenue Fund	65,901,466	28,983,466	28,240,864	(742,602)	0	(742,602)	-1.1%
Downtown Property and Business Improvement District Fund	4,084,095	1,361,994	1,276,779	(85,215)	0	(85,215)	-2.1%
Economic Development Administration Loan Fund	12,717	7,292	6,568	(724)	0	(724)	-5.7%
Economic Development Enhancement Fund	0	0	0	0	0	0	0.0%
Edward Byrne Memorial Justice Assistance Grant Trust Fund	422,155	139,579	181,630	42,051	15,153	57,204	13.6%
Emergency Reserve Fund	3,407,532	3,381,532	3,381,532	0	0	0	0.0%
Federal Drug Forfeiture Fund	3,364,453	3,139,582	3,211,966	72,384	0	72,384	2.2%
Gas Tax Maintenance and Construction Funds	17,000,000	0	0	0	0	0	0.0%
General Purpose Parking Fund	34,828,582	9,440,180	11,768,184	2,328,004	0	2,328,004	6.7%
Gift Trust Fund	4,289,669	3,645,081	3,919,943	274,862	(274,862)	0	0.0%
Home Investment Partnership Program Trust Fund	17,946,424	1,250,987	1,165,203	(85,784)	0	(85,784)	-0.5%
Housing Trust Fund	7,824,239	3,101,741	3,602,720	500,979	0	500,979	6.4%
Ice Centre Revenue Fund	9,175,273	5,577,267	6,652,409	1,075,142	0	1,075,142	11.7%
Integrated Waste Management Fund	148,529,312	23,219,554	25,187,354	1,967,800	(821,064)	1,146,736	0.8%

2015-2016 ANNUAL REPORT

COMPARISON OF ESTIMATED TO ACTUAL 2015-2016 ENDING FUND BALANCE

Fund	2015-2016 Modified Budget	2015-2016 Est. Ending Fund Balance	2015-2016 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments*	Revised Variance (incl. Rebudget Adjustments)	Revised Variance As % of Mod Budget
<i>Special Funds</i>							
Library Parcel Tax Fund	19,821,256	11,845,928	11,661,407	(184,521)	0	(184,521)	-0.9%
Low and Moderate Income Housing Asset Fund	0	0	0	0	3,278,000	3,278,000	0.0%
Multi-Source Housing Fund	33,304,281	16,369,816	15,362,465	(1,007,351)	0	(1,007,351)	-3.0%
Municipal Golf Course Fund	3,490,974	587,474	742,861	155,387	0	155,387	4.5%
Public Works Program Support Fund	17,846,435	3,004,345	2,950,878	(53,467)	0	(53,467)	-0.3%
San José Arena Capital Reserve Fund	8,714,305	4,089,214	5,162,329	1,073,115	0	1,073,115	12.3%
San José Arena Enhancement Fund	50,388	0	0	0	0	0	0.0%
San José Municipal Stadium Capital Fund	32,000	3,190	3,190	0	0	0	0.0%
San José-Santa Clara Treatment Plant Operating Funds	324,911,500	83,940,188	89,035,428	5,095,240	(1,846,959)	3,248,281	1.0%
Special Assessment Maintenance District Funds	21,885,584	14,666,326	15,404,284	737,958	0	737,958	3.4%
State Drug Forfeiture Fund	923,538	623,538	647,110	23,572	0	23,572	2.6%
Storm Sewer Operating Fund	49,702,783	16,265,731	16,752,644	486,913	(205,459)	281,454	0.6%
Supplemental Law Enforcement Services Fund	3,550,203	812,318	1,496,920	684,602	30,278	714,880	20.1%
Transient Occupancy Tax Fund	33,604,826	3,914,218	7,721,519	3,807,301	(3,688,910)	118,391	0.4%
Vehicle Maintenance and Operations Fund	24,831,752	1,785,926	1,972,876	186,950	0	186,950	0.8%
Water Utility Fund	54,412,818	11,750,955	10,337,581	(1,413,374)	(63,134)	(1,476,508)	-2.7%
Workforce Investment Act Fund	15,188,709	769,921	1,185,980	416,059	0	416,059	2.7%
Sub-Total Special Funds	1,639,667,719	496,079,339	530,130,435	34,051,096	(3,578,957)	30,472,139	1.9%
<i>Capital Funds</i>							
Airport Capital Funds	141,929,716	58,420,767	62,812,974	4,392,207	(2,130,000)	2,262,207	1.6%
Branch Libraries Bond Projects Fund	6,475,538	1,454,538	428,593	(1,025,945)	1,013,000	(12,945)	-0.2%
Building and Structure Construction Tax Funds	62,118,174	35,398,037	44,039,896	8,641,859	(1,815,138)	6,826,721	11.0%
Construction and Conveyance Tax Fund	153,072,244	73,084,260	81,510,009	8,425,749	415,000	8,840,749	5.8%
Construction Excise Tax Fund	170,099,223	54,471,195	71,174,610	16,703,415	0	16,703,415	9.8%
Contingent Lien District Fund	2,532,435	2,517,435	2,578,288	60,853	3,990	64,843	2.6%
Convention Center Facilities District Project Fund	419,078	0	353,116	353,116	0	353,116	84.3%
Emma Prusch Park Fund	504,353	387,353	373,820	(13,533)	31,000	17,467	3.5%

2015-2016 ANNUAL REPORT

COMPARISON OF ESTIMATED TO ACTUAL 2015-2016 ENDING FUND BALANCE

Fund	2015-2016 Modified Budget	2015-2016 Est. Ending Fund Balance	2015-2016 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments*	Revised Variance (incl. Rebudget Adjustments)	Revised Variance As % of Mod Budget
<i>Capital Funds</i>							
Improvement District Fund	2,950,793	94,800	1,293,429	1,198,629	346,000	1,544,629	52.3%
Lake Cunningham Fund	2,485,858	1,467,158	1,432,867	(34,291)	36,000	1,709	0.1%
Major Collectors and Arterials Fund	1,247,743	1,103,743	1,453,277	349,534	0	349,534	28.0%
Major Facilities Fund	4,658,858	4,531,858	5,146,604	614,746	(185,000)	429,746	9.2%
Neighborhood Security Bond Fund	3,844,505	1,165,505	1,451,073	285,568	0	285,568	7.4%
Parks and Recreation Bond Projects Fund	30,232,560	17,174,560	29,033,689	11,859,129	(361,000)	11,498,129	38.0%
Residential Construction Tax Contribution Fund	1,935,891	1,617,891	1,839,509	221,618	0	221,618	11.4%
San José-Santa Clara Treatment Plant Capital Fund	269,561,743	63,150,493	66,901,138	3,750,645	(1,355,000)	2,395,645	0.9%
Sanitary Sewer Connection Fee Fund	13,031,546	2,085,687	3,511,971	1,426,284	0	1,426,284	10.9%
Sewer Service and Use Charge Capital Improvement Fund	116,379,311	50,459,714	59,852,956	9,393,242	(3,354,000)	6,039,242	5.2%
Storm Drainage Fee Fund	776,917	348,926	511,942	163,016	0	163,016	21.0%
Storm Sewer Capital Fund	42,767,154	20,966,793	24,019,478	3,052,685	(1,866,000)	1,186,685	2.8%
Subdivision Park Trust Fund	81,963,452	69,259,391	64,099,684	(5,159,707)	1,615,000	(3,544,707)	-4.3%
Underground Utility Fund	4,593,660	4,737,760	5,362,701	624,941	0	624,941	13.6%
Water Utility Capital Fund	12,634,853	3,004,435	4,738,848	1,734,413	(1,460,000)	274,413	2.2%
Sub-Total Capital Funds	1,126,215,605	466,902,299	533,920,472	67,018,173	(9,066,148)	57,952,025	5.1%
TOTAL ALL FUNDS	4,133,368,466	1,211,939,877	1,319,257,322	107,317,445	(12,068,297)	95,249,148	2.3%

2015-2016 ANNUAL REPORT

SUMMARY OF 2015-2016 YEAR-END RESERVES BY FUND

Fund	2015-2016 Contingency and Earmarked Reserves Balance
General Fund	\$165,058,677
Special Funds	
Airport Customer Facility and Transportation Fee Fund	11,233,682
Airport Fiscal Agent Fund	80,268,444
Airport Maintenance and Operation Fund	33,300,533
Airport Revenue Fund	69,743,724
Airport Surplus Revenue Fund	17,046,312
Benefit Funds	4,146,731
Business Improvement District Fund	0
Cash Reserve Fund	0
City Hall Debt Service Fund	0
Community Development Block Grant Fund	2,145,387
Community Facilities Revenue Fund	0
Convention and Cultural Affairs Fund	2,513,000
Convention Center Facilities District Revenue Fund	20,761,500
Downtown Property and Business Improvement District Fund	0
Economic Development Administration Loan Fund	0
Edward Byrne Memorial Justice Assistance Grant Trust Fund	0
Emergency Reserve Fund	3,381,532
Federal Drug Forfeiture Fund	0
Gas Tax Maintenance and Construction Funds	0
General Purpose Parking Fund	8,444,663
Gift Trust Fund	0
Home Investment Partnership Program Trust Fund	15,312
Housing Trust Fund	0
Ice Centre Revenue Fund	2,294,760
Integrated Waste Management Fund	11,874,448
Library Parcel Tax Fund	3,102,837
Low and Moderate Income Housing Asset Fund	65,077,189
Municipal Golf Course Fund	0
Multi-Source Housing Fund	3,741,068
Public Works Program Support Fund	157,861
San José Arena Enhancement Fund	0
San José Municipal Stadium Capital Fund	0
San José-Santa Clara Treatment Plant Operating Funds	57,804,599
San José Arena Capital Reserve Fund	48,909
Special Assessment Maintenance District Funds	27,675
State Drug Forfeiture Fund	0
Storm Sewer Operating Fund	11,032,098
Supplemental Law Enforcement Services Fund	0
Transient Occupancy Tax Fund	2,420,108
Vehicle Maintenance and Operations Fund	240,149

**2015-2016
ANNUAL REPORT**

SUMMARY OF 2015-2016 YEAR-END RESERVES BY FUND

Fund	2015-2016 Contingency and Earmarked Reserves Balance
<i>Special Funds</i>	
Water Utility Fund	8,584,494
Workforce Investment Act Fund	1,732,821
Sub-Total Special Funds	\$421,139,836
<i>Capital Funds</i>	
Airport Capital Funds	0
Branch Libraries Bond Projects Fund	18,115
Building and Structure Construction Tax Fund	18,217,694
Civic Center Construction Fund	0
Construction and Conveyance Tax Funds	19,546,000
Construction Excise Tax Fund	32,453,995
Convention Center Facilities District Project Fund	0
Contingent Lien District Fund	2,023,401
Emma Prusch Park Fund	0
Improvement District Fund	0
Lake Cunningham Fund	500,000
Major Collectors and Arterials Fund	0
Major Facilities Fund	1,600,000
Neighborhood Security Bond Fund	1,163,285
Parks and Recreation Bond Projects Fund	16,945,190
Residential Construction Tax Contribution Fund	0
San José-Santa Clara Treatment Plant Capital Fund	5,000,000
Sanitary Sewer Connection Fee Fund	0
Sewer Service and Use Charge Capital Improvement Fund	0
Storm Drainage Fee Fund	0
Storm Sewer Capital Fund	4,000,000
Subdivision Park Trust Fund	29,215,061
Underground Utility Fund	0
Water Utility Capital Fund	2,447,000
Sub-Total Capital Funds	\$133,129,741
TOTAL ALL FUNDS	\$719,328,254

2015-2016

**ANNUAL
REPORT**

**II. GENERAL FUND
BUDGET
PERFORMANCE**

2015 - 2016 ANNUAL REPORT

II. GENERAL FUND BUDGET PERFORMANCE

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

General Fund Year-End Performance – This section provides data on the overall status of the General Fund at the end of 2015-2016. It includes a chart that compares the General Fund modified budget and actuals for sources, uses, and ending fund balance as well as a chart that compares the General Fund actuals to the estimates used in developing the 2016-2017 Adopted Budget.

General Fund Revenue Performance – This section provides detail on the actual 2015-2016 General Fund revenue collections. This section includes a chart that compares the 2015-2016 modified budget to the actuals for each of the General Fund revenue categories. This chart is followed by a discussion of the performance in each category that includes an explanation of variances from the modified budget, any resulting current year implications for revenue estimates, and a comparison of the actual revenues to prior year collections to indicate collection trends and provide a historical perspective.

General Fund Expenditure Performance – This section provides detail on the actual 2015-2016 General Fund expenditures. This section includes charts that compare the 2015-2016 modified budget to actuals for the major expenditure categories as well as the 2015-2016 year-end estimates to actuals for the total expenditures. The review of the General Fund expenditure performance also includes detailed information on departmental and non-departmental performance, including a discussion of significant variances as well as a chart on total expenditures by each category broken down in further detail. In addition, this section includes a discussion of significant departmental variances and highlights of non-departmental expenditures and variances.

PAGE IS INTENTIONALLY LEFT BLANK

2015 - 2016 ANNUAL REPORT
--

GENERAL FUND YEAR-END PERFORMANCE

The General Fund ended the year with a final available ending fund balance (unaudited) of \$255.2 million, as reflected in the following table:

GENERAL FUND
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2016
(\$000s)

	Modified Budget	Budgetary Basis Actual	Variance
Sources			
Beginning Fund Balance	265,520	265,855	335
Carryover Encumbrances	42,526	42,526	-
Liquidated			
Carryover Encumbrances		1,869	1,869
<i>Subtotal</i>	<i>308,046</i>	<i>310,250</i>	<i>2,204</i>
Revenues	1,059,439	1,055,517	(3,922)
Total Sources	1,367,485	1,365,767	(1,718)
Uses			
Personal Services	704,875	692,220	(12,655)
Non-Personal/Equipment/Other	140,715	129,244	(11,471)
City-Wide Expenses	261,983	223,639	(38,344)
Capital Contributions	67,703	38,308	(29,395)
Transfers	27,150	27,150	-
Reserves	165,059	-	(165,059)
Total Uses	1,367,485	1,110,561	(256,924)
Available Ending Fund Balance		255,206	255,206

Note: In the chart above, the General Fund excludes the Emergency Reserve Fund and Cash Reserve Fund, which are budgeted as separate funds and reflected separately in this document. In the 2015-2016 Comprehensive Annual Financial Report (CAFR), the Emergency Reserve Fund and Cash Reserve Fund will be displayed as part of the General Fund to comply with GASB 54 reporting requirements.

2015 - 2016 ANNUAL REPORT
--

GENERAL FUND YEAR-END PERFORMANCE

The actual ending fund balance of \$255.2 million exceeded the estimated ending fund balance level used in the development of the 2016-2017 Adopted Budget by \$6.2 million (0.2% of the 2015-2016 Modified Budget total sources and uses). However, once adjusted for clean-up actions recommended in this report associated with the close-out of 2015-2016, a true ending fund balance of \$6.8 million (0.25% of the 2015-2016 Modified Budget total sources and uses) remains in 2015-2016 and is available for allocation in 2016-2017. The elements of the Ending Fund Balance variance are illustrated in the following estimate to actual comparison chart.

General Fund Year-End Performance (\$000s)

Sources	Estimate	Budgetary Basis Actual	Variance
Beginning Fund Balance	265,520	265,855	335
Carryover Encumbrances	42,526	42,526	-
Liquidation of Carryover Encumbrances	1,000	1,869	869
<i>Subtotal</i>	<i>309,046</i>	<i>310,250</i>	<i>1,204</i>
Revenues	1,059,439	1,055,517	(3,922) ¹
Total Sources	1,368,485	1,365,767	(2,718)
Uses			
Expenditures	1,119,527	1,110,561	(8,966) ¹
Ending Fund Balance	248,958	255,206	6,248

¹ In 2015-2016, \$4.3 million in grant and reimbursement-related revenues and expenditures were not expected to be received in 2015-2016 and were rebudgeted to 2016-2017 (\$4.1 million for City-Wide Expenses and \$182,000 for Departmental expenditures). This resulted in lower actual revenues and expenditures in 2015-2016, with no net impact to the General Fund. After factoring out the lower revenues and expenditures associated with these grants and reimbursements, the revenues variance actually resulted in a surplus of \$407,000 (0.04%), rather than a shortfall of \$3.9 million, and the expenditures variance actually resulted in savings of \$4.6 million (0.4%), rather than savings of \$9.0 million.

Note: In the chart above, the General Fund excludes the Emergency Reserve Funds and Cash Reserve Fund, which are budgeted as separate funds and reflected separately in this document. In the 2015-2016 Comprehensive Annual Financial Report (CAFR), the Emergency Reserve Fund and Cash Reserve Fund will be displayed as part of the General Fund to comply with GASB 54 reporting requirements.

2015 - 2016 ANNUAL REPORT

GENERAL FUND YEAR-END PERFORMANCE

A detailed analysis of the significant variances between the 2015-2016 Modified Budget and actuals for revenues, expenditures, transfers, and reserves is provided in the following section. The actual 2015-2016 liquidation of carryover encumbrances was \$1.9 million and reflects encumbered appropriations liquidated by the Finance Department during the period between the release of audited 2014-2015 financial statements and the end of 2015-2016. Liquidation of prior year encumbrances results in a reduction in the obligations against the fund balance. These funds then become available for reappropriation. The actual liquidations in 2015-2016 of \$1.9 million were \$869,000 above the estimate of \$1.0 million used in the development of the 2016-2017 Adopted Budget.

As noted on the chart on the previous page, after adjusting for \$4.3 million in grants and reimbursements that were not received or expended in 2015-2016, the final General Fund ending fund balance represents a positive variance of \$6.2 million (0.2% of the 2015-2016 Modified Budget total sources and uses), which includes higher than estimated expenditures savings (\$4.6 million; 0.4%), slightly higher revenues (\$407,000; 0.04%), liquidation of carryover encumbrances (\$869,000), and a 2015-2016 Beginning Fund Balance adjustment (\$335,000). After accounting for revenue and expenditure adjustments recommended in the Annual Report, including required rebudgets to close-out 2015-2016, \$6.8 million (0.25% of total sources and uses) in additional ending fund balance is available. The \$6.8 million positive fund balance variance is comprised of net additional revenues of \$3.5 million (0.33%), additional 2015-2016 Beginning Fund Balance (\$335,000), net expenditure savings of \$2.1 million (0.18%), and higher than estimated liquidation of prior year encumbrances of \$869,000. Recommendations for the allocation of these additional funds are provided elsewhere in this document.

2015 - 2016 ANNUAL REPORT
--

GENERAL FUND REVENUE PERFORMANCE

The following table details actual 2015-2016 General Fund revenue collections as compared with the modified budget estimates:

TABLE A
2015-2016 GENERAL FUND REVENUE SUMMARY
COMPARISON OF BUDGET TO ACTUAL
(\$000s)

Category	Modified Budget	Budgetary Basis Actual	Variance	% Variance
Property Tax	\$ 262,810	\$ 262,950	\$ 140	0.1%
Sales Tax	201,840	201,797	(43)	(0.0%)
Transient Occupancy Tax	16,300	16,565	265	1.6%
Franchise Fees	48,932	48,949	17	0.0%
Utility Tax	93,825	93,397	(428)	(0.5%)
Telephone Line Tax	21,000	20,077	(923)	(4.4%)
Business Taxes	49,725	50,864	1,139	2.3%
Licenses and Permits	51,721	53,766	2,045	4.0%
Fines, Forfeitures, and Penalties	15,356	16,090	734	4.8%
Rev. from the Use of Money/Property	4,208	5,101	893	21.2%
Revenue from Local Agencies	16,582	17,143	561	3.4%
Revenue from the State of California	12,818	12,174	(644)	(5.0%)
Revenue from Federal Government	12,595	10,562	(2,033)	(16.1%)
Rev. from Fed. Govt. - Recovery Act		37	37	N/A
Departmental Charges	44,814	47,058	2,244	5.0%
Other Revenue	129,574	123,548	(6,026)	(4.7%)
Subtotal	982,100	980,078	(2,022)	(0.2%)
Overhead Reimbursements	37,112	36,050	(1,062)	(2.9%)
Transfers	22,470	22,427	(43)	(0.2%)
Reimbursements for Services	17,757	16,962	(795)	(4.5%)
Subtotal	77,339	75,439	(1,900)	(2.5%)
TOTALS¹	\$ 1,059,439	\$ 1,055,517	\$ (3,922)	(0.4%)

¹ Excludes Beginning Fund Balance.

The General Fund revenue performance for 2015-2016 is discussed in detail in this section. The 2015-2016 actual revenue receipts for each of the major revenue categories are compared to the modified budgets and any significant variances and resulting implications for current year revenue estimates are described. In addition, comparisons with prior fiscal year collection levels are included to indicate collection trends and to provide a historical perspective.

2015 - 2016 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

As shown in Table A, total revenue received in the General Fund in 2015-2016 was \$1.06 billion. This collection level was below the 2015-2016 Modified Budget level by \$3.9 million, (0.4%). After adjusting for rebudgets included as part of the 2016-2017 Adopted Budget (\$4.3 million) and rebudgets recommended in this report (\$6.6 million), revenues for the over 450 accounts budgeted and monitored annually ended the year \$7.0 million, or 0.7% above the 2015-2016 budget level. This positive variance primarily reflects higher than expected Business Taxes, Licenses and Permits, and Departmental Charges revenues. Once adjusted for the Development Fee Programs, which ended the year above the estimate by \$2.9 million and is a reconciling item for the Development Fee Program Reserves, and other revenue-related adjustments required to close out 2015-2016 (\$653,000), there was a net positive revenue variance of \$3.5 million (0.3%) for 2015-2016.

The 2015-2016 collection level of \$1.06 billion was up \$6.9 million (0.7%) from the actual 2014-2015 collections (\$1.05 billion). The categories that experienced the largest increases included: Property Tax, Sales Tax, Business Taxes, Licenses and Permits, and Departmental Charges. The largest declines from the prior year were experienced in the Revenue from Local Agencies (primarily due to lower Successor Agency to the Redevelopment Agency reimbursement of \$22.5 million) and Other Revenue (lower Sale of Property proceeds of \$33.6 million due primarily to a portion of the Airport West property sold in 2014-2015) categories. These large declines are dampening overall revenue growth comparisons to the prior year.

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

Property Tax

Property Tax	2015-2016 Budget (\$)	2015-2016 Actuals (\$)	2015-2016 Variance (\$)	2015-2016 Variance %
Secured Property Tax	239,353,000	239,561,248	208,248	0.09%
Unsecured	13,887,000	13,887,539	539	0.00%
SB 813 Property Tax	5,870,000	6,182,361	312,361	5.3%
Airplane In-Lieu Tax	2,670,000	2,670,952	952	0.04%
Homeowners Property Tax Relief	1,030,000	648,036	(381,964)	-37.1%
Total	262,810,000	262,950,135	140,135	0.05%

The Property Tax revenue category includes Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax, Airplane In-Lieu Tax, and Homeowner's Property Tax Relief (HOPTR). Property Tax receipts for the 2015-2016 fiscal year totaled \$263.0 million. This collection level was \$140,000 (0.05%) above the budgeted estimate of \$262.8 million, and represented an increase of 6.3% from 2014-2015 actuals of \$247.3 million.

2015 - 2016 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

Property Tax

Secured Property Tax receipts were the largest source of revenue in this category (\$239.6 million), which came in 0.09% (\$208,000) above the 2015-2016 Modified Budget estimate of \$239.4 million. This represents growth of 6.8% from 2014-2015, and includes a payment of \$6.6 million to the City as a result of excess Educational Revenue Augmentation Fund (ERAF) revenues.



With the continued recovery in the real estate market, approximately 8,250 of the properties in San José that were valued at less than their purchase price in 2014-2015 were adjusted upwards in 2015-2016, restoring \$771.0 million in assessed value. Under Proposition 13, assessed values of all real property are adjusted with the Consumer Price Index (CPI), with a 2% limit, unless there is a change in ownership, new construction, or a property has received a Proposition 8 adjustment. The CPI adjustment for the 2015-2016 tax roll was an increase of 1.99%.

The SB 813 Property Tax component represents the retroactive taxes reassessed property valuation from the period of resale to the time that the Assessor formally revalues the property. In 2015-2016, receipts of \$6.2 million were fairly consistent with the prior year collection level of \$6.3 million and slightly exceeded the budgeted estimate of \$5.9 million. This is more stable performance in this category after volatility in recent years due to changes in the housing market, a backlog due of adjustments that has now been addressed, and a change in methodology for the SB 813 distribution.

The Homeowners Property Tax Relief payments were \$382,000, or 37.1% below the budget. However, an additional payment of \$349,000 was received and will be reflected in 2016-2017. With the addition of this payment, the variance to budget was only \$33,000, or 3.2%.

With overall Property Tax actual performance in 2015-2016 in very close alignment with expectations, 2016-2017 Property Tax revenue estimates appear to be appropriate at this time. Staff will continue to regularly meet with representatives from the offices of the County Assessor, the County Controller-Treasurer, and the County Tax Collector for any update information that may affect collection levels.

2015 - 2016 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

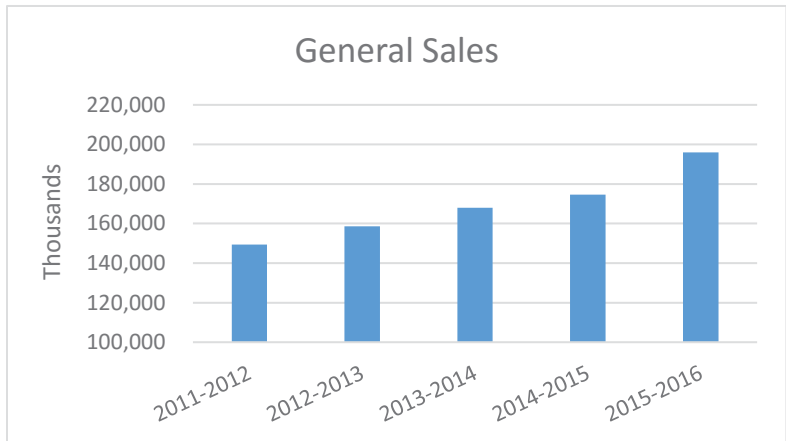
Sales Tax

Sales Tax Category	2015-2016 Budget (\$)	2015-2016 Actuals (\$)	2015-2016 Variance (\$)	2015-2016 Variance %
General Sales Tax	195,645,000	196,043,423	398,423	0.20%
Prop 172 Sales Tax	6,195,000	5,753,760	(441,240)	(7.12%)
Total	201,840,000	201,797,183	(42,817)	(0.02%)

The Sales Tax category includes General Sales Tax and Proposition 172 Sales Tax. Overall, Sales Tax collections in 2015-2016 of \$201.8 million were consistent with the 2015-2016 Modified Budget with a variance of only 0.02% (-\$43,000). This collection level reflects an 11.2% (\$20.3 million) increase from collections in 2014-2015 (\$181.5 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 discussed below. Excluding this one-time true-up payment, growth of 4.5% was realized in 2015-2016. Following is a discussion of the two Sales Tax components:

- **General Sales Tax** – In the General Sales Tax category, collections of \$190.0 million reflect growth of 11.5% above 2014-2015 collection levels of \$175.8 million. This marks the fifth year of growth in this category, with receipts exceeding last year’s peak.

The 2015-2016 actual General Sales Tax figure of \$196.0 million reflects performance for the four quarters of 2015-2016, during which growth of 2.89% (1st quarter), 7.87% (2nd quarter), 5.54% (3rd quarter), and estimated growth of 3.50% (4th quarter), was experienced. Because a three-month lag exists between the period of sales activity and when the City receives its quarterly Sales Tax allocation, the fourth quarter



(April through June) is accrued to the following fiscal year based on estimated performance. Actual Sales Tax results for the fourth quarter have subsequently become available and reflect growth of 6.28% and the additional revenue will be reflected in the 2016-2017 actuals. Details by economic sector for the last quarter’s performance, however, are not yet available. In total, collections of \$196.0 million were \$398,000 above the budgeted estimate.

The City’s Sales Tax consultant, MuniServices, LLC, has provided economic performance data for the four quarters ending March 2016, as displayed in the following chart. This analysis measures sales tax receipts, excluding State and county pools, and adjusts for anomalies, payments to prior periods, and late payments. During this period, economic growth of 3.7% was realized.

**2015 - 2016
ANNUAL REPORT**

GENERAL FUND REVENUE PERFORMANCE

Sales Tax

**Sales Tax Revenue Economic Performance
April 2015 – March 2016**

Economic Sector	% of Total Revenue	% Change from April 2015 – March 2016
General Retail	25.4%	0.6%
Business-to-Business	24.5%	12.0%
Transportation	21.5%	(2.1%)
Food Products	16.5%	4.9%
Construction	11.3%	4.0%
Miscellaneous	0.8%	10.3%
Total	100%	3.7%

The 2016-2017 Adopted Budget revenue projection was developed based on actual 2015-2016 data for the first two quarters, and assumed growth of 4.0% to be realized in the last two quarters of 2015-2016 when compared to the same quarters in the prior year, followed by a 3.5% growth in 2016-2017. However, as discussed above, actual increases in the last two quarters of 2015-2016 were 5.54% and 6.28%, respectively. These actual growth rates generated more revenue than the assumed rates so it is possible that additional sales tax revenue will be received in 2016-2017 if the 2016-2017 growth rate assumption of 3.0% is realized.

In 2015-2016, the wind down of the “Triple Flip”¹ sales tax adjustments was completed. On August 5, 2015, the Department of Finance notified the California State Board of Equalization and the public that the State’s Triple Flip “unwinding” process will be initiated with the defeasance of the Economic Recovery Bonds. The final true-up payment associated with the Triple Flip wind down was made in August 2016 and accrued to 2015-2016. This true-up payment resulted in one-time funding of \$12 million. Excluding this one-time payment, General Sales Tax increased 4.5% in 2015-2016.

- **Proposition 172 Half-Cent Sales Tax** – Receipts of \$5.75 million were below (7.1%) the budgeted estimate of \$6.2 million, but were at the 2014-2015 collection level of \$5.74 million. This performance reflects the overall Sales Tax performance throughout the State and the relative share that is attributed to San José.

¹ As part of the Proposition 57 State fiscal recovery funding mechanism (passed by the voters in March 2004), one-quarter cent of the City’s one cent Bradley Burns sales tax was temporarily suspended and replaced dollar-for-dollar with property tax revenue. This action remained in effect until the State’s bond obligations were satisfied with a final payment in August 2016. The City, however, continued to record the replacement property tax revenues as sales tax receipts because the growth formula for these receipts was tied to sales tax and because this action was temporary. This mechanism ceased in 2015-2016 with the final triple flip payment.

2015 - 2016 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

Transient Occupancy Tax

In 2015-2016, receipts of \$16.6 million for the General Fund's portion (4.0%) of the City's Transient Occupancy Tax (TOT) were very slightly above (1.6%) the 2015-2016 Modified Budget estimate of \$16.3 million, and 14.2% above 2014-2015 TOT receipts of \$14.7 million. This performance level marks a new high, reflecting steady growth since 2012-2013. The higher collection levels are attributable to increased hotel room rates and occupancy. In 2015-2016, the average room rate for the City's 13 largest hotels increased by \$22 (from \$174 to \$196) and the average occupancy for these same hotels rose from 75.9% to 76.6%. As directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council, the growth in TOT receipts over the 2013-2014 actual collection level are to be set aside in a Cultural and Arts Facilities Capital Replacement and Maintenance Reserve. In accordance with the City Council direction, a budget action is recommended in this report to allocate the additional TOT revenues above the estimate to this reserve (\$265,000).

The 2016-2017 Adopted Budget Estimate of \$16.95 million was built assuming approximately 4% growth in TOT collections over 2015-2016 estimated receipts. Given the slightly higher receipts in 2015-2016, growth of approximately 2.3% above 2015-2016 collections is needed in 2016-2017 in order to meet this budgeted estimate.

Franchise Fees

Franchise Fees	2015-2016 Budget (\$)	2015-2016 Actuals (\$)	2015-2016 Variance (\$)	2015-2016 Variance %
Electric Franchise Fee	20,946,054	20,985,117	39,063	0.19%
Gas Franchise Fee	4,962,000	4,962,218	218	0.00%
Commercial Solid Waste Franchise Fee	11,342,178	11,368,153	25,975	0.23%
Cable Franchise Fee	10,450,000	10,432,875	(17,125)	(0.16%)
Tow Franchise Fee	900,000	953,045	53,045	5.89%
Nitrogen Franchise Fee	72,000	0	(72,000)	(100.00%)
Great Oaks Water Franchise Fee	260,000	247,535	(12,465)	(4.79%)
Total	48,932,232	48,948,943	16,711	0.03%

Franchise Fee collections of \$48.9 million were slightly above (0.03%) the 2015-2016 Modified Budget level of \$48.9 million and were \$1.3 million, or 2.6%, above the 2014-2015 collection level of \$47.7 million.

Nitrogen payments were not received in 2015-2016. The Administration is currently reviewing this category to determine if any future payments will be received.

2015 - 2016 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

Utility Tax

Utility Tax	2015-2016 Budget (\$)	2015-2016 Actuals (\$)	2015-2016 Variance (\$)	2015-2016 Variance %
Electricity Utility Tax	43,750,000	44,329,111	579,111	1.32%
Gas Utility Tax	8,900,000	8,892,718	(7,282)	(0.08%)
Water Utility Tax	11,600,000	12,283,795	683,795	5.89%
Telephone Utility Tax	29,575,000	27,891,450	(1,683,550)	(5.69%)
Total	93,825,000	93,397,074	(427,926)	(0.46%)

The City assesses utility user taxes on four utilities: Electricity, Gas, Water, and Telephone. Overall, Utility Tax receipts of \$93.4 million were 0.5% below the 2015-2016 Modified Budget level and 2.8% above the 2014-2015 actual level of \$90.9 million. Following is a discussion of the major variances in this category.

- *Water Utility Tax* – Receipts in this category of \$12.3 million were above the modified budget level of \$11.6 million and 6.6% (\$762,000) above the 2014-2015 collection level of \$11.5 million primarily reflecting the rising wholesale price of water.
- *Telephone Utility Tax* – Receipts in this category of \$27.9 million were below the modified budget level of \$29.6 million and \$1.3 million (4.3%) below the prior year actual collection level of \$29.1 million. This negative variance to budget is primarily due to lower telephone and cell phone receipts. Collection levels will continue to be monitored and adjustments will be brought forward as necessary during the year.

Telephone Line Tax

In 2015-2016, Telephone Line Tax collections of \$20.1 million were \$923,000 (4.4%) below the budgeted estimate of \$21.0 million and below the 2014-2015 collection level of \$21.1 million.

Business Taxes

Business Tax	2015-2016 Budget (\$)	2015-2016 Actuals (\$)	2015-2016 Variance (\$)	2015-2016 Variance %
Cardroom Tax	18,000,000	17,979,330	(20,670)	-0.11%
Business Tax	11,975,000	11,839,969	(135,031)	-1.13%
Disposal Facility Tax	11,925,000	12,172,180	247,180	2.07%
Marijuana Business Tax	7,825,000	8,872,875	1,047,875	13.39%
Total:	49,725,000	50,864,354	1,139,354	2.29%

2015 - 2016 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

Business Taxes

Revenues in this category include the Cardroom Tax, Business Tax, Disposal Facility Tax, and Marijuana Business Tax. Overall, collections of \$50.86 million were 2.3% above the 2015-2016 Modified Budget Estimate of \$49.7 million, and 7.7% (\$3.6 million) above the 2014-2015 collection level of \$47.2 million. Following is a discussion of the major variances in the Business Tax category:

- Disposal Facility Tax** - Collections of \$12.17 million ended the year 2.1% above the budgeted estimate of \$11.9 million but 5.5% below the prior year collection level of \$12.88 million. Revenue from the Disposal Facility Tax (DFT) is impacted by the economy, waste exports, and waste diversion activities from San José and other municipalities and members of the public that use landfills within the City. During 2015-2016, receipts decreased over the prior year due to an expected decline in DFT collections resulting from improvements in the processing of waste from San José's collection programs, increased recycling in neighboring jurisdictions, and increased disposal at out-of-county landfills. The 2016-2017 Adopted Budget estimate totals \$12.2 million and is consistent with 2015-2016 receipts.
- Marijuana Business Tax** – Collections (including compliance revenues) of \$8.9 million were 13.4% (\$1.0 million) above the 2015-2016 Modified Budget level of \$7.8 million, and 61.5% (\$3.4 million) above the 2014-2015 collection of \$5.5 million. The increase in revenue collections was the primarily due to expanded compliance efforts by the City to ensure that the Medical Marijuana dispensaries in San José adhere to all regulations required by the City's program and ordinances. During 2015-2016, the Administration conducted significant outreach, education, enforcement, and compliance efforts with all medical marijuana dispensaries, collectives, cooperatives, cultivators, and manufacturers which resulted in the significant increase in revenue.

Licenses and Permits

Licenses and Permits	2015-2016 Budget (\$)	2015-2016 Actuals (\$)	2015-2016 Variance (\$)	2015-2016 Variance %
Building Permits	29,500,000	30,506,052	1,006,052	3.41%
Fire Permits	11,133,000	11,793,384	660,384	5.93%
Other Licenses and Permits	11,088,223	11,466,471	378,248	3.41%
Total	51,721,223	53,765,907	2,044,684	3.95%

Revenues in this category include the Building Permits, Fire Permits, and various other licenses and permits. Overall, Licenses and Permits collections of \$53.8 million were 4.0% (\$2.0 million) above the 2015-2016 Modified Budget level of \$51.7 million and 13.2% above (\$6.3 million) the 2014-2015 collection level of \$47.5 million. Both the Building and Fire Development Fee Programs continued the solid performance experienced over the past few years with receipts exceeding the budgeted estimates and the prior year collection levels.

2015 - 2016 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

Licenses and Permits

Building Permits – Receipts of \$30.5 million ended the year 3.4% (\$1.0 million) above the modified budget estimate of \$29.5 million, and 11.2% (\$3.1 million) above the prior year's level of \$27.4 million. As identified in the Bi-Monthly Financial Reports and the Mid-Year Budget Review, Building Permit revenue throughout 2015-2016 was above anticipated levels due to a continued high level of development activity in the commercial and industrial land use categories. In recognition of increased permit revenues, the budget estimate was increased by \$1.5 million in the Mid-Year Budget Review and \$2.0 million at the end of 2015-2016.

The total valuation of projects submitted in 2015-2016 was \$1.5 billion, 36.6% above the estimate of \$1.1 billion and 14.3% above the \$1.3 billion valuation of projects that were received in 2014-2015. Total valuation for the commercial and industrial categories ended the year above estimates, while construction valuation for the residential land use category ended the year below the estimate. Commercial valuation of \$474.0 million tracked above the estimate of \$240.0 million and exceeded the prior year level (\$380.0 million). Industrial activity of \$594.7 million surpassed the forecasted level of \$250.0 million and was above last year's level of \$359.9 million. Residential valuation of \$440.9 million in 2015-2016 was lower than the 2014-2015 level of \$580.9 million and less than the estimate of \$615.0 million. A total of 1,692 new residential units received permits in 2015-2016, which was below the estimate of 3,400 units and 2014-2015 actuals of 3,241 units.

Notable activity that took place in 2015-2016 includes: finished interior permit for completion of the fourth floor of the Samsung R&D building on North First Street; permit for a 163,000 square foot warehouse on Piercy Road east of the Highway 101/85 split in south San José; foundation only permits for a five story, 162,000 square foot office building and a six story 194,000 square foot office building in the Coleman Highline development; foundation only permit for a 144 room hotel located on North First Street just south of Highway 237; construction started on a 23,000 square foot assembly building at the eBay campus on East Hamilton Avenue; construction started on a new 315 unit apartment building on West San Carlos Street north of Highway 280 and west of Highway 87; and construction started on three cold shell manufacturing buildings with a combined space of 563,211 square feet located on Disk Drive north of Highway 237 in North San José. The number of projects requiring plan check was 8,800 in 2015-2016, an increase of approximately 15.8% from 7,600 in the prior year. The total number of building inspections conducted in 2015-2016 was 211,500, a decrease of 13.7% compared to the 245,000 inspections during the previous year, primarily attributed to the completion of several large multi-family projects in North San José.

A recommendation to increase the Building Development Fee Program Earmarked Reserve by \$2.1 million is included as part of this report. This increase was derived from a combination of additional revenues of \$1.0 million, expenditure savings of \$983,000, and interest earnings attributed to the program of \$169,000. This increase to the Reserve is partially offset by additional expenses to align the budget with the estimated costs (\$1.0 million) associated with the compensation adjustments to the Building Inspector Combination classification. With these

2015 - 2016 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

Licenses and Permits

recommended adjustments, the net increase to the Reserve will be \$1.1 million, bringing the Reserve from \$15.4 million to \$16.5 million.

When the 2016-2017 Adopted Budget was developed, it was assumed that collections would reach \$27.5 million in 2015-2016 and remain flat at that level in 2016-2017. However, because revenues exceeded expectations in 2015-2016, receipts can drop approximately 10% in 2016-2017 to meet the budgeted estimate.

- **Fire Permits** – Fire Fee receipts of \$11.8 million were 5.9% above the 2015-2016 Modified Budget estimate of \$11.1 million and 13.4% above the prior year's revenue of \$10.4 million. Following is a discussion of Development and Non-Development revenues in this category.

Development revenues from Architectural Plan Check and Inspection, Engineering Systems (Alarms and Sprinklers) Permits and Inspections, and miscellaneous revenues ended the year at \$7.3 million, which was 5.7% above the 2015-2016 Modified Budget estimate of \$6.9 million. Year-end collections were higher than the modified budget estimate by approximately \$391,000; however, when combined with the Fire Development Fee Program overhead reimbursement savings (\$179,000), expenditure savings (\$157,000), and interest earnings (\$43,000), the Fire Development Fee Program Earmarked Reserve is recommended to be increased by a total of \$770,000. This action will increase the reserve from \$5.2 million to \$5.9 million.

Non-Development revenue of \$4.5 million from Annual Renewable Permits, Non-Renewable Permits and Inspections, and other miscellaneous activities exceeded the budget estimate of \$4.2 million. Annual renewable permits revenue of about \$4.0 million was \$355,000 (9.9%) above estimated levels and \$467,000 (13.4%) higher than the collections in the prior year. Combined revenues of \$518,000 from non-renewable permit and other inspection activities (such as after-hours inspections for fire regulatory enforcement and hazardous materials) and permits for pyrotechnics, tents, canopies, and temporary membrane structures were \$17,000 (3.9%) lower than budgeted levels of \$440,000 and \$6,000 (1.4%) lower than last year's year-end revenue of \$429,000.

When the 2016-2017 Adopted Budget was developed, it was assumed that collections would reach \$11.2 million in 2015-2016 and remain flat at that level in 2016-2017. However, because revenues exceeded expectations in 2015-2016, receipts can drop approximately 5% in 2016-2017 to meet the budgeted estimate.

2015 - 2016 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

Fines, Forfeitures and Penalties

Fines, Forfeitures and Penalties	2015-2016 Budget (\$)	2015-2016 Actuals (\$)	2015-2016 Variance (\$)	2015-2016 Variance %
Parking Fines	11,475,000	11,250,138	(224,862)	(1.96%)
Vehicle Code Fines	1,945,000	1,535,837	(409,163)	(21.04%)
Administrative Citation Fines	275,000	559,981	284,981	103.63%
Other Fines and Penalties	1,661,042	2,744,326	1,083,284	165.2%
Total	15,356,042	16,090,283	734,241	4.78%

The primary sources of revenue in this category are Parking Fines, Vehicle Code Fines, Administrative Citation Fines, and Other Fines and Penalties. Collections of \$16.1 million in this category were 4.8% above the 2015-2016 modified budget estimate of \$15.4 million and 11.0% (\$1.6 million) above the prior year collection level of \$14.5 million.

Parking fines, the largest component of this revenue category, ended the year at \$11.25 million. This collection level was slightly below the modified estimate of \$11.48 million (\$225,000 or 2.0%). The 2016-2017 Adopted Budget estimate of \$11.48 million was set at the 2015-2016 budget level and growth of 2% over the 2015-2016 actual receipts is needed to meet this estimate.

Vehicle Code Fines ended the year at \$1.5 million, which was 21.0% below the modified budget estimate of \$1.9 million and 13.2% below the 2014-2015 collections of \$1.8 million.

Administrative Citation Fines ended the year at \$560,000, which was 103.6% above the modified budget estimate of \$275,000 but 11.2% below the 2014-2015 collections of \$630,000. Airport ground transportation fines (\$131,000) and blight fines (\$87,000) were the primary contributors to the positive variance.

Other Fines and Penalties ended the year at \$2.7 million, which was 165.2% above the modified budget estimate of \$1.7 million and 85.8% above the prior year collections of \$1.5 million. Cardroom penalties of \$620,000 had not been assumed in the budget and these transactions represent the largest positive variances in this category and Business License Penalties of \$1.2 million ended \$303,000 above the estimate.

Revenue from Use of Money and Property

Use of Money and Property	2015-2016 Budget (\$)	2015-2016 Actuals (\$)	2015-2016 Variance (\$)	2015-2016 Variance %
Interest Earnings	1,080,000	1,302,503	222,503	20.60%
Use of Property	2,727,909	2,914,583	186,674	6.84%
Subrogation Recovery	400,000	883,619	483,619	120.90%
Total	4,207,909	5,100,705	892,796	21.22%

2015 - 2016 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

Revenue from Use of Money and Property

The Use of Money and Property category includes interest income earned in the General Fund, rental income from various City properties, and subrogation recovery revenues. Collections of \$5.1 million ended the year 21.2% above the modified budget level of \$4.2 million and 42.3% above the prior year collection level of \$3.6 million.

Rental income (\$2.9 million) was above the budgeted estimate of \$2.7 million and above (14.3%) prior year collections of \$2.6 million. Interest income of \$1.3 million was above budgeted levels of \$1.1 million, and above the prior year levels of 848,000; however, revenues continue to track below historic levels prior to the implementation of the prefunding of retirement contributions and the significant decline in interest rates. Subrogation recovery revenues to \$884,000 ended the year above the budgeted estimate of \$400,000. The positive variance from the modified budget was primarily due to higher subrogation recovery.

Revenue from Local Agencies

Revenue from Local Agencies	2015-2016 Budget (\$)	2015-2016 Actuals (\$)	2015-2016 Variance (\$)	2015-2016 Variance %
Successor Agency	5,480,000	5,480,000	-	0.00%
Central Fire District	5,600,000	6,119,181	519,181	9.27%
Local Agency Grants	5,502,141	5,543,939	41,798	0.76%
Total	16,582,141	17,143,120	560,979	3.38%

This revenue category contains revenue received from a variety of other local government agencies. The largest sources of revenue are the reimbursement from the Successor Agency to the Redevelopment Agency of San José, a separate entity (Successor Agency), and from the Central Fire District for fire services provided to County residents by the San José Fire Department.

Revenue collections of \$17.1 million ended the year \$561,000 (3.4%) above the budgeted estimate of \$16.6 million. This collection level was \$22.7 million (56.9%) below the 2014-2015 collections of \$39.9 million.

Reimbursement from the Successor Agency of \$5.48 million ended the year at the 2015-2016 Modified Budget. When the 2015-2016 Adopted Budget was developed, it was assumed that SARA would reimburse the City for the Convention Center Debt Service payment that was budgeted in the General Fund of \$15.28 million. However, as part of the 2014-2015 Annual Report actions approved by the City Council in October 2015, the reimbursement was reduced by \$9.8 million to \$5.48 million as a result of Senate Bill 107 that disallowed the reimbursement mechanism used to pay this obligation. The General Fund has been advancing funds to SARA since 2012-2013 to pay debt service on certain City-backed

**2015 - 2016
ANNUAL REPORT**

GENERAL FUND REVENUE PERFORMANCE

Revenue from Local Agencies

debt, including the Convention Center payment. A reimbursement agreement was established between the City and SARA to reimburse the General Fund within the same fiscal year the advance was made for fiscal years 2012-2013 through 2014-2015, using redevelopment funds for the following period. Due to the passage of Senate Bill 107 on September 22, 2015, which amended redevelopment dissolution law, the mechanism allowing SARA to reimburse the City on an intra-year basis was disallowed. As such the City did not receive reimbursement for the 2015-2016 loan from the General Fund of approximately \$9.8 million in August 2015 to cover the Convention Center debt payment. The loan will not be repaid until there is sufficient property tax revenue to pay all other enforceable obligations, since obligations to the City are subordinate to all other enforceable obligations, which is expected in 10 to 15 years. Using the current level of annual distribution from the Redevelopment Property Tax Trust Fund (RPTTF) and the continued ability to reserve RPTTF each year for debt service, it is anticipated SARA will be able to pay all of its debt service going forward. The SARA reimbursement of \$5.48 million in 2015-2016 was well below the 2014-2015 reimbursement level of \$28.0 million.

In 2015-2016, the Central Fire District payment of \$6.1 million ended the year \$519,000 (9.3%) above the modified budget estimate and above the prior year collection of \$5.7 million (7.3%). These payments represent property taxes collected by the Central Fire District for areas of the County served by the San José Fire Department. The year-over-year increase of payments is due to the change in Property Tax valuation in those areas.

The payment of \$521,000 from the County of Santa Clara for the City's Paramedic Program was above the modified budget of \$450,000 by \$71,000 (15.7%). Beginning in 2013-2014, the County began withholding payments for the first responder advanced life support program (Paramedic Program) because the City had not met the response time performance standards set forth in the agreement with the County. In 2014, the City and the County continued to negotiate regarding this issue and executed a Second Amendment to the 911 Emergency Medical Services (EMS) Provider Agreement in December 2014 that expired December 2015. Under this agreement, the Annex B, Category A funds from July through December 2015 were paid in 2015-2016; however the associated payments from January through June 2016 were not received due to the expiration of the agreement. It should be noted the City is working with the County to receive these payments in 2016-2017. These payments are associated with EMS Resources Management and do not include any performance-based payment (Annex B, Category B funds).

Animal Care Services collections of \$958,000 ended the year \$28,000 (3.0%) above the modified budget estimate of \$930,000 and 0.9% above the prior year collection of \$950,000.

Rebudget actions to adjust revenues and expenditure budgets for various local agency grants based on actual 2015-2016 performance are recommended as well as budget actions to recognize new grants and reimbursements, as described in *Section IV -- Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

2015 - 2016 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

Revenue from the State of California

Revenue from the State of California	2015-2016 Budget (\$)	2015-2016 Actuals (\$)	2015-2016 Variance (\$)	2015-2016 Variance %
Other State Revenue	9,900,000	10,603,979	703,979	7.11%
State Grants	2,482,502	1,160,195	(1,322,307)	(53.27%)
Motor Vehicle In-Lieu Tax	435,000	410,132	(24,868)	(5.72%)
Total	12,817,502	12,174,306	(643,196)	(5.02%)

The major State revenues include the Tobacco Settlement Revenue and State Grants. Revenue from the State of California of \$12.2 million ended the year 5.0% below the 2015-2016 Modified Budget estimate of \$12.8 million, but 1.2% (\$150,000) above the prior year actual level of \$12.0 million.

Within the Other State Revenue category, the Tobacco Settlement revenues of \$8.9 million were 1.9% (\$169,000) above the 2015-2016 Modified Budget estimate of \$8.75 million, but 4.9% below the prior year level of \$9.4 million.

State grants and other reimbursements totaled \$1.2 million, which was \$1.3 million, or 53.3%, below the modified budget estimate of \$2.5 million. This was the result of a timing difference of many grants (and their associated expenditures). The 2016-2017 Adopted Budget includes the rebudget of revenues and associated expenditures for various State grants in the amount of \$361,000, and another \$369,000 in rebudget adjustments are recommended in this report to account for the anticipated receipt in 2016-2017 of revenues that were not received in 2015-2016.

These adjustments based on actual year-end performance, are described in *Section IV – Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

Revenue from the Federal Government

The revenue in this category is generated by various federal grants and reimbursements. In 2015-2016, Revenue from the Federal Government of \$10.56 million was 16.1% (\$2.0 million) below the modified budget estimate of \$12.6 million and 0.6% (\$64,000) below the 2014-2015 collection level of \$10.63 million. This negative variance from the modified budget estimate was the result of various grants (and their associated expenditures) falling below the budgeted estimates.

Included in the 2016-2017 Adopted Budget was the rebudget of a portion of the revenues and associated expenditures for various federal grants in the amount of \$1.2 million, and \$160,000 in net rebudget adjustments are recommended in this report to account for the anticipated receipt in 2016-2017 of revenues that were not received in 2015-2016. These additional adjustments are described in *Section IV – Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

2015 - 2016 ANNUAL REPORT

GENERAL FUND REVENUE PERFORMANCE

Departmental Charges

Departmental Charges	2015-2016 Budget (\$)	2015-2016 Actuals (\$)	2015-2016 Variance (\$)	2015-2016 Variance %
Parks, Recreation and Neighborhood Services Fees	18,770,352	18,935,021	164,669	0.88%
Public Works Fees	10,315,000	11,093,241	778,241	7.54%
Planning Fees	5,902,000	6,255,207	353,207	5.98%
Police Fees	1,198,415	1,581,337	382,922	31.95%
Transportation Fees	1,537,239	1,574,999	37,760	2.46%
Library Fees	1,320,500	1,200,942	(119,558)	(9.05%)
Miscellaneous Fees	5,770,152	6,417,182	647,030	11.21%
Total	44,813,658	47,057,929	2,244,271	5.01%

Revenues in this category include fees and charges assessed by several departments. Overall, Departmental Charges collections of \$47.1 million were 5.0% (\$2.2 million) above the 2015-2016 Modified Budget level of \$44.8 million and 12.8% above (\$5.3 million) the 2014-2015 collection level of \$41.7 million. The Police Fees category exceeded the budgeted estimate primarily due to higher than anticipated POST reimbursements, miscellaneous charges, and Photostats fees. The Public Works and Planning Development Fee Programs also exceeded the budgeted estimates as discussed below.

- **Public Works Departmental Fees** – Collections of \$11.1 million ended the year 7.5% above the modified budget estimate of \$10.3 million and 21.1% above the \$9.2 million collected in 2014-2015. The 2015-2016 collections are comprised of \$7.3 million from the Development Services Program and \$3.8 million from the Utility Fee Program. Revenues related to Engineering categories such as Residential, Non-Residential, and Private all performed at lower than estimated levels as a result of lower activity levels. However, these are offset by higher than estimated levels in the Utility Excavation, Grading Permits, Geologic Fees, Traffic Reports, and Planned Development Permits categories. In 2015-2016, the additional revenues of \$778,000, expenditure savings of \$629,000 in the Public Works Fee Program, and interest earnings attributed to the program of \$42,000, results in a recommendation in this report to increase the Public Works Development Fee Program Earmarked Reserve by \$1.45 million from \$3.72 million to \$5.17 million.
- **Planning Departmental Fees** – Collections of \$6.3 million ended the year 6.0% above the modified budget estimate of \$5.9 million and 26.7% above the prior year level of \$4.9 million. As identified in the Bi-Monthly Financial Reports and the Mid-Year Budget Review, Planning Fee revenues throughout 2015-2016 were above anticipated levels. In recognition of increased revenues, the budget estimate was increased by \$1.1 million in the Mid-Year Budget Review and \$1.3 million at the end of 2015-2016. Actual receipts, however, were above the revised budget estimate as a result of higher than anticipated permit issuance in May and June 2016. Actual collections for all fee categories met or exceeded the estimate except for Sale of Publications, Non-Residential Planned Development

**2015 - 2016
ANNUAL REPORT**

GENERAL FUND REVENUE PERFORMANCE

Departmental Charges

Prezonings/Rezonings, Non-Residential Environmental Clearance, Non-Residential Site Development Permits, Non-Residential Planned Development Permits, and Non-Residential Development Permit Adjustments.

A recommendation to increase the Planning Development Fee Program Earmarked Reserve by \$442,000 is included as part of this report. This increase was derived from a combination of additional revenues of \$388,000, expenditure savings of \$33,000, and interest earnings attributed to the program of \$21,000. With the recommended adjustment, the Reserve will increase from \$1.9 million to \$2.3 million.

Other Revenue

The Other Revenue category contains a number of unrelated revenue sources and totaled \$123.5 million in 2015-2016. As was the case in 2014-2015, Tax Revenue Anticipation Notes (TRANs) accounted for \$100 million of the receipts in this category and have an offsetting expenditure to repay the TRANs. Total collections of \$123.5 million were 4.65% (\$6.0 million) below the budgeted estimate of \$129.6 million, and 20.4% (\$31.7 million) below the 2014-2015 collection level of \$155.2 million, primarily due to the sale of Airport West (\$35.9 million) which occurred in the prior year, offset by higher interest (\$2.4 million) and Miscellaneous Revenue (\$863,000).

Included in the 2016-2017 Adopted Budget was the rebudget of revenues and associated expenditures for various grants and reimbursements in the amount of \$2.6 million and \$5.7 million in net rebudget adjustments are recommended in this report to account for the anticipated receipt in 2016-2017 of revenues that were not received in 2015-2016. Additional adjustments of \$599,000 are recommended in this report to adjust revenue and corresponding expenditure budgets to recognize various grants and reimbursements in 2016-2017, as described in *Section IV – Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report.

Transfers and Reimbursements

Overhead, Transfers , and Reimbursements	2015-2016 Budget (\$)	2015-2016 Actuals (\$)	2015-2016 Variance (\$)	2015-2016 Variance %
Overhead Reimbursements	37,112,363	36,050,408	(1,061,955)	(2.86%)
Transfers	22,469,793	22,476,696	6,903	0.03%
Reimbursements for Services	17,757,341	16,961,571	(795,770)	(4.48%)
Total	77,339,497	75,488,675	(1,850,822)	(2.39%)

This category includes overhead reimbursements, transfers to the General Fund, and reimbursements for services. Overall, collections of \$75.5 million ended the year 2.4%, or \$1.9 million below the 2015-2016

**2015 - 2016
ANNUAL REPORT**

GENERAL FUND REVENUE PERFORMANCE

Transfers and Reimbursements

Modified Budget estimate of \$77.3 million. The Overhead Reimbursement category was below the budgeted estimate due to lower capital fund overhead based on actual activity in 2015-2016. Reimbursements for Services also ended the year below the budget primarily due to lower Gas Tax receipts (\$16.3 million actual receipts versus the budgeted estimate of \$17.0 million). The 2015-2016 collection level of \$75.5 million was 0.7% (\$503,000) above the prior year due primarily to increased transfers (\$3.4 million), partially offset by lower overhead (\$1.4 million) and reimbursements (\$1.5 million).

Summary

In 2015-2016, total revenues received by the General Fund of \$1.06 billion were lower than the modified budget level by \$3.9 million (0.4%). After adjusting for \$4.3 million in grant and reimbursement-related revenues not received in 2015-2016, but rebudgeted to 2016-2017 as part of the 2016-2017 Adopted Budget as well as additional rebudget and clean-up adjustments recommended in this report, revenues actually ended the year \$3.5 million (0.3%) above the budgeted estimate. This is an extremely small variance given the diversity of over 450 City revenues and the overall size of the General Fund.

The 2015-2016 collection level of \$1.056 billion was up \$5.4 million (0.5%) from the actual 2014-2015 collections (\$1.050 billion). The 2015-2016 revenue estimates were built on the assumption that the economically-sensitive revenues would continue to experience growth. Actual performance in 2015-2016 was generally consistent with this assumption. A number of economically-sensitive revenue categories, such as Property Tax, Sales Tax, and Transient Occupancy Tax, continued to experience solid growth. Increases in these categories were offset by large declines in the Revenue from Local Agencies and Other Revenue categories, which are dampening overall revenue growth. Revenue from Local Agencies experienced a significant decline primarily due lower SARA reimbursement of \$22.5 million. This includes the reduction of \$9.8 million from the Successor Agency as a result of Senate Bill 107 that disallowed the reimbursement mechanism used to pay this obligation. The Other Revenue category also experienced a significant decline from the prior year due primarily to the sale of Airport West (\$35.9 million) and sale of real properties (\$1.2 million) in 2014-2015.

Continued positive revenue performance is expected to again be experienced in 2016-2017. The Administration will actively monitor economic indicators and revenues in 2016-2017 through the Bi-Monthly Financial Report and the Mid-Year Budget Review process, and return to the Mayor and City Council with recommendations for any revisions, if necessary.

2015 - 2016 ANNUAL REPORT

GENERAL FUND EXPENDITURE PERFORMANCE

The General Fund expenditure performance for 2015-2016 is discussed in detail in this section. This includes an overview of the General Fund expenditure performance, a discussion of significant departmental variances, and highlights of the non-departmental expenditures.

Overview

TABLE B
2015-2016 GENERAL FUND EXPENDITURE SUMMARY
COMPARISON OF BUDGET TO ACTUAL
(In \$000s)

Category	2015-2016 Modified Budget*	2015-2016 Actual**	Variance	% Variance
Personal Services	\$ 704,875	\$ 692,220	\$ (12,655)	(1.8%)
Non-Personal/Equipment/Other ¹	140,715	129,244	(11,471)	(8.2%)
City-Wide Expenses	261,983	223,639	(38,344)	(14.6%)
Capital Contributions	67,703	38,308	(29,395)	(43.4%)
Transfers	27,150	27,150	-	0.0%
Reserves	165,059	-	(165,059)	(100.0%)
TOTAL GENERAL FUND	\$ 1,367,485	\$ 1,110,561	\$ (256,924)	(18.8%)

* 2015-2016 appropriations as modified by Council through June 30, 2016, and 2014-2015 carryover encumbrances.

** Actual 2015-2016 expenses plus encumbrances.

As shown in Table B, General Fund expenditures and encumbrances through June 30, 2016 of \$1.1 billion were \$256.9 million below (18.8%) the modified budget total of \$1.4 billion. Approximately 64.2% of this savings was generated from unspent reserves (\$165.1 million), with the remaining savings generated from expenditure appropriations. Total 2015-2016 expenditures and encumbrances were \$61.9 million (5.9%) above the June 2015 level of \$1.05 billion. This increase is due to higher Personal Services (\$43.1 million), Non-Personal/Equipment/Other (\$23.1 million), and Capital Contributions (\$8.8 million), partially offset by lower City-Wide Expenses (\$40.5 million) and Transfers (\$9.6 million) expenditures.

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

**2015 - 2016
ANNUAL REPORT**

GENERAL FUND EXPENDITURE PERFORMANCE

Overview

As shown in Table C, the actual General Fund expenditures of \$1.1 billion were approximately \$9.0 million below (0.8%) the estimate used in the development of the 2016-2017 Adopted Budget. A portion of these savings (\$4.3 million) was carried over to 2016-2017 with the accompanying revenue for grant or reimbursement-related projects and programs. Clean-up actions of \$2.5 million are recommended in this report to reconcile the Development Fee Programs for 2015-2016 (\$2.0 million) and to adjust various rebudget amounts and reflect clean-up adjustments (\$512,000). After accounting for these technical actions, the remaining General Fund expenditures and transfer savings totaled \$2.1 million, or 0.18% of the modified budget (excluding reserves).

**TABLE C
2015-2016 EXPENDITURE ESTIMATE TO ACTUAL VARIANCES
(In \$000s)**

	2015-2016 Estimate	2015-2016 Actual	\$ Variance	% Variance
Expenditures	\$ 1,119,527	\$ 1,110,561	\$ (8,966)	(0.8%)

These net expenditure savings, when combined with the net variance associated with the General Fund revenues and a small shortfall in the liquidation of prior year encumbrances, represent the additional ending fund balance that is available for allocation. Specifically, as discussed earlier in this report, in 2016-2017, a total of \$6.8 million in additional fund balance is available from higher net revenues (\$3.5 million), additional 2015-2016 Beginning Fund Balance (\$335,000), net expenditure savings (\$2.1 million), and higher than estimated liquidation of prior year encumbrances (\$869,000). Recommendations on the allocation of these additional funds are provided elsewhere in this report.

Following is a review of the General Fund expenditure categories, including a discussion of variances to the modified budget as well as a comparison to the rebudget adjustments that were brought forward in the 2016-2017 Adopted Budget.

Personal Services expenditures of \$692.2 million ended the year \$12.7 million (1.8%) below budgeted levels (\$704.9 million) but \$43.1 million (6.6%) above 2014-2015 expenditure levels (\$649.1 million). Expenditures in both years ended the year below the budget primarily as the result of position vacancy savings throughout the organization, the highest of which in 2015-2016 were in the following departments: Police (\$5.3 million); Fire (\$2.6 million); Planning, Building and Code Enforcement (\$1.1 million); Transportation (\$483,000); Human Resources (\$459,000); and City Attorney (\$423,000).

2015 - 2016 ANNUAL REPORT

GENERAL FUND EXPENDITURE PERFORMANCE

Overview

General Fund Non-Personal/Equipment/Other expenditures and encumbrances ended the year at \$129.2 million, generating savings of approximately \$11.5 million (8.2%) from the budgeted level. The majority of savings in this category was generated by the following departments: Mayor and City Council (\$3.3 million); Police (\$2.3 million); Planning, Building, and Code Enforcement (\$2.3 million, or \$1.4 million excluding the Development Fee Programs), and Information Technology (\$912,000). Of the \$11.5 million in savings, \$7.6 million was rebudgeted to 2016-2017 (including rebudgeted expenditures that were offset by revenue) in the Adopted Budget. Additional rebudget adjustments totaling \$1.5 million are recommended in this report and, if approved, could result in net savings of \$2.4 million from the budgeted level.

In the City-Wide Expenses category, expenditures and encumbrances of \$223.6 million ended the year \$38.3 million below the budgeted level of \$262.0 million. Of this amount, \$25.2 million was assumed as savings in 2015-2016 and rebudgeted to 2016-2017 or assumed as a funding source in the 2016-2017 Adopted Budget, including \$4.1 million that was offset by revenue sources. Of the remaining balance of \$13.2 million, rebudget and clean-up adjustments totaling \$6.6 million are recommended in this report, and if approved, would result in net savings of \$6.5 million in this category, a 2.5% variance from the budgeted level.

In the Capital Contributions category, expenditures of \$38.3 million ended the year \$29.4 million below the budgeted level of \$67.7 million. A total of \$36.1 million was rebudgeted to 2016-2017 in the Adopted Budget, which exceeded the savings amount available by \$6.7 million. Downward adjustments of \$8.1 million to the Capital Contributions rebudgets are recommended in this report to account for the higher than anticipated expenditures at the end of 2015-2016, which would result in net savings of \$1.4 million.

The Transfers category expenditures of \$27.15 million ended the year at the budgeted amount.

The largest single category of remaining funding available in 2015-2016, as planned, is the Reserves category (\$165.1 million), including Earmarked Reserves and the Contingency Reserve. The 2016-2017 Adopted Budget assumed that \$164.3 million would be available at year-end, with reserves either re-established in 2016-2017 or used as a funding source for the 2016-2017 Adopted Budget. The actual year-end balance was above the estimated fund balance level by approximately \$725,000. A rebudget adjustment of \$300,000 is recommended in this report, leaving a balance of \$425,000.

Of the \$130.6 million in Earmarked Reserves, the largest reserves as of June 30, 2016 were the 2015-2016 Ending Fund Balance Reserve (\$25.5 million), Building Development Fee Program Reserve (\$24.4 million), Workers' Compensation/General Liability Catastrophic Reserve (\$15.0 million), Budget Stabilization Reserve (\$10.0 million), Salaries and Benefits Reserve (\$6.9

2015 - 2016 ANNUAL REPORT

GENERAL FUND EXPENDITURE PERFORMANCE

Overview

million), Fire Development Fee Program Reserve (\$6.4 million); Retiree Healthcare Solutions Reserve (\$6.1 million); Sick Leave Payments Upon Retirement Reserve (\$6.0 million); and Public Works Development Fee Program Reserve (\$5.5 million).

The Reserves category also includes the Contingency Reserve (\$34.5 million) that remained unspent at year-end.

Review of General Fund Expenditure Performance

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

Departmental expenditures (\$821.5 million) represented 74.0% of the total 2015-2016 General Fund expenditures. As can be seen in Table D on the following page, all departments remained within their total budget allocation and expended a cumulative 97.1% of their budgets, generating an overall savings of 2.9%, or \$24.1 million. Of this savings amount, \$8.1 million was rebudgeted in the 2016-2017 Adopted Budget; additional clean-up actions of \$3.6 million are recommended in this report (including the Development Fee Programs reconciliation of \$2.0 million and other rebudget and clean-up adjustments).

Of the 19 City departments/offices, ten had expenditure savings of less than 5.0%. These ten departments, which included the Police and Fire Departments, generated \$13.27 million (55%) of the departmental savings. The other nine departments with more than 5% in savings accounted for the remaining 45% of the category savings and totaled \$10.85 million. In 2015-2016, the following six departments/offices had expenditure savings in excess of \$1 million: Police; Planning, Building and Code Enforcement, Mayor and City Council; Fire; Information Technology, and the Office of Economic Development. Those departments with General Fund expenditure variances of over 5.0% and \$1.0 million are discussed in detail in the following section including the Office of Economic Development, Mayor and City Council, Fire, Information Technology, and Police departments. The year-end status of expenditures for both the Police and Fire Departments is also summarized.

Non-departmental expenditures totaled \$289.1 million, or 26.0% of the total 2015-2016 General Fund expenditures. The unexpended balance at year-end totaled \$232.8 million; reserves of \$165.1 million represent the largest portion of the unexpended funds and were almost entirely carried over or used in the 2016-2017 Adopted Budget as planned. Excluding Reserves a balance of \$67.7 million remained at year-end. In the 2016-2017 Adopted Budget, \$61.2 million was rebudgeted in the City-Wide Expenses and Capital Contributions categories. Net downward rebudget adjustments in this category totaling \$1.5 million are recommended in the Annual Report, resulting in total unexpended funds of \$3.0 million.

2015 - 2016 ANNUAL REPORT

GENERAL FUND EXPENDITURE PERFORMANCE

Review of General Fund Expenditure Performance

**TABLE D
TOTAL GENERAL FUND EXPENDITURES**

Departmental	2015-2016 Modified Budget	2015-2016 Expenditures	\$ Variance	% Variance
City Attorney	\$ 14,479,605	\$ 14,054,180	\$ (425,425)	(2.9%)
City Auditor	2,269,889	1,985,541	(284,348)	(12.5%)
City Clerk	2,595,394	2,155,531	(439,863)	(16.9%)
City Manager	13,345,343	13,136,022	(209,321)	(1.6%)
Economic Development	5,514,681	4,484,407	(1,030,274)	(18.7%)
Environmental Services	966,264	871,198	(95,066)	(9.8%)
Finance	14,715,358	14,245,775	(469,583)	(3.2%)
Fire	193,084,998	190,196,700	(2,888,298)	(1.5%)
Housing	256,137	245,983	(10,154)	(4.0%)
Human Resources	7,798,422	6,940,172	(858,250)	(11.0%)
Independent Police Auditor	1,269,646	1,080,563	(189,083)	(14.9%)
Information Technology	19,575,232	18,326,380	(1,248,852)	(6.4%)
Library	30,044,285	29,821,075	(223,210)	(0.7%)
Mayor and City Council	13,029,501	9,708,193	(3,321,308)	(25.5%)
Parks, Recreation & Neighborhood Services	63,552,210	62,979,185	(573,025)	(0.9%)
Planning, Building & Code Enforcement	50,040,490	46,653,402	(3,387,088)	(6.8%)
Police	341,776,822	334,211,912	(7,564,910)	(2.2%)
Public Works	40,762,773	40,375,987	(386,786)	(0.9%)
Transportation	30,513,210	29,992,470	(520,740)	(1.7%)
Subtotal	845,590,260	821,464,676	(24,125,584)	(2.9%)
<hr/>				
Non-Departmental				
City-Wide Expenses	261,983,241	223,638,916	(38,344,325)	(14.6%)
Capital Contributions	67,703,210	38,308,050	(29,395,160)	(43.4%)
Transfers	27,149,755	27,149,755	-	0.0%
Earmarked Reserves	105,058,677		(105,058,677)	(100.0%)
Contingency Reserve	34,500,000		(34,500,000)	(100.0%)
Ending Fund Balance Reserve	25,500,000		(25,500,000)	(100.0%)
Subtotal	521,894,883	289,096,721	(232,798,162)	(44.6%)
TOTALS	\$ 1,367,485,143	\$ 1,110,561,397	\$ (256,923,746)	(18.8%)

2015 - 2016 ANNUAL REPORT

GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

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

- *Police*

On an overall basis, the Police Department expenditures and encumbrances totaled \$334.2 million, or 97.8% of its General Fund budget of \$341.8 million, resulting in savings of \$7.56 million. Of this amount, \$6.5 million was anticipated in the development of the 2016-2017 Adopted Budget, including \$5.0 million assumed as savings and reprogrammed to address General Liability Claims, \$1.0 million allocated to the Police Department Staffing/Operations Reserve (bringing the reserve total from \$550,000 to \$1.6 million), and \$525,000 rebudgeted as part of the 2016-2017 Adopted Budget. An additional \$939,000 is recommended to be rebudgeted as part of this report, resulting in remaining savings of \$100,000 in the Non-Personal/Equipment appropriation. As directed by the Mayor's June Budget Message for Fiscal Year 2015-2016, as approved by the City Council, one-time savings within the Police Department from unfilled positions that are not rebudgeted for police overtime or other urgent needs shall be set aside in the Police Department Staffing/Operations Reserve until staffing levels reach 1,250 officers. As the 2016-2017 Adopted Budget allocated \$1.0 million in projected 2015-2016 savings from the Police Department to this reserve no additional Personal Services savings associated with vacant positions remained at year-end to add to this reserve.

Overtime expenditures of \$35.5 million were slightly above the modified budget by \$345,000 (1.0%). The overtime was primarily used to backfill vacant sworn and civilian positions, support targeted enforcement of high crime activity through suppression cars, specifically related to gang enforcement, prostitution, graffiti, and high profile investigations, and to support the Downtown Foot Patrol Unit. Due to the anticipation of continued vacant sworn and civilian positions and consistent with recent prior year actions, an action is recommended in this report to reallocate \$17.0 million from the personal services salary and benefits line items to the overtime line item, increasing the overtime budget from \$18.6 million to \$35.6 million. This budget is in line with actual 2015-2016 overtime levels and will allow the Police Department to continue to backfill for vacant positions and continue the expanded targeted enforcement levels of high crime activity to the extent possible. These actions will help ensure the Department has sufficient overtime resources in 2016-2017.

The compensatory time balance at the end of 2015-2016 for sworn personnel was 218,886 hours. This balance represents a 22.8% increase compared to the 2014-2015 total sworn compensatory time balance of 178,322 hours and only started increasing mid-year. As noted in the recently released City Auditor's Audit on Police overtime, several strategies will be employed to reduce compensatory time balances and limit future growth over the next year.

As of September 2016, the Department had 1,109 authorized sworn staff, of which 194 were vacant (17.5%) and 33 were in training (3.0%), leaving 882 street ready sworn positions (this includes sworn

**2015 - 2016
ANNUAL REPORT**

GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

Police

employees on disability/modified duty/other leaves) as shown in the chart on the next page. When sworn employees on Disability/Modified Duty/Other Leaves are excluded, the total of 803 sworn positions were actually available.

	2015-2016 (as of 9/10/2015)	2016-2017 (as of 9/9/2016)
Authorized Sworn Staffing	1,109	1,109
Less Vacancies	(171)	(194)
Filled Net Sworn Staffing	938	915
Less Field Training Officer/Recruits	(52)	(33)
Street-Ready Sworn Positions	886	882
Less Disability/Modified Duty/Leave of Absence	(45)	(79)
Active Full Duty	841	803

During 2015-2016, the Department graduated 33 cadets from three Police Recruit Academies. In order to fill the vacant sworn positions and put more Police Officers back on patrol, the Department will continue to conduct three Police Recruit Academies in 2016-2017 with the next one beginning in October 2016. Each academy has the capacity to host up to 45 recruits, however, the upcoming October academy will start with 36 recruits, a significant improvement in the number of hires compared to recent academy experiences.

A total of \$27.4 million (92.4%) of the Department's Non-Personal/Equipment budget was expended or encumbered, with savings of \$2.3 million. Police supplies and materials (\$2.3 million) savings contributed a significant portion of the overall non-personal/equipment savings. As part of the 2016-2017 Adopted Budget, non-personal/equipment savings of approximately \$465,000 were anticipated and rebudgeted for Computer Aided Dispatch (CAD) Business Intelligence Enterprise software project (\$315,000), Police Video Unit contractual services (\$84,000), and specialized equipment and training and travel for specialized enforcement investigative narcotics-related activities (\$60,000). Included in this report are recommended rebudgets for Police Officer academy and training costs (\$273,000); fixed surveillance cameras (\$250,000), a Police staffing efficiency study (\$200,000); and equipment, supplies, and training for Community Services Officers academies (\$149,000).

**2015 - 2016
ANNUAL REPORT**

GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

- *Fire*

Overall, the Fire Department expended \$190.2 million (98.5%) of its 2015-2016 General Fund budget, including encumbrances, resulting in savings of \$2.9 million. Of these savings, \$528,000 was either rebudgeted to 2016-2017 (\$189,000) as part of the 2016-2017 Adopted Budget or is recommended to be reallocated to the Fire Development Fee Reserve (\$339,000) as part of this report, leaving \$2.4 million in net savings.

Personal Services expenditures totaled \$180.7 million, or 98.6% of the \$183.4 million budget. The savings of \$2.7 million were primarily due to savings from Firefighter Recruit and Fire Engineer academies not conducted in 2015-2016. In 2015-2016, the Department received funding to support three recruit academies; however, the Department completed two recruit academies and filled 49 Firefighter positions. By June 2016, the Department had 672 filled sworn positions with 21 sworn vacancies. The Department conducted one of the two budgeted Fire Engineer Academies in 2015-2016 and rebudgeted funding for the other academy into 2016-2017 (three Fire Engineer Academies are planned for 2016-2017).

Fire's overtime expenditures of \$11.7 million ended the year slightly above (\$263,000) the modified budget level of \$11.4 million. A combination of full-time staff and overtime is used to address the Fire Department's minimum staffing requirements. The Fire Department monitored daily absences and staffing to minimize the impact of brown-outs to the community, while also managing overtime expenditures.

The Fire Department ended 2015-2016 with a total of 163 filled Firefighter paramedic positions (150 front-line Firefighter paramedics, five supervisors, and eight support) compared to the 138 front-line Firefighter Paramedics that are necessary to fully staff all apparatus. The Department continues to monitor its Firefighter/Paramedic staffing levels and deploy resources to meet service needs.

Non-Personal/Equipment expenditures and encumbrances totaled \$9.45 million, or 97.2% of the \$9.72 million budget, generating year-end savings of \$272,000. A portion of this amount (\$71,000) represents the Non-Personal/Equipment savings in the Fire Development Fee Program and is recommended to be reallocated to the Fire Department Fee Reserve as part of this report, leaving \$201,000 in non-personal/equipment savings.

2015 - 2016 ANNUAL REPORT

GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

Fire

Fire Department's Annual Vacancy and Absence Rates and Their Impact on Overtime

Since the release of a 2001 Overtime Audit, annual information is provided on the Fire Department's annual vacancy and absence rates and their impact on overtime. Through 2011-2012, this information was reported to the Public Safety, Finance and Strategic Support (PSFSS) Committee. At the PSFSS Committee meeting on March 21, 2013, the Administration's recommendation to incorporate the Fire Department's annual vacancy and absence rates and their impact on overtime into the Annual Report was approved. Overtime funding and relief staffing levels are reviewed annually to ensure they are appropriately measured, funded, and managed for sworn minimum staffing requirements. Understanding absence and vacancy rates is important as absence rates are a major personal services cost driver and the associated impact on overtime requires close departmental management.

The total absence hours in 2015-2016 of 329,958 dropped by approximately 6% from 350,015 in 2014-2015. This decrease in absence hours was largely due to a decrease in modified duty and sick leave hours (from 142,118 in 2014-2015 to 115,364 in 2015-2016). The decrease from prior year's levels of absence hours due to modified duty and sick leave utilization was partially offset by an increase in disability hours (from 68,922 in 2014-2015 to 77,006 in 2015-2016), resulting in an overall decrease in absence hours in 2015-2016. Vacancies also decreased from 71,792 hours in 2014-2015 (3.8% vacancy rate) to 51,856 hours in 2015-2016 (2.8% vacancy rate). In 2015-2016, the combined absence and vacancy rate was 20.5%, requiring 381,814 hours of backfill compared to 22.6% in 2014-2015, requiring 421,807 hours of backfill. Because backfill hours are covered by a combination of available relief staffing and overtime, staff will continue its analysis of absences, relief staffing, and overtime usage to ensure the proper alignment and usage of resources.

- *Information Technology*

With expenditures of \$18.3 million, the Information Technology Department (ITD) expended 93.6% of its \$19.6 million General Fund budget, including encumbrances, year-end savings of \$1.2 million were realized in the personal services (\$336,000) and non-personal/equipment (\$912,000) appropriations. In 2015-2016, personal services expenditures were tracking to end the year with over \$800,000 in savings due to vacancies throughout the department; however, clean-up actions were included in the 2015-2016 Year-End Clean-Up memorandum that shifted \$500,000 of these funds to non-personal/equipment for contractual staffing services to backfill for some of the vacant technical positions and the HR/Payroll/Budget Systems project. ITD continued to experience widespread vacancies during 2015-2016 due to difficulties with recruiting for technical positions. The overall vacancy rate for ITD at year-end was 22%; however, it should be noted, that a concerted effort to hire positions have resulted in recent positive news. As of September, the vacancy rate for ITD has significantly dropped to 18%.

**2015 - 2016
ANNUAL REPORT**

GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

Information Technology

Non-personal/equipment expenditures were 8.5% (\$912,000) below budgeted levels, due to project delays. Of the \$912,000 remaining balance, \$600,000 was rebudgeted in the 2016-2017 Adopted Budget for Professional Services, Customer Relationship/Service Request Management, Office 365 Employee Training, and Network Infrastructure Upgrades.

- *Mayor and City Council*

With total expenditures and encumbrances of \$9.7 million, the Mayor’s Office, the City Council Offices, and Council General expended 76.7% of their total General Fund budget of \$12.6 million, resulting in savings of \$2.9 million at year-end. Of this amount, \$1.7 million of the savings was realized in the City Council Offices, \$1.2 million was realized in the Mayor’s Office, and \$65,000 was in Council General as outlined below:

2015-2016 Actual Expenditure Performance

	2015-2016 Modified Budget	2015-2016 Actuals	Variance
Council District 1	\$ 812,246	\$ 660,171	\$ 152,075
Council District 2	848,969	689,771	159,198
Council District 3	752,869	657,948	94,921
Council District 4	709,994	517,494	192,500
Council District 5	822,775	509,912	312,863
Council District 6	794,294	699,858	94,436
Council District 7	787,298	694,256	93,042
Council District 8	881,874	681,511	200,363
Council District 9	1,003,178	651,909	351,269
Council District 10	797,165	734,998	62,167
Mayor's Office	4,286,347	3,124,415	1,161,932
Council General	136,892	71,479	65,413
Total	\$ 12,633,901	\$ 9,693,722	\$ 2,940,179

In the 2016-2017 Adopted Budget, anticipated 2015-2016 savings of \$2.4 million (\$1.4 million in the City Council Offices, \$963,000 in the Mayor’s Office, and \$25,000 in Council General) were rebudgeted. An additional \$100,000 was committed for other uses from the Mayor’s Office and various City Council Offices as part of the 2016-2017 Adopted Budget. Actual net year-end savings, however, exceeded these estimates. As a result, a net increase of \$474,000 to the rebudget amount is recommended in this document to align the Mayor’s Office and City Council Offices with year-end balances.

2015 - 2016 ANNUAL REPORT

GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

- *Office of Economic Development*

With expenditures and encumbrances of \$4.5 million, the Office of Economic Development (OED) expended 81.0% of its \$5.5 million General Fund budget, resulting in savings of \$1.0 million. Of this amount, personal services contributed \$473,000 to this variance, while non-personal/equipment savings contributed \$557,000. Personal services expenditures were lower than the budget (\$473,000, or 11.6%) due primarily to vacancies experienced by the department; throughout the year vacancies ranged from approximately 7% to 14%. Of the savings amount, \$13,000 was rebudgeted in the 2016-2017 Adopted Budget.

Non-personal/equipment expenditures came in lower than the budget by \$557,000 (38.7%) due primarily to various projects that were unable to be completed during 2015-2016. Vacancies in the department contributed to the delay of various contracts and projects, several of which were rebudgeted in the 2016-2017 Adopted Budget, including: Document Imaging and Records Management System (\$200,000), City Council District #06 Public Art Projects (\$139,000), and the Knight Foundation grant project (\$125,000). After accounting for all rebudgets, including those recommended in this report, the variance to the budget drops to \$18,000, or 1.3%.

- *Planning, Building and Code Enforcement*

The Planning, Building and Code Enforcement Department (PBCE) expended 93.2% of its General Fund budget after accounting for the rebudgets included in the 2016-2017 Adopted Operating Budget, resulting in net savings of \$1.8 million. This included Development Fee Program savings of \$624,000 and Non-Development Fee Program savings of \$1.2 million. Personal services expenditures were 2.6% below budgeted levels (\$1.1 million savings) and non-personal/equipment expenditures were 8.1% below budgeted levels (\$752,000 net savings including rebudgets).

Total personal services savings of \$1.1 million resulted from vacant positions in Community Code Enforcement (Non-Development Fee Programs) with \$841,000 of the savings and in the Development Fee Programs (Planning, Building, Fire, and Public Works) with \$221,000 of the savings.

Net non-personal/equipment expenditure savings of \$752,000 (\$349,000 in Non-Development Fee Programs, \$398,000 in Building Development Fee Program, \$5,000 in Public Works Development Fee Program, and no savings in both Planning and Public Works Development Fee Programs) were primarily due to savings in contractual staffing services. As part of the 2016-2017 Adopted Budget, non-personal/equipment unexpended funds of \$1.1 million in the Non-Development Fee Programs were anticipated and rebudgeted to continue the update of the North San José Area Development Policy and Environmental Impact Report (EIR), replace four Code Enforcement Fee Program vehicles, conduct urban village master planning, update the Downtown EIR, provide programming services for the migration of the Code Enforcement permitting system (CES) into the upgraded Development Fee

**2015 - 2016
ANNUAL REPORT**

GENERAL FUND EXPENDITURE PERFORMANCE

Discussion of Significant Departmental Variances and Other Issues

Planning, Building and Code Enforcement

Program permitting system (AMANDA), conclude the four-year major review of the Envision San José 2040 General Plan, and complete workspace improvements. In addition, \$539,000 of unexpended funds in the Development Fee Programs were rebudgeted as part of the 2016-2017 Adopted Budget to continue the implementation of Geographic Information System project and completion of workspace improvements. However, a negative rebudget of \$17,800 for Development Fee Programs (Planning and Fire) are included in this report due to expenditures ending the year higher than anticipated.

A combination of expenditure savings, higher than anticipated revenues, increased costs for the Human Resources/Payroll/Budget Systems Upgrade project, and increased costs for compensation adjustments for the Building Inspector Combination classification in the Building Development Fee Program will result in a net increase to the Building Development Fee Program Reserve of \$1.1 million, from \$15.4 million to \$16.5 million. A net increase to the Planning Development Fee Program Reserve of \$454,000, from \$1.9 million to \$2.3 million, will also result from a combination of expenditure savings, higher than anticipated revenues, and a negative rebudget for the Workspace Improvement Project, offset by increased costs for the Human Resources/Payroll/Budget Systems Upgrade project.

Highlights of Non-Departmental Expenditures and Variances

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

**TABLE E
2015-2016 NON-DEPARTMENTAL GENERAL FUND EXPENDITURES
(In \$000s)**

Category	2015-2016 Modified Budget	2015-2016 Actual	Variance	% Variance
City-Wide Expenses	\$ 261,983	\$ 223,639	\$ (38,344)	(14.6%)
Capital Contributions	67,703	38,308	(29,395)	(43.4%)
Transfers	27,150	27,150	-	0.0%
Earmarked Reserves	105,059	-	(105,059)	(100.0%)
Contingency Reserve	34,500	-	(34,500)	(100.0%)
Ending Fund Balance Reserve	25,500	-	(25,500)	(100.0%)
TOTAL	\$ 521,895	\$ 289,097	\$ (232,798)	(44.6%)

2015 - 2016 ANNUAL REPORT

GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

- *City-Wide Expenses*

The City-Wide Expenses category consists of funding that is related to more than one department or that is not directly associated with a department's ongoing operations. Total committed expenditures in this category total \$223.6 million, or 85.4% of the modified budget, resulting in savings of \$38.3 million. As part of the 2016-2017 Adopted Budget, \$25.2 million was rebudgeted or assumed as savings, leaving an overall balance of \$13.2 million. Of the remaining balance of \$13.2 million, rebudget and cleanup adjustments totaling \$6.6 million are recommended in this report, and if approved, would result in net savings of \$6.5 million in this category, a 2.5% variance from the budgeted level.

The major ongoing 2015-2016 expenditures in this category are listed below:

- TRANs Debt service payment of \$100.3 million was completed to repay a short-term note of \$100 million that was issued for cash flow purposes necessitated by the pre-funding of employer retirement contributions.
- Workers' Compensation Claims payments of \$18.2 million were \$2.3 million, or 11.4%, below the 2015-2016 Modified Budget (\$20.5 million). Total expenditures were commensurate with 2014-2015 expenses of \$17.9 million.
- Convention Center Lease Payments of \$15.3 million ended the year at 2015-2016 budgeted levels. The Convention Center Lease Payment is the largest of the City's contractually obligated Successor Agency to the Redevelopment Agency obligations. The City received partial reimbursement of \$5.5 million in 2015-2016 from SARA to offset this cost. As described in the General Fund Revenues section of this report, when the 2015-2016 Adopted Budget was developed, it was assumed that SARA would reimburse the City for the full Convention Center Debt Service payment. However, as part of the 2014-2015 Annual Report actions approved by the City Council in October 2015, the reimbursement was reduced by \$9.8 million to \$5.5 million as a result of Senate Bill 107 that disallowed the mechanism allowing SARA to reimburse the City on an intra-year basis to pay this obligation.
- San Jose BEST/Safe Summer Initiative expenditures of \$5.9 million were \$693,000, or 10.4% below the 2015-2016 Modified Budget (\$6.7 million). As part of the development of the 2016-2017 Adopted Budget, an estimated \$793,000 in savings was rebudgeted, and this document recommends a downward adjustment due to higher than anticipated expenses for San Jose BEST that occurred in 2015-2016.
- General Liability Claims of \$4.4 million were \$5.5 million below the 2015-2016 Modified Budget (\$9.9 million). The \$5.5 million in savings from this appropriation were rebudgeted as part of the 2016-2017 Adopted Budget to address potential claims in 2016-2017.

**2015 - 2016
ANNUAL REPORT**

GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

City-Wide Expenses

- Sick Leave Payments Upon Retirement expenditures of \$4.0 million came in below budgeted levels by \$924,000 and were \$1.5 million below the 2014-2015 level of \$5.5 million.
- Expenditures for Homeless Rapid Rehousing (\$3.2 million) and the Homeless Response Team (\$1.9 million) totaled \$5.1 million and ended the year \$965,000 below budgeted levels across both appropriations. As part of the development of the 2016-2017 Adopted Budget, an estimated \$1.0 million in savings was rebudgeted, and this document recommends a downward adjustment due to higher than anticipated expenses for Homeless Response Team that occurred in 2015-2016 as well as a rebudget of the additional remaining balance of \$27,000 for the Homeless Rapid Rehousing.

Included in this report are additional rebudgets, downward adjustments to those appropriations that did not generate the amount of savings required to support rebudgets already approved, and revenue-related increases. Augmentations for various appropriations are also recommended. Details of those appropriation adjustments are reflected in *Section IV – Recommended Budget Adjustments and Clean-Up/Rebudget Actions* of this document.

- *Capital Projects*

In 2015-2016, the General Fund provided funding totaling \$67.7 million for capital projects. Of this amount, approximately \$29.4 million was unexpended at year-end. The projects with the largest unexpended balances included:

Capital Projects	Unexpended Funds (\$000s)
Fire Apparatus Replacement	\$ 12,900
Police Communications Emergency Uninterrupted Power Supply	3,356
Police Communications Fire Protection System Upgrade	2,695
Police Communications Center Electrical System Upgrade	1,216
City Hall Waterproofing	1,189
Pavement Maintenance Program	856
United States Patent and Trademark Office – Tenant Improvements Project	710
Police Communications Center Elevator Retrofit	595
All Other Projects	5,878
Total Unexpended Capital Projects	\$ 29,395

2015 - 2016 ANNUAL REPORT

GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

Capital Projects

Rebudgets included in the 2016-2017 Adopted Budget and an early rebudget approved in a separate Council memorandum carried over \$36.1 million to 2016-2017, which exceeds the 2015-2016 year-end savings of \$31.6 million. As a result, a net negative rebudget of \$8.1 million is recommended in the Annual Report. This is primarily due to costs related to the Pavement Maintenance Program and Fire Apparatus Replacement projects occurring in 2015-2016, as opposed to 2016-2017. After adjusting for these changes, the net savings in the General Fund Capital category was \$1.4 million, with the largest savings in the U.S. Patent and Trademark Office (USPTO) Tenant Improvement Project (\$510,000), the USPTO – City Staff Relocation Project (\$483,000), and the South San José Police Substation (\$261,000).

- *Transfers*

In the Transfers category, expenditures of \$27.1 million ended the year at budgeted levels.

An increase in Transfers of \$41,000 is recommended in this report and reflects a transfer to the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #10 due to a repayment for the Leland Sports Field. A description of this action can be found in *Section IV – Recommended Budget Adjustments and Clean-Up/Rebudget Actions*.

- *Reserves*

General Fund Reserve categories include Earmarked Reserves and the Contingency Reserve. On June 30, 2016, the total Reserve balance was \$165.1 million. The 2016-2017 Adopted Budget assumed that \$164.3 million would be available at year-end with reserves either re-established in 2016-2017 or used as a funding source for the 2016-2017 Adopted Budget. A rebudget adjustment for the Artificial Turf Capital Replacement Reserve (\$300,000) is also recommended in this report, with remaining savings of \$425,000 available to meet the fund balance estimate.

Earmarked Reserves totaled \$130.6 million on June 30, 2016, the largest of which were the 2015-2016 Ending Fund Balance Reserve (\$25.5 million), Building Development Fee Program Reserve (\$24.4 million); Workers Compensation/General Liability Catastrophic Reserve (\$15.0 million); Budget Stabilization Reserve (\$10.0 million); Salaries and Benefits Reserve (\$6.9 million); Fire Development Fee Program (\$6.4 million); Retiree Healthcare Solutions Reserve (\$6.1 million); Sick Leave Payments Upon Retirement Reserve (\$6.0 million); Public Works Development Fee Program Reserve (\$5.5 million); Cultural Facilities Capital Maintenance Reserve (\$5.0 million); and the 2016-2017 Police Department Overtime Reserve (\$5.0 million).

The 2015-2016 Ending Fund Balance Reserve of \$25.5 million was proactively set aside to help ensure sufficient fund balance would be available at the end of 2015-2016 to meet the budgeted estimate used

**2015 - 2016
ANNUAL REPORT**

GENERAL FUND EXPENDITURE PERFORMANCE

Highlights of Non-Departmental Expenditures and Variances

Reserves

in the development of the 2016-2017 Adopted Budget. Annually, as part of the development of the General Fund Forecast and Adopted Budget for the following year, a certain amount of current year unrestricted ending fund balance is estimated to be available at the end of the year as a funding source for the following year's budget. This ending fund balance is expected to be generated from additional revenues above budgeted levels, expenditure savings, and the liquidation of carryover encumbrances during the year. In the 2016-2017 Adopted Budget, it was assumed that \$45.2 million would be generated from these sources. The establishment of the 2015-2016 Ending Fund Balance Reserve set aside a portion of this funding, with the assumption that the remaining amount would be realized by year-end primarily from expenditure savings and the liquidation of prior year carryover encumbrances.

The Contingency Reserve totaled \$34.5 million and remained unspent during the year. As part of the 2016-2017 Adopted Budget, the full Contingency Reserve was rebudgeted and additional funding of \$1.0 million was included in order to comply with the Council Policy of maintaining a minimum 3.0% Contingency Reserve in the General Fund. It is important to note, however, that if this Contingency Reserve is ever needed, it is only sufficient to cover General Fund payroll expenditures for approximately two and a half weeks in the event of an emergency.

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

2015-2016

**ANNUAL
REPORT**

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

2015 - 2016 ANNUAL REPORT

III. SELECTED SPECIAL/CAPITAL FUNDS BUDGET PERFORMANCE

This section provides financial information on the 2015-2016 year-end performance for selected special and capital funds that represent major City operations. Specifically, it includes discussions regarding the funds' revenue, expenditure, and ending fund balance performances. The funds are discussed in alphabetical order.

The Revenue and Expenditure Performance chart displays the 2015-2016 Modified Budget and Actual revenues and expenditures, with the dollar and percent variance for each. The revenue figures exclude the Beginning Fund Balance and Reserves while the expenditure figures include encumbrances, but exclude the Ending Fund Balance and other reserves. The Ending Fund Balance Performance chart displays the 2015-2016 Modified Budget, which includes fund balance and reserves. The 2015-2016 Estimated Ending Fund Balance and Actual Ending Fund Balance also includes reserves, with the exception of the reserve for encumbrances. The dollar variance compares the Estimated Ending Fund Balance used to develop the 2016-2017 Adopted Budget with the Actual Ending Fund Balance. The Recommended Annual Report Rebudget Adjustments shows the amount of additional rebudgets recommended in this report and calculates the revised variance should recommended rebudgets be approved.

Revenue Performance: This discussion identifies the amount of revenue received in 2015-2016 and major revenue sources; provides context regarding the year-end revenue performance variance to the modified budget; and compares revenues to the prior year performance.

Expenditure Performance: This discussion identifies the amount of expenditures for 2015-2016 and major expenditure categories; provides context regarding the year-end expenditure performance variance to the modified budget; discusses significant capital improvement project variances relative to the size of the capital fund; lists related 2016-2017 budget actions (such as rebudgets); calculates the revised expenditure variance due to rebudgets approved as part of the 2016-2017 Adopted Budget or as recommended in this report; and compares expenditures to the prior year performance.

Ending Fund Balance Performance: This discussion provides the actual Ending Fund Balance and the estimated Ending Fund Balance used in the development of the 2016-2017 Adopted Budget; discusses variances between these two amounts; and identifies any impact on the 2016-2017 budget related to recommended actions included in this report.

2015 - 2016 ANNUAL REPORT
--

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

AIRPORT CAPITAL FUNDS

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2015-2016 Budget</i>	<i>2015-2016 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$43,948	\$31,080	(\$12,868)	(29.3%)
Expenditures	\$95,898	\$66,555	(\$29,343)	(30.6%)

The Airport Capital Funds include the Airport Capital Improvement Fund, the Airport Revenue Bond Improvement Fund, the Airport Renewal and Replacement Fund, and the Airport Passenger Facility Charge Fund.

Revenues totaled \$31.1 million and were generated from Passenger Facility Charges (PFCs) (\$20.6 million), a transfer from the Airport Surplus Revenue Fund (\$4.0 million), grant income (\$5.9 million), interest earnings (\$433,000), and miscellaneous revenues (\$74,000). This revenue level was \$12.9 million (29.3%) below the modified budget, but \$6.2 million (25.0%) higher than the prior year level of \$24.9 million.

After adjusting for a rebudget of revenue of \$9.9 million, the variance to the budget of \$3.0 million (6.8%) was mainly due to lower than anticipated grant revenue which ended the year below the modified budget by \$3.8 million (39.2%). Lower grant revenue levels were partially offset by higher PFC revenue which exceeded the modified budget by \$903,000 (4.6%). Overall, revenues were higher than the prior year due to increased revenue from PFCs, grants, and interest.

Expenditures totaled \$66.6 million and consisted primarily of transfers to other Airport funds for debt service (\$36.0 million), various capital renewal and replacement projects (\$6.1 million), Perimeter Fence Line Upgrades (\$4.6 million), FIS Baggage System Upgrades (\$3.6 million), FIS Curbside Improvements (\$2.7 million), Runway Pavement Rehabilitation (\$2.2 million), and Terminal Area Improvement, Phase I (\$2.1 million). This expenditure level was \$29.3 million (30.6%) below the modified budget, but \$17.1 million (34.7%) above the prior year level of \$49.4 million.

After adjusting for rebudgets in the total amount of \$24.5 million, the expenditure variance to the budget of \$4.8 million (5.0%) was primarily due to the completion of a number of projects including the Fuel Farm Clean-Up, Runway Pavement Rehabilitation, roadways repairs, terminal refurbishment, power chair and flight display upgrades. Expenditures for the current year were higher than the prior year primarily due to an increase in volume and scope of projects in progress.

**2015 - 2016
ANNUAL REPORT**

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

AIRPORT CAPITAL FUNDS

Ending Fund Balance Performance (\$ in Thousands)						
<i>2015-2016 Modified Budget</i>	<i>2015-2016 Estimated Ending Fund Balance</i>	<i>2015-2016 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Rebudget Adjustments</i>	<i>Revised Variance (incl. Rebudget Adjustments)</i>	<i>Revised Variance As % of Modified Budget</i>
\$141,930	\$58,421	\$62,813	\$4,392	\$2,130	\$2,262	1.6%

The **Ending Fund Balance** of \$62.8 million was \$4.4 million above the estimate used in the development of the 2016-2017 Adopted Budget. The positive variance was a result of lower than budgeted expenditures, offset slightly by lower than anticipated revenues. After accounting for rebudget adjustments recommended in the Annual Report, the revised variance decreases to \$2.3 million. The remaining fund balance is recommended to be allocated to the 2016-2017 Ending Fund Balance in the Airport Capital Funds for future use.

2015 - 2016 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

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

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2015-2016 Budget</i>	<i>2015-2016 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$21,287	\$22,473	\$1,186	5.6%
Expenditures	\$20,284	\$19,990	(\$294)	(-1.4%)

Revenues totaled \$22.5 million and were generated from rental car Customer Facility Charge (CFC) fees (\$19.9 million), rental car contributions (\$2.5 million), and interest earnings (\$60,369). This revenue level was \$1.2 million (5.6%) above the modified budget of \$21.3 million and \$1.3 million (6.1%) above the prior year level of \$21.2 million.

The positive variance to the budget of \$1.2 million (5.6%) was primarily due to higher CFC revenue, which was driven by increased car rental activities associated with higher than anticipated passenger levels. The \$1.3 million (6.1%) revenue increase over the prior year was also due to increased CFCs.

Expenditures totaled \$20.0 million and were primarily attributed to transfers for debt service payments (\$17.8 million) as well as shuttle bus operation and maintenance costs (\$2.1 million). The small variance to the budget of \$294,000 (1.4%) was mainly due to slightly lower than budgeted costs for shuttle bus drivers and maintenance. This expenditure level was \$301,000 (1.5%) above the prior year level of \$19.7 million due to increased debt service costs.

Ending Fund Balance Performance (\$ in Thousands)						
<i>2015-2016 Modified Budget</i>	<i>2015-2016 Estimated Ending Fund Balance</i>	<i>2015-2016 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Rebudget Adjustments</i>	<i>Revised Variance (incl. Rebudget Adjustments)</i>	<i>Revised Variance As % of Modified Budget</i>
\$31,517	\$12,442	\$12,725	\$283	\$0	\$283	0.9%

The **Ending Fund Balance** of \$12.7 million was \$283,000 above the estimate used in the development of the 2016-2017 Adopted Budget. This positive variance from the estimate was due to higher than estimated revenues from CFCs and interest earnings and slightly lower than estimated non-personal/equipment expenditures.

2015 - 2016 ANNUAL REPORT
--

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

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

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2015-2016 Budget</i>	<i>2015-2016 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$135,022	\$143,518	\$8,496	6.3%
Expenditures	\$81,266	\$76,084	(\$5,182)	(6.4%)

In 2015-2016, passenger activity increased by 6.9% from the 2014-2015 level of 9.6 million passengers to 10.2 million passengers compared to the estimated growth level of 2%. The estimated passenger growth for 2016-2017 is 2.25%. While the Airport has recently experienced significant growth, the estimated growth for 2016-2017 remains conservative to account for the highly competitive airline and airport industries.

Revenues in the Airport Revenue Fund totaled \$143.5 million and were generated from Parking and Roadways (\$51.2 million), Airline Terminal Rental (\$40.8 million), Terminal Building Concessions (\$17.6 million), Landing Fees (\$13.1 million), Miscellaneous Revenue (\$12.4 million), Airfield Area (\$4.9 million), Petroleum Products (\$3.2 million), and a transfer from the Airport Fiscal Agent Fund (\$343,000). This revenue level was \$8.5 million (6.3%) above the modified budget of \$135.0 million and \$17.9 million (14.2%) above the prior year level of \$125.6 million.

The positive revenue variance to budget of \$8.5 million resulted from higher than budgeted revenue for the following categories: Parking and Roadways (\$3.4 million) resulting from increased ground transportation trip fees, parking revenue, and rental car concession fees associated with increased passenger volume; Miscellaneous Revenue (\$3.2 million) due to increases in ground rental rates and \$1.5 million from the California Plume Fund for clean-up of the old fuel farm underground storage tanks; and Airfield Area (\$893,000) due to the increased revenue received from the in-flight kitchen tenants. Landing fees (\$390,000) and Airline Terminal Rental revenue (\$382,000) are greater than expected from a combination of rate increases and passenger growth while Terminal Building Concession revenue (\$580,000) exceeded budget due to increased passenger volume and usage. The 14.2% increase in revenues over the prior year is primarily attributed to the increased passenger activity.

Expenditures in the Airport Maintenance and Operation Fund totaled \$76.1 million and were primarily for Airport Department Non-Personal/Equipment (\$34.5 million including encumbrances), Airport Personal Services (\$24.7 million), Transfer to the General Fund for Police and Fire services (\$11.5 million), Overhead (\$3.5 million), and Interdepartmental Services (\$1.1 million). This expenditure level was \$5.2 million (6.4%) below the modified budget of \$81.3 million, but \$5.3 million (7.5%) above the prior year level of \$70.8 million.

The negative variance to the budget of \$5.2 million was primarily due to personal services vacancy savings (\$2.0 million) and non-personal/equipment expenditure savings (\$2.2 million), primarily due to savings in contractual services, including a reduced need in temporary staffing for the Airport parking program. The \$5.3 million (7.5%) increase in expenditures over the prior year was primarily due to

**2015 - 2016
ANNUAL REPORT**

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

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

higher Airport Department Non-Personal/Equipment services costs (\$1.4 million) mostly due to additional marketing support for new international airlines, Police/Fire services costs (\$2.3 million) primarily due to Index D levels requiring additional Fire staffing per shift and increased compensation costs, and Airport Department Personal Services costs (\$742,000).

Ending Fund Balance Performance (\$ in Thousands)						
<i>2015-2016 Modified Budget</i>	<i>2015-2016 Estimated Ending Fund Balance</i>	<i>2015-2016 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Rebudget Adjustments</i>	<i>Revised Variance (incl. Rebudget Adjustments)</i>	<i>Revised Variance As % of Modified Budget</i>
\$315,846	\$108,190	\$117,830	\$9,640	\$0	\$9,640	3.1%

The combined **Ending Fund Balance** of \$117.8 million was \$9.6 million above the budgeted estimate used to develop the 2016-2017 Adopted Operating Budget. The positive variance from the estimate was largely due to higher than estimated revenues from parking and rental car concession fees (\$3.4 million) and lower than estimated Airport Department Non-Personal/Equipment (\$2.0 million) and Personal Services expenditures (\$2.3 million). This balance will be allocated to the Airline Agreement Reserve in the Airport Revenue Fund, shared with the Airlines per the Operating Agreement, with the Airport share will be earmarked and retained for future operating or economic contingencies.

The strong passenger growth in 2015-2016 triggered the activation of the Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by the City Council in March 2007. Under this provision, if the percentage growth in annual enplanements at the Airport exceeds the growth in annual enplanements nationwide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage. Because the percentage growth in annual enplanements at the Airport in 2015-2016 of 6.8% exceeded the Federal Aviation Administration’s (FAA) projection of 4.2% for national enplanement growth, budget actions are recommended in this report to reduce the 2016-2017 overhead expenses to the Airport Maintenance and Operation Fund by \$425,494 to reflect a reduction of the overhead rate by 2.6 points (from the adopted overhead rate of 17.57% to 15.00%). This action is offset by an increase in the same amount to the Airport’s Non-Personal/Equipment appropriation and there are corresponding actions in the General Fund to account for the lower overhead reimbursements to the General Fund.

In addition, funding of \$1.0 million for a U.S. Customs and Border Protection (CBP) service agreement to provide expanded service on a reimbursable basis is recommended to provide extended hours to support the growing number of international flights. This budget action will be offset in the Operations Contingency. These recommended budget actions are described in further detail in *Section IV – Recommended Budget Adjustments and Clean-Up/Rebudget Actions* of this report.

2015 - 2016 ANNUAL REPORT
--

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2015-2016 Budget</i>	<i>2015-2016 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$21,240	\$21,682	\$442	2.1%
Expenditures	\$43,268	\$18,589	(\$24,679)	(57.0%)

Revenues totaled \$21.7 million and were generated primarily from the Building and Structure Tax (\$19.4 million) and grant funding (\$1.8 million). Actual revenues were \$442,000 (2.1%) above the budgeted estimate of \$21.2 million and \$2.0 million (10.4%) above the prior year level of \$19.6 million.

The 2015-2016 revenues were higher than the budgeted estimate by approximately \$442,000 due primarily to higher than budgeted Building and Structure Construction Tax receipts (\$5.4 million), offset by lower than budgeted revenue from federal grants. Grant-related revenues of \$3.5 million were not received in 2015-2016 due to project delays and this amount was rebudgeted as part of the development of the 2016-2017 Adopted Budget; an additional \$1.3 million is recommended to be rebudgeted as part of this report. Revenues were above the prior year primarily due to higher Building and Structure Construction Tax receipts (\$2.8 million), partially offset by lower federal grant revenue (\$1.0 million).

At \$19.4 million, Building and Structure Construction Tax receipts in 2015-2016 were 17.1% higher than the 2014-2015 actuals of \$16.6 million. The higher collections in Building and Structure Construction Tax revenues are primarily attributable to increased issuances of permits for commercial and industrial building projects. The total valuation of projects submitted in 2015-2016 of \$1.5 billion was 14.3% above the \$1.3 billion valuation of projects that were received in 2014-2015. Commercial valuation of \$474.0 million was higher than the prior year level of \$380.0 million. Industrial activity of \$594.7 million surpassed the forecasted level of \$250.0 million and was above last year's level of \$359.9 million. Residential valuation of \$440.9 million, however, was lower than the prior year total of \$580.9 million and less than the estimate of \$615.0 million. Major projects contributing to the tax receipts in 2015-2016 were: construction started on a 23,000 square foot assembly building at the eBay campus on East Hamilton Avenue; finished interior permit for completion of the fourth floor of the Samsung R&D building on North First Street; foundation only permit for a 144 room hotel located on North First Street south of Highway 237; foundation only permits for a five story, 162,000 square foot office building and a six story 194,000 square foot office building in the Coleman Highline development; and construction started on a new 315 unit apartment building on West San Carlos Street north of Highway 280 and west of Highway 87.

When the 2016-2017 Adopted Budget was developed, it was assumed that Building and Structure Construction Tax receipts would total \$14.0 million in 2015-2016 and drop approximately 7% to \$13.0 million in 2016-2017 as projects are completed and activity levels slightly decrease. However, since actual collections were higher in 2015-2016, tax receipts can now drop 33% in 2016-2017 when compared to the prior year. An upward adjustment to the 2016-2017 revenue estimate may likely be warranted later in the year after several months of current year actual experience is analyzed.

2015 - 2016 ANNUAL REPORT
--

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

Expenditures totaled \$18.6 million and were \$24.7 million (57.0%) below the modified budget. A significant portion of the expenditure savings (\$15.8 million) was anticipated and rebudgeted in the 2016-2017 Adopted Budget. An additional \$3.1 million is recommended to be rebudgeted as part of this report to ensure sufficient funding for projects in 2016-2017. The expenditure level was \$2.4 million (11.6%) below the prior year level of \$21.0 million.

Ending Fund Balance Performance (\$ in Thousands)						
<i>2015-2016 Modified Budget</i>	<i>2015-2016 Estimated Ending Fund Balance</i>	<i>2015-2016 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Rebudget Adjustments</i>	<i>Revised Variance (incl. Rebudget Adjustments)</i>	<i>Revised Variance As % of Modified Budget</i>
\$62,118	\$35,398	\$44,040	\$8,642	(\$1,815)	\$6,827	11.0%

The **Ending Fund Balance** of \$44.0 million was \$8.6 million above the estimate used in the development of the 2016-2017 Adopted Budget. After accounting for net revenue and expenditure rebudget adjustments of \$1.8 million recommended in the Annual Report, the positive variance drops to \$6.8 million and reflects higher than anticipated revenues and expenditure savings. Significant revenue rebudgets include San Carlos Multimodal Streetscape Improvements Phase 2 (\$715,000) and ITS: Transportation Incident Management Center (\$504,000). Significant expenditure rebudgets include Park Avenue Multimodal Improvements (\$781,000), Safety – Traffic Signal Modifications (\$535,000), Safety – Pedestrian Improvements (\$258,000), Safety – Traffic Signal Rehabilitation (\$242,000), St. John Street Multimodal Improvements Phase I (\$230,000), St John Bike/Pedestrian Improvements (OBAG) (\$225,000), and LED Streetlight Conversion (\$214,000).

As described in *Section IV – Recommended Budget Adjustments and Clean-Up/Rebudget Actions*, a limited number of new grants and projects as well as revisions to existing projects are recommended in this report. After accounting for all recommended adjustments, approximately \$1.2 million is recommended to be allocated to the 2016-2017 Ending Fund Balance.

**2015 - 2016
ANNUAL REPORT**

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2015-2016 Budget</i>	<i>2015-2016 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$66,060	\$58,664	\$7,396	11.2%
Expenditures	\$111,380	\$64,388	(\$46,992)	(42.2%)

The Construction and Conveyance (C&C) Tax Funds consist of the Communications C&C Tax Fund, Fire C&C Tax Fund, Library C&C Tax Fund, Parks Central C&C Tax Fund, Parks City-Wide C&C Tax Fund, 10 Council Districts C&C Tax Funds, and Park Yards C&C Tax Fund.

Revenues generated in the Construction and Conveyance (C&C) Tax Funds in 2015-2016 totaled \$58.7 million and were comprised of C&C Tax receipts (\$42.7 million), transfers between funds (\$14.8 million), interest earnings (\$619,000), developer contributions and miscellaneous revenue (\$307,000), and State and federal grants (\$203,000). This revenue level is \$7.4 million lower than the budgeted estimate of \$66.1 million, primarily due to lower than budgeted developer contributions and miscellaneous revenue (\$19.1 million), partially offset by higher than budgeted C&C Tax revenue (\$7.7 million) and transfers between funds (\$4.2 million). The 2015-2016 Adopted Capital Budget included revenue of \$17.5 million for the sale of the old Main Yard; however, this sale did not occur in 2015-2016 and the 2016-2017 Adopted Capital Budget included a revised estimate for the sale to occur in 2016-2017. The 2015-2016 revenue level of \$58.7 million is \$1.9 million (3.1%) lower than the prior year level of \$60.6 million. This variance is primarily due to lower grant revenue (\$2.5 million) and developer contributions and miscellaneous revenue (\$887,000), partially offset by higher C&C Tax receipts (\$1.5 million) compared to 2014-2015 collections.

C&C Tax revenue collections in 2015-2016, which were primarily generated from property transfers, totaled \$42.7 million, an increase of \$1.5 million (3.6%) from the 2014-2015 collection level of \$41.2 million. The 2015-2016 tax receipts represent the highest collection level since the peak years of 2003-2004 through 2006-2007 (when annual collections exceeded \$38 million in each of those years, peaking at \$49 million in 2005-2006). Changes in home prices and the number of sales are major drivers of C&C Tax receipts. The median home price for single family homes within the City increased from \$865,000 in June 2015 to \$920,000 in June 2016, which represents a 6.4% increase. In addition, the number of home sales in 2015-2016 (single-family and multi-dwelling units) increased over the prior year activity levels. The number of sales in 2015-2016 totaled 8,223, which represents a 2.9% increase from the 2014-2015 level of 7,992. Finally, the amount of time it takes to sell a home (single-family and multi-family dwelling units) has slightly decreased in the past year from an average 27 days in 2014-2015 to 24 days in 2015-2016.

The 2015-2016 Adopted Capital Budget was developed based on the assumption that C&C Tax receipts would total \$35.0 million in 2014-2015 and remain steady in 2015-2016. In the last quarter of 2014-2015, however, tax receipts had an extremely strong performance, which resulted in 2014-2015 receipts totaling \$41.2 million. Due to the higher than estimated collections in 2014-2015, the 2015-2016 C&C Tax

**2015 - 2016
ANNUAL REPORT**

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

Adopted Budget estimate of \$35.0 million allowed for a 15.1% decline in tax revenue from the 2014-2015 actual tax receipts. In the development of the 2016-2017 Adopted Capital Budget, it was assumed that 2015-2016 C&C Tax receipts would total \$38.0 million based on historical collection trends and actual receipts in 2015-2016, allowing for some moderation in activity levels. With continued strong performance in 2015-2016, actual receipts of \$42.7 million exceeded the 2015-2016 Modified Budget by \$7.7 million and the 2015-2016 estimate by \$4.7 million. Given actual 2015-2016 receipts, the 2016-2017 C&C Tax estimate of \$36.0 million allows for a 15.7% decline in tax revenue from the prior year. Receipts in 2016-2017 will be closely monitored, and an upward adjustment to the estimated revenue may be recommended at a later date, with corresponding adjustments to fund balances as appropriate. It is important to note that tax receipts in this category have been volatile in the past with large swings in collections based on economic conditions.

Expenditures totaled \$64.4 million and were primarily for various capital projects and transfers to other funds across the 17 C&C Tax funds. This expenditure level is \$47.0 million (42.2%) below the budget of \$111.4 million, and is primarily the result of unexpended capital project funding. The 2015-2016 expenditure level of \$64.4 million was \$500,000 (0.8%) above the prior year level of \$63.9 million.

Ending Fund Balance Performance (\$ in Thousands)						
<i>2015-2016 Modified Budget</i>	<i>2015-2016 Estimated Ending Fund Balance</i>	<i>2015-2016 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Rebudget Adjustments</i>	<i>Revised Variance (incl. Rebudget Adjustments)</i>	<i>Revised Variance As % of Modified Budget</i>
\$153,072	\$73,084	\$81,510	\$8,426	\$415	\$8,841	5.8%

The **Ending Fund Balance** of \$81.5 million was \$8.4 million above the estimate used to develop the 2016-2017 Adopted Capital Budget. This variance was primarily due to higher than estimated C&C Tax receipts (\$4.7 million) and transfers between funds (\$2.5 million) and lower than estimated project expenditures (\$886,000). After accounting for all rebudget adjustments recommended as part of this report, the revised variance to the Ending Fund Balance is increased to \$8.8 million with this funding programmed in a future budget process.

As described in *Section IV – Recommended Budget Adjustments and Clean-up/Rebudget Actions*, this report includes recommendations to allocate \$1.4 million from various C&C Tax Fund Ending Fund Balances to fund various capital projects, including Fire Station 29 Generator (\$800,000 – Fire C&C Tax Fund), Happy Hollow Park and Zoo Alligator Exhibit (\$200,000 – Parks City-Wide C&C Tax Fund), Assistance to Firefighters Grant (AFG) Reserve (\$150,000 – Fire C&C Tax Fund), Doerr Park Shade Structure (\$100,000 – Council District 9 C&C Tax Fund), Family Camp Capital Improvements Reserve (\$79,000 – Parks City-Wide C&C Tax Fund), River Glen Neighborhood Center Replacement (\$48,000 - Council District 6 C&C Tax Fund), and Vietnamese Cultural Heritage Garden (\$20,000 - Parks City-Wide C&C Tax Fund). The remaining fund balance is recommended to be allocated to the respective funds’ 2016-2017 Ending Fund Balance for future use.

2015 - 2016 ANNUAL REPORT

**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS
CONSTRUCTION EXCISE TAX FUND**

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2015-2016 Budget</i>	<i>2015-2016 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$61,503	\$50,956	(\$10,547)	(17.1%)
Expenditures	\$138,212	\$87,605	(\$50,607)	(36.6%)

Revenues totaled \$51.0 million and were primarily generated from Construction Excise Taxes (\$22.5 million), Traffic Impact Fees (\$8.6 million), Measure B Vehicle Registration Fees (6.2 million), State Gas Tax receipts (\$4.8 million), and Pavement Maintenance State Route Relinquishment funding (\$3.8 million). Actual revenues were \$10.5 million (17.1%) below the budgeted estimate of \$61.5 million and \$4.7 million (8.5%) below the prior year level of \$55.7 million.

The 2015-2016 levels were lower than the budgeted estimate primarily due to lower than budgeted receipt of grant funds (\$27.9 million), partially offset by higher than anticipated Traffic Impact Fees (\$7.3 million) and Construction Excise Tax receipts (\$3.5 million). Grant-related revenues of \$3.9 million, which were not received in 2015-2016 due to project delays, were anticipated and rebudgeted as part of the development of the 2016-2017 Adopted Budget, and an additional \$13.3 million is recommended to be rebudgeted as part of this report. Revenues were below the prior year primarily due to lower State Gas Tax collections (\$5.9 million) and transfers from other funds (\$800,000), partially offset by higher Construction Excise Tax receipts (\$795,000).

At \$22.5 million, Construction Excise Tax receipts in 2015-2016 were 3.7% higher than the prior year. The higher collections in Construction Excise Tax revenues are primarily attributable to increased issuances of permits for commercial valuation projects, offset by a reduction of residential valuation projects. Commercial valuation of \$474.0 million was higher than the prior year level of \$380.0 million. Residential valuation of \$440.9 million in 2015-2016 was lower than the 2014-2015 level of \$580.9 million. Major projects contributing to the tax receipts in 2015-2016 include: foundation only permits for a five story, 162,000 square foot office building and a six story 194,000 square foot office building in the Coleman Highline development; a foundation only permit for a 144 room hotel located on North First Street just south of Highway 237; and the start of construction on a new 315 unit apartment building on West San Carlos Street north of Highway 280 and west of Highway 87.

When the 2016-2017 Adopted Budget was developed, it was assumed that Construction Excise Tax receipts would total \$18.5 million in 2015-2016 and drop approximately 8.0% to \$17.0 million in 2016-2017 as projects are completed and activity levels slightly decrease. However, since actual collections were higher in 2015-2016, tax receipts can now drop 24% in 2016-2017 when compared to the prior year. An upward adjustment to the 2016-2017 revenue estimate may likely be warranted later in the year after several months of current year actual experience is analyzed.

2015 - 2016 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND

Expenditures totaled \$87.6 million and were \$50.6 million (36.6%) below the modified budget. A portion of the expenditure savings (\$19.7 million) was anticipated and rebudgeted in the 2016-2017 Adopted Budget. An additional \$16.7 million is recommended to be rebudgeted as part of this report to ensure sufficient funding for projects in 2016-2017. The expenditure level was \$5.6 million (7.0%) above the prior year level of \$81.9 million, primarily due to the progression of capital projects in North San José funded by traffic impact fees.

Ending Fund Balance Performance (\$ in Thousands)						
<i>2015-2016 Modified Budget</i>	<i>2015-2016 Estimated Ending Fund Balance</i>	<i>2015-2016 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Rebudget Adjustments</i>	<i>Revised Variance (incl. Rebudget Adjustments)</i>	<i>Revised Variance As % of Modified Budget</i>
\$170,099	\$54,486	\$71,175	\$16,689	(\$3,420)	\$13,269	7.8%

The **Ending Fund Balance** variance of \$71.2 million was \$16.7 million above the estimate used in the development of the 2016-2017 Adopted Budget. After accounting for net revenue and expenditure rebudget adjustments of \$3.4 million recommended in this report, the positive variance drops to \$13.3 million and reflects expenditure savings. Significant revenue rebudgets include Pavement Maintenance – Federal (OBAG) (\$9.6 million), Bicycle and Pedestrian Facilities (\$1.9 million), and BART Design and Construction Support (\$1.0 million). Significant expenditure rebudgets include Pavement Maintenance – City (\$5.3 million), Pavement Maintenance – State Gas Tax (\$3.9 million), and Pavement Maintenance – Measure B (\$2.0 million).

As described in *Section IV – Recommended Budget Adjustments and Clean-Up/Rebudget Actions*, a limited number of new grants and projects as well as revisions to existing projects are recommended in this report. After accounting for all recommended adjustments, approximately \$1.6 million is recommend to be allocated to the 2016-2017 Ending Fund Balance.

**2015 - 2016
ANNUAL REPORT**

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2015-2016 Budget</i>	<i>2015-2016 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$131,642	\$132,552	\$910	0.7%
Expenditures	\$128,562	\$125,591	(\$2,971)	(2.3%)

Revenues totaled \$132.6 million and were generated primarily from Recycle Plus collection charges (\$118.4 million), lien-related charges (\$4.4 million), AB939 Fees (\$3.5 million), and Recycle Plus negotiated hauler payments (\$2.7 million). This revenue level was \$910,000 above the modified budget of \$131.6 million (0.7%) and \$6.9 million (5.5%) above the prior year level of \$125.6 million.

The variance to the budget was mainly due to the receipt of Household Hazardous Waste (HHW) revenue from the County (\$349,000) as this revenue stream is not budgeted due to its volatility, higher Recycle Plus collection charges (\$289,000), and higher AB939 fees (\$103,000). The variance to the prior year was due primarily to higher Recycle Plus collection charges and revenue from the U.S. Economic Development Administration (EDA) grant associated with the photovoltaic project at the Environmental Innovation Center, partially offset by lower lien-related charges, as the County instead of the City now collects late fee revenues.

Expenditures totaled \$125.6 million and were primarily for Single-Family Dwelling (SFD) Recycle Plus contracts (\$50.8 million), yard trimmings/street sweeping contract (\$22.4 million), Multi-Family Dwelling (MFD) Recycle Plus contracts (\$19.4 million), International Disposal Corporation of California, Inc. (IDC) disposal agreement (\$7.1 million), Environmental Services Department (ESD) personal services (\$6.8 million), and SFD back-end processing (\$5.0 million) costs. This expenditure level was \$3.0 million (2.3%) below the modified budget of \$128.6 million and \$1.7 million (1.3%) below the prior year level of \$127.3 million.

The variance to the budget was mainly due to project savings in the Household Hazardous Waste Las Plumas Facility allocation (approximately two-thirds of which is recommended in this report to be rebudgeted to 2016-2017), vacancy savings in ESD, non-personal/equipment expenditure savings in ESD, and the Customer Information System (CIS) Transition project (which is recommended in this report to be rebudgeted to 2016-2017). The higher expenditure level compared to the prior year was due primarily to higher costs for Single Family Dwelling Processing, the second phase of which occurred in 2015-2016; the County revenue collection fee, as 2015-2016 was the first year the County began collecting the majority of SFD Recycle Plus bills; and the SFD large item collection pilot, as 2015-2016 was the first year this program was implemented. This was partially offset by lower expenditures for the IDC disposal agreement, lower California Energy Commission (CEC) grant biomass to energy technology project costs as the majority of these costs were incurred in 2014-2015, lower personal services costs in the Information Technology Department, and lower ESD non-personal/equipment costs.

2015 - 2016 ANNUAL REPORT

**PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS
INTEGRATED WASTE MANAGEMENT FUND**

Ending Fund Balance Performance (\$ in Thousands)						
2015-2016 Modified Budget	2015-2016 Estimated Ending Fund Balance	2015-2016 Actual Ending Fund Balance	Variance	Recommended Rebudget Adjustments	Revised Variance (incl. Rebudget Adjustments)	Revised Variance As % of Modified Budget
\$148,529	\$23,220	\$25,187	\$1,967	(\$821)	\$1,146	0.8%

The **Ending Fund Balance** of \$25.2 million was \$2.0 million above the estimate used in the development of the 2016-2017 Adopted Budget. After accounting for rebudget adjustments recommended in the Annual Report, the variance drops to \$1.2 million. This ending fund balance was higher than the estimate largely due to higher than estimated revenues from Recycle Plus collections (\$289,000) and EDA grant funding (\$93,000), as well as lower than estimated ESD non-personal/equipment (\$391,000), CIS Transition (\$290,000), SFD back-end processing (\$234,000), and Household Hazardous Waste Las Plumas Facility (\$155,000) costs.

As described in *Section IV – Recommended Budget Adjustments and Clean-up/Rebudget Actions*, budget actions are recommended to increase the allocations for ESD Non-Personal/Equipment (\$300,000) for the acquisition of a compacting garbage truck and the EIC QALICB Master Lease Payment (\$3,500). After accounting for all recommended adjustments, the 2016-2017 Ending Fund Balance will be increased by approximately \$835,000, which includes increases of \$730,000 to the Unrestricted Ending Fund Balance (from \$7.4 million to \$8.1 million) and \$105,000 to the Operations and Maintenance Reserve (from \$11.0 million to \$11.1 million), in order to keep this reserve at its target of one month of operating expenditures.

2015 - 2016 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT CAPITAL FUND

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2015-2016 Budget</i>	<i>2015-2016 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$76,253	\$68,580	(\$7,673)	(10.1%)
Expenditures	\$238,269	\$207,637	(\$30,632)	(12.9%)

Revenues totaled \$68.6 million and were generated primarily from a transfer from the Sewer Service and Use Charge Fund (\$30.7 million), contributions from the tributary agencies for projects and debt service payments (\$28.0 million), a transfer from the Treatment Plant Connection Fee Fund (\$3.1 million), and interest income (\$1.4 million). This revenue level was \$7.7 million (10.1%) below the modified budget and \$5.2 million (7.1%) below the prior year level of \$73.8 million.

The negative revenue variance to the budget was due primarily to lower contributions from the tributary agencies for projects, as a result of the reconciliation for actual Treatment Plant expenditures and encumbrances over the course of the prior year, partially offset by higher grant revenue from the U.S. Bureau of Reclamation (USBR) as a result of severe drought. The negative variance to the prior year was due primarily to a lower transfer from the Sewer Service and Use Charge Fund for capital projects, partially offset by higher contributions from the tributary agencies and USBR grant revenues.

Expenditures totaled \$207.6 million and were primarily attributed to capital improvement projects (\$196.1 million) and debt service payments (\$11.4 million). The largest expenditures included Digester and Thickener Facilities Upgrade (\$126.4 million), Energy Generation Improvements (\$23.1 million), Combined Heat and Power Equipment Repair and Rehabilitation (\$10.8 million), Program Management (\$9.2 million), Iron Salt Feed Station (\$6.9 million), and Construction-Enabling Improvements (\$3.7 million). This expenditure level was \$30.6 million (12.9%) below the modified budget and \$107.9 million (108.2%) above the prior year level of \$99.7 million.

After accounting for all project rebudgets, including those recommended in this report, the \$30.6 million expenditure variance drops to \$2.9 million, or 1.2% below the budget. The majority of this variance is due to unspent balance in three ongoing appropriations: Equipment Replacement (\$846,000), Urgent and Unscheduled Treatment Plant Rehabilitation (\$684,000), and Preliminary Engineering (\$218,000). Additional savings were realized in the Capital Program and Public Works Department Support Service Costs (\$289,000) appropriation and from the completion of the Treatment Plant Engine Rebuild project (\$490,000). Expenditures were above the prior year due primarily to the Digester and Thickener Facilities Upgrade Project, which was awarded in 2015-2016.

2015 - 2016 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT CAPITAL FUND

Ending Fund Balance Performance (\$ in Thousands)						
<i>2015-2016 Modified Budget</i>	<i>2015-2016 Estimated Ending Fund Balance</i>	<i>2015-2016 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Rebudget Adjustments</i>	<i>Revised Variance (incl. Rebudget Adjustments)</i>	<i>Revised Variance As % of Modified Budget</i>
\$269,562	\$63,150	\$66,901	\$3,751	(\$1,355)	\$2,396	0.9%

The **Ending Fund Balance** of \$66.9 million was \$3.8 million above the estimate used in the development of the 2016-2017 Adopted Budget. After accounting for rebudget adjustments recommended in the Annual Report, the positive variance drops to \$2.4 million. This ending fund balance was higher than the estimate largely due to expenditure savings from the following ongoing allocations: Urgent and Unscheduled Treatment Plant Rehabilitation (\$1.1 million), Equipment Replacement (\$846,000), and Preliminary Engineering (\$619,000). After accounting for all recommended adjustments, approximately \$2.4 million is recommended to be allocated to the 2016-2017 Ending Fund Balance for future use.

2015 - 2016 ANNUAL REPORT
--

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT OPERATING FUNDS

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2015-2016 Budget</i>	<i>2015-2016 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$232,753	\$227,862	(\$4,891)	(2.1%)
Expenditures	\$245,553	\$233,657	(\$11,896)	(4.8%)

The San José-Santa Clara Treatment Plant operating funds consist of the Sewer Service and Use Charge Fund (SSUC Fund), the San José-Santa Clara Treatment Plant Operating Fund (Plant Operating Fund), the Sewage Treatment Plant Connection Fee Fund (Connection Fee Fund), and the San José-Santa Clara Treatment Plant Income Fund (Plant Income Fund).

Revenues totaled \$227.9 million and were generated primarily from sewer service and use charges for residential (\$112.2 million), commercial (\$23.6 million), and industrial (\$4.3 million) users; a transfer from the SSUC Fund to the Plant Operating Fund (\$47.5 million); contributions from tributary agencies (\$17.6 million) and the City of Santa Clara (\$10.9 million); recycled water sales and rebates (\$7.8 million); and Connection Fees (\$2.7 million). This revenue level was \$4.9 million (2.1%) below the modified budget and \$828,000 (0.4%) below the prior year level of \$228.7 million.

The negative variance to the budget of \$4.9 million (2.1%) was mainly due to lower contributions from the tributary agencies, as a result of the reconciliation for actual Treatment Plant expenditures and encumbrances over the course of the prior year, lower connection fee income, and lower commercial SSUC charges. Revenues also came in lower than the prior year due primarily to no Supplemental Education Revenue Augmentation Fund (SERAF) loan repayment from the General Fund as there was the prior year (\$5.1 million), and a decrease in the transfer from the SSUC Fund to the Plant Operating Fund, partially offset by higher residential SSUC charges, contributions from the tributary agencies, and recycled water sales and rebates.

Expenditures totaled \$233.7 million and were primarily for the following: transfers from the SSUC Fund to the Plant Operating Fund (\$47.5 million), Sewer Service and Use Charge Capital Fund (\$32.0 million), and San José-Santa Clara Treatment Plant Capital Fund (Plant Capital Fund) (\$30.7 million); Environmental Services Department (ESD) personal services (\$49.3 million) and non-personal/equipment (\$32.1 million) costs; overhead reimbursements (\$12.8 million); and Department of Transportation (DOT) personal services (\$11.4 million) and non-personal/equipment (\$6.3 million) costs. This expenditure level was \$11.9 million (4.8%) below the modified budget and \$13.5 million (5.5%) below the prior year level of \$247.1 million.

Expenditures ended the year \$11.9 million (4.8%) below the budget primarily due to personal services and non-personal/equipment expenditure savings in ESD, largely a result of vacancy savings and delays in executing contractual services as staff re-evaluated the professional services needs for several complex maintenance projects, as well as personal services and non-personal/equipment expenditure savings in DOT. Expenditures tracked \$13.5 million below the prior year due primarily to lower transfers from the SSUC Fund to the Plant Capital Fund and Plant Operating Fund, and lower DOT and ESD non-personal/equipment costs, partially offset by higher ESD and DOT personal services costs.

2015 - 2016 ANNUAL REPORT
--

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT OPERATING FUNDS

Ending Fund Balance Performance (\$ in Thousands)						
<i>2015-2016 Modified Budget</i>	<i>2015-2016 Estimated Ending Fund Balance</i>	<i>2015-2016 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Rebudget Adjustments</i>	<i>Revised Variance (incl. Rebudget Adjustments)</i>	<i>Revised Variance As % of Modified Budget</i>
\$324,912	\$83,940	\$89,035	\$5,095	(\$1,847)	\$3,248	1.0%

The **Ending Fund Balance** of \$89.0 million was \$5.1 million above the estimate used in the development of the 2016-2017 Adopted Budget. After accounting for rebudget adjustments recommended in this Annual Report, the positive variance drops to \$3.2 million. This ending fund balance increased above the estimate largely due to higher than estimated connection fee revenue (\$701,000) and sewer service and use charges for industrial (\$366,000) and residential (\$223,000) users, as well as lower than estimated non-personal/equipment costs in ESD (\$3.9 million), partially offset by higher non-personal/equipment (\$457,000) and personal services (\$238,000) costs in DOT.

The additional fund balance of \$3.2 million is recommended to be distributed to the 2016-2017 Ending Fund Balance allocations in the various funds. Of this amount, it is recommended that \$112,000 be set aside in the Sewer Service and Use Charge Fund's Operations and Maintenance Reserve and \$285,000 in the Plant Operating Fund's Operations and Maintenance Reserve that are included in the Ending Fund Balances, in order to bring those reserves up to the goal of reserving 60 days of operating expenditures. Additionally, of this Ending Fund Balance allocation, it is recommended that the Treatment Plant Expansion Reserve in the Connection Fee Fund be increased by \$687,000 and the Unrestricted Ending Fund Balances be increased by a total of \$2.1 million across the Plant Operating Fund (\$1.3 million), SSUC Fund (\$648,000), and Plant Income Fund (\$89,000) for future use.

2015 - 2016 ANNUAL REPORT
--

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SANITARY SEWER CAPITAL FUNDS

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2015-2016 Budget</i>	<i>2015-2016 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$34,766	\$33,693	(\$1,073)	(3.1%)
Expenditures	\$118,261	\$66,150	(\$52,111)	(44.1%)

The Sanitary Sewer Capital Funds include the Sewer Service and Use Charge Capital Improvement Fund (SSUC Fund) and the Sanitary Sewer Connection Fee Fund (Connection Fee Fund).

Revenues totaled \$33.7 million and were generated from a transfer from the Sewer Service and Use Charge (SSUC) Fund (\$32.0 million), connection fees (\$976,000), interest income (\$683,000), miscellaneous revenue (\$28,000), and joint participation payments (\$7,000). This revenue level was \$1.1 million (3.1%) below the modified budget and \$8.9 million (36.1%) above the prior year level of \$24.8 million.

The negative variance to the budget was mainly due to lower joint participation payments, partially offset by higher interest and connection fee revenue. Joint participation payments, which reflect the West Valley Sanitation District’s and County Sanitation Districts’ share of costs for projects in their jurisdictions, came in lower than budgeted by \$1.7 million primarily due to a delay of the 60” Brick Interceptor, Phase VIA and VIB project, which has been rebudgeted to 2016-2017, causing a delay in payments from WVSD for this project. In addition, cost sharing evaluations that are necessary to account for various annexations of County pockets into the City’s jurisdiction have not yet been completed, which is also delaying payments from the County Sanitation Districts. The positive variance to the prior year was due primarily to a higher Transfer from the SSUC Fund (\$9.0 million), partially offset by lower joint participation payments (\$236,000).

Expenditures totaled \$66.2 million and were for several capital projects; the largest of these were: Urgent Rehabilitation and Repair Projects (\$7.6 million), Monterey-Riverside Relief Sanitary Sewer Improvements (\$6.7 million), Immediate Replacement and Diversion Projects (\$5.9 million), Condition Assessment Sewer Repairs (\$5.1 million), Cast Iron Pipe – Remove and Replace (\$4.0 million), and Infrastructure – Sanitary Sewer Condition Assessment (\$3.6 million). This expenditure level was \$52.1 (44.1%) below the modified budget and \$13.1 million (24.6%) above the prior year level of \$53.1 million.

The negative variance to the budget was mainly a result of savings and project delays across several large projects, including: 60” Brick Interceptor, Phase VIA and VIB (\$29.1 million, of which \$29.0 million was rebudgeted in the 2016-2017 Adopted Budget), Rehabilitation of Sanitary Sewer Pump Stations (\$5.6 million, of which \$2.4 million was re-programmed to a 2016-2017 reserve for the Montague Pump Station and \$3.2 million was rebudgeted in the 2016-2017 Adopted Budget), Immediate Replacement and Diversion Projects (\$1.7 million, of which \$800,000 was rebudgeted in the 2016-2017 Adopted Budget and \$700,000 is recommended in this report for rebudget), and Condition Assessment Sewer Repairs (\$1.5 million, of which \$1.4 million is recommended for rebudget in this report). The largest true project savings in 2015-2016 were due to the Husted Avenue Sanitary Sewer Improvement – Phase II project, which came in under budget by approximately \$794,000 due to lower than anticipated bids. Aside from the standard

2015 - 2016 ANNUAL REPORT
--

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

SANITARY SEWER CAPITAL FUNDS

year-to-year variances across projects that occur in capital funds, the higher expenditure level compared to the prior year can be attributed in large part to the Monterey-Riverside Relief Sanitary Sewer Improvements project, as that was a major project in 2015-2016 for which there were no significant prior year expenditures.

Ending Fund Balance Performance (\$ in Thousands)						
<i>2015-2016 Modified Budget</i>	<i>2015-2016 Estimated Ending Fund Balance</i>	<i>2015-2016 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Rebudget Adjustments</i>	<i>Revised Variance (incl. Rebudget Adjustments)</i>	<i>Revised Variance As % of Modified Budget</i>
\$129,411	\$52,545	\$63,365	\$10,820	(\$3,354)	\$7,466	5.8%

The **Ending Fund Balance** of \$63.4 million was \$10.8 million above the estimate used in the development of the 2016-2017 Adopted Budget. After accounting for rebudget adjustments recommended in the Annual Report, the positive variance drops to \$7.5 million. This ending fund balance was above the estimate largely due to lower than anticipated expenditures across several ongoing allocations, including Condition Assessment Sewer Repairs (\$1.5 million), Infrastructure – Sanitary Sewer Condition Assessment (\$880,000), and Immediate Replacement and Diversion Projects (\$854,000) and higher than estimated connection fee revenue (\$276,000).

After accounting for all recommended adjustments, approximately \$6.0 million is recommended to be allocated to the SSUC Fund 2016-2017 Ending Fund Balance and \$1.4 million to the Connection Fee Fund 2016-2017 Ending Fund Balance for future use.

2015 - 2016 ANNUAL REPORT

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY CAPITAL FUNDS

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2015-2016 Budget</i>	<i>2015-2016 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$6,808	\$7,379	\$571	8.4%
Expenditures	\$10,336	\$8,063	(\$2,273)	(22.0%)

The Water Utility Capital Funds include the Water Utility Capital Fund and the Major Facilities Fund.

Revenues totaled \$7.4 million and were generated primarily from a Transfer from the Water Utility Fund (\$6.7 million) and fees paid by developers (\$631,000). The fees consist of Major Facilities Fees (\$529,000), Advanced System Design Fees (\$45,000), Meter Installation Fees (\$30,000), and Service Connection Fees (\$27,000). This revenue level was \$571,000 (8.4%) above the modified budget due primarily to the receipt of major facilities fees, as these fees are not assumed due to the highly volatile nature of this revenue stream. Revenues were also \$3.3 million (80.6%) above the prior year level of \$4.1 million, due primarily to a higher transfer from the Water Utility Fund for capital projects.

Expenditures totaled \$8.1 million and were for several capital projects; the largest of these were Meter Replacements (\$2.3 million), Cadwallader Reservoir Rehabilitation (\$1.9 million), Infrastructure Improvements (\$1.8 million), and System Maintenance/Repairs (\$735,000). This expenditure level was \$2.8 million (53.6%) above the prior year level of \$5.2 million.

Expenditures were below the budget by \$2.3 million (22.0%) as a result of project savings and unexpended project funds across a number of projects. Several of these projects are recommended to be rebudgeted to 2016-2017 in this report as a result of project delays or were rebudgeted in the 2016-2017 Adopted Budget or the August 16, 2016 City Council meeting, which approved several additional rebudgets prior to this report: North San José Water Well Evaluation and Rehabilitation (\$856,000, all of which was rebudgeted in August 2016), Safety and Security Improvements (\$406,000), and Cadwallader Reservoir Rehabilitation (\$125,000). Expenditures were above the prior year due primarily to higher expenses for the Meter Replacements and Cadwallader Reservoir Rehabilitation projects, as they were larger projects that occurred in 2015-2016, partially offset by the Nortech and Trimble Reservoir Rehabilitation project, as that project occurred primarily in 2014-2015.

Ending Fund Balance Performance (\$ in Thousands)						
<i>2015-2016 Modified Budget</i>	<i>2015-2016 Estimated Ending Fund Balance</i>	<i>2015-2016 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Rebudget Adjustments</i>	<i>Revised Variance (incl. Rebudget Adjustments)</i>	<i>Revised Variance As % of Modified Budget</i>
\$17,294	\$7,536	\$9,885	\$2,349	(\$1,645)	\$704	4.1%

The **Ending Fund Balance** of \$9.9 million was \$2.3 million above the estimate used in the development of the 2016-2017 Adopted Budget. After accounting for rebudget adjustments recommended in the Annual Report, the positive variance drops to \$704,000, including \$274,000 in the Water Utility Capital Fund and \$430,000 in the Major Facilities Fund. This revised variance from the estimate was due largely to the receipt of major facilities fee revenue (\$404,000) and lower expenses across several capital projects,

**2015 - 2016
ANNUAL REPORT**

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY CAPITAL FUNDS

the largest of which were for Water Valve Rehabilitation 2014 (\$130,000) and Service Installations (\$73,000), partially offset by lower service connection fee revenue (\$23,000).

As described in *Section IV – Recommended Budget Adjustments and Clean-up/Rebudget Actions*, it is recommended that the Transfer from the Water Utility Fund to the Water Utility Capital Fund be decreased by \$474,000, offset by a reduction to the 2016-2017 Ending Fund Balance, to address funding needs in the Water Utility Fund. After allocating the additional \$274,000 generated from the 2015-2016 surplus Ending Fund Balance and \$200,000 of existing 2016-2017 Ending Fund Balance in the Water Utility Capital Fund, the adjusted 2016-2017 Ending Fund Balance would total \$109,000. In the Major Facilities Fund, the 2016-2017 Ending Fund Balance increases by \$430,000 to \$5.1 million.

2015 - 2016 ANNUAL REPORT
--

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY OPERATING FUND

Revenue and Expenditure Performance (\$ in Thousands)				
	<i>2015-2016 Budget</i>	<i>2015-2016 Actuals</i>	<i>Variance</i>	<i>% Variance</i>
Revenues	\$40,096	\$36,856	(\$3,240)	(8.1%)
Expenditures	\$45,705	\$41,027	(\$4,678)	(10.2%)

Revenues totaled \$36.9 million and were generated from potable (\$31.6 million) and recycled water (\$4.8 million) sales, miscellaneous revenues (\$312,000), and interest earnings (\$68,000). This revenue level was \$3.2 million (8.1%) below the modified budget but \$23,000 (0.1%) above the prior year level of \$36.8 million.

Revenues ended the year below the budget due to lower than anticipated potable water sales, particularly in March and April 2016, adjustments to the reserve for bad debt, and revenues credited back to a customer for over-payment, for which the year-end revenue estimate was slightly overstated. The very slight positive variance to the prior year was due primarily to higher recycled water sales and potable (28%) and recycled (19%) water rates, offset by a 14% decrease in potable water consumption.

Expenditures totaled \$41.0 million and were primarily for Environmental Services Department (ESD) non-personal/equipment costs (\$26.9 million, of which \$19.0 million was attributed to the purchase of wholesale potable water and \$3.1 million to wholesale recycled water), a Transfer to the Water Utility Capital Fund (\$6.7 million), and ESD Personal Services (\$4.9 million). This expenditure level was \$4.7 million (10.2%) below the modified budget, but \$5.6 million (15.9%) above the prior year level of \$35.4 million.

The negative variance to the budget was mainly due to lower non-personal/equipment expenditures in ESD (\$4.4 million), which was largely a result of lower than budgeted potable water purchases due to higher than anticipated water conservation; however, compared to the estimate used to develop the 2016-2017 Adopted Budget, the non-personal/equipment expenditure variance was only \$295,000. Expenditures were above the prior year due primarily to an increased transfer to the Water Utility Capital Fund and higher non-personal/equipment and personal services expenditures in ESD.

Ending Fund Balance Performance (\$ in Thousands)						
<i>2015-2016 Modified Budget</i>	<i>2015-2016 Estimated Ending Fund Balance</i>	<i>2015-2016 Actual Ending Fund Balance</i>	<i>Variance</i>	<i>Recommended Rebudget Adjustments</i>	<i>Revised Variance (incl. Rebudget Adjustments)</i>	<i>Revised Variance As % of Modified Budget</i>
\$54,413	\$11,751	\$10,338	(\$1,413)	(\$63)	(\$1,476)	(2.7%)

The **Ending Fund Balance** of \$10.3 million was \$1.4 million below the estimate used in the development of the 2016-2017 Adopted Budget. After accounting for rebudgets recommended in the Annual Report of \$63,000, the negative variance increases to \$1.5 million. The 2015-2016 ending fund balance fell below the estimate primarily due to lower than estimated revenues from potable water sales (\$2.0 million), partially offset by higher than estimated revenues from recycled water sales (\$214,000).

**2015 - 2016
ANNUAL REPORT**

PERFORMANCE OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY OPERATING FUND

Three primary factors contributed to a decrease in potable water revenues compared to the estimate: 1) an increase to the reserve for bad debt by approximately \$479,000 was necessary at fiscal year-end, due to an increase in levels of uncollected revenues; 2) an overall 5% decrease in consumption for March through June compared to 2014-2015, with an uptick occurring in the last month, providing for some of the additional revenue from those water sales to be realized in 2016-2017; and 3) a multi-year billing discrepancy, affecting a single customer and discovered as part of the billing system implementation, providing for an approximately \$300,000 higher than estimated reimbursement.

As described in *Section IV – Recommended Budget Adjustments and Clean-up/Rebudget Actions* of this report, several budget actions are recommended to address the lower 2015-2016 ending fund balance, adjust for estimated 2016-2017 performance, and account for the staff compensation adjustments and additional 1.0% rate increase (from 2.0% to 3.0%) approved in June 2016. A net revenue decrease of \$1.1 million is recommended for potable water sales to account for reduced revenue based on revised consumption and revenue estimates (\$1.5 million) and to account for the additional 1.0% potable water rates and charges increase approved by the City Council on June 14, 2016 (\$350,000) that had not yet been factored into the 2016-2017 Adopted Budget. Accordingly, a decrease to expenditures of \$1.1 million is also recommended to reflect the reduced amount of wholesale water purchases, due to these revised levels of potable water consumption. Other recommended actions include increasing the ESD personal services allocation due to a reclassification of several water operator job specifications on June 14, 2016 (\$300,000), increasing the overhead transfer to the General Fund by \$66,000 to account for this increase in staffing costs, increasing the Customer Information System Transition allocation by \$63,000 as a result of a rebudget of that allocation from 2015-2016, and decreasing the Transfer to the Water Utility Capital Fund (\$474,000) as a budget balancing strategy.

Staff anticipates returning to City Council in fall 2016 with additional recommendations relating to water rates, including information regarding water conservation and its effects on changes in water usage, as well as wholesale water supply availability. Until then, the use of a portion of the Rate Stabilization Reserve (\$900,000) is recommended in this report as a temporary funding source to offset a portion of the negative fund balance adjustment. The remaining negative balance of approximately \$468,000 is recommended to be offset by a reduction to the Unrestricted Ending Fund Balance, bringing it down from \$527,000 to \$59,000. Staff have immediately implemented cost control measures in the fund and will continue to closely monitor water consumption activity levels; adjustments for both targeted cost savings and consumption changes may be brought forward either as part of the 2016-2017 Mid-Year or Year-End Budget Review processes, as necessary.

2015-2016

ANNUAL

REPORT

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

**2015 - 2016
ANNUAL REPORT**

IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

Budget Adjustments

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

General Fund

Required Technical/Rebalancing Actions – These actions recommend adjustments to align already approved expenditure budgets with the most current tracking information, to comply with actions previously authorized by the City Council, or to correct technical problems in the 2016-2017 Adopted Budget.

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.

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 through the annual budget process, because the Administration has deemed the need can or should not wait until later in the year.

Special/Capital Funds

Special/Capital Fund Adjustments – These actions adjust revenue estimates based on recent 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.

**2015 - 2016
ANNUAL REPORT**

IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

Clean-Up Actions

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

General Fund & Special/Capital Funds

Fund Balance Reconciliations – These actions revise the Beginning Fund Balance estimates in the 2016-2017 budget for all funds where the actual (unaudited) 2015-2016 Ending Fund Balance contained in the unaudited Comprehensive Annual Financial Report (CAFR) statements differed from the budgeted amount.

Development Fee Program Reconciliations – These actions adjust appropriations based on actual Development Fee Program expenditure and revenue reconciliations. Consistent with the budget policy enacted many years ago, year-end reconciliations of the revenues and expenditures in the Development Fee Programs are conducted to determine if revenues exceeded or fell below costs. To meet the commitment to the development community that all development fees will be used solely to support development fee activities, any excess revenues and interest earnings above actual costs are placed in the Development Fee Program Reserves.

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

Voluntary Furlough/Reduced Work Week Program – Adjustments to various departments' Personal Services appropriations reflect implementation of the Voluntary Furlough/Reduced Work Week Program in 2016-2017. Savings in the General Fund (\$200,000) will be generated from employees taking unpaid time off (up to 45 hours) without the loss of accrued benefits (vacation, sick leave, and seniority) or reducing their weekly scheduled hours by as much as eight hours per week during the year. Savings of \$200,000 were assumed in the development of the 2016-2017 Adopted Budget and temporarily funded from the General Fund Salaries and Benefits Reserve. The actions reflected in this report remove the actual savings from the departmental budgets and appropriately restore the funding to the Salaries and Benefits Reserve.

**2015 - 2016
ANNUAL REPORT**

IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds

Technical Adjustments – These actions align revenues and/or expenditures among appropriations, funds, and/or categories for previously approved budget actions or reconciles revenues with expenditures to close out the previous fiscal year.

- **Net-Zero Funding Transfers/Reallocations** – These actions include net-zero transfers between appropriations, funds, and revenue categories and the redistribution of funding allocations.
- **Other Adjustments:**
 - **4th Street Garage Banquet Facility Maintenance and Operations** – This technical contractually required adjustment in the General Fund decreases the 4th Street Garage Banquet Facility Maintenance and Operations appropriation based on actual banquet revenue received in 2015-2016 compared to the modified budget revenue estimate. A decrease to this appropriation of \$27,402 is recommended in this report based on actual collections.
 - **Interest Earnings – 2014 and 2015 Justice Assistance Grant** – This technical adjustment in the Edward Byrne Memorial Justice Assistance Grant Fund appropriates interest earned in 2015-2016 to the 2014 Justice Assistance Grant and the 2015 Justice Assistance Grant appropriations that were previously unallocated. These funds will be used in accordance with the approved spending plan, which includes equipment, crime prevention and community education programs, and grant administration.
 - **Artificial Turf Capital Replacement Reserve** – Consistent with past practice, this technical adjustment in the General Fund adds funding of \$310,000 to a reserve that was included as part of the 2016-2017 Adopted Operating Budget for future replacement of artificial turf fields. This reserve is supported by the field reservation revenues, less the cost to maintain and operate the artificial turf fields.

**2015 - 2016
ANNUAL REPORT**

IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds

Other Adjustments:

- **Certified Access Specialist Program (CASP)** – This technical adjustment in the General Fund decreases the CASP appropriation by \$2,407 based on actual revenue received compared to the modified budget revenue estimate from a \$1.00 surcharge on each new or renewed City-issued business license for activities and services associated with an expanded CASP program, as required by State Senate Bill 1186. Of the total fees collected, 30.0% are transmitted to the State Division of Architect, and 70.0% remains with the City of San José. Of the 70.0% City portion, 95.0% of the funding funds inspection services in the Planning, Building and Code Enforcement Department, and the remaining 5.0% funds administrative costs in the Finance Department for collections and reporting. This program increases compliance with Americans with Disabilities Act (ADA) improvements and develops educational resources for business to facilitate compliance with federal and State disability laws.
- **Cultural Facilities Capital Maintenance Reserve** – This technical adjustment is necessary to recognize additional Transient Occupancy Tax revenue received in 2015-2016 in the amount of \$265,000. As directed in the Mayor’s March Message for Fiscal Year 2015-2016, as approved by the City Council, the growth in the General Fund portion of the Transient Occupancy Tax revenue above the 2014-2015 base year is to be set aside for cultural and arts facilities capital maintenance.
- **Federal Realty Refund** – This technical adjustment, totaling \$138, corrects for a rounding error. Because projects are rounded to the nearest thousand dollar in the Building and Structure Construction Tax Fund in the Capital Budget, the Federal Realty Refund appropriation, which will refund a developer, was inadvertently rounded down versus to the exact refund amount. By rounding down, the appropriation did not have sufficient funding to make the payment.
- **General Plan Update Reserve** – This technical adjustment reflects a reconciliation of actual annual General Plan Update fee revenues received in the General Fund compared to the modified budget revenue estimate. A General Plan Update fee is applied to certain planning permits and activities and the revenues received are restricted to activities related to General Plan updates. The upward adjustment of \$38,656 accounts for actual revenue receipts that were slightly above the modified budget, which are now recommended to be placed in an earmarked reserve for future use.

**2015 - 2016
ANNUAL REPORT**

IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds

Other Adjustments:

- **Gift Trust Fund Reconciliation** – These actions allocate the actual revenues received in 2015-2016 that were not incorporated into the 2016-2017 Adopted Budget for existing gift, as well as rebudget gifts that were anticipated to be spent in 2015-2016 but had funds remaining. The Gift Trust Fund accounts for revenues and expenditures related to gifts, donations, and bequests to the City, and funds deposited may be only be used for the specified gifts as indicated.
- **Leland Sports Field Repayment** – This technical adjustment transfers funding toward the full repayment of \$350,000 to the Council District 10 Construction and Conveyance (C&C) Tax Fund. Funding was advanced to the Leland Sports Field project from this District to support the addition of an enhanced concession/storage/bathroom facility at the Leland Sports Field. As approved by the City Council in March 2007, fees collected from the use of this sports field will support ongoing operational and maintenance costs, repay the Council District 10 C&C Tax Fund, and establish a reserve for future replacement of the turf prior to the expiration of the agreement. A technical adjustment recommended in this report transfers \$39,000 in additional fee revenue in excess of operating costs from the General Fund to the Leland Turf Replacement Reserve in the Council District 10 C&C Tax Fund. A total of \$39,000 remains to be repaid to the Council District 10 C&C Tax Fund. This payment completes the repayment of \$350,000 to the Council District 10 C&C Tax Fund.
- **Human Resources/Payroll/Budget Systems Upgrade** (Transfer to the General Fund) – Actions are recommended in this report to provide additional funding for the Human Resources/Payroll/Budget Systems Upgrade (\$566,000) in the General Fund. Of the \$566,000 being added, \$466,000 will be added to the project contingency, bringing the total contingency amount to \$1,883,740. The remaining \$100,000 of additional funding will cover an Agreement with CherryRoad Technology Inc. for Managed Services. This Agreement will provide the City with additional technical support once the systems have all been implemented. To offset a portion of the costs, a transfer of \$136,000 from various special and capital funds as well as reimbursement from the Development Fee Program partners of \$29,000 is included to account for those funds' fair share of the additional project costs.

**2015 - 2016
ANNUAL REPORT**

IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

Clean-Up Actions

General Fund & Special/Capital Funds

Other Adjustments:

- **Policy and Ordinance Assistance** – These technical adjustments reallocate funding (\$124,000) from the Planning, Building and Code Enforcement (PBCE) Non-Personal/Equipment appropriation to the PBCE Personal Services appropriation. The funding will support temporary staff to assist with researching and drafting proposed changes to land use regulations in the San José Municipal Code and land use policy documents in order to facilitate the implementation of action items identified in the Envision San José 2040 General Plan and for economic development. Funding was added in the 2016-2017 Adopted Budget for a consultant to provide these services; however, subsequently temporary staff was hired to perform the work.
- **Public, Educational, and Government (PEG) Access** – These technical contractually required adjustments in the General Fund reflect a reconciliation of actual revenue received from the City’s cable provider and related interest earnings. As a result of higher than budgeted revenues received, these technical adjustments increase the City-Wide Expenses Public, Educational, and Government Access Facilities – Capital appropriation by \$2,788 and the City-Wide Expenses Government Access – Capital Expenditures appropriation by \$2,219.
- **San José End of Watch Memorial** – These technical adjustments reallocate funding from Mayor and City Council appropriations to the San José End of Watch Memorial (\$33,500). At the August 9, 2016 City Council meeting, direction was given to reallocate resources from Mayor and Council offices to support the San José End of Watch Memorial to memorialize San José Police Department officers who have made the ultimate sacrifice servicing the residents of San José.
- **Vietnamese-American Community Center Planning and Fundraising** – These technical adjustments reallocate funding (\$70,000) from the City Manager’s Office Vietnamese-American Community Center City-Wide Expenses to the Parks, Recreation and Neighborhood Services Department (PRNS) Vietnamese-American Community Center Planning and Fundraising Capital Improvements appropriation. These actions consolidate the funding allocated for fundraising and community partnership activities for the Vietnamese-American Community Center.

General Fund Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Air Service Incentive Program Reserve/Transfers and Reimbursements</i>	EARMARKED RESERVES		(\$500,000)	(\$425,494)
<p>This action eliminates the Air Service Incentive Program Reserve in the amount of \$500,000 and reduces the overhead reimbursement from the Airport Maintenance and Operation Fund to the General Fund by \$425,494. The municipally-funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by the City Council in March 2007, requires that, should the percentage growth in annual enplanements at the Airport exceed the growth in annual enplanements nationwide, the City shall reduce the amount of its indirect overhead expenses in the following fiscal year by a corresponding percentage. In 2015-2016, the percentage growth in annual enplanements at the Airport was 6.8% which exceeded the FAA's projection of 4.2% for national enplanement growth. In order to comply with the provisions of the Agreements, the overhead reimbursement from the Airport Maintenance and Operation Fund will be reduced by 2.6% (from the Adopted Budget overhead rate of 17.57% to 15.00%), or \$425,494, in 2016-2017. In anticipation of this reduction, the 2016-2017 Adopted Budget included an Air Service Incentive Program Reserve of \$500,000 to offset the projected loss in revenue. Because the actual overhead reduction is slightly below the estimate incorporated into the 2016-2017 Adopted Budget, this action results in savings of \$74,506 to be returned to the General Fund.</p>				
<i>Animal Care and Services Fire Alarm and Security Upgrade</i>	CAPITAL PROJECTS		\$148,000	
<p>This action increases the Animal Care and Services Fire and Security Upgrade appropriation by \$148,000 (from \$100,000 to \$248,000) to address higher than anticipated project costs. The most recent quote for the construction phase of this project exceeded the engineering estimate, due primarily to material cost escalation and the current competitive nature of the construction industry. This project will upgrade the current fire alarm and security systems at the Animal Care and Services Shelter, which ensures that the fire alarm is heard throughout the facility. The project will also enhance the announcing devices so that the alarm is audible and visible throughout the entire facility, addressing health and safety needs. This additional funding allows for the award of a construction contract and the completion of this project in 2016-2017.</p>				
<i>Arena Authority</i>	CITY-WIDE EXPENSES		\$4,300	
<p>This action increases the Arena Authority appropriation by \$4,300 (from \$189,900 to \$194,200) to provide funding for a cost of living adjustment that was inadvertently omitted from the 2016-2017 Adopted Operating Budget.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Banking Services</i>				
	CITY-WIDE EXPENSES		\$200,000	
<p>This action increases the Banking Services appropriation by \$200,000 (from \$1,774,000 to \$1,974,000) to cover the rising merchant services fees paid by the City, as more customers have been paying City fees with credit cards. The increase in merchant fees is primarily a result of services newly covered by this appropriation, including utility payments. This is a result of the new Customer Information System (CIS) Infinity Utility system that was implemented in 2015-2016, enabling customers to pay online via credit card. Once this system became integrated with the City's cashing system, the merchant fees from these payments began being charged directly to the Banking Services appropriation.</p>				
<i>Building Development Fee Program - Personal Services (Building Inspector Combination Compensation)</i>				
	PLANNING, BLDG, & CODE ENF		\$865,000	
<p>This action increases the Planning, Building and Code Enforcement Building Development Fee Program Personal Services appropriation by \$865,000 (from \$26.5 million to \$27.4 million) to account for higher than budgeted costs for the flexibly staffed Building Inspector Combination classification. Revisions to the Building Inspector Combination classification series became effective in July 2015, creating new classifications (e.g., Building Inspector Combination Certified I, II, III, Senior, and Supervisor) based on certifications and years of experience, and increasing salaries. The higher salary amounts associated with the new flexibly staffed classifications were not included in the development of the 2016-2017 Adopted Budget, and this action will align the budget with the higher actual costs. A corresponding decrease to the Building Development Fee Program Earmarked Reserve is recommended to offset this action for a net-zero impact on the General Fund.</p>				
<i>Building Development Fee Program Reserve (Personal Services Adjustment/Overhead)</i>				
	EARMARKED RESERVES		(\$1,035,000)	
<p>This action decreases the Building Development Fee Program Earmarked Reserve by \$1,035,000 to cover higher than budgeted personal services costs (\$865,000) for the Building Inspector Combination classification and associated overhead costs (\$170,000). When the 2016-2017 Adopted Budget was developed, lower salary amounts were assumed for the flexibly staffed inspector positions, which understated costs for a number of these positions. This action correctly accounts for the actual salaries for Building Inspectors based on their classifications. Corresponding actions to increase the Planning, Building and Code Enforcement Building Development Fee Program's Personal Services appropriation by \$865,000 and to fund other recommendations in this report are recommended elsewhere in this document.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Business Tax Outreach Reserve</i>	EARMARKED RESERVES		\$150,000	
<p>This action establishes a Business Tax Outreach Reserve in the amount of \$150,000 to fund a potential education outreach program regarding new Business Tax rates, if the voters approve a Business Tax Modernization Ballot Measure in November. On August 2, 2016, the City Council directed the City Manager upon voter approval of the Business Tax Modernization Measure on the November 8 ballot, to develop an educational campaign for those affected by the Business Tax Modernization measure and to report to the Community and Economic Development (CED) Committee in December 2016 with an education outreach implementation plan beginning in January 2017 for the July 1, 2017 effective date of the new tax rates. If the voters approve the Business Tax Modernization Measure, staff will present a report at the November 28 CED Committee that will include a recommended outreach plan with a report to the full Council on December 13. In order to commence a potential education outreach program in January 2017, it is necessary to set aside funds in a reserve for appropriation in December. The recommended funding of \$150,000 would be used for a comprehensive, multi-lingual outreach campaign.</p>				
<i>Development Fee Program Technology Reserve</i>	EARMARKED RESERVES		\$798,000	
<p>This action increases the Development Fee Program Technology Reserve by \$798,000 (from \$295,000 to \$1.1 million) to include the Multiple Housing Occupancy Program's share of costs for the implementation of the Integrated Permit System (AMANDA) upgrade. The Development Fee Program Technology Reserve was established by contributions from the Development Services Partners (Building, Fire, Planning, and Public Works) and this action will payback those partners for the Multiple Housing Occupancy Program fair share portion of the system's costs that was funded by this reserve. This action is funded by 2015-2016 excess revenue and expenditure savings in the Multiple Housing Occupancy Program.</p>				
<i>Digital Arts Program</i>	PARKS, REC, & NEIGH SVCS	.25		
<p>This action adds 0.75 Senior Recreation Leader PT position and deletes 0.50 Recreation Leader PT position to provide appropriate staffing support for the expansion of the Digital Arts teen and youth program. The Digital Arts program was created to help at-risk youth discover non-violent forms of expression using music, film, photography, and art. This program is offered at Seven Trees, Mayfair, and Roosevelt Community Centers. There is sufficient funding in the San José Best and Safe Summer Initiative Programs appropriation to support this position change in 2016-2017.</p>				
<i>Elections and Ballot Measures</i>	CITY-WIDE EXPENSES		\$200,000	
<p>This action increases the Elections and Ballot Measures appropriation by \$200,000 as a result of higher actual costs for the June 2016 General Election and increased cost estimates associated with the November 2016 General Election, including three ballot measures and run-off elections for Council Districts 2, 6, and 8.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Human Resources/Payroll/Budget Systems Upgrade/Transfers and Reimbursements</i>	CITY-WIDE EXPENSES		\$566,000	\$136,000
<p>This action increases the Human Resources/Payroll/Budget Systems Upgrades appropriation by \$566,000 consistent with recommendations included in the September 27, 2016 City Council memorandum on this project (Item 3.4). Of this amount, \$466,000 will be added to the project contingency, bringing the total contingency amount to \$1,883,740. The remaining \$100,000 of additional funding will cover an Agreement with CherryRoad Technology Inc. for Managed Services. This Agreement will provide the City with additional technical support once the systems have all been implemented. Transfers from various special and capital funds of \$136,000 will provide partial funding for the additional project costs, resulting in a net General Fund impact of \$430,000. In a separate action elsewhere in this report, the Development Fee Programs are contributing \$29,000 for their share of the cost, bringing the final net General Fund impact from this project addition to \$401,000.</p>				
<i>Non-Personal/Equipment (Electronic Patient Care Reporting Project)</i>	FIRE		\$186,000	
<p>This action increases the Fire Department Non-Personal/Equipment appropriation by \$186,000 to purchase equipment and/or services to support the full implementation of the electronic patient care reporting (ePCR) project. The ePCR project will allow the Emergency Medical Services (EMS) providers in the County of Santa Clara to meet State-mandated EMS data reporting requirements, ensure quality assurance, and aggregate patient care reports. Each fire station will be equipped with various pieces of equipment and services (such as desktop computers, laptops, tablets, other remote data collection devices, required software, and connectivity). These pieces of equipment and services will be used by Firefighter/Paramedics and Fire Captains at the stations. Funding for this project was received at the end of 2015-2016 from the County of Santa Clara's allocation of the Emergency Medical Services (EMS) Trust Fund but was not appropriated due to the late timing. The deadline for the City to complete the project is June 30, 2017.</p>				
<i>Non-Personal/Equipment (State Board of Equalization Sales Tax Set-Up)</i>	FINANCE		\$175,000	
<p>This action increases the Finance Department Non-Personal/Equipment appropriation in the amount of \$175,000 to cover the costs of implementing the voter-approved increase to the City's sales tax rate. The State Board of Equalization (BOE) charges the City for its services in administering the local tax ordinance. With a newly approved sales tax rate, the BOE will charge the City a maximum amount of \$175,000 for the administrative costs associated with collecting the new sales tax, including the updating of returns and publications as well as the notification of taxpayers.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Pavement Maintenance Program</i>	CAPITAL PROJECTS		\$3,300,000	
<p>This action increases the Pavement Maintenance Program appropriation by \$3.3 million, from \$25.7 million to \$29.0 million, for street pavement and repairs. Per the Operating Budget and Capital Improvement Program Policy (Council Policy 1-18), any General Fund Ending Fund Balance identified in the City Manager's Annual Report, after accounting for all appropriation adjustment actions to rebudget funds, correct errors, or reflect updated cost information, shall be allocated 50% towards unmet/deferred infrastructure and maintenance needs and 50% to offset any projected deficit. Because the projected deficit for 2017-2018 has already been addressed as part of the 2016-2017 Adopted Budget, this action will allocate the entire remaining General Fund Ending Fund Balance after rebudget and clean-up adjustments towards helping to address the unmet/deferred pavement maintenance needs.</p>				
<i>Police Department Overtime (Salaries and Benefits Reallocation)</i>	POLICE			
<p>This action increases the Police Department's overtime funding in 2016-2017 by \$17.0 million (from \$18.6 million to \$35.6 million), which is approximately equivalent to the overtime expenditures in 2015-2016. This funding will primarily be used to continue to backfill for vacant sworn and civilian positions and continue the expanded targeted enforcement efforts for high crime activity. To better align anticipated actual costs with expenditure line items, this action reallocates \$17.0 million in estimated 2016-2017 vacancy savings from the salary and benefits line items to the overtime line item in the Police Department Personal Services appropriation. This action will have a net-zero impact on the General Fund.</p>				
<i>SAP Center Renegotiation</i>	CITY-WIDE EXPENSES		\$20,000	
<p>This action establishes the SAP Center Renegotiation appropriation in the amount of \$20,000 to continue the renegotiation of the SAP Center operating agreement as directed in the Mayor's March Budget Message for Fiscal Year 2014-2015, as approved by the City Council. The current operating agreement with the San Jose Sharks for the management of the San José Arena is set to expire in June 2018. Due to the complexities of operating the SAP Center as an entertainment venue for the City of San José and surrounding region and hosting an ice hockey franchise, the funding will continue to provide the City with the necessary resources to secure outside expertise to support the negotiation process.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Silicon Valley Regional Communications System - Infrastructure Payment</i>	CAPITAL PROJECTS		\$1,961,440	
<p>This action establishes the Silicon Valley Regional Communications System (SVRCS) – Infrastructure Payment appropriation to fund the second payment to the Silicon Valley Regional Interoperability Agency (SVRIA) for the City’s share of the infrastructure costs related to the build out of the SVRCS. The City’s share of the infrastructure costs are \$7,488,046 and the City and SVRIA agreed to a three-year payment schedule. The first payment of \$3,130,000 was made in June 2015, which funded the first year’s payment and prepaid a portion of the second year’s payment. This action will fund the remaining portion of the second year’s payment. A corresponding decrease to the SVRCS Reserve is recommended to offset this action for a net-zero impact on the General Fund.</p>				
<i>Silicon Valley Regional Communications System Reserve</i>	EARMARKED RESERVES		(\$1,961,440)	
<p>This action decreases the Silicon Valley Regional Communications System (SVRCS) Reserve by \$1,961,440 (from \$4,375,745 to \$2,414,305) to fully fund the second payment to the Silicon Valley Regional Interoperability Agency (SVRIA) for the City’s share of the infrastructure costs related to the build out of the SVRCS. The City’s share of the infrastructure costs are \$7,488,046, and the City and SVRIA agreed to a three-year payment schedule. The first payment of \$3,130,000 was made in June 2015, which funded the first year’s payment and prepaid a portion of the second year’s payment. After this action, the remaining funds in the Reserve will fund the third payment and will fulfill the City’s obligation. A corresponding action to establish the Silicon Valley Regional Communications System - Infrastructure Payment appropriation is recommended to offset this action for a net-zero impact on the General Fund.</p>				
<i>Sports Authority</i>	CITY-WIDE EXPENSES		\$10,400	
<p>This action increases the Sports Authority appropriation by \$10,400 (from \$698,200 to \$708,600) to provide funding for a cost-of-living adjustment that was inadvertently omitted from the 2016-2017 Adopted Operating Budget.</p>				
<i>Transfers and Reimbursements (Overhead from the Water Utility Fund)</i>	REVENUE ADJUSTMENTS			\$66,000
<p>This action increases the estimate for Transfers and Reimbursements by \$66,000 for overhead from the Water Utility Operating Fund as a result of amendments to various Water Utility System classifications for 2016-2017. As approved by the City Council on June 14, 2016, the Amendments to the City Pay Plan for Various Classifications item included adjustments to various classifications that resulted in increased personal services costs to the utility for 2016-2017, thereby necessitating an increase in overhead to the General Fund. A separate action recognizing the revenue impact of an additional 1.0% increase to potable water rates and charges is included to partially offset this action elsewhere in this report.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
---------------	-------------------	------------------	---------------------------	-----------------------

REQUIRED TECHNICAL/REBALANCING ACTIONS

Transfers and Reimbursements - Transfer from Convention and Cultural Affairs Fund (Broadway San José Ticket Revenue)

REVENUE ADJUSTMENTS \$7,209

This action increases the Transfers and Reimbursements revenue estimate by \$7,209. Team San Jose collects \$1 for every ticket sold for a Broadway San José show and then remits these payments to the City for repayment of a past loan made to the American Musical Theater (AMT) in the amount of \$1 million. Receipts are collected in the Convention and Cultural Affairs Fund and then transferred to the General Fund, the originating funding source of the AMT loan. Ticket sale receipts in 2015-2016 exceeded the Modified Budget estimate of \$260,413 by \$7,209, for a total amount of receipts collected of \$267,622. This action recognizes the transfer of these excess receipts into the General Fund. A corresponding action in the Convention and Cultural Affairs Fund is recommended elsewhere in this report. In total, \$541,302 of the \$1.0 million loan has been repaid, leaving a remaining balance of \$458,696.

Urban Forestry Services Reserve

EARMARKED RESERVES \$200,000

As previously directed by the City Council on June 21, 2016, this action establishes an Urban Forestry Services Reserve in the amount of \$200,000. This funding will potentially be used for additional work related to the cultivation of plants and young trees, planting and care for trees in neighborhoods, schools, and parks, and educating the community on urban forestry and environmental issues. A recommendation regarding the use of this reserve will be brought forward for City Council consideration in winter 2016 pending the outcome of an audit regarding the expenditure of existing City funding and the compliance with terms of existing urban forestry grant agreements with the City.

Vietnamese-American Community Center

CITY MANAGER (1.00)

This action eliminates 1.0 Executive Analyst (limit-dated through June 30, 2017) in the City Manager's Office focused on fundraising and community partnerships for the Vietnamese-American Community Center. The Executive Analyst position was added as part of the City Council's approval of the June 2016 Mayor's Budget Message for 2016-2017. The Administration has re-evaluated the program needs and determined that utilization of a City staff member to lead private fundraising efforts would not provide the most efficient and effective solution to achieve the program's fundraising goals. Donors often seek the tax benefits that can most readily be accessed through a 501c3 non-profit corporation, and as a result the Parks, Recreation and Neighborhood Services Department (PRNS) is working on the selection of an appropriate non-profit to successfully accomplish the private fundraising. A separate action in this document consolidates funding for the program by decreasing the City Manager's Office Vietnamese-American Community Center City-Wide Expenses appropriation in the amount of \$70,000 and increasing the PRNS General Fund Capital Improvement Vietnamese-American Community Center Planning and Fundraising appropriation by \$70,000 (from \$230,000 to \$300,000).

General Fund Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
TOTAL REQUIRED TECHNICAL/REBALANCING ACTIONS		(.75)	\$5,287,700	(\$216,285)
GRANTS/REIMBURSEMENTS/FEES				
<i>After School Education and Safety Programs for School Year 2016-2017/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$454,830	\$454,830
<p>This action recognizes and appropriates school district funding in the amount of \$454,830 to the Parks, Recreation and Neighborhood Services Department to support after school education and safety programs in the Berryessa (\$106,257) and Alum Rock (\$103,171) School Districts, and at the Empower Academy (\$100,402) and Franklin McKinley (\$145,000) ACE Charter Schools.</p>				
<i>Bay Area Electric Vehicle Corridor Project/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$30,663	\$30,663
<p>This action establishes the Bay Area Electric Vehicle Corridor Project appropriation to the Public Works Department and recognizes Revenue from State of California in the amount of \$30,663. These funds will support the installation of approximately four additional electric charging stations for electric and plug-in vehicles. These additional charging stations will be located in publicly accessible areas on City property.</p>				
<i>Cirque du Soleil/Other Revenue</i>	CITY-WIDE EXPENSES		\$250,000	\$250,000
<p>This action establishes the Cirque du Soleil City-Wide Expenses appropriation to the Office of Economic Development and increases the corresponding estimate for Other Revenue to recognize a lease agreement with Cirque du Soleil America, Inc. in the amount of \$250,000. The lease agreement will permit use of City-owned real property by Cirque du Soleil to present their touring show at the beginning of 2017. The proceeds from the agreement will be used for City departments' staff costs associated with the set-up and take-down of the event and the rental of 100 parking spaces in County lots used for displaced staff from the Police and Fire Departments and the Office of Emergency Services.</p>				
<i>Council District #02 (Special Event Sponsorship)/Other Revenue</i>	MAYOR & COUNCIL		\$3,350	\$3,350
<p>This action increases the Council District #02 appropriation and the estimate for Other Revenue by \$3,350 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 2, including the Philippine Flag Raising, the Future Roots Event, and the Indian Flag Raising.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Council District #05 (Special Event Sponsorship)/Other Revenue</i>	MAYOR & COUNCIL		\$8,800	\$8,800
<p>This action increases the Council District #05 appropriation and the estimate for Other Revenue by \$8,800 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 5, including National Night Out.</p>				
<i>Council District #08 (Special Event Sponsorship)/Other Revenue</i>	MAYOR & COUNCIL		\$10,128	\$10,128
<p>This action increases the Council District #08 appropriation and the estimate for Other Revenue by \$10,128 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by Council District 8, including the Day in the Park, the 8th Annual Health Fair, and the 2016 Music and Movie Night.</p>				
<i>Foundation Grant - encores4youth Initiative/Other Revenue</i>	CITY-WIDE EXPENSES		\$245,000	\$245,000
<p>This action establishes the Foundation Grant - encores4youth Initiative appropriation to the City Manager's Office and increases the corresponding estimate for Other Revenue to recognize grant awards from the David and Lucile Packard Foundation (\$120,000) and another entity (\$125,000) in the amount of \$245,000 to support the City of San José's partnership with Encore.com. This initiative will expand opportunities for adults ages 50 and older to step into a wide range of youth-serving roles, from volunteer mentoring and tutoring to paid program and leadership positions, with the end objective to leverage the City's resources more effectively to serve children and youth who must contend with systemic inequality and educational barriers.</p>				
<i>Internet Crimes Against Children Federal Grant 2014-2015/Revenue from Federal Government</i>	CITY-WIDE EXPENSES		\$411,960	\$411,960
<p>This action increases the Internet Crimes Against Children Federal Grant 2014-2015 appropriation to the Police Department and increases the estimate for Revenue from Federal Government to recognize additional grant funding from the U.S. Department of Justice in the amount of \$411,960. This grant funds officer overtime for investigating and disseminating tips from the National Center for Missing and Exploited Children's CyberTipLine and a portion of an analyst position (\$195,000); forensic software tools, licenses, internet services, and vehicle operating costs (\$116,000); professional development trainings of the Silicon Valley Internet Crimes Against Children Taskforce to expand and improve effective prevention, interdiction, investigation, and prosecution of internet crimes against children (\$66,000); and travel costs for investigators to attend trainings and quarterly commander meetings (\$35,000). The grant period has been extended through June 30, 2017.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Internet Crimes Against Children State Grant 2016-2017/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$200,000	\$200,000
<p>This action establishes an Internet Crimes Against Children State Grant 2016-2017 appropriation to the Police Department and increases the estimate for Revenue from State of California to recognize grant funding from the California Governor's Office of Emergency Services in the amount of \$200,000. This grant funds activities and equipment related to increasing the investigation and prosecution of internet crimes against children offenses, such as a forensic van, laptops, forensic software licenses, and community outreach materials to bring awareness about how to keep children safe on the internet. The term of the grant is July 1, 2016 through June 30, 2017.</p>				
<i>Knight Foundation Parks Study Tour/Other Revenue</i>	PARKS, REC, & NEIGH SVCS		\$6,900	\$6,900
<p>This action increases the Parks, Recreation and Neighborhood Services Department (PRNS) Non-Personal/Equipment appropriation and estimate for Other Revenue in the amount of \$6,900 to reflect the reimbursement of travel expenses of city staff by the Knight Foundation. A team of staff from PRNS were invited by the Knight Foundation to attend the Parks Study Tour in Philadelphia from August 9th - August 12th; the Knight Foundation sponsored the event, including travel, hotel, and some meal costs.</p>				
<i>Non-Personal/Equipment (Deferred Compensation Program)/Transfers and Reimbursements</i>	HUMAN RESOURCES		\$6,778	\$6,778
<p>This action increases the Human Resources Department Non-Personal/Equipment appropriation and the corresponding estimate for Transfers and Reimbursements from the Deferred Compensation Fund by \$6,778 for increased contractual and dues and subscriptions costs for the Deferred Compensation program, as approved by the Deferred Compensation Advisory Committee on March 21, 2016.</p>				
<i>Non-Personal/Equipment (Rescue Training)/Revenue from Federal Government</i>	FIRE		\$29,700	\$29,700
<p>This action increases the Fire Department Non-Personal/Equipment appropriation and increases the estimate for Revenue from Federal Government by \$29,700 to recognize grant funds from the Federal Emergency Management Agency (FEMA). This grant funds rescue systems training for sworn personnel. Training courses in rescue systems include participation in the engineering and operation of simple to complex rescue systems.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Non-Personal/Equipment (Viva CalleSJ from the Youth Connections Foundation)/Other Revenue</i>	PARKS, REC, & NEIGH SVCS		\$10,000	\$10,000
<p>This action increases the Parks, Recreation and Neighborhood Services Department Non-Personal/Equipment appropriation and recognizes Other Revenue from the Youth Connections Foundation in the amount of \$10,000 to support Viva CalleSJ. Viva CalleSJ is a San José event that brings people and communities together to walk, bike, skate, play, and explore the city. This funding supported Reserve Officers and the School Challenge Contest Awards at the Viva CalleSJ event held on September 18, 2016.</p>				
<i>Non-Personal/Equipment (Water Rescue - Boats)/Revenue from Federal Government</i>	FIRE		\$15,485	\$15,485
<p>This action increases the Fire Department Non-Personal/Equipment appropriation and increases the estimate for Revenue from Federal Government by \$15,485 to reflect funds received from the State Homeland Security Grant Program (SHSGP) Anti-Terrorism Approval Authority. This grant funds the purchase of two Jon boats for use in water rescue. These boats are flat-bottomed vessels that are relatively lightweight and exceptionally stable in rough water.</p>				
<i>Office of the Mayor (Special Event Sponsorship)/Other Revenue</i>	MAYOR & COUNCIL		\$57,500	\$57,500
<p>This action increases the Office of the Mayor's appropriation and the estimate for Other Revenue by \$57,500 to allocate revenue received from various businesses and individuals. This funding will support special events co-sponsored by the Office of the Mayor.</p>				
<i>Personal Services (Partnerships to Improve Community Health Grant)/Revenue from Local Agencies</i>	PARKS, REC, & NEIGH SVCS		\$25,000	\$25,000
<p>This action increases the Parks, Recreation and Neighborhood Services Department Personal Services appropriation and Revenue from Local Agencies in the amount of \$25,000 to recognize a grant awarded by the County of Santa Clara from the Center for Disease Control and Prevention's Partnerships to Improve Community Health. This grant is intended to address physical inactivity, one of the leading risk factors for the major causes of death and disability. These funds were used to further the City's Viva CalleSJ open streets event held on September 18, 2016, which is a San José event that brings people and communities together to walk, bike, skate, play, and explore the city.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Personal Services (Rescue Training)/Revenue from Federal Government</i>	FIRE		\$19,560	\$19,560
<p>This action increases the Fire Department Personal Services appropriation and increases the estimate for Revenue from Federal Government by \$19,560 to recognize grant funds from the Federal Emergency Management Agency (FEMA). This grant funds training overtime for a Task Force 3 Program Manager from July 2016 to September 2016. The City of San Jose's Fire Department is a participating agency for FEMA California Task Force 3 to provide state-wide and national fire emergency response resources under the California Governor's Office of Emergency Services (CAL OES) and FEMA.</p>				
<i>Personal Services (Viva CalleSJ from Kaiser Permanente)/Other Revenue</i>	PARKS, REC, & NEIGH SVCS		\$5,000	\$5,000
<p>This action increases the Parks, Recreation and Neighborhood Services Department Personal Services appropriation and the estimate for Other Revenue by \$5,000 under Kaiser Permanente's South Bay funding program for local community activities. These funds contributed to the Viva CalleSJ event held on September 18, 2016. Viva CalleSJ is a San José event that brings people and communities together to walk, bike, skate, play, and explore the city.</p>				
<i>Personal Services (Viva CalleSJ from the Emerging City Fellowship Grant)/Other Revenue</i>	PARKS, REC, & NEIGH SVCS		\$5,000	\$5,000
<p>This action increases the Parks, Recreation and Neighborhood Services Department Personal Services appropriation and recognizes Other Revenue from 880 Cities for the 2016 Emerging City Project Fellowship in the amount of \$5,000. This fellowship provides funding to young civic innovators with creative ideas to enhance civic engagement, improve mobility in the community, and activate public spaces, concepts that are in alignment with the City's Viva CalleSJ event, which was held on September 18, 2016. Viva CalleSJ is a San José event that brings people and communities together to walk, bike, skate, play, and explore the city.</p>				
<i>Personal Services and Non-Personal/Equipment (National Recreation and Park Association Grant)/Other Revenue</i>	PARKS, REC, & NEIGH SVCS		\$7,500	\$7,500
<p>This action increases the Parks, Recreation and Neighborhood Services Department Personal Services appropriation by \$1,500, Non-Personal/Equipment appropriation by \$6,000, and corresponding estimate for Other Revenue from the National Recreation and Park Association by \$7,500. These funds will support after school programs at Recreation of City Kids (R.O.C.K.) sites including the Wildlife Explorers Program. This new program is expected to reach approximately 100 children.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>San José BEST and Safe Summer Initiative Programs Grant from Santa Clara County District Attorney/Revenue from Local Agencies</i>	CITY-WIDE EXPENSES		\$50,000	\$50,000
<p>This action increases the San José BEST and Safe Summer Initiative Programs Grant and the estimate for Revenue from Local Agencies by \$50,000. The Santa Clara County District Attorney's Office has granted funds to the City of San José to support the Safe Summer Initiative Program for summer 2016.</p>				
<i>Selective Traffic Enforcement Program 2016-2017/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$225,000	\$225,000
<p>This action establishes a Selective Traffic Enforcement Program 2016-2017 appropriation to the Police Department and increases the estimate for Revenue from State of California to recognize grant funding from the State of California Office of Traffic Safety in the amount of \$225,000. This grant, which totals \$300,000, funds Police Officer overtime to conduct targeted driving under the influence (DUI) patrols and checkpoints and conduct distracted driving, motorcycle safety, click it or ticket, and pedestrian/bicycle enforcement operations during the term of the grant (October 1, 2016 through September 30, 2017). The remaining portion (\$75,000) will be appropriated next fiscal year.</p>				
<i>State Homeland Security Grant Program 2015-2016/Revenue from State of California</i>	CITY-WIDE EXPENSES		\$7,752	\$7,752
<p>This action establishes a State Homeland Security Grant Program 2015-2016 appropriation to the Police Department and increases the estimate for Revenue from State of California to recognize grant funds of \$7,752 from the California Office of Emergency Services. This program supports equipment, training, and exercise needs to address acts of terrorism and other catastrophic events. The funds will be used for overtime and training identified in the application of the grant.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Urban Areas Security Initiative Grant - Fire 2015 (Reallocation from Urban Areas Security Initiative Grant - Police 2015)</i>	CITY-WIDE EXPENSES		\$56,400	
<p>This action reallocates funds to the Urban Areas Security Initiative Grant (UASI) - Fire 2015 appropriation from the Urban Areas Security Initiative Grant - Police 2015 appropriation in the amount of \$56,400. This grant funds specialized equipment to strengthen Chemical, Biological, Radiological, Nuclear, and Explosives (CBRNE) detection, response, and decontamination capabilities and to strengthen emergency planning and citizen preparedness capabilities. Due to the specialized nature of this equipment, the Fire Department is better equipped to procure and manage the CBRNE-related equipment, including Radiation Detection Equipment and a Commodity Points of Distribution (C-POD) package to support critical resource logistics activities in the City. A corresponding decrease to the Urban Areas Security Initiative Grant - Police 2015 appropriation is recommended to offset this action elsewhere in this report for a net-zero impact on the General Fund.</p>				
<i>Urban Areas Security Initiative Grant - Police 2015 (Reallocation to Urban Areas Security Initiative Grant - Fire 2015)</i>	CITY-WIDE EXPENSES		(\$56,400)	
<p>This action reallocates funds from the Urban Areas Security Initiative Grant (UASI) – Police 2015 appropriation to the Urban Areas Security Initiative Grant - Fire 2015 appropriation in the amount of \$56,400. This grant funds specialized equipment to strengthen Chemical, Biological, Radiological, Nuclear, and Explosives (CBRNE) detection, response, and decontamination capabilities and to strengthen emergency planning and citizen preparedness capabilities. Due to the specialized nature of this equipment, the Fire Department is better equipped to procure and manage the CBRNE-related equipment, including Radiation Detection Equipment and a Commodity Points of Distribution (C-POD) package to support critical resource logistics activities in the City. A corresponding increase to the Urban Areas Security Initiative Grant - Fire 2015 appropriation is recommended to offset this action elsewhere in this report for a net-zero impact on the General Fund.</p>				
TOTAL GRANTS/REIMBURSEMENTS/FEES			\$2,085,906	\$2,085,906

General Fund Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
URGENT FISCAL/PROGRAM NEEDS				
<i>City Manager's Office Talent Recruitment Initiative</i>	CITY-WIDE EXPENSES		\$250,000	
<p>This action provides funding to support a City Manager's Office-led Talent Recruitment Initiative in the amount of \$250,000. Given the high level of position vacancies city-wide (as of September 14, 2016 there were 843 full time equivalent position vacancies, representing a vacancy level of 14%), this funding will be used to attract and rapidly onboard more people into City service. While recent improvements have been made to hiring cycle times, there has been an ongoing wave of retirements, continued attrition, and annual modest increases to the City's position count, which has caused the City to continue to experience a significant level of vacancies that necessitates a new recruitment approach. Professional services and contracts that directly support implementing an improved recruiting process, prototyping new recruiting methods, and analyzing the City's recruiting service delivery model are among the strategies that will be employed with this new funding. The outcome of this initiative is to 1) increase the number of people onboarded (volume); 2) reduce the time to recruit and fill positions (cycle time); and 3) increase the percentage of high performers entering City service (quality).</p>				
<i>Cultural Facilities Capital Maintenance Reserve (Hammer Theatre Center Upgrades)</i>	EARMARKED RESERVES		(\$200,000)	
<p>This action decreases the Cultural Facilities Capital Maintenance Reserve (from \$5,819,000 to \$5,619,000) to establish the Hammer Theatre Center Upgrades appropriation in the amount of \$200,000 to address the modernization of elevator controls and repairs to the stage flooring. The single elevator, which services the facility, is at risk of failing and the control mechanisms are no longer available. In addition, the current stage floor has an uneven surface with protrusions and dips, creating possible trip hazards. A corresponding action to establish the Hammer Theatre Center Upgrades appropriation is recommended elsewhere in this report for a net-zero impact on the General Fund.</p>				
<i>Hammer Theatre Center Upgrades</i>	CAPITAL PROJECTS		\$200,000	
<p>This action establishes the Hammer Theatre Center Upgrades appropriation in the amount of \$200,000 to fund repairs at this facility. This funding will be used to modernize the elevator controls (\$125,000) and address repairs to the stage flooring (\$75,000). The single elevator, which services the facility, is at risk of failing and the control mechanisms are no longer available. In addition, the current stage floor has an uneven surface with protrusions and dips, creating possible trip hazards. A corresponding reduction to the Cultural Facilities Capital Maintenance Reserve to offset this action is recommended elsewhere in this report for a net-zero impact on the General Fund.</p>				

General Fund Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
URGENT FISCAL/PROGRAM NEEDS				
<i>Non-Personal/Equipment (City Attorney's E-Discovery and Public Records Act Software)</i>	CITY ATTORNEY		\$100,000	
<p>This action increases the City Attorney's Office Non-Personal/Equipment appropriation by \$100,000 for the acquisition of high-volume document processing, review, and production software that will enable the City Attorney's Office to respond to an increasing number of Public Records Act (PRA) Requests and electronic-discovery for litigation, in an accurate, timely, and legally defensible manner. Funding was provided in the 2015-2016 Adopted Budget for consultant services to ensure that the infrastructure development and legal framework for PRA requests were closely coordinated between the Information Technology Department and the Attorney's Office. As a result of the consultant's evaluation, it is recommended that the Attorney's Office procure software to aid in processing the high volume of documents to gain immediate improvements in the PRA process.</p>				
<i>Non-Personal/Equipment (Diridon Area Development Advisor)</i>	ECONOMIC DEVELOPMENT		\$100,000	

This action increases the Office of Economic Development Non-Personal/Equipment appropriation in the amount of \$100,000 (from \$1.3 million to \$1.4 million) for consultant services to enable high-quality corporate development and financing associated with private development and intermodal transportation in the Diridon Area. The 2016-2017 Adopted Budget included one-time funding of \$140,000 for project management services to continue the coordination and development of the Diridon Station Area Plan (DSAP). Additionally, a grant award of \$600,000 was issued to the City from the California High Speed Rail Authority (CHSRA) for 2015-2016 and 2016-2017 to fund project management and consultant services to develop a financing strategy, governance structure, parking strategy, and process to select a master developer for the Diridon area. The work has begun and the process to select the master developer will begin in January 2017. The CHSRA, Valley Transportation Authority, and Caltrain are beginning rail planning and the consultant services are needed for the City to have an input in that planning to allow for future corporate development in the area. Given the time sensitive nature of this project, City funds of \$100,000 are recommended through this action to continue the DSAP work.

General Fund Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
URGENT FISCAL/PROGRAM NEEDS				
<i>Non-Personal/Equipment (Legal Fees for Housing Authority Litigation)</i>	HOUSING		\$360,000	
<p>This action increases the Housing Department's Non-Personal/Equipment appropriation by \$360,000 to fund a reimbursement payment to the Housing Authority of the County of Santa Clara for legal fees associated with a Housing Authority breach of contract claims against Housing and Urban Development (HUD), which resulted in a \$36 million judgment award to the City Housing Authority by the United States Court of Claims. Because of the various restrictions on the City's Housing funds, these litigation cost must be borne by the General Fund. Information on the authorized uses of the award to the City Housing Authority by the United States Court of Claims will be brought to the City Council by early winter 2017.</p>				
<i>Non-Personal/Equipment (Workers' Compensation Third Party Administrator)</i>	HUMAN RESOURCES		\$540,000	
<p>This action increases the Human Resources Department Non-Personal/Equipment appropriation by \$540,000 to support a third-party administrator (TPA) for a portion of the Workers' Compensation Program for the period of January 1, 2017 through June 30, 2017. Currently, as part of an alternative service delivery pilot program, a TPA is handling approximately half of the City's workers' compensation claim administration cases as well as all City bill review, utilization review, and medical management, and provides for the use of a Medical Provider Network. As approved by the City Council on June 21, 2016, after three amendments, the current TPA agreement for these workers' compensation program services was extended for a fourth time, from July 1 through December 31, 2016, in order to provide sufficient time to prepare a new Request for Proposals (RFP) and to review and accept bids for these services through the standard procurement process. As planned, the RFP was initiated this fall and is in its final stages before award. Based on a preliminary estimate, additional funding will be needed to award a new contract for the second half of the year and additional ongoing funding for these services will also be required. The Human Resources Department will bring forward a recommendation to the City Council regarding the Workers' Compensation Program service delivery model, which will include a new TPA contract, by November 2016. This action ensures that funding for these workers' compensation services can be provided for the remainder of the year.</p>				

TOTAL URGENT FISCAL/PROGRAM NEEDS

\$1,350,000

\$0

General Fund Recommended Budget Adjustments Totals

<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
(.75)	\$8,723,606	\$1,869,621

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT CUST FAC & TRANS FD (519)				
<i>Future Debt Service Reserve</i>	Airport		(\$2,344,054)	
This action decreases the Future Debt Service Reserve by \$2,344,054 (from \$9,388,129 to \$7,044,075) to offset the decrease of Rental Car Agencies Contribution recommended in this report. The desired reserve level of \$6.0 million is covered by this action.				
<i>Operations Contingency</i>	Airport		(\$100,000)	
This action decreases the Operations Contingency appropriation by \$100,000 (from \$250,000 to \$150,000) to offset the action recommended in this report.				
<i>Other Revenue (Rental Car Agencies Contribution)</i>	Airport			(\$2,444,054)
This action eliminates the estimate for Contributions from Rental Car Agencies in the amount of \$2,444,054, funding that supports bus transportation costs. In 2016-2017, these costs will be covered by the Future Debt Service Reserve that has been built up from Customer Facility Charge (CFC) revenue. CFC revenues were originally applied to pay debt service only; as a result, the Airport charged the Rental Car Agencies for the bus transportation costs. However, the City determined that CFC revenues can be applied to cover these costs as well. With the higher passenger levels at the Airport, the forecasted CFC revenues are sufficient to cover both debt service costs and bus transportation costs. Corresponding decreases to the Operations Contingency and Future Debt Service Reserve are recommended to offset this action.				
TOTAL AIRPORT CUST FAC & TRANS FD (519)			(\$2,444,054)	(\$2,444,054)
AIRPORT MAINT & OPER FUND (523)				
<i>Airport Overhead Transfer to General Fund (Air Service Incentive Program)</i>	Airport		(\$425,494)	
This action decreases the Airport Overhead transfer to the General Fund by \$425,494 to implement the Air Service Incentive Program. In 2015-2016, the percentage growth in annual enplanements at the Airport was 6.8%, which exceeded the Federal Aviation Administration's (FAA) projection of 4.2% for national enplanement growth. This increase in passenger enplanement triggered the Airport to activate the Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by City Council in March 2007. The original term of the Agreements was through June 30, 2012, with one five-year option to extend the Agreements through June 30, 2017. In August 2011, the City Council approved the option to extend the Agreements through June 30, 2017. Under the provision, if the percentage growth in annual enplanements at the Airport exceeds the growth in annual enplanements nationwide, the City shall reduce the amount of its General Fund overhead expenses in the following fiscal year by a corresponding percentage. In order to comply with the provision of the Agreements, the overhead reimbursement from the Airport Maintenance and Operation Fund to the General Fund will be reduced by 2.6% (from the Adopted Budget overhead rate of 17.57% to 15.00%), or \$425,494, in 2016-2017. This amount is then paid to the airlines in 2016-2017. A corresponding action in the General Fund is recommended to offset this action.				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT MAINT & OPER FUND (523)				
<i>Non-Personal/Equipment (Air Service Incentive Program)</i>	Airport		\$425,494	
<p>This action increases the Airport Department's Non-Personal/Equipment appropriation by \$425,494, to implement the Air Service Incentive Program. In 2015-2016, the percentage growth in annual enplanements at the Airport was 6.8%, which exceeded the Federal Aviation Administration's (FAA) projection of 4.2% for national enplanement growth. This increase in passenger enplanement triggered the Airport to activate the Municipally-Funded Air Service Incentive Program, a provision in the Airline-Airport Lease and Operating Agreements that was approved by City Council in March 2007. The original term of the Agreements was through June 30, 2012, with one five-year option to extend the Agreements through June 30, 2017. In August 2011, the City Council approved the option to extend the Agreements through June 30, 2017. Under the provision, if the percentage growth in annual enplanements at the Airport exceeds the growth in annual enplanements nationwide, the City shall reduce the amount of its General Fund overhead expenses in the following fiscal year by a corresponding percentage. In order to comply with the provision of the Agreements, the overhead reimbursement from the Airport Maintenance and Operation Fund to the General Fund will be reduced by 2.6% (from the Adopted Budget overhead rate of 17.57% to 15.00%), or \$425,494, in 2016-2017. This amount is then paid to the airlines in 2016-2017. The increase in the Non-Personal/Equipment appropriation of \$425,494, offset by a reduction to the General Fund transfer for Airport overhead, provides the funds to return to the airlines.</p>				
<i>Non-Personal/Equipment (U.S. Customs and Border Protection)</i>	Airport		\$1,000,000	
<p>This action increases the Airport Department's Non-Personal/Equipment appropriation by \$1,000,000 (from \$33,513,853 to \$34,513,853) to provide funding for U.S. Customs and Border Protection (CBP) services, such as overtime, per the reimbursable service agreement. This will enable the Airport to expand the CBP's current service levels at the Airport to better provide for the increasing level of international passengers. This expenditure will be offset by Federal Inspection Services fee revenue paid by the international airlines per deplaned passenger that is received in the Airport Revenue Fund. Therefore, a corresponding decrease to the Operations Contingency is recommended to offset this action instead.</p>				
<i>Operations Contingency</i>	Airport		(\$1,000,000)	
<p>This action decreases the Operations Contingency by \$1,000,000 (from \$3,120,285 to \$2,120,285) to offset the action recommended in this report.</p>				
TOTAL AIRPORT MAINT & OPER FUND (523)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT RENEW & REPL FUND (527)				
<i>Advanced Planning</i>	Airport Capital Program		\$200,000	
This action increases the Advanced Planning appropriation by \$200,000 (from \$100,000 to \$300,000) to provide funding for a consultant to conduct an Aircraft and Passenger Capacity Study. This study entails an analysis of flight schedule data and airline data, such as route networks, fleet plans, frequencies, turn times, and aircraft types. The results of this study will enable the Airport to provide more efficient services to its increasing passenger level. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
<i>Ending Fund Balance Adjustment</i>	Airport Capital Program		(\$275,000)	
This action decreases the Ending Fund Balance by \$275,000 to offset the actions recommended in this report.				
<i>Terminal Building Modifications</i>	Airport Capital Program		\$75,000	
This action increases the Terminal Building Modifications appropriation by \$75,000 (from \$375,000 to \$450,000) to fund the installation of fire smoke dampers in the Federal Inspection Services building. The Airport had originally contracted with a vendor to replace the smoke dampers. This vendor was able to purchase the dampers; however, was unable to install them prior to the expiration of the contract. Airport used a different contractor to install the dampers. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
TOTAL AIRPORT RENEW & REPL FUND (527)			\$0	\$0
BLDG & STRUCT CONST TAX FD (429)				
<i>Cost Efficient Trenching</i>	Traffic Capital Program		\$150,000	
This action establishes the Cost Efficient Trenching appropriation in the amount of \$150,000. This funding provides for the ability to install conduits and other facilities that allow for future traffic signal management system enhancements without retrenching the streets. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
<i>Developer Permitting Fees Refund Reserve</i>	Traffic Capital Program		\$429,000	
This action establishes the Developer Permitting Fees Refund Reserve in the amount of \$429,000. This reserve sets aside funding to refund real estate developers in the event that construction taxes are overcollected when the developer pays for a building permit because tax rates were based on a commercial use of the property and subsequently the project qualified as an industrial use, which is assessed at a lower tax rate. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
<i>Ending Fund Balance Adjustment</i>	Traffic Capital Program		(\$4,324,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
BLDG & STRUCT CONST TAX FD (429)				
Grants Refunds	Traffic Capital Program		\$500,000	
<p>This action establishes the Grants Refunds appropriation in the amount of \$500,000 to repay grant reimbursements received by the City from Caltrans for ineligible expenditures on grant funded projects. An audit performed by Caltrans revealed that the City included ineligible overhead costs on invoices for several projects funded by Caltrans grants. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
ITS: Fiber Optic Asset Management/Revenue from Local Agencies	Traffic Capital Program		\$70,000	\$70,000
<p>This action establishes the Fiber Optics Asset Management appropriation and recognizes Revenue from Local Agencies (VRF-ITS: Regional Traffic Operations Personnel Service) in the amount of \$70,000 to fund asset data collection, mapping services, and software upgrades for the City's Intelligent Transportation System (ITS). On December 10, 2015, the VTA Board of Directors adopted a three year county-wide program devoting \$3 million to ITS projects from 2015 to 2018. Of this funding, the City of San José was awarded \$958,000 for five projects which are included in this report.</p>				
ITS: On-Call Fiber Optic Support/Revenue from Local Agencies	Traffic Capital Program		\$80,000	\$80,000
<p>This action establishes the ITS: On-Call Fiber Optic Support appropriation and recognizes Revenue from Local Agencies (VRF-ITS: Regional Traffic Operations Personnel Service) in the amount of \$80,000 to fund repairs, splices, and testing as needed to maintain, restore, and reconfigure 65 miles of Silicon Valley Intelligent Transportation System Wide Area Network fiber optic cable. On December 10, 2015, the VTA Board of Directors adopted a three year county-wide program devoting \$3 million to ITS projects from 2015 to 2018. Of this funding, the City of San José was awarded \$958,000 for five projects which are included in this report.</p>				
North San José New Development Reserve	Traffic Capital Program		\$500,000	
<p>This action increases the North San José New Development Reserve by \$500,000 (from \$1.7 million to \$2.2 million) to allocate revenue received in 2015-2016 in excess of the estimate for construction tax assessments on new developments in North San José. This reserve was established in accordance with the City Manager's Budget Addendum #8 dated May 16, 2014, approved as part of the 2014-2015 Adopted Budget that outlined a strategy to address an estimated \$50 million funding shortfall for North San José Area Development Policy Phase I transportation improvements. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
BLDG & STRUCT CONST TAX FD (429)				
<i>Ocala Avenue Pedestrian Improvements</i>	Traffic Capital Program		\$500,000	
<p>This action increases the Ocala Avenue Pedestrian Improvements appropriation by \$500,000 (from \$1.3 million to \$1.8 million). This project was initially developed in conjunction with the Ocala Avenue Green Street Project in the Storm Sewer Capital Fund, and included pedestrian-safety upgrades to a median island. Due to higher than anticipated construction costs in the Green Street Project, the median island enhancements could not be undertaken. This funding allows for the construction of redesigned median islands enhancements. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
<i>Regional Rail Planning</i>	Traffic Capital Program		\$575,000	
<p>This action increases the Regional Rail Planning appropriation by \$575,000 (from \$288,000 to \$863,000) to fund staffing and technical resources for environmental/transportation planning, engineering and design review, and coordination with lead agencies, City departments, and the community for the major regional rail projects in San José, including the California High Speed Rail, BART Phase II, Caltrain Electrification, and the expansion of the Diridon Station to integrate these new, modernized transit systems in Downtown San José. With actions already taken by the lead agencies to advance these projects through the environmental, design, and into the construction phases, it is necessary to fund staffing resources and technical support to evaluate the alignment alternatives and identify City preferences to review design plans and determine how the projects will cross City streets and integrate with the public right of way in a safe and efficient manner, while minimizing impacts to neighborhoods, residents, parks, schools, and businesses. The Transportation and Environmental Council Committee received a report and presentation on the Regional Rail and Diridon Station Expansion Plan on September 12, 2016 that included a description of the technical needs associated with the major rail projects and the corresponding need for staff and technical resources. A corresponding action to decrease the Ending Fund Balance is recommended to offset this action.</p>				
<i>Revenue from Federal Government (McLaughlin Avenue Improvements)</i>	Traffic Capital Program			(\$270,000)
<p>This action eliminates the Revenue from Federal Government estimate of \$270,000 for McLaughlin Avenue Improvements due to overstated programmed grant funding in the 2017-2021 Adopted Capital Budget. A corresponding action to decrease the Ending Fund Balance is recommended to offset the action.</p>				
<i>Safety - Pedestrian Improvements/Revenue from State of California</i>	Traffic Capital Program		\$140,000	\$50,000
<p>This action increases the Safety - Pedestrian Improvements appropriation and corresponding Revenue from State of California by \$50,000 for a grant award to implement the Vision Zero initiative focusing on Monterey Road. This action also increases the Safety - Pedestrian Improvements appropriation by \$90,000 to true up the programmed amount in the 2017-2021 Adopted Capital Budget with actual revenues received to support these improvements. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
BLDG & STRUCT CONST TAX FD (429)				
<i>St. John Street Multimodal Improvements Phase 1</i>	Traffic Capital Program		\$300,000	
<p>This action increases the St. John Multimodal Improvements Phase 1 appropriation by \$300,000 (from \$1,590,000 to \$1,890,000) to support higher than anticipated construction bids. This project provides funding to construct pedestrian-oriented improvements along St. John Street between North San Pedro Street and Montgomery Street, including roadway and intersection reconfiguration. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
<i>Traffic Signal Detection System Upgrades</i>	Traffic Capital Program		\$1,000,000	
<p>This action establishes the Traffic Signal Detection System Upgrades appropriation in the amount of \$1,000,000 to install video detection systems at up to 40 high travel-demand intersections in advance of the summer pavement maintenance program so in-pavement loop sensors that are not functioning properly and significantly impacting traffic flow do not need to be replaced. Installing the video detection systems before the start of pavement maintenance work will prevent negative construction impacts on signal responsiveness and ensure that signals continue to operate in the most efficient manner by allocating the proper amount of green light time according to traffic demand. Replacement of in-pavement loop sensors with video detection systems will also reduce workload demand on scarce electrical resources and provide technology that allows greater responsiveness to changing roadway conditions and operational needs. A corresponding action to decrease the Ending Fund Balance is recommended to offset this action.</p>				
<i>Traffic Signal Improvement Program</i>	Traffic Capital Program		\$10,000	
<p>This action increases the Traffic Signal Improvement Program by \$10,000 (from \$790,000 to \$800,000) to appropriate revenues received in excess of the 2015-2016 estimate for Traffic Signal Controller Fee Collection revenue. This appropriation provides funding for traffic signal improvement program development and management activities, design review, communication devices, and roadside equipment. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
<i>VRF: VIDS Communication Modules Upgrade/Revenue from Local Agencies</i>	Traffic Capital Program		\$248,000	\$248,000
<p>This action establishes the Vehicle Registration Fee (VRF): VIDS Communication Modules Upgrade appropriation and recognizes Revenue from the Valley Transportation Authority (VTA) (VRF: VIDS Communication Modules Upgrade) in the amount of \$248,000 to network existing video detection and communication equipment at 118 intersections with the City's Transportation Management Center (TMC), providing more efficient and effective management of traffic signal operations. On December 10, 2015, the VTA Board of Directors adopted a three year county-wide program devoting \$3 million to ITS projects from 2015 to 2018. Of this funding, the City of San José was awarded \$958,000 for five projects, which are included in this report.</p>				
TOTAL BLDG & STRUCT CONST TAX FD (429)			\$178,000	\$178,000

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
BUSINESS IMPVT DIST FUND (351)				
<i>Ending Fund Balance Adjustment (Downtown BID Reserve)</i>	Economic Development		(\$37,580)	
This action decreases the Ending Fund Balance for the Downtown Business Improvement District by \$37,580 to offset an action recommended in this report.				
<i>Ending Fund Balance Adjustment (Hotel BID Reserve)</i>	Economic Development		(\$285,197)	
This action decreases the Ending Fund Balance for the Hotel Business Improvement District by \$285,197 to offset an action recommended in this report.				
<i>Ending Fund Balance Adjustment (Japantown BID Reserve)</i>	Economic Development		(\$1,399)	
This action decreases the Ending Fund Balance for the Japantown Business Improvement District by \$1,399 to offset an action recommended in this report.				
<i>Downtown Business Improvement District</i>	Finance		\$37,580	
This action increases the Downtown Business Improvement District appropriation by \$37,580 to reflect the allocation of prior year assessments collected from the Downtown Business Improvement District (BID) that have not yet been distributed. The Downtown BID will use these funds for the maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities. A corresponding decrease to the Ending Fund Balance for the Downtown BID is recommended to offset this action.				
<i>Hotel Business Improvement District</i>	Finance		\$285,197	
This action increases the Hotel Business Improvement District appropriation by \$285,197 to reflect the allocation of prior year assessments collected from the Hotel Business Improvement District (BID) that have not yet been distributed. The Hotel BID will use these funds for the maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities. A corresponding decrease to the Ending Fund Balance for the Hotel BID is recommended to offset this action.				
<i>Japantown Business Improvement District</i>	Finance		\$1,399	
This action increases the Japantown Business Improvement District appropriation by \$1,399 to reflect the allocation of prior year assessments collected from the Japantown Business Improvement District (BID) that have not yet been distributed. The Japantown BID will use these funds for the maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities. A corresponding decrease to the Ending Fund Balance for the Japantown BID is recommended to offset this action.				
TOTAL BUSINESS IMPVT DIST FUND (351)			\$0	\$0
CFD #8 COMM HILL FUND (373)				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$250,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CFD #8 COMM HILL FUND (373)				
<i>Non-Personal/Equipment (Tree Replacement and Maintenance Contract)</i>	Transportation		\$250,000	
<p>This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$250,000 (from \$384,891 to \$634,891) to replace damaged or dying trees and implement park strip improvements (\$125,000) and to cover higher than anticipated costs for an ongoing maintenance contract increase (\$125,000). A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
TOTAL CFD #8 COMM HILL FUND (373)			\$0	\$0
COMM DEV BLOCK GRANT FUND (441)				
<i>Code Enforcement Operations</i>	Housing		(\$588,000)	
<p>This action corrects the Code Enforcement Operations appropriation to the Planning, Building and Code Enforcement (PBCE) Department by decreasing funding by \$588,000 (from \$1,800,000 to \$1,212,000) to more accurately align with anticipated costs that will be incurred by the Planning, Building and Code Enforcement Department in 2016-2017 based on current staffing levels. This additional funding is recommended to be placed in the Fund's ending fund balance and will be redistributed to other CDBG priority projects as described below.</p>				
<i>Ending Fund Balance Adjustment</i>	Housing		(\$40,000)	
<p>This action reflects a net decrease to the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Neighborhood Infrastructure Improvements</i>	Housing		\$100,000	
<p>This action increases the Neighborhood Infrastructure Improvements appropriation by \$100,000 (from \$1,189,189 to \$1,289,189) to support the Recovery Café project, located in Downtown near City Hall. This project includes interior rehabilitation and addition of Americans with Disabilities Act (ADA) compliant ramps. Recovery Café is a nonprofit that provides support for individuals and families impacted by homelessness, addiction, and mental health challenges. This action will enable the Housing Department to fully fund and complete the project. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
<i>Planning Studies</i>	Housing		\$5,000	
<p>This action corrects the Planning Studies appropriation to the Planning, Building and Code Enforcement (PBCE) Department by increasing funding by \$5,000 (from \$5,000 to \$10,000) to conduct the National Environmental Policy Act (NEPA) review of the Community Development Block Grant (CDBG) projects. This corrected funding level is consistent with prior amounts and will ensure the review is conducted at the level planned. A corresponding decrease to Ending Fund Balance is recommended to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
COMM DEV BLOCK GRANT FUND (441)				
<i>Transportation Neighborhood Infrastructure Improvements</i>	Housing		\$523,000	
<p>This action corrects the Transportation Neighborhood Infrastructure Improvements appropriation by \$523,000 (from \$627,000 to \$1,150,000) to completely fund three previously Council-approved Community Development Improvements (CDI) projects: bicycle lane improvements on Story and King Roads, pedestrian improvements on 22nd and Williams Streets, and pedestrian improvements in the Five Wounds Neighborhood. There was an inadvertent error in the Adopted Budget. A corresponding decrease to Ending Fund Balance is recommended to offset this action.</p>				
TOTAL COMM DEV BLOCK GRANT FUND (441)			\$0	\$0
CONST/CONV TAX FIRE FUND (392)				
<i>Assistance to Firefighters Grant (AFG) Reserve</i>	Public Safety Capital Program		\$150,000	
<p>This action establishes the Assistance to Firefighter Grant (AFG) Reserve appropriation in the amount of \$150,000. This reserve sets aside funding for the City's matching portion of the 2016 AFG Grant to purchase automatic chest compression devices (ACCD). If approved, the City will receive funding to replace 43 compression devices to more effectively perform chest compressions. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
<i>Ending Fund Balance Adjustment</i>	Public Safety Capital Program		(\$950,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Fire Station 29 Generator</i>	Public Safety Capital Program		\$800,000	
<p>This action establishes the Fire Station 29 Generator appropriation in the amount of \$800,000 to replace the generator at Fire Station 29. The Fire Station 29 generator acts as backup power for radio communications and the AT&T cell phone tower. The current generator is undersized and unable to provide support for the radio communications. Fire Station 29 is a designed Silicon Valley Regional Communications System (SVRCS) radio site and is required to have back-up power available for the SVRCS. Of the \$800,000, the Silicon Valley Regional Interoperability Authority (SVRIA) will reimburse the City for \$87,000 after the completion of the project in 2017-2018. This project must be completed by December 2017 to meet the SVRIA go-live deadline of January 2018. To meet this timeframe, this action accelerates funding for this project that was programmed in 2017-2018 (Fire Station 29 Reserve) in the 2017-2021 Adopted Capital Improvement Program. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
TOTAL CONST/CONV TAX FIRE FUND (392)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX LIBRARY FD (393)				
<i>Branch Libraries Fixtures, Furnishings and Equipment</i>	Library Capital Program		(\$425,000)	
<p>This action eliminates the Branch Libraries Fixtures, Furnishings and Equipment allocation for \$425,000. This project was initially established to provide funding for non bond-eligible fixtures, furnishings and equipment (FF&E) purchases for new and expanded bond-funded branch libraries. With the opening of the Village Square Branch Library, which was the last new or expanded bond-funded branch library, these funds are no longer needed. A separate action to re-allocate the remaining funding (\$425,000) to the General Equipment and Furnishings project for FF&E purchases at the Dr. Martin Luther King, Jr. Library and all branch libraries is recommended to offset this action.</p>				
<i>General Equipment and Furnishings</i>	Library Capital Program		\$425,000	
<p>This action increases the General Equipment and Furnishings allocation by \$425,000, bringing the 2016-2017 allocation to \$790,000. The General Equipment and Furnishings allocation provides funding for the purchase of equipment such as shelving, material displays, vehicles, and replacement of circulation desks and other furnishings at the Dr. Martin Luther King, Jr. Library and all branch libraries. A corresponding action to eliminate the Branch Libraries Fixtures, Furnishings and Equipment allocation is recommended to offset this action.</p>				
TOTAL CONST/CONV TAX LIBRARY FD (393)			\$0	\$0
CONST/CONV TAX PK CD 5 FUND (382)				
<i>Alum Rock Avenue and 31st Street Park Design</i>	Parks & Comm Fac Dev Capital Program		\$160,000	
<p>This action increases the Alum Rock Avenue and 31st Street Park Design allocation by \$160,000, bringing the total project budget to \$260,000. This project provides funding to design a new 1.7 acre park on Alum Rock Avenue and 31st Street. Park elements may include walking paths, park furniture, drinking fountains, trees, irrigation system, security lighting, shade structure, play area, sports court, and park signage. This action will ensure sufficient funding is available to complete design work for the new park. A corresponding decrease to the Alum Rock Avenue and 31st Street Park Reserve is recommended in this report to offset this action.</p>				
<i>Alum Rock Avenue and 31st Street Park Reserve</i>	Parks & Comm Fac Dev Capital Program		(\$160,000)	
<p>This action decreases the Alum Rock Avenue and 31st Street Park Reserve by \$160,000, bringing the total reserve to \$615,000. This action will ensure sufficient funding is available to complete design work for the new park. A corresponding increase to the Alum Rock Avenue and 31st Street Park Design project is recommended in this report to offset this action.</p>				
TOTAL CONST/CONV TAX PK CD 5 FUND (382)			\$0	\$0
CONST/CONV TAX PK CD 6 FUND (384)				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		(\$48,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX PK CD 6 FUND (384)				
<i>River Glen Neighborhood Center Replacement</i>	Parks & Comm Fac Dev Capital Program		\$48,000	
<p>This action increases the River Glen Neighborhood Center Replacement project by \$48,000, bringing the total project budget to \$748,000. Project elements include demolishing the existing neighborhood center at River Glen Park and constructing a concession building, which will include a restroom. Additional funding allows for the installation of an underground transformer vault, which serves the upgraded electrical service to the park and new concession building. A corresponding decrease to the Council District 6 Construction and Conveyance Tax Fund Ending Fund Balance is recommended to offset this action.</p>				
TOTAL			\$0	\$0
CONST/CONV TAX PK CD 9 FUND (388)				
<i>Doerr Park Shade Structure</i>	Parks & Comm Fac Dev Capital Program		\$100,000	
<p>This action establishes the Doerr Park Shade Structure project in the amount of \$100,000. This project provides funding to purchase and install shade structures over the play area at Doerr Park. A corresponding decrease to the Council District 9 Construction and Conveyance Tax Fund Ending Fund Balance is recommended to offset this action.</p>				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		(\$100,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
TOTAL			\$0	\$0
CONST/CONV TAX PKS CW FUND (391)				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		(\$299,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Family Camp Capital Improvements Reserve</i>	Parks & Comm Fac Dev Capital Program		\$79,000	
<p>This action increases the Family Camp Capital Improvements Reserve by \$79,000, bringing the total reserve to \$231,000. Beginning in 2012, a surcharge of \$20 per tent, per night has been collected to provide funding for future improvements at Family Camp. The fee revenue is collected in the Parks City-Wide Construction and Conveyance Tax Fund and allocated annually to the Family Camp Capital Improvements Reserve. In 2015-2016, approximately \$79,000 was received from the surcharge, therefore, this action recommends allocating those funds to the Family Camp Capital Improvements Reserve. A corresponding decrease to the Parks City-Wide Construction and Conveyance Tax Fund Ending Fund Balance is recommended in this report to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX PKS CW FUND (391)				
<i>Happy Hollow Park and Zoo Alligator Exhibit</i>	Parks & Comm Fac Dev Capital Program		\$200,000	
<p>This action establishes the Happy Hollow Park and Zoo Alligator Exhibit project in the amount of \$200,000. This project provides funding to support completion of the new alligator exhibit at Happy Hollow Park and Zoo that needs to be completed prior to the alligator waking from brumation in early spring 2017. This project is being implemented in partnership with the Happy Hollow Foundation and a private donor who have already contributed a substantial amount of funding for this and other Happy Hollow Park and Zoo projects. A corresponding decrease to the Parks City-Wide Construction and Conveyance Tax Fund Ending Fund Balance is recommended to offset this action.</p>				
<i>Vietnamese Cultural Heritage Garden</i>	Parks & Comm Fac Dev Capital Program		\$20,000	
<p>This action increases the Vietnamese Cultural Heritage Garden project by \$20,000, bringing the total project budget to \$720,000. This project supports completion of Phase IA of the Vietnamese Cultural Heritage Garden, which was started by the Viet Heritage Society, but not completed. Rehabilitation work includes increasing the site's security fencing and lighting, improving the roof ornamentation of the main gateway, adding walkways inside the park, planting new trees, building an interim community garden, and installing wood mulch throughout the garden. As a result of the construction bids that were recently received, additional funding of \$20,000 is necessary in order to ensure sufficient funding is available to award the construction contract. A corresponding decrease to the Parks City-Wide Construction and Conveyance Tax Fund Ending Fund Balance is recommended to offset this action.</p>				
TOTAL CONST/CONV TAX PKS CW FUND (391)			\$0	\$0
CONSTRUCTION EXCISE TAX FD (465)				
<i>Developer Permitting Fees Refund Reserve</i>	Traffic Capital Program		\$2,545,000	
<p>This action establishes the Developer Permitting Fees Refund Reserve in the amount of \$2,545,000. This reserve sets aside funding to refund real estate developers in the event that construction taxes are overcollected when the developer pays for a building permit because tax rates were based on a commercial use of the property and subsequently the project qualified as an industrial use, which is assessed at a lower tax rate. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
<i>Ending Fund Balance Adjustment</i>	Traffic Capital Program		(\$2,868,219)	
<p>This action decreases the Ending Fund Balance to offset the actions in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONSTRUCTION EXCISE TAX FD (465)				
<i>Fiber Optics Permit Engineering</i>	Traffic Capital Program		\$88,000	
<p>This action increases the Fiber Optics Permit Engineering appropriation by \$88,000 (from \$200,000 to \$288,000) to recognize revenue received in excess of the 2015-2016 estimate for Utility Company Fiber Optics Permit fees. This annual allocation provides fee-reimbursed funding for permit issuance, plan review, and related construction inspection. Permits are issued to companies to install conduits, vaults, and cables in the public right-of-way. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
<i>Grants Refunds</i>	Traffic Capital Program		\$271,000	
<p>This action establishes the Grants Refunds appropriation in the amount of \$271,000 to repay grant reimbursements received by the City from Caltrans for ineligible expenditures on grant funded projects. An audit performed by Caltrans revealed that the City included ineligible overhead costs on invoices for several projects funded by Caltrans grants. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
<i>High Speed Rail/Revenue from State of California</i>	Traffic Capital Program		\$270,000	\$270,000
<p>This action establishes the High Speed Rail appropriation and a corresponding Revenue from State of California (High Speed Rail Authority - High Speed Rail Agreement) in the amount of \$270,000 to recognize an agreement between the High Speed Rail Authority (HSRA) and the City for staff costs associated with the development of approximately 21 miles of high speed rail through the City. The staffing costs will be reimbursed by HSRA in accordance with the agreement.</p>				
<i>North San José Deficiency Plan Improvements</i>	Traffic Capital Program		(\$205,000)	
<p>This action decreases the North San José Deficiency Plan Improvements allocation by \$205,000, from \$464,000 to \$259,000, to align the budget with actual North San José Deficiency Plan Fees received. A corresponding action to increase the Ending Fund Balance is recommended to offset this action.</p>				
<i>North San José Traffic Impact Fees Reserve</i>	Traffic Capital Program		\$9,219	\$9,219
<p>This action recognizes a transfer from the Construction Excise Tax Fund and appropriates the funding to the North San José Traffic Impact Fees Reserve. A corresponding action to transfer funds from the Construction Excise Tax Fund is recommended to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONSTRUCTION EXCISE TAX FD (465)				
<i>Priority Safety Corridor Retiming/Revenue from State of California</i>	Traffic Capital Program		\$500,000	\$500,000
<p>This action establishes the Priority Safety Corridor Retiming appropriation and recognizes Revenue from State of California (VRF - Signal Timing and Vehicle Detection Repairs) in the amount of \$500,000. This funding supports the retiming of 121 signals along six priority safety corridors, including Story Road, Monterey Road, White Road, Mckee Road, Tully Road, and Senter Road. On December 10, 2015, the VTA Board of Directors adopted a three year county-wide program devoting \$3 million to ITS projects from 2015 to 2018. Of this funding, the City of San José was awarded \$958,000 for five projects, which are included in this report.</p>				
<i>Regional Rail Planning</i>	Traffic Capital Program		\$150,000	
<p>This action increases the Regional Rail Planning appropriation by \$150,000 (from \$119,000 to \$269,000) to fund staffing and technical resources for environmental/transportation planning, engineering and design review, and coordination with lead agencies, City departments, and the community for the major regional rail projects in San José, including the California High Speed Rail, BART Phase II, Caltrain Electrification, and the expansion of the Diridon Station to integrate these new, modernized transit systems in Downtown San José. With actions already taken by the lead agencies to advance these projects through the environmental, design, and into the construction phases, it is necessary to fund staffing resources and technical support to evaluate the alignment alternatives and identify City preferences, to review design plans, and determine how the projects will cross City streets and integrate with the public right of way in a safe and efficient manner, while minimizing impacts to neighborhoods, residents, parks, schools, and businesses. The Transportation and Environmental Council Committee received a report and presentation on the Regional Rail and Diridon Station Expansion Plan on September 12, 2016 that included a description of the technical needs associated with the major rail projects and the corresponding need for staff and technical resources. A corresponding action to decrease the Ending Fund Balance is recommended to offset this action.</p>				
<i>Revenue from Local Agencies (BART Construction Management)</i>	Traffic Capital Program			(\$10,000)
<p>This action decreases the Revenue from Local Agencies (BART Construction Management) estimate by \$10,000 as this funding was received in 2015-2016. This revenue from the Santa Clara Valley Transportation Authority was programmed in the 2016-2017 Adopted Capital Budget in accordance with the Cooperation Agreement for the Silicon Valley Berryessa Extension Project, but was received earlier than anticipated. A corresponding action to decrease the Ending Fund Balance is recommended to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONSTRUCTION EXCISE TAX FD (465)				
<i>Silicon Valley ITS Area Network/Revenue from Local Agencies</i>	Traffic Capital Program		\$60,000	\$60,000
<p>This action establishes the Silicon Valley ITS Area Network appropriation and recognizes corresponding Revenue from Local Agencies in the amount of \$60,000. This funding supports the monitoring and maintenance of the Silicon Valley Intelligent Transportation Systems Wide Area Network (SV-ITS WAN) to allow for more efficient and reliable traffic data and video sharing among 11 transportation agencies in the South Bay Region. On December 10, 2015, the VTA Board of Directors adopted a three year county-wide program devoting \$3 million to ITS projects from 2015 to 2018. Of this funding, the City of San José was awarded \$958,000 for five projects, which are included in this report.</p>				
<i>Transfer to the Construction Excise Tax Fund/Transfer from Cisco Systems Fund</i>	Traffic Capital Program		\$323	\$323
<p>This action establishes the Transfer to the Construction Excise Tax Fund and a corresponding Transfer from the Cisco Systems Fund, an internal memo fund budgeted within the Construction Excise Tax Fund, in the amount of \$323. Although this action is a technical adjustment with no net fiscal impact, since the Cisco Systems Fund is housed within the Construction Excise Tax Fund, the recommended action is needed to reallocate and correctly align cash balances in each fund to the 2015-2016 Comprehensive Annual Financial Report (CAFR) based on a final reconciliation of the Construction Excise Tax Fund. In addition, this action also allows the close-out of the Cisco Systems Fund since the project in that area has been completed and no further activity will occur.</p>				
<i>Transfer to the North San José Traffic Impact Fee Fund</i>	Traffic Capital Program		\$9,219	
<p>This action establishes a transfer to the North San José Traffic Impact Fee Fund, an internal memo fund budgeted within the Construction Excise Tax Fund, to correct an erroneous charge that occurred in the memo fund. A corresponding action to recognize the transfer in the North San José Traffic Impact Fee Fund is recommended to offset this action.</p>				
TOTAL CONSTRUCTION EXCISE TAX FD (465)			\$829,542	\$829,542
CONV CTR FACIL DIST REV FD (791)				
<i>Ending Fund Balance Adjustment</i>	Convention Facilities Dept		\$357,116	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONV CTR FACIL DIST REV FD (791)				
<i>Transfer to the Convention Center Facilities District Project Fund (Fund Closeout)</i>	Convention Facilities Dept		\$320,811	
<p>This action transfers \$320,811 from the Convention Center Facilities Revenue Fund (Revenue Fund) to the Convention Center Facilities District Project Fund (Project Fund) to reimburse for expenditures related to the recent renovation and expansion of the Convention Center. With the project's completion in 2015-2016, a final accounting of the expenditures charged against the Project Fund revealed an amount of \$320,811 that has been deemed ineligible for reimbursement from bond proceeds in the Project Fund. Actions are included elsewhere in this report for the corresponding receipt of this transfer into the Project Fund, and a transfer of unexpended bond proceeds and interest earnings in the amount of \$677,927 from the Project Fund to the Revenue Fund. As a result of these combined actions, the Project Fund will be closed out and a net transfer of \$357,116 to the Revenue Fund will result, as described elsewhere in this document.</p>				
<i>Transfers and Reimbursements (Fund Closeout)</i>	Convention Facilities Dept			\$677,927
<p>This action recognizes a transfer from the Convention Center Facilities District Project Fund (Project Fund) to the Convention Center Facilities District Revenue Fund (Revenue Fund) in the amount of \$677,927 of unexpended bond proceeds and interest earnings both held by the Bond Trustee. With the completion of the Convention Center's recent expansion and renovation, remaining bond proceeds of \$677,927 held by the Bond Trustee must be disbursed to the Revenue Fund in accordance with the bond documents. In addition, a final accounting of the expenditures charged against the Project Fund revealed an amount of \$320,811 that has been deemed ineligible for reimbursement from bond proceeds. Actions are included elsewhere in this report for a corresponding transfer from the Revenue Fund to the Project Fund in the amount of \$320,811 to fully reimburse the ineligible expenses. As a result of these combined actions, the Project Fund will be closed out and a net increase of \$357,116 to the Revenue Fund will result. Once debt service payments and the other accounts held by the Bond Trustee are funded as specified in the bond documents, the remaining funds may be used for future capital improvement projects at the Convention Center.</p>				
TOTAL CONV CTR FACIL DIST REV FD (791)			\$677,927	\$677,927
CONV CTR FACIL DIST PROJ FD (691)				
<i>Ending Fund Balance Adjustment</i>	Muni Improvements Capital Program		(\$353,116)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Revenue from the Use of Money and Property (Fund Closeout)</i>	Muni Improvements Capital Program			\$4,000
<p>This action recognizes an estimated interest amount of \$4,000 that will have been earned upon the final closeout of the Convention Center Facilities District Project Fund. The transfer of this funding and the remaining proceeds from the Bond Trustee are recommended elsewhere in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONV CTR FACILI DIST PROJ FD (691)				
<i>Transfer to the Convention Center Facilities District Revenue Fund (Fund Closeout)</i>	Muni Improvements Capital Program		\$677,927	
<p>This action transfers an amount of \$677,927 of unexpended bond proceeds and interest earnings both held by the Bond Trustee from the Convention Center Facilities District Project Fund (Project Fund) to the Convention Center Facilities District Revenue Fund (Revenue Fund). With the completion of the Convention Center's recent expansion and renovation, remaining bond proceeds of \$677,927 held by the Bond Trustee must be disbursed to the Revenue Fund in accordance with the bond documents. In addition, a final accounting of the expenditures charged against the Project Fund revealed an amount of \$320,811 that has been deemed ineligible for reimbursement from bond proceeds. Actions are included elsewhere in this report for a corresponding transfer from the Revenue Fund to the Project Fund in the amount of \$320,811 to fully reimburse the ineligible expenses. As a result of these combined actions, the Convention Center Facilities District Project Fund will be closed out and the Convention Center Facilities District a net transfer of \$357,116 will result, as described elsewhere in this document.</p>				
<i>Transfers and Reimbursements (Fund Closeout)</i>	Muni Improvements Capital Program			\$320,811
<p>This action recognizes a transfer from the Convention Center Facilities District Revenue Fund (Revenue Fund) in the amount of \$320,811 to reimburse the Convention Center Facilities District Project Fund (Project Fund) for expenditures related to the recent renovation and expansion of the Convention Center. With the project's completion in 2015-2016, a final accounting of the expenditures charged against the Project Fund revealed an amount of \$320,811 that has been deemed ineligible for reimbursement from bond proceeds in the Project Fund. Actions are included elsewhere in this report for a corresponding transfer from the Revenue Fund, and a transfer of unexpended bond proceeds and interest earnings in the amount of \$677,927 from the Project Fund to the Revenue Fund. As a result of these combined actions, the Project Fund will be closed out and a net increase of \$357,116 to the Revenue Fund will result. Once debt service payments and the other accounts held by the bond trustee are funded as specified in the bond documents, the remaining funds may be used for future capital improvement projects at the Convention Center.</p>				
TOTAL CONV CTR FACILI DIST PROJ FD (691)			\$324,811	\$324,811
CONV/CULTURAL AFFAIRS FUND (536)				
<i>Ending Fund Balance Adjustment</i>	Convention Facilities Dept		(\$1,266,770)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended elsewhere in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONV/CULTURAL AFFAIRS FUND (536)				
<i>Transfer to General Fund (American Musical Theater - Broadway San José)</i>	Convention Facilities Dept		\$7,209	
<p>This action increases the Transfer to the General Fund for the American Musical Theater - Broadway San José loan repayment in the amount of \$7,209. Team San Jose collects \$1 for every ticket sold for a Broadway San José show and then remits these payments to the City for repayment of a past loan made to the American Musical Theater (AMT) in the amount of \$1 million. Receipts are collected in the Convention and Cultural Affairs Fund and then transferred to the General Fund, the originating funding source of the AMT loan. Ticket sale receipts in 2015-2016 exceeded the Modified Budget estimate of \$260,413 by \$7,209, for a total amount of receipts collected of \$267,622. To account for this actual year-end performance, an increase to the transfer from the Convention and Cultural Affairs Fund to the General Fund is recommended. A corresponding action in the General Fund is recommended elsewhere in this report. In total, \$541,302 of the \$1.0 million loan has been repaid, leaving a remaining balance of \$458,696.</p>				
<i>Transfers and Reimbursements (Transfer from Transient Occupancy Tax Fund (TOT) Revenue Reconciliation)</i>	Economic Development			\$56,439
<p>Actual 2015-2016 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budgeted estimate of \$24.5 million by \$112,877. This action increases the Transfer to the Convention and Cultural Affairs Fund in the amount of \$56,439 in accordance with the distribution formula outlined in the San José Municipal Code to allocate this additional revenue. A corresponding action in the Transient Occupancy Tax Fund is also recommended elsewhere in this report.</p>				
<i>Cultural Facilities Rehabilitation/Repair - Miscellaneous</i>	Muni Improvements Capital Program		\$275,000	
<p>This action increases the Cultural Facilities Rehabilitation/Repair - Miscellaneous project in the amount of \$275,000 (from \$195,000 to \$470,000) to fund the replacement of four forklifts (\$175,000) to ensure compliance with OSHA standards and two floor scrubbers (\$100,000), the current set of which have out lived their useful lives and will incur repair costs above what it would cost to purchase new ones. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONV/CULTURAL AFFAIRS FUND (536)				
<i>Cultural Facilities Rehabilitation/Repair - Structures</i>	Muni Improvements Capital Program		\$1,041,000	
<p>This action increases the Cultural Facilities Rehabilitation/Repair - Structures project by \$1,041,000 (from \$660,000 to \$1,701,000) to fund a variety of urgent needs at the Convention Center, Civic Auditorium and Center for Performing Arts (CPA). The needs identified include: the replacement of the CPA marquee (\$255,000) as the current marquee's parts are no longer available for purchase; supplemental funding for the activation of the Civic Auditorium courtyard (\$250,000) into saleable space that will also generate additional food and beverage revenue, a project that leverages an initial investment of \$400,000 from the Theater Preservation Fund; abatement of asbestos encountered while replacing windows at the Civic Auditorium (\$200,000); additional funding (\$180,000) for the ADA study and assessment at the CPA to yield a more detailed plan for future rehabilitation work; installation of protective equipment on the wood paneling on the walls of the Convention Center's grand ballroom (\$115,000); the replacement of several doors at the Civic Auditorium, Montgomery Theater, and Team San José corporate office (\$71,000); and continuation of the change-out of toilets to low flush throughout all the facilities (\$50,000). These increases are partially offset by the release of funding (\$80,000) for a graphics display project that is no longer needed. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
TOTAL CONV/CULTURAL AFFAIRS FUND (536)			\$56,439	\$56,439
EDW BYRNE MEMORIAL JAG FD (474)				
<i>Ending Fund Balance Adjustment</i>	Police		(\$56,361)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Revenue from Federal Government (2015 Justice Assistance Grant)</i>	Police			(\$56,361)
<p>This action eliminates the Revenue from Federal Government estimate of \$56,361 in 2016-2017 for the 2015 Justice Assistance Grant (JAG). The 2015 JAG, approved by City Council on September 29, 2015, grant period is October 1, 2015 to September 30, 2017. At the time of award, grant revenues were allocated to two fiscal years due to the grant period of October 1, 2015 to September 30, 2017, between 2015-2016 (\$204,183) and 2016-2017 (\$56,361). However, grant funds of \$260,544 were received and recognized in 2015-2016, accounting for the entire grant award. This action better aligns the revenues to the year received. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
TOTAL EDW BYRNE MEMORIAL JAG FD (474)			(\$56,361)	(\$56,361)
GENERAL PURPOSE PARKING FD (533)				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$180,000)	
<p>This action decreases the Ending Fund Balance to offset the actions in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
GENERAL PURPOSE PARKING FD (533)				
<i>Non-Personal/Equipment (Parking Garage/Lot Management Contract)</i>	Transportation		\$175,000	
<p>This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$175,000 to cover increased contract costs for parking garage/lot management. As a result of the living wage determination issued by the City's Office of Equality Assurance, the hourly employee rate for the City's parking garage/lot management vendor increased from \$18.32 to \$20.14 per hour, effective July 1, 2016, resulting in an increase in contract costs of approximately \$175,000. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
<i>Non-Personal/Equipment/Other Revenue (The Globe Garage Operation)</i>	Transportation		\$95,000	\$90,000
<p>This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$95,000 and increases the estimate for Other Revenue by \$90,000. The City is scheduled to assume operation of the Globe Garage beginning October 1, 2016. Operation of the Globe Garage will increase the parking garage management contract cost by \$95,000 as well as increase the total amount of revenue from parking garages and lots by \$90,000. A corresponding decrease to the Ending Fund Balance is recommended to partially offset this action.</p>				
TOTAL GENERAL PURPOSE PARKING FD (533)			\$90,000	\$90,000
GIFT TRUST FUND (139)				
<i>St. James Park Landscaping</i>	Parks, Rec, & Neigh Svcs		\$1,250	\$1,250
<p>This action increases the St. James Park Landscaping appropriation and the estimate for Other Revenue to recognize and appropriate a \$1,250 gift from Rotary Club San José Silicon Valley for the St. James Park Fountain Planting Event.</p>				
TOTAL GIFT TRUST FUND (139)			\$1,250	\$1,250
INTEGRATED WASTE MGT FUND (423)				
<i>EIC QALICB Master Lease Payment</i>	Environmental Services		\$3,500	
<p>This action increases the EIC QALICB Master Lease Payment by \$3,500 (from \$424,000 to \$427,500). This increase was inadvertently omitted during the development of the 2016-2017 Adopted Operating Budget.</p>				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		(\$303,500)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
INTEGRATED WASTE MGT FUND (423)				
<i>Non-Personal/Equipment (Compactor Truck)</i>	Environmental Services		\$300,000	
<p>This action increases the Environmental Services Department's Non-Personal/Equipment appropriation by \$300,000 (from \$2.8 million to \$3.1 million) for the acquisition of a compacting garbage truck. As described in the City Manager's Budget Addendum #22 (Illegal Dumping and Anti-Graffiti Programs), issued as part of the development of the 2016-2017 Adopted Budget, funding is necessary to acquire this truck in order to replace the City's current 18-year-old compactor truck, which experiences downtime and has been identified to be replaced. Savings in the Household Hazardous Waste Las Plumas Facility appropriation from 2015-2016, which includes at least \$300,000 in eligible funding as a result of the close-out of the Environmental Innovation Center construction project, have been targeted for this purpose. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
TOTAL INTEGRATED WASTE MGT FUND (423)			\$0	\$0
LOW/MOD INCOME HSNB ASSET FD (346)				
<i>Ending Fund Balance Adjustment</i>	Housing		(\$33,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Homeowner Education Program</i>	Housing		\$33,000	
<p>This action increases the Homeowner Education Program appropriation by \$33,000 to offset higher than anticipated contractual services related to pre-purchase homebuyer education courses for low- and moderate- income households for 2016-2017. The purpose of this program is to generate a pool of educated, mortgage-ready buyers eligible to obtain City homebuyer loans. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
<i>Housing Loans and Grants</i>	Housing		\$2,400,000	
<p>This action increases the Housing Loans and Grants appropriation by \$2.4 million for the acquisition of property at 226 Balbach Street, a parking lot, from the Successor Agency of the Redevelopment Agency (SARA) for conversion into a future affordable housing development. The purchase of this property from SARA was approved by the City Council on January 12, 2016; however, the sale of the property did not close until August 11, 2016. A corresponding decrease to the Housing Project Reserve appropriation is recommended to offset this action.</p>				
<i>Housing Project Reserve</i>	Housing		(\$2,400,000)	
<p>This action decreases the Housing Project Reserve appropriation by \$2.4 million to fund the acquisition of property at 226 Balbach Street from the Successor Agency of the Redevelopment Agency (SARA) for affordable housing development. The purchase of this property from SARA was approved by the City Council on January 12, 2016. However, the sale of the property did not close until August 11, 2016. A corresponding increase to the Housing Loans and Grants appropriation is recommended to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
LOW/MOD INCOME HSNB ASSET FD (346)				
TOTAL LOW/MOD INCOME HSNB ASSET FD (346)			\$0	\$0
M.D. #13 KARINA CT-O'NL DR FD (366)				
Ending Fund Balance Adjustment	Transportation		(\$30,000)	
This action decreases the Ending Fund Balance by \$30,000 to offset the action recommended in this report.				
Non-Personal/Equipment (Turf Renovation)	Transportation		\$30,000	
This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$30,000 (from \$39,661 to \$69,661) to replace turf on median islands with mulch. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
TOTAL M.D. #13 KARINA CT-O'NL DR FD (366)			\$0	\$0
M.D. #19 RIVER OAKS FUND (359)				
Ending Fund Balance Adjustment	Transportation		(\$40,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
Non-Personal/Equipment (Median Island Irrigation)	Transportation		\$40,000	
This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$40,000 (from \$66,335 to \$106,335) to reconnect the water source to a median island after an irrigation line was accidentally disconnected during a recent development project. The landscape irrigation lines need to be reestablished and reconnected to prevent plant deterioration. Also as part of this project, backflow devices that contain lead will be replaced with lead-free devices. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
TOTAL M.D. #19 RIVER OAKS FUND (359)			\$0	\$0
M.D. #20 RENAISSANC-N. 1ST FD (365)				
Ending Fund Balance Adjustment	Transportation		(\$20,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
Non-Personal/Equipment (Irrigation)	Transportation		\$20,000	
This action increases the Transportation Department's Non-Personal/Equipment appropriation by \$20,000 (from \$87,527 to \$107,527) to reconnect the water source to a median island after an irrigation line was accidentally disconnected during a recent development project. The landscape irrigation lines need to be reestablished and reconnected to prevent plant deterioration. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
TOTAL M.D. #20 RENAISSANC-N. 1ST FD (365)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
M.D. #5 ORCH PKY-PLUMRIA FD (357)				
Ending Fund Balance Adjustment	Transportation		(\$150,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
Non-Personal/Equipment (Landscape Improvements)	Transportation		\$150,000	
This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$150,000 (from \$53,334 to \$203,334) to renovate turf on median islands, retrofit irrigation systems, and replace plant material to reduce water usage in the district. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
TOTAL M.D. #5 ORCH PKY-PLUMRIA FD (357)			\$0	\$0
M.D. #8 ZANKER-MONTAGUE FD (361)				
Ending Fund Balance Adjustment	Transportation		(\$110,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
Non-Personal/Equipment (Landscape Maintenance)	Transportation		\$110,000	
This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$110,000 (from \$65,435 to \$175,435) to renovate turf on median islands, retrofit irrigation systems, and replace plant material to reduce water usage in the district. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
TOTAL M.D. #8 ZANKER-MONTAGUE FD (361)			\$0	\$0
M.D. #9 S TERESA/GRT OAKS FD (362)				
Ending Fund Balance Adjustment	Transportation		(\$50,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
Non-Personal/Equipment (Mulch Replacement and Maintenance Contract)	Transportation		\$50,000	
This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$50,000 (from \$114,232 to \$164,232) for mulch replacement on median islands in the district (\$25,000) and to cover higher than anticipated costs for an ongoing maintenance contract increase (\$25,000). A corresponding decrease to the Ending Fund Balance is recommended to offset this action.				
TOTAL M.D. #9 S TERESA/GRT OAKS FD (362)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
MULTI-SOURCE HOUSING FD (448)				
<i>Emergency Shelter Grants/Revenue from Federal Government</i> This action increases the Emergency Shelter Grants (ESG) appropriation and recognizes Revenue from Federal Government in the amount of \$107,762. This grant from the U.S. Department of Housing and Urban Development (HUD) was given to the City to fund a grant agreement with the County of Santa Clara to support operations of the Homeless Management Information System (HMIS) and to provide related training. HUD requires that all agencies receiving ESG funding in the County of Santa Clara collect information about homelessness in their respective communities to coordinate services for homeless populations.	Housing		\$107,762	\$107,762
<i>Ending Fund Balance Adjustment</i> This action decreases the Ending Fund Balance to offset the action recommended in this report.	Housing		(\$10,000)	
<i>Neighborhood Stabilization Program</i> This action establishes the Neighborhood Stabilization Program (NSP) appropriation in the amount of \$10,000 to fund the utility and maintenance expenses for the Roundtable property (located at 110 Roundtable Drive). Currently, the Housing Department is in the process of developing a Request for Proposal (RFP) to sell the property. This process was originally delayed due to a fire that occurred at the property in 2014. The restoration of the property was subsequently completed in April 2016. A corresponding decrease to Ending Fund Balance is recommended to offset this action.	Housing		\$10,000	
TOTAL MULTI-SOURCE HOUSING FD (448)			\$107,762	\$107,762
SEWER SVC & USE CHARGE FD (541)				
<i>Ending Fund Balance Adjustment</i> This action decreases the Ending Fund Balance to offset the action recommended in this report.	Environmental Services		(\$85,000)	

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SEWER SVC & USE CHARGE FD (541)				
<i>Non-Personal/Equipment (Attorneys' Fees)</i>	Environmental Services		\$85,000	
<p>This action increases the Environmental Services Department's Non-Personal/Equipment appropriation by \$85,000 (from \$807,000 to \$892,000) to cover a portion of the \$425,000 in Attorneys' Fees paid by the City to Baykeeper as a result of the Consent Decree (CD) between Baykeeper and the City. The remaining portion of the Attorneys' Fees is allocated between the General Fund (General Liability Claims city-wide appropriation) and the Storm Sewer Operating Fund. This CD included settlement terms that relate, in general, to stormwater discharges, sanitary system discharges, bacteria in waterways, and green infrastructure. Because the Sewer Service and Use Charge Fund is used to fund the operations, maintenance, capital improvements, and regulatory compliance of the City's sanitary sewer collection system and Regional Wastewater Facility, a portion of the Attorneys' Fees is to be paid from this fund. The allocation of 20% or \$85,000 of the Attorney's Fees to the Sewer Service and Use Charge Fund reflects the level of effort devoted to negotiation of the CD's provisions related to the sanitary sewer collection system. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
TOTAL SEWER SVC & USE CHARGE FD (541)			\$0	\$0
STORM SEWER OPERATING FD (446)				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		(\$255,022)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Non-Personal/Equipment (Attorneys' Fees)</i>	Environmental Services		\$234,000	
<p>This action increases the Environmental Services Department's Non-Personal/Equipment appropriation by \$234,000 (from \$2.7 million to \$2.9 million) to cover a portion of the \$425,000 in Attorneys' Fees paid by the City to Baykeeper as a result of the Consent Decree (CD) between Baykeeper and the City. The remaining portion of the Attorneys' Fees is allocated between the General Fund (General Liability Claims city-wide appropriation) and the Sewer Service and Use Charge Fund. This CD included settlement terms that relate, in general, to stormwater discharges, sanitary system discharges, bacteria in waterways, and green infrastructure. Because the Storm Sewer Operating Fund is used to fund activities related to the operations, maintenance, capital improvements, and regulatory compliance of the City's municipal separate storm sewer system, a portion of the Attorneys' Fees is to be paid from this fund. The allocation of 55% or \$234,000 of the Attorney's Fees to the Storm Sewer Operating Fund reflects the level of effort devoted to negotiation of the CD's provisions related to the Storm Sewer Operating System. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
STORM SEWER OPERATING FD (446)				
<i>Non-Personal/Equipment (Increased Street Sweeping)</i>	Environmental Services		\$13,000	
<p>This action increases the Environmental Services Department's Non-Personal/Equipment appropriation by \$13,000 (from \$2,672,715 to \$2,685,715) for increased contractual street sweeping vendor services. As directed in the Mayor's June Budget Message for Fiscal Year 2016-2017, as approved by City Council, additional parking prohibition signage are being added on residential streets. The installation of parking prohibition signs requires an ongoing increase to the residential street sweeping contract due to more specific sweeping schedules. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
<i>Non-Personal/Equipment (Our City Forest)</i>	Transportation		\$8,022	
<p>This action increases the Department of Transportation's Non-Personal/Equipment appropriation by \$8,022 (from \$2,480,723 to \$2,488,745) to provide a 3% cost-of-living adjustment for the annual contract with Our City Forest that was inadvertently omitted from the 2016-2017 Adopted Budget. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>				
TOTAL STORM SEWER OPERATING FD (446)			\$0	\$0
SUBDIVISION PARK TRUST FUND (375)				
<i>Del Monte Park</i>	Parks & Comm Fac Dev Capital Program		\$85,000	
<p>This action increases the Del Monte Park project by \$85,000, bringing the 2016-2017 budget to \$578,000. Additional funding will allow for the installation of several features at Del Monte Park, including shade structures over the play area and dog park area, additional lighting at the ping-pong table area, park furniture, and landscaping improvements. A corresponding decrease to the Future PDO/PIO Projects Reserve is recommended to offset this action.</p>				
<i>Future PDO/PIO Projects Reserve</i>	Parks & Comm Fac Dev Capital Program		(\$285,000)	
<p>This action decreases the Future PDO/PIO Projects Reserve to offset the actions recommended in this report.</p>				
<i>TRAIL: Coyote Creek Fish Passage Remediation and Pedestrian Bridge (Singleton Crossing)</i>	Parks & Comm Fac Dev Capital Program		\$200,000	
<p>This action increases the TRAIL: Coyote Creek Fish Passage Remediation and Pedestrian Bridge (Singleton Crossing) by \$200,000, bringing the total project budget to \$1.1 million. Funding of \$900,000 was allocated in the Council District 7 Construction and Conveyance Tax Fund (\$364,000), Parks City-Wide Construction and Conveyance Tax Fund (\$373,000), and Park Trust Fund (\$163,000) for the preparation of a feasibility study and preliminary design documents related to a future creek obstruction removal within Coyote Creek. In addition, funding was allocated to support a feasibility study related to the replacement of a free-span pedestrian bridge within Coyote Creek. This action increases the project funding by \$200,000, which will allow for completion of the design documents for a future bridge span and creek restoration work at the Singleton Crossing along Coyote Creek. A corresponding decrease to the Future PDO/PIO Projects Reserve is recommended to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SUBDIVISION PARK TRUST FUND (375)				
<i>Watson Park Taylor Street Access Study</i>	Parks & Comm Fac Dev Capital Program		(\$175,000)	
This action eliminates the Watson Park Taylor Street Access Study allocation totaling \$175,000. This study is currently on hold, pending the Department of Transportation completing a conceptual plan for the Highway 101/Mabury Road Interchange project. A corresponding action is recommended in this report to establish the Watson Park Taylor Street Access Study Reserve. Once the Department of Transportation completes their plan and the study is ready to resume, a recommendation will be brought forward for City Council consideration to allocate the reserve of funds.				
<i>Watson Park Taylor Street Access Study Reserve</i>	Parks & Comm Fac Dev Capital Program		\$175,000	
This action establishes the Watson Park Taylor Street Access Study Reserve for \$175,000. A corresponding action is recommended in this report to eliminate the Watson Park Taylor Street Access Study allocation due to the study being on hold, pending the Department of Transportation completing a conceptual plan for the Highway 101/Mabury Road Interchange project. Once the Department of Transportation completes their plan and the study is ready to resume, a recommendation will be brought forward for City Council consideration to allocate the reserve of funds.				
TOTAL SUBDIVISION PARK TRUST FUND (375)			\$0	\$0
SUPPL LAW ENF SVCES FUND (414)				
<i>SLES Grant 2015-2017/Revenue from State of California</i>	Police		\$477,149	\$477,149
This action increases the Supplemental Law Enforcement Services (SLES) Grant 2015-2017 appropriation by \$477,149 and the estimate for Revenue from State of California for the 2015-2017 SLES Grant. These funds will be used in accordance with the spending plan that was approved by the City Council on May 3, 2016. The spending plan allocates funding for virtual desktop infrastructure, officer safety equipment and enhancements in investigative abilities, training, computers, specialized vehicles, and grants administration funding.				
TOTAL SUPPL LAW ENF SVCES FUND (414)			\$477,149	\$477,149
TRANSIENT OCCUPANCY TX FD (461)				
<i>Ending Fund Balance Adjustment (TOT Revenue Reconciliation)</i>	Convention Facilities Dept		(\$112,877)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
<i>San José Convention and Visitors Bureau (TOT Revenue Reconciliation)</i>	Convention Facilities Dept		\$28,219	
Actual 2015-2016 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budget estimate of \$24.5 million by \$112,877. These funds are recommended to be distributed to three recipient organizations. This action increases the San José Convention and Visitors Bureau in the amount of \$28,219 in accordance with the distribution formula outlined in the San José Municipal Code to allocate this additional revenue.				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
TRANSIENT OCCUPANCY TX FD (461)				
<i>Transfer to the Convention and Cultural Affairs Fund (TOT Revenue Reconciliation)</i>	Convention Facilities Dept		\$56,439	
Actual 2015-2016 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budget estimate of \$24.5 million by \$112,877. These funds are recommended to be distributed to three recipient organizations. This action increases the Transfer to the Convention and Cultural Affairs Fund in the amount of \$56,439 in accordance with the distribution formula outlined in the San José Municipal Code to allocate this additional revenue. A corresponding action in the Convention and Cultural Affairs Fund is recommended elsewhere in this report.				
<i>Cultural Grants (TOT Revenue Reconciliation)</i>	Economic Development		\$28,219	
Actual 2015-2016 Transient Occupancy Tax (TOT) collections received in the TOT Fund exceeded the budget estimate of \$24.5 million by \$112,877. These funds are recommended to be distributed to three recipient organizations. This action increases the Cultural Grants allocation by \$28,219 in accordance with the distribution formula outlined in the San José Municipal Code to allocate this additional revenue.				
TOTAL TRANSIENT OCCUPANCY TX FD (461)			\$0	\$0
WATER UTILITY CAPITAL FUND (500)				
<i>Ending Fund Balance Adjustment</i>	Water Utility Sys Capital Program		(\$474,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>Transfers and Reimbursements</i>	Water Utility Sys Capital Program			(\$474,000)
This action decreases the estimate for Transfers and Reimbursements by \$474,000 (from \$4.5 million to \$4.0 million) to reflect a lower Transfer from the Water Utility Fund as a budget balancing action in that fund, as described in the Selected Special/Capital Funds Budget Performance section of this report. In 2015-2016, the Water Utility Capital Fund ended the year with additional fund balance of \$274,000 above the estimate used in the development of the 2016-2017 Adopted Budget. If that amount were added to the 2016-2017 Adopted Budget Ending Fund Balance of \$309,000, the total ending fund balance available would be \$583,000. Instead, with the actions recommended in this report, the 2016-2017 Ending Fund Balance will now drop to \$109,000. By using this ending fund balance as the offset, no current capital projects will be impacted. This action will offset a decrease to the Transfer to the Water Utility Capital Fund (from the Water Utility Fund) recommended elsewhere in this report. Additionally, a corresponding decrease to the Ending Fund Balance is recommended to offset this action in this report.				
TOTAL WATER UTILITY CAPITAL FUND (500)			(\$474,000)	(\$474,000)
WATER UTILITY FUND (515)				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		\$1,008,000	
This action increases the Ending Fund Balance to offset the actions recommended in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
WATER UTILITY FUND (515)				
<i>Fees, Rates, and Charges</i>	Environmental Services			\$349,000
<p>This action increases the estimate for Fees, Rates, and Charges by \$349,000 to recognize the increase in potable water rates and charges by an additional 1.0% for 2016-2017, described in the Municipal Water System Water Rate Increases for 2016-2017 memorandum, as approved by the City Council on June 14, 2016. Because the Amendments to the City Pay Plan for Various Classifications item on that same agenda included amendments to various Water Utility System classifications that resulted in increased operating costs to the utility, the potable water rates and charges increase for 2016-2017 was increased by 3.0%. Since the 2016-2017 Adopted Operating Budget assumed a 2.0% rate increase, a separate action was then required to recognize the incremental 1.0% increase. This action will almost entirely offset increases to the Environmental Services Department Personal Services and Overhead appropriations recommended in this report.</p>				
<i>Non-Personal/Equipment/Fees, Rates, and Charges – Potable Water</i>	Environmental Services		(\$1,100,000)	(\$1,449,000)
<p>This action decreases the Environmental Services Department's Non-Personal/Equipment appropriation by \$1.1 million and the corresponding estimate for Fees, Rates, and Charges by \$1.4 million for potable water purchases and sales. The 2016-2017 Adopted Operating Budget assumed a 7% increase in potable water consumption over estimated 2015-2016 levels, and while that assumption has not changed, the 2016-2017 projection assumed higher 2015-2016 consumption than what actually transpired. As a result, the wholesale purchase of potable water and corresponding revenue estimate are recommended to be adjusted downward based on this revised starting point. A corresponding decrease to the Ending Fund Balance is recommended to offset this action in this report.</p>				
<i>Personal Services</i>	Environmental Services		\$300,000	
<p>This action increases the Environmental Services Department's Personal Services appropriation by \$300,000 (from \$5.3 million to \$5.6 million) to account for amendments to various Water Utility System classifications. As approved by the City Council on June 14, 2016, the Amendments to the City Pay Plan for Various Classifications item included adjustments to various classifications that resulted in increased operating costs to the utility for 2016-2017. A separate action recognizing the revenue from an additional 1.0% increase to potable water rates and charges is included to offset this action.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
WATER UTILITY FUND (515)				
<i>Rate Stabilization Reserve</i>	Environmental Services		(\$900,000)	
<p>This action decreases the Rate Stabilization Reserve by \$900,000 (from \$1.2 million to \$300,000). As described in the Selected Special/Capital Funds Budget Performance section of this report, the 2015-2016 ending fund balance in the Water Utility Fund ended below the estimate used to develop the 2016-2017 Adopted Budget, due primarily to lower than anticipated levels of potable water consumption, adjustments to the reserve for bad debt, and revenues credited back to a customer for over-payment. Staff anticipates returning to City Council in fall 2016 with additional recommendations relating to water rates, including information regarding water conservation and its effects on changes in water usage, as well as wholesale water supply availability. Until then, this use of a portion of the Rate Stabilization Reserve is recommended as a temporary funding source to offset a portion of the negative fund balance adjustment. Also recommended in this report are a reduction to the Unrestricted Ending Fund Balance and a reduction to the Transfer to the Water Utility Capital Fund.</p>				
<i>Transfer to the Water Utility Capital Fund</i>	Environmental Services		(\$474,000)	
<p>This action decreases the Transfer to the Water Utility Capital Fund by \$474,000 (from \$4.5 million to \$4.0 million) to reflect a lower estimate for Transfers and Reimbursements as a budget balancing action, as described in the Selected Special/Capital Funds Budget Performance section of this report. In 2015-2016, the Water Utility Capital Fund ended the year with additional fund balance of \$274,000 above the estimate used in the development of the 2016-2017 Adopted Budget. If that amount were added to the 2016-2017 Adopted Budget ending fund balance of \$309,000, the total ending fund balance available would be \$583,000. Instead, with the actions recommended in this report, the 2016-2017 Ending Fund Balance will now drop to \$109,000. By using this ending fund balance as the offset, no current capital projects will be impacted. A corresponding decrease to the estimate for Transfers and Reimbursements in the Water Utility Capital Fund is recommended to offset this action. Additionally, a corresponding increase to the Ending Fund Balance is recommended to offset this action in this report.</p>				
<i>Overhead</i>	Finance		\$66,000	
<p>This action increases the Overhead appropriation by \$66,000 as a technical adjustment to bring the overhead into alignment with current year projected personal services costs. As approved by the City Council on June 14, 2016, the Amendments to the City Pay Plan for Various Classifications item included adjustments to various classifications that resulted in increased personal services for 2016-2017. A separate action recognizing the revenue from an additional 1.0% increase to potable water rates and charges is recommended to almost entirely offset this action. An additional decrease to the Ending Fund Balance is recommended to offset this action in this report, as well as a separate action in the General Fund to recognize this additional overhead.</p>				
TOTAL WATER UTILITY FUND (515)			(\$1,100,000)	(\$1,100,000)

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
WORKFORCE DEVELOPMENT FD (290)				
<i>Administration/Other Revenue</i>	Economic Development		(\$59,613)	(\$59,613)
This action decreases the Administration appropriation and corresponding estimate for Other Revenue by \$59,613 to align with various grant allocations received from the State of California for administrative service activities. This action reflects the actual grant award received for 2016-2017.				
<i>Adult Workers (Reallocation from Dislocated Workers)</i>	Economic Development		\$650,000	
This action increases the Adult Workers appropriation by \$650,000, reallocating this funding from the Dislocated Workers appropriation. While the Adult Workers program has experienced an increase in enrollment, the Dislocated Workers program has experienced a decrease in enrollment. Funding for both programs is provided by the California Employment Development Department, which has authorized the transfer of funding from the Dislocated Workers program to the Adult Workers program. A corresponding decrease to the Dislocated Workers appropriation is recommended to offset this action.				
<i>Adult Workers/Other Revenue</i>	Economic Development		\$391,027	\$121,248
This action increases the Adult Workers appropriation by \$391,027 and corresponding estimate for Other Revenue by \$121,248 to align with actual allocations received from the State of California for 2016-2017. Each annual grant allocation is available for a two-year period, after which unspent allocations are forfeited. To account for grant funds received in 2015-2016 that were not previously allocated, portions of the Ending Fund Balance are recommended in this report to be used to offset this action. This program provides job training, occupational courses, work readiness certification, and other services that prepare unemployed adult workers to successfully enter the workforce. Corresponding decreases to the Program Allocation Reserve (\$167,559), Unrestricted Ending Fund Balance (\$83,028), and work2future Board Mandated Reserve (\$19,192) are recommended to offset this action in this report.				
<i>Dislocated Workers (Reallocation to Adult Workers)</i>	Economic Development		(\$650,000)	
This action decreases the Dislocated Workers appropriation by \$650,000, reallocating this funding to the Adult Workers appropriation. While the Dislocated Workers program has experienced a lower than anticipated enrollment in the current year, the Adult Workers program has experienced an increase in enrollment. Funding for both programs is provided by the California Employment Development Department, which has authorized the transfer of funding from the Dislocated Workers program to the Adult Workers program. This action will offset an increase to the Adult Workers appropriation recommended in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary

Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
WORKFORCE DEVELOPMENT FD (290)				
<i>Dislocated Workers/Other Revenue</i>	Economic Development		\$725,323	\$410,661
<p>This action increases the Dislocated Workers appropriation by \$725,323 and corresponding estimate for Other Revenue by \$410,661 to align with actual allocations received from the State of California for 2016-2017. Each annual grant allocation is available for a two-year period, after which unspent allocations are forfeited. To account for grant funds received in 2015-2016 that were not previously allocated, portions of the Ending Fund Balance are recommended in this report to be used to offset this action. The program provides re-training, career coaching, occupational courses, and other services that aid individuals that are long-term unemployed, laid-off or on the verge of being laid-off and unlikely to return to their previous positions. Corresponding decreases to the Program Allocation Reserve (\$195,436), Unrestricted Ending Fund Balance (\$96,841), and work2future Board Mandated Reserve (\$22,385) are recommended to offset this action in this report.</p>				
<i>Program Allocation Reserve Adjustment</i>	Economic Development		(\$500,000)	
<p>This action decreases the Program Allocation Reserve by \$500,000 to offset actions increasing the Dislocated Workers (\$195,436), Adult Workers (\$167,559), and Youth Workers (\$137,005) appropriations recommended in this report.</p>				
<i>Proposition 39 Pre-Apprenticeship Grant Project/Other Revenue</i>	Economic Development		\$53,527	\$53,527
<p>This action increases the Proposition 39 Pre-Apprenticeship Grant Project appropriation and corresponding estimate for Other Revenue by \$53,527 to align with actual allocations received from the State of California for 2016-2017. This program provides disadvantaged job seekers an opportunity to enter into apprenticeship or direct employment in the energy efficiency or construction sector.</p>				
<i>Rapid Response Grant/Other Revenue</i>	Economic Development		\$373,848	\$373,848
<p>This action increases the Rapid Response Grant appropriation and corresponding estimate for Other Revenue by \$373,848 to align with actual allocations received from the State of California 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.</p>				
<i>Ready to Work Partnership Initiative Grant Project/Other Revenue</i>	Economic Development		\$37,273	\$37,273
<p>This action increases the Ready to Work Partnership Initiative Grant Project appropriation and corresponding estimate for Other Revenue by \$37,273 to align with actual allocations received from the California Department of Labor for 2016-2017. This program provides long-term unemployed individuals training geared for rapid re-employment in middle- and high-skilled occupations in the technology industry and volunteer or paid placement opportunities.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary Annual Report 2015-2016

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
WORKFORCE DEVELOPMENT FD (290)				
<i>Sector Partnership National Emergency Grant (NEG)/Other Revenue</i>	Economic Development		\$22,400	\$22,400
This action increases the Sector Partnership National Emergency Grant (NEG) appropriation and corresponding estimate for Other Revenue by \$22,400 to align with actual allocations received from the California Employment Development Department for 2016-2017. This program provides unemployed individuals with intensive career services to quickly re-enter the workforce in middle- and advanced-level manufacturing occupations.				
<i>Unrestricted Ending Fund Balance Adjustment</i>	Economic Development		(\$247,758)	
This action decreases the Unrestricted Ending Fund Balance by \$247,758 to offset actions increasing the Dislocated Workers (\$96,841), Adult Workers (\$83,028), and Youth Workers (\$67,889) appropriations recommended in this report.				
<i>Youth Workers/Other Revenue</i>	Economic Development		\$316,444	\$95,858
This action increases the Youth Workers appropriation by \$316,444 and corresponding estimate for Other Revenue by \$95,858 to align with actual allocations received from the State of California for 2016-2017. Each annual grant allocation is available for a two-year period, after which unspent allocations are forfeited. To account for grant funds received in 2015-2016 that were not previously allocated, portions of the Ending Fund Balance are recommended in this report to be used to offset this action. This program provides job training, career coaching, vocational assessments, and other services that prepare youth ranging from 18 to 21 in age to secure employment. Corresponding decreases to the Program Allocation Reserve (\$137,005), Unrestricted Ending Fund Balance (\$67,889), and work2future Board Mandated Reserve (\$15,692) are recommended to offset this action in this report.				
<i>work2future Board Mandated Reserve Adjustment</i>	Economic Development		(\$57,269)	
This action decreases the work2future Board Mandated Reserve by \$57,269 to offset actions increasing the Dislocated Workers (\$22,385), Adult Workers (\$19,192), and Youth Workers (\$15,692) appropriations recommended in this report.				
TOTAL WORKFORCE DEVELOPMENT FD (290)			\$1,055,202	\$1,055,202

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CAPITAL PROJECTS							
Budget Adjustments							
Animal Care and Services Fire Alarm and Security Upgrade			\$148,000	\$148,000		\$0	\$148,000
Hammer Theatre Center Upgrades			\$200,000	\$200,000		\$0	\$200,000
Pavement Maintenance Program			\$3,300,000	\$3,300,000		\$0	\$3,300,000
Silicon Valley Regional Communications System - Infrastructure Payment			\$1,961,440	\$1,961,440		\$0	\$1,961,440
Budget Adjustments Total	\$0	\$0	\$5,609,440	\$5,609,440	\$0	\$0	\$5,609,440
Clean-Up and Rebudget Actions							
Rebudget: Alviso Park Improvements			(\$13,000)	(\$13,000)		\$0	(\$13,000)
Rebudget: Animal Care and Services Fire Alarm and Security Upgrade			\$62,000	\$62,000		\$0	\$62,000
Rebudget: Animal Care and Services Waterproofing			(\$34,000)	(\$34,000)		\$0	(\$34,000)
Rebudget: Arc Flash Hazard Analysis			(\$40,000)	(\$40,000)		\$0	(\$40,000)
Rebudget: Arena Repairs			\$93,000	\$93,000		\$0	\$93,000
Rebudget: Children's Discovery Museum Portico Reroof			\$68,000	\$68,000		\$0	\$68,000
Rebudget: City Hall Audio/Visual Upgrade			(\$122,000)	(\$122,000)		\$0	(\$122,000)
Rebudget: City Hall Chiller Media Replacement			\$41,000	\$41,000		\$0	\$41,000
Rebudget: City Hall Waterproofing			(\$11,000)	(\$11,000)		\$0	(\$11,000)
Rebudget: City Hall and Police Communications Uninterrupted Power Supply Capital Maintenance			(\$5,000)	(\$5,000)		\$0	(\$5,000)
Rebudget: City-wide Building Assessment			(\$7,000)	(\$7,000)		\$0	(\$7,000)

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CAPITAL PROJECTS							
Clean-Up and Rebudget Actions							
Rebudget: Fire Apparatus Replacement			(\$1,247,000)	(\$1,247,000)		\$0	(\$1,247,000)
Rebudget: Fire Facilities Remediation			\$59,000	\$59,000		\$0	\$59,000
Rebudget: Hammer Theatre Center Capital Improvements			(\$350,000)	(\$350,000)		\$0	(\$350,000)
Rebudget: History Park Safety and Security			(\$66,000)	(\$66,000)		\$0	(\$66,000)
Rebudget: History San José - Minor Renovations			\$11,000	\$11,000		\$0	\$11,000
Rebudget: Kelley House Demolition			(\$3,000)	(\$3,000)		\$0	(\$3,000)
Rebudget: Pavement Maintenance Program			(\$7,144,000)	(\$7,144,000)		\$0	(\$7,144,000)
Rebudget: Permit Center Breakroom and Restrooms			(\$356,000)	(\$356,000)		\$0	(\$356,000)
Rebudget: Plaza de Cesar Chavez Stage Canopy			(\$2,000)	(\$2,000)		\$0	(\$2,000)
Rebudget: Police Administration Building Backup Generator Replacement			\$41,000	\$41,000		\$0	\$41,000
Rebudget: Police Administration Building Fencing - Employee Parking Lot Perimeter			\$50,000	\$50,000		\$0	\$50,000
Rebudget: Police Administration Building Roof Replacement			(\$18,000)	(\$18,000)		\$0	(\$18,000)
Rebudget: Police Administration Building/Police Communications Center Chiller Replacements			(\$30,000)	(\$30,000)		\$0	(\$30,000)
Rebudget: Police Communications Center Electrical System Upgrade			\$216,000	\$216,000		\$0	\$216,000
Rebudget: Police Communications Center Redundant Power Circuitry System Design			\$63,000	\$63,000		\$0	\$63,000

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CAPITAL PROJECTS							
Clean-Up and Rebudget Actions							
Rebudget: Police Communications Emergency Uninterrupted Power Supply			(\$34,000)	(\$34,000)		\$0	(\$34,000)
Rebudget: Police Communications Fire Protection System Upgrade			\$295,000	\$295,000		\$0	\$295,000
Rebudget: Police Department Operations Center			\$66,000	\$66,000		\$0	\$66,000
Rebudget: The Tech Museum Cooling Tower Replacement - Design			(\$23,000)	(\$23,000)		\$0	(\$23,000)
Rebudget: The Tech Museum Terrazzo Floor Replacement			(\$150,000)	(\$150,000)		\$0	(\$150,000)
Rebudget: Unanticipated/Emergency Maintenance			\$143,000	\$143,000		\$0	\$143,000
Rebudget: United States Patent and Trademark Office - Tenant Improvements Project			\$200,000	\$200,000		\$0	\$200,000
Tech Adjust: Vietnamese-American Community Center Planning and Fundraising			\$70,000	\$70,000		\$0	\$70,000
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$8,177,000)	(\$8,177,000)	\$0	\$0	(\$8,177,000)
CAPITAL PROJECTS TOTAL	\$0	\$0	(\$2,567,560)	(\$2,567,560)	\$0	\$0	(\$2,567,560)
CITY ATTORNEY							
Budget Adjustments							
Non-Personal/Equipment (City Attorney's E-Discovery and Public Records Act Software)		\$100,000		\$100,000		\$0	\$100,000
Budget Adjustments Total	\$0	\$100,000	\$0	\$100,000	\$0	\$0	\$100,000
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment (Legal Consultant Services) - Savings Reallocated from Personal Services		\$100,000		\$100,000		\$0	\$100,000

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY ATTORNEY							
Clean-Up and Rebudget Actions							
Voluntary Furlough/Reduced Work Week Program	(\$5,000)			(\$5,000)		\$0	(\$5,000)
Clean-Up and Rebudget Actions Total	(\$5,000)	\$100,000	\$0	\$95,000	\$0	\$0	\$95,000
CITY ATTORNEY TOTAL	(\$5,000)	\$200,000	\$0	\$195,000	\$0	\$0	\$195,000
CITY AUDITOR							
Clean-Up and Rebudget Actions							
Voluntary Furlough/Reduced Work Week Program	(\$5,000)			(\$5,000)		\$0	(\$5,000)
Clean-Up and Rebudget Actions Total	(\$5,000)	\$0	\$0	(\$5,000)	\$0	\$0	(\$5,000)
CITY AUDITOR TOTAL	(\$5,000)	\$0	\$0	(\$5,000)	\$0	\$0	(\$5,000)
CITY CLERK							
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment (Technology Equipment)		\$5,000		\$5,000		\$0	\$5,000
Voluntary Furlough/Reduced Work Week Program	(\$34,000)			(\$34,000)		\$0	(\$34,000)
Clean-Up and Rebudget Actions Total	(\$34,000)	\$5,000	\$0	(\$29,000)	\$0	\$0	(\$29,000)
CITY CLERK TOTAL	(\$34,000)	\$5,000	\$0	(\$29,000)	\$0	\$0	(\$29,000)
CITY MANAGER							
Budget Adjustments							
Vietnamese-American Community Center				\$0		\$0	\$0
Budget Adjustments Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY MANAGER							
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment (Special Projects)		\$60,000		\$60,000		\$0	\$60,000
Rebudget: Personal Services (Severance Payouts)	\$90,412			\$90,412		\$0	\$90,412
Voluntary Furlough/Reduced Work Week Program	(\$29,000)			(\$29,000)		\$0	(\$29,000)
Clean-Up and Rebudget Actions Total	\$61,412	\$60,000	\$0	\$121,412	\$0	\$0	\$121,412
CITY MANAGER TOTAL	\$61,412	\$60,000	\$0	\$121,412	\$0	\$0	\$121,412
CITY-WIDE EXPENSES							
Budget Adjustments							
After School Education and Safety Programs for School Year 2016-2017/Revenue from Local Agencies			\$454,830	\$454,830	\$454,830	\$0	\$0
Arena Authority			\$4,300	\$4,300		\$0	\$4,300
Banking Services			\$200,000	\$200,000		\$0	\$200,000
Bay Area Electric Vehicle Corridor Project/Revenue from State of California			\$30,663	\$30,663	\$30,663	\$0	\$0
Cirque du Soleil/Other Revenue			\$250,000	\$250,000	\$250,000	\$0	\$0
City Manager's Office Talent Recruitment Initiative			\$250,000	\$250,000		\$0	\$250,000
Elections and Ballot Measures			\$200,000	\$200,000		\$0	\$200,000
Foundation Grant - encores4youth Initiative/Other Revenue			\$245,000	\$245,000	\$245,000	\$0	\$0
Human Resources/Payroll/Budget Systems Upgrade/Transfers and Reimbursements			\$566,000	\$566,000	\$136,000	\$0	\$430,000
Internet Crimes Against Children Federal Grant 2014- 2015/Revenue from Federal Government			\$411,960	\$411,960	\$411,960	\$0	\$0

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Budget Adjustments							
Internet Crimes Against Children State Grant 2016-2017/Revenue from State of California			\$200,000	\$200,000	\$200,000	\$0	\$0
SAP Center Renegotiation			\$20,000	\$20,000		\$0	\$20,000
San José BEST and Safe Summer Initiative Programs Grant from Santa Clara County District Attorney/Revenue from Local Agencies			\$50,000	\$50,000	\$50,000	\$0	\$0
Selective Traffic Enforcement Program 2016-2017/Revenue from State of California			\$225,000	\$225,000	\$225,000	\$0	\$0
Sports Authority			\$10,400	\$10,400		\$0	\$10,400
State Homeland Security Grant Program 2015-2016/Revenue from State of California			\$7,752	\$7,752	\$7,752	\$0	\$0
Urban Areas Security Initiative Grant - Fire 2015 (Reallocation from Urban Areas Security Initiative Grant - Police 2015)			\$56,400	\$56,400		\$0	\$56,400
Urban Areas Security Initiative Grant - Police 2015 (Reallocation to Urban Areas Security Initiative Grant - Fire 2015)			(\$56,400)	(\$56,400)		\$0	(\$56,400)
Budget Adjustments Total	\$0	\$0	\$3,125,905	\$3,125,905	\$2,011,205	\$0	\$1,114,700
Clean-Up and Rebudget Actions							
Rebudget: 2013 Encourage Arrest Policies and Enforcement of Protection Orders Program Grant/Revenue from Federal Government			\$1,165	\$1,165	\$62,418	\$0	(\$61,253)
Rebudget: 4th Street Garage Banquet Facility Maintenance and Operations			\$81,402	\$81,402		\$0	\$81,402

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Clean-Up and Rebudget Actions							
Rebudget: Arena Community Fund			(\$7,147)	(\$7,147)		\$0	(\$7,147)
Rebudget: Banking Services			\$8,000	\$8,000		\$0	\$8,000
Rebudget: Bay Area Electric Vehicle Corridor Project			\$8,821	\$8,821		\$0	\$8,821
Rebudget: Burrowing Owl Habitat Management			\$55,042	\$55,042		\$0	\$55,042
Rebudget: Business Incentive - Business Cooperation Program			(\$13,000)	(\$13,000)		\$0	(\$13,000)
Rebudget: Business Tax System Replacement			\$241,000	\$241,000		\$0	\$241,000
Rebudget: California Gang Reduction, Intervention and Prevention (CALGRIP) Grant 2015/Revenue from Federal Government			(\$1,288)	(\$1,288)	\$70,881	\$0	(\$72,169)
Rebudget: Certified Access Specialist Program			\$15,203	\$15,203		\$0	\$15,203
Rebudget: City Manager Special Projects			\$26,000	\$26,000		\$0	\$26,000
Rebudget: Cultural Affairs Special Project/Revenue from Local Agencies			\$189,226	\$189,226	\$189,226	\$0	\$0
Rebudget: Development Fee Program Electronic Content Management System			\$70,155	\$70,155		\$0	\$70,155
Rebudget: Diridon Station Area Plan/Revenue from State of California			\$374,508	\$374,508	\$388,500	\$0	(\$13,992)
Rebudget: Economic Development Pre-Development Activities			(\$17,000)	(\$17,000)		\$0	(\$17,000)
Rebudget: Economic Development/Incentive Fund			\$404,000	\$404,000		\$0	\$404,000
Rebudget: Elections and Ballot Measures			(\$148,000)	(\$148,000)		\$0	(\$148,000)

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Clean-Up and Rebudget Actions							
Rebudget: Emergency Street Tree Services/Other Revenue			\$152,000	\$152,000	\$152,000	\$0	\$0
Rebudget: Energy and Utility Conservation Measures Program/Other Revenue			\$5,193,484	\$5,193,484	\$5,193,484	\$0	\$0
Rebudget: Expedited Purified Water Program			\$50,000	\$50,000		\$0	\$50,000
Rebudget: False Claims Act Litigation Settlement			\$2,343	\$2,343		\$0	\$2,343
Rebudget: Government Access - Capital Expenditures			(\$2,354)	(\$2,354)		\$0	(\$2,354)
Rebudget: Grant Compliance Single Audit			\$127,000	\$127,000		\$0	\$127,000
Rebudget: Homeless Rapid Rehousing			\$28,000	\$28,000		\$0	\$28,000
Rebudget: Homeless Response Team			(\$62,000)	(\$62,000)		\$0	(\$62,000)
Rebudget: Human Resources/Payroll/Budget Systems Upgrade			(\$183,000)	(\$183,000)		\$0	(\$183,000)
Rebudget: Illegal Dumping			\$35,000	\$35,000		\$0	\$35,000
Rebudget: Internal Financial Controls Evaluation			\$33,000	\$33,000		\$0	\$33,000
Rebudget: Internet Crimes Against Children Federal Grant 2014-2015/Revenue from Federal Government			(\$21,812)	(\$21,812)	(\$21,812)	\$0	\$0
Rebudget: Internet Crimes Against Children State Grant 2015-2016/Revenue from State of California			(\$140,303)	(\$140,303)	(\$107,903)	\$0	(\$32,400)
Rebudget: Library Grants (California Library Literacy Services)/Revenue from State of California			\$18,000	\$18,000	\$18,000	\$0	\$0
Rebudget: Library Grants (I am San José)/Revenue from Federal Government			\$36,393	\$36,393	\$36,393	\$0	\$0

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Clean-Up and Rebudget Actions							
Rebudget: Library Grants (San José Public Library Works)/Other Revenue			(\$10,000)	(\$10,000)	(\$10,000)	\$0	\$0
Rebudget: Maddie Lifesaving Grant			\$48,000	\$48,000		\$0	\$48,000
Rebudget: Manufacturing Jobs Initiative			(\$1,000)	(\$1,000)		\$0	(\$1,000)
Rebudget: National Forum Capacity-Building Grant OJJDP 2012-2016/Revenue from Federal Government			(\$96,495)	(\$96,495)	(\$73,528)	\$0	(\$22,967)
Rebudget: Northern California Regional Intelligence Center SUASI - Police/Revenue from Federal Government			(\$138,537)	(\$138,537)	(\$52,172)	\$0	(\$86,365)
Rebudget: OJJDP Community-Based Violence Prevention Demonstration Program Grant/Revenue from Federal Government			\$1,876	\$1,876	\$17,741	\$0	(\$15,865)
Rebudget: Organizational Effectiveness			(\$4,000)	(\$4,000)		\$0	(\$4,000)
Rebudget: PG&E Summer Cooling Shelter Program Grant			(\$19,714)	(\$19,714)		\$0	(\$19,714)
Rebudget: Property Assessed Clean Energy (PACE) Program			\$22,000	\$22,000		\$0	\$22,000
Rebudget: Public Works Unfunded Projects			\$25,000	\$25,000		\$0	\$25,000
Rebudget: Public, Educational, and Government (PEG) Access Facilities - Capital			\$94,832	\$94,832		\$0	\$94,832
Rebudget: SAP Center Renegotiation			\$2,000	\$2,000		\$0	\$2,000
Rebudget: San José BEST and Safe Summer Initiative Programs			(\$100,000)	(\$100,000)		\$0	(\$100,000)
Rebudget: San José Learns			(\$300,000)	(\$300,000)		\$0	(\$300,000)

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Clean-Up and Rebudget Actions							
Rebudget: San José Watershed Community Stewardship and Engagement Project/Revenue from Local Agencies			(\$4,150)	(\$4,150)	(\$12,602)	\$0	\$8,452
Rebudget: San José Works Youth Jobs Initiative (SJ Works)			\$7,000	\$7,000		\$0	\$7,000
Rebudget: Selective Traffic Enforcement Program 2015-2016/Revenue from State of California			(\$8,264)	(\$8,264)	(\$8,264)	\$0	\$0
Rebudget: Senior Education and Outreach Grant/Revenue from Local Agencies			\$762	\$762	(\$82,352)	\$0	\$83,114
Rebudget: Silicon Valley Energy Watch (SVEW) 2016-2018/Other Revenue			\$320,368	\$320,368	\$322,673	\$0	(\$2,305)
Rebudget: Small Business Activation and Assistance			(\$37,000)	(\$37,000)		\$0	(\$37,000)
Rebudget: Urban Area Security Initiative Grant - Police 2015/Revenue from Federal Government			(\$8,156)	(\$8,156)	\$153,379	\$0	(\$161,535)
Rebudget: Urban Areas Security Initiative Grant - Fire 2015/Revenue from Federal Government			\$2,930	\$2,930	\$2,930	\$0	\$0
Rebudget: Valley Transit Authority Bus Rapid Transit Enhancement Project/Revenue from Local Agencies			\$300,004	\$300,004	\$300,004	\$0	\$0
Rebudget: Vehicle Detection Sensors			\$31,000	\$31,000		\$0	\$31,000
Tech Adjust: Government Access - Capital Expenditures (Reconciliation)			\$2,788	\$2,788		\$0	\$2,788
Tech Adjust: 4th Street Garage Banquet Facility Maintenance and Operations (Reconciliation)			(\$27,402)	(\$27,402)		\$0	(\$27,402)
Tech Adjust: Arena Authority (Reallocation from the City Manager's Office to the Office of Economic Development)			(\$189,900)	(\$189,900)		\$0	(\$189,900)

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Clean-Up and Rebudget Actions							
Tech Adjust: Arena Authority (Reallocation to the Office of Economic Development from the City Manager's Office)			\$189,900	\$189,900		\$0	\$189,900
Tech Adjust: Banking Services (Reallocation from Finance Department's Non-Personal/Equipment)			\$49,000	\$49,000		\$0	\$49,000
Tech Adjust: Certified Access Specialist Program (Reconciliation)			(\$2,407)	(\$2,407)		\$0	(\$2,407)
Tech Adjust: Diridon Project Management (Reallocation to Diridon Station Area Plan)			(\$351,500)	(\$351,500)		\$0	(\$351,500)
Tech Adjust: Diridon Station Area Plan (Reallocation from Diridon Project Management)			\$351,500	\$351,500		\$0	\$351,500
Tech Adjust: Public, Educational, and Government (PEG) Access Facilities - Capital (Reconciliation)			\$2,219	\$2,219		\$0	\$2,219
Tech Adjust: San José End of Watch Police Memorial			\$33,500	\$33,500		\$0	\$33,500
Tech Adjust: Sports Authority (Reallocation from the City Manager's Office to the Office of Economic Development)			(\$698,200)	(\$698,200)		\$0	(\$698,200)
Tech Adjust: Sports Authority (Reallocation to the Office of Economic Development from the City Manager's Office)			\$698,200	\$698,200		\$0	\$698,200
Tech Adjust: Vietnamese-American Community Center Planning and Fundraising			(\$70,000)	(\$70,000)		\$0	(\$70,000)
Clean-Up and Rebudget Actions Total	\$0	\$0	\$6,669,992	\$6,669,992	\$6,538,996	\$0	\$130,996
CITY-WIDE EXPENSES TOTAL	\$0	\$0	\$9,795,897	\$9,795,897	\$8,550,201	\$0	\$1,245,696

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
EARMARKED RESERVES							
Budget Adjustments							
Air Service Incentive Program Reserve/Transfers and Reimbursements			(\$500,000)	(\$500,000)	(\$425,494)	\$0	(\$74,506)
Building Development Fee Program Reserve (Personal Services Adjustment/Overhead)			(\$1,035,000)	(\$1,035,000)		\$0	(\$1,035,000)
Business Tax Outreach Reserve			\$150,000	\$150,000		\$0	\$150,000
Cultural Facilities Capital Maintenance Reserve (Hammer Theatre Center Upgrades)			(\$200,000)	(\$200,000)		\$0	(\$200,000)
Development Fee Program Technology Reserve			\$798,000	\$798,000		\$0	\$798,000
Silicon Valley Regional Communications System Reserve			(\$1,961,440)	(\$1,961,440)		\$0	(\$1,961,440)
Urban Forestry Services Reserve			\$200,000	\$200,000		\$0	\$200,000
Budget Adjustments Total	\$0	\$0	(\$2,548,440)	(\$2,548,440)	(\$425,494)	\$0	(\$2,122,946)
Clean-Up and Rebudget Actions							
Building Development Fee Program Reserve (Human Resources/Payroll/Budget Systems Upgrade)			(\$16,000)	(\$16,000)		\$0	(\$16,000)
Development Fee Program Reconciliation - Building Development Fee Program Reserve			\$2,160,892	\$2,160,892		\$0	\$2,160,892
Development Fee Program Reconciliation - Fire Development Fee Program Reserve			\$772,255	\$772,255		\$0	\$772,255
Development Fee Program Reconciliation - Planning Development Fee Program Reserve			\$457,649	\$457,649		\$0	\$457,649
Development Fee Program Reconciliation - Public Works Development Fee Program Reserve			\$1,449,253	\$1,449,253		\$0	\$1,449,253

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
EARMARKED RESERVES							
Clean-Up and Rebudget Actions							
Fire Development Fee Program Reserve (Human Resources/Payroll/Budget Systems Upgrade)			(\$3,000)	(\$3,000)		\$0	(\$3,000)
Planning Development Fee Program Reserve (Human Resources/Payroll/Budget Systems Upgrade)			(\$4,000)	(\$4,000)		\$0	(\$4,000)
Public Works Development Fee Program Reserve (Human Resources/Payroll/Budget Systems Upgrade)			(\$6,000)	(\$6,000)		\$0	(\$6,000)
Rebudget: Artificial Turf Capital Replacement Reserve			\$300,000	\$300,000		\$0	\$300,000
Tech Adjust: Artificial Turf Capital Replacement Reserve (Reconciliation)			\$310,000	\$310,000		\$0	\$310,000
Tech Adjust: Cultural Facilities Capital Maintenance Reserve (Reconciliation)			\$265,000	\$265,000		\$0	\$265,000
Tech Adjust: General Plan Update Reserve (Reconciliation)			\$38,656	\$38,656		\$0	\$38,656
Voluntary Furlough/Reduced Work Week Program - Salaries and Benefits Reserve			\$200,000	\$200,000		\$0	\$200,000
Clean-Up and Rebudget Actions Total	\$0	\$0	\$5,924,705	\$5,924,705	\$0	\$0	\$5,924,705
EARMARKED RESERVES TOTAL	\$0	\$0	\$3,376,265	\$3,376,265	(\$425,494)	\$0	\$3,801,759
ECONOMIC DEVELOPMENT							
Budget Adjustments							
Non-Personal/Equipment (Diridon Area Development Advisor)		\$100,000		\$100,000		\$0	\$100,000
Budget Adjustments Total	\$0	\$100,000	\$0	\$100,000	\$0	\$0	\$100,000
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment (Business Circle)		(\$50,000)		(\$50,000)		\$0	(\$50,000)

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
ECONOMIC DEVELOPMENT							
Clean-Up and Rebudget Actions							
Voluntary Furlough/Reduced Work Week Program	(\$18,000)			(\$18,000)		\$0	(\$18,000)
Clean-Up and Rebudget Actions Total	(\$18,000)	(\$50,000)	\$0	(\$68,000)	\$0	\$0	(\$68,000)
ECONOMIC DEVELOPMENT TOTAL	(\$18,000)	\$50,000	\$0	\$32,000	\$0	\$0	\$32,000
FINANCE							
Budget Adjustments							
Non-Personal/Equipment (State Board of Equalization Sales Tax Set-Up)		\$175,000		\$175,000		\$0	\$175,000
Budget Adjustments Total	\$0	\$175,000	\$0	\$175,000	\$0	\$0	\$175,000
Clean-Up and Rebudget Actions							
Tech Adjust: Non-Personal/Equipment (Reallocation to Banking Services)		(\$49,000)		(\$49,000)		\$0	(\$49,000)
Voluntary Furlough/Reduced Work Week Program	(\$13,000)			(\$13,000)		\$0	(\$13,000)
Clean-Up and Rebudget Actions Total	(\$13,000)	(\$49,000)	\$0	(\$62,000)	\$0	\$0	(\$62,000)
FINANCE TOTAL	(\$13,000)	\$126,000	\$0	\$113,000	\$0	\$0	\$113,000
FIRE							
Budget Adjustments							
Non-Personal/Equipment (Electronic Patient Care Reporting Project)		\$186,000		\$186,000		\$0	\$186,000
Non-Personal/Equipment (Rescue Training)/Revenue from Federal Government		\$29,700		\$29,700	\$29,700	\$0	\$0
Non-Personal/Equipment (Water Rescue - Boats)/Revenue from Federal Government		\$15,485		\$15,485	\$15,485	\$0	\$0

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
FIRE							
Budget Adjustments							
Personal Services (Rescue Training)/Revenue from Federal Government	\$19,560			\$19,560	\$19,560	\$0	\$0
Budget Adjustments Total	\$19,560	\$231,185	\$0	\$250,745	\$64,745	\$0	\$186,000
Clean-Up and Rebudget Actions							
Voluntary Furlough/Reduced Work Week Program	(\$7,000)			(\$7,000)		\$0	(\$7,000)
Clean-Up and Rebudget Actions Total	(\$7,000)	\$0	\$0	(\$7,000)	\$0	\$0	(\$7,000)
FIRE TOTAL	\$12,560	\$231,185	\$0	\$243,745	\$64,745	\$0	\$179,000
HOUSING							
Budget Adjustments							
Non-Personal/Equipment (Legal Fees for Housing Authority Litigation)		\$360,000		\$360,000		\$0	\$360,000
Budget Adjustments Total	\$0	\$360,000	\$0	\$360,000	\$0	\$0	\$360,000
HOUSING TOTAL	\$0	\$360,000	\$0	\$360,000	\$0	\$0	\$360,000
HUMAN RESOURCES							
Budget Adjustments							
Non-Personal/Equipment (Deferred Compensation Program)/Transfers and Reimbursements		\$6,778		\$6,778	\$6,778	\$0	\$0
Non-Personal/Equipment (Workers' Compensation Third Party Administrator)		\$540,000		\$540,000		\$0	\$540,000
Budget Adjustments Total	\$0	\$546,778	\$0	\$546,778	\$6,778	\$0	\$540,000

General Fund
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
HUMAN RESOURCES							
Clean-Up and Rebudget Actions							
Rebudget: Workers' Compensation Case Management System		\$100,000		\$100,000		\$0	\$100,000
Clean-Up and Rebudget Actions Total	\$0	\$100,000	\$0	\$100,000	\$0	\$0	\$100,000
HUMAN RESOURCES TOTAL	\$0	\$646,778	\$0	\$646,778	\$6,778	\$0	\$640,000
INDEPENDENT POLICE AUDITOR							
Clean-Up and Rebudget Actions							
Voluntary Furlough/Reduced Work Week Program	(\$2,000)			(\$2,000)		\$0	(\$2,000)
Clean-Up and Rebudget Actions Total	(\$2,000)	\$0	\$0	(\$2,000)	\$0	\$0	(\$2,000)
INDEPENDENT POLICE AUDITOR TOTAL	(\$2,000)	\$0	\$0	(\$2,000)	\$0	\$0	(\$2,000)
INFORMATION TECHNOLOGY							
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment (Community Network Upgrades)		\$32,000		\$32,000		\$0	\$32,000
Voluntary Furlough/Reduced Work Week Program	(\$3,000)			(\$3,000)		\$0	(\$3,000)
Clean-Up and Rebudget Actions Total	(\$3,000)	\$32,000	\$0	\$29,000	\$0	\$0	\$29,000
INFORMATION TECHNOLOGY TOTAL	(\$3,000)	\$32,000	\$0	\$29,000	\$0	\$0	\$29,000
LIBRARY							
Clean-Up and Rebudget Actions							
Voluntary Furlough/Reduced Work Week Program	(\$31,000)			(\$31,000)		\$0	(\$31,000)
Clean-Up and Rebudget Actions Total	(\$31,000)	\$0	\$0	(\$31,000)	\$0	\$0	(\$31,000)
LIBRARY TOTAL	(\$31,000)	\$0	\$0	(\$31,000)	\$0	\$0	(\$31,000)

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
MAYOR & COUNCIL							
Budget Adjustments							
Council District #02 (Special Event Sponsorship)/Other Revenue			\$3,350	\$3,350	\$3,350	\$0	\$0
Council District #05 (Special Event Sponsorship)/Other Revenue			\$8,800	\$8,800	\$8,800	\$0	\$0
Council District #08 (Special Event Sponsorship)/Other Revenue			\$10,128	\$10,128	\$10,128	\$0	\$0
Office of the Mayor (Special Event Sponsorship)/Other Revenue			\$57,500	\$57,500	\$57,500	\$0	\$0
Budget Adjustments Total	\$0	\$0	\$79,778	\$79,778	\$79,778	\$0	\$0
Clean-Up and Rebudget Actions							
Rebudget: Council District #01			\$33,575	\$33,575		\$0	\$33,575
Rebudget: Council District #02			\$12,599	\$12,599		\$0	\$12,599
Rebudget: Council District #02 (January - June)			\$12,599	\$12,599		\$0	\$12,599
Rebudget: Council District #03			(\$279)	(\$279)		\$0	(\$279)
Rebudget: Council District #04			\$18,450	\$18,450		\$0	\$18,450
Rebudget: Council District #04 (January - June)			\$18,450	\$18,450		\$0	\$18,450
Rebudget: Council District #05			\$52,563	\$52,563		\$0	\$52,563
Rebudget: Council District #06			\$25,718	\$25,718		\$0	\$25,718
Rebudget: Council District #06 (January - June)			\$25,718	\$25,718		\$0	\$25,718

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
MAYOR & COUNCIL							
Clean-Up and Rebudget Actions							
Rebudget: Council District #07			\$53,042	\$53,042		\$0	\$53,042
Rebudget: Council District #08			\$10,681	\$10,681		\$0	\$10,681
Rebudget: Council District #08 (January - June)			\$10,681	\$10,681		\$0	\$10,681
Rebudget: Council District #09			\$36,769	\$36,769		\$0	\$36,769
Rebudget: Council District #10			\$16,167	\$16,167		\$0	\$16,167
Rebudget: Council General			(\$9,586)	(\$9,586)		\$0	(\$9,586)
Rebudget: Office of the Mayor			\$143,832	\$143,832		\$0	\$143,832
Rebudget: Office of the Mayor (2014-2015)			\$13,400	\$13,400		\$0	\$13,400
Tech Adjust: Council District #01 (San José End of Watch Police Memorial)			(\$3,000)	(\$3,000)		\$0	(\$3,000)
Tech Adjust: Council District #02 (San José End of Watch Police Memorial)			(\$3,000)	(\$3,000)		\$0	(\$3,000)
Tech Adjust: Council District #03 (San José End of Watch Police Memorial)			(\$3,000)	(\$3,000)		\$0	(\$3,000)
Tech Adjust: Council District #04 (San José End of Watch Police Memorial)			(\$5,000)	(\$5,000)		\$0	(\$5,000)
Tech Adjust: Council District #05 (San José End of Watch Police Memorial)			(\$3,000)	(\$3,000)		\$0	(\$3,000)
Tech Adjust: Council District #06 (San José End of Watch Police Memorial)			(\$2,000)	(\$2,000)		\$0	(\$2,000)
Tech Adjust: Council District #07 (San José End of Watch Police Memorial)			(\$500)	(\$500)		\$0	(\$500)

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
MAYOR & COUNCIL							
Clean-Up and Rebudget Actions							
Tech Adjust: Council District #08 (San José End of Watch Police Memorial)			(\$1,000)	(\$1,000)		\$0	(\$1,000)
Tech Adjust: Council District #09 (San José End of Watch Police Memorial)			(\$3,000)	(\$3,000)		\$0	(\$3,000)
Tech Adjust: Office of the Mayor (San José End of Watch Police Memorial)			(\$10,000)	(\$10,000)		\$0	(\$10,000)
Voluntary Furlough/Reduced Work Week Program - Council District 9			(\$2,000)	(\$2,000)		\$0	(\$2,000)
Clean-Up and Rebudget Actions Total	\$0	\$0	\$438,879	\$438,879	\$0	\$0	\$438,879
MAYOR & COUNCIL TOTAL	\$0	\$0	\$518,657	\$518,657	\$79,778	\$0	\$438,879
PARKS, REC, & NEIGH SVCS							
Budget Adjustments							
Digital Arts Program				\$0		\$0	\$0
Knight Foundation Parks Study Tour/Other Revenue		\$6,900		\$6,900	\$6,900	\$0	\$0
Non-Personal/Equipment (Viva CalleSJ from the Youth Connections Foundation)/Other Revenue		\$10,000		\$10,000	\$10,000	\$0	\$0
Personal Services (Partnerships to Improve Community Health Grant)/Revenue from Local Agencies	\$25,000			\$25,000	\$25,000	\$0	\$0
Personal Services (Viva CalleSJ from Kaiser Permanente)/Other Revenue	\$5,000			\$5,000	\$5,000	\$0	\$0
Personal Services (Viva CalleSJ from the Emerging City Fellowship Grant)/Other Revenue	\$5,000			\$5,000	\$5,000	\$0	\$0

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
PARKS, REC, & NEIGH SVCS							
Budget Adjustments							
Personal Services and Non-Personal/Equipment (National Recreation and Park Association Grant)/Other Revenue	\$1,500	\$6,000		\$7,500	\$7,500	\$0	\$0
Budget Adjustments Total	\$36,500	\$22,900	\$0	\$59,400	\$59,400	\$0	\$0
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment		(\$57,000)		(\$57,000)		\$0	(\$57,000)
Voluntary Furlough/Reduced Work Week Program	(\$17,000)			(\$17,000)		\$0	(\$17,000)
Clean-Up and Rebudget Actions Total	(\$17,000)	(\$57,000)	\$0	(\$74,000)	\$0	\$0	(\$74,000)
PARKS, REC, & NEIGH SVCS TOTAL	\$19,500	(\$34,100)	\$0	(\$14,600)	\$59,400	\$0	(\$74,000)
PLANNING, BLDG, & CODE ENF							
Budget Adjustments							
Building Development Fee Program - Personal Services (Building Inspector Combination Compensation)			\$865,000	\$865,000		\$0	\$865,000
Budget Adjustments Total	\$0	\$0	\$865,000	\$865,000	\$0	\$0	\$865,000
Clean-Up and Rebudget Actions							
Rebudget: Fire Development Fee Program - Non-Personal/Equipment (Workspace Improvement Project)			(\$1,900)	(\$1,900)		\$0	(\$1,900)
Rebudget: Planning Development Fee Program - Non-Personal/Equipment (Workspace Improvement Project)			(\$15,900)	(\$15,900)		\$0	(\$15,900)
Tech Adjust: Policy and Ordinance Assistance (Reallocation from Non-Personal/Equipment)	\$124,000			\$124,000		\$0	\$124,000

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
PLANNING, BLDG, & CODE ENF							
Clean-Up and Rebudget Actions							
Tech Adjust: Policy and Ordinance Assistance (Reallocation to Personal Services)		(\$124,000)		(\$124,000)		\$0	(\$124,000)
Voluntary Furlough/Reduced Work Week Program	(\$15,000)			(\$15,000)		\$0	(\$15,000)
Clean-Up and Rebudget Actions Total	\$109,000	(\$124,000)	(\$17,800)	(\$32,800)	\$0	\$0	(\$32,800)
PLANNING, BLDG, & CODE ENF TOTAL	\$109,000	(\$124,000)	\$847,200	\$832,200	\$0	\$0	\$832,200
POLICE							
Budget Adjustments							
Police Department Overtime (Salaries and Benefits Reallocation)				\$0		\$0	\$0
Budget Adjustments Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Clean-Up and Rebudget Actions							
Rebudget: Non-Personal/Equipment (Community Service Officers Academy)		\$28,000		\$28,000		\$0	\$28,000
Rebudget: Non-Personal/Equipment (Fixed Cameras)		\$250,000		\$250,000		\$0	\$250,000
Rebudget: Non-Personal/Equipment (Police Field Patrol Community Service Officers)		\$121,000		\$121,000		\$0	\$121,000
Rebudget: Non-Personal/Equipment (Police Officer Academy)		\$273,000		\$273,000		\$0	\$273,000
Rebudget: Non-Personal/Equipment (Police Staffing Efficiency Study)		\$200,000		\$200,000		\$0	\$200,000
Rebudget: Personal Services (DEA Task Force Group 1)/Revenue from Federal Government	\$7,416			\$7,416	\$7,416	\$0	\$0
Rebudget: Personal Services (FBI San Francisco Joint Terrorism Task Force)/Revenue from Federal Government	\$17,548			\$17,548	\$17,548	\$0	\$0

General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
POLICE							
Clean-Up and Rebudget Actions							
Rebudget: Personal Services (FBI South Bay Child Exploitation Task Force)/Revenue from Federal Government	\$17,548			\$17,548	\$17,548	\$0	\$0
Voluntary Furlough/Reduced Work Week Program	(\$10,000)			(\$10,000)		\$0	(\$10,000)
Clean-Up and Rebudget Actions Total	\$32,512	\$872,000	\$0	\$904,512	\$42,512	\$0	\$862,000
POLICE TOTAL	\$32,512	\$872,000	\$0	\$904,512	\$42,512	\$0	\$862,000
PUBLIC WORKS							
Clean-Up and Rebudget Actions							
Voluntary Furlough/Reduced Work Week Program	(\$3,000)			(\$3,000)		\$0	(\$3,000)
Clean-Up and Rebudget Actions Total	(\$3,000)	\$0	\$0	(\$3,000)	\$0	\$0	(\$3,000)
PUBLIC WORKS TOTAL	(\$3,000)	\$0	\$0	(\$3,000)	\$0	\$0	(\$3,000)
REVENUE ADJUSTMENTS							
Budget Adjustments							
Transfers and Reimbursements (Overhead from the Water Utility Fund)				\$0	\$66,000	\$0	(\$66,000)
Transfers and Reimbursements - Transfer from Convention and Cultural Affairs Fund (Broadway San José Ticket Revenue)				\$0	\$7,209	\$0	(\$7,209)
Budget Adjustments Total	\$0	\$0	\$0	\$0	\$73,209	\$0	(\$73,209)
Clean-Up and Rebudget Actions							
Fund Balance Reconciliation				\$0		\$6,098,177	(\$6,098,177)
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$0	\$0	\$6,098,177	(\$6,098,177)
REVENUE ADJUSTMENTS TOTAL	\$0	\$0	\$0	\$0	\$73,209	\$6,098,177	(\$6,171,386)

**General Fund
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
TRANSFERS							
Clean-Up and Rebudget Actions							
Tech Adjust: Transer to the Council District 10 Construction and Conveyance Tax Fund (Leland Sports Field Repayment)			\$39,000	\$39,000		\$0	\$39,000
Clean-Up and Rebudget Actions Total	\$0	\$0	\$39,000	\$39,000	\$0	\$0	\$39,000
TRANSFERS TOTAL	\$0	\$0	\$39,000	\$39,000	\$0	\$0	\$39,000
TRANSPORTATION							
Clean-Up and Rebudget Actions							
Voluntary Furlough/Reduced Work Week Program	(\$6,000)			(\$6,000)		\$0	(\$6,000)
Clean-Up and Rebudget Actions Total	(\$6,000)	\$0	\$0	(\$6,000)	\$0	\$0	(\$6,000)
TRANSPORTATION TOTAL	(\$6,000)	\$0	\$0	(\$6,000)	\$0	\$0	(\$6,000)
GENERAL FUND TOTAL	\$114,984	\$2,424,863	\$12,009,459	\$14,549,306	\$8,451,129	\$6,098,177	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT CAPITAL IMPVT FUND (520)								
Clean-Up and Rebudget Actions								
AIRPORT CAPITAL PROGRAM								
Fund Balance Reconciliation				(\$3,590,274)	(\$3,590,274)		(\$3,590,274)	\$0
Rebudget: Airfield Sign Program			(\$1,000)	\$1,000	\$0			\$0
Rebudget: Airport Rescue and Fire Fighting Vehicle Replacement			(\$1,220,000)	\$1,220,000	\$0			\$0
Rebudget: Perimeter Fence Line Upgrades			(\$28,000)	\$28,000	\$0			\$0
Rebudget: Perimeter Security Technology Infrastructure			(\$146,000)	\$146,000	\$0			\$0
Rebudget: Southeast Ramp Reconstruction			\$30,000	(\$30,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$1,365,000)	(\$2,225,274)	(\$3,590,274)	\$0	(\$3,590,274)	\$0
AIRPORT CAPITAL IMPVT FUND (520) TOTAL	\$0	\$0	(\$1,365,000)	(\$2,225,274)	(\$3,590,274)	\$0	(\$3,590,274)	\$0
AIRPORT CUST FAC & TRANS FD (519)								
Clean-Up and Rebudget Actions								
AIRPORT								
Fund Balance Reconciliation - Future Debt Service Reserve			\$282,963		\$282,963		\$282,963	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$282,963	\$0	\$282,963	\$0	\$282,963	\$0
Budget Adjustments								
AIRPORT								
Future Debt Service Reserve				(\$2,344,054)	(\$2,344,054)			(\$2,344,054)
Operations Contingency			(\$100,000)		(\$100,000)			(\$100,000)
Other Revenue (Rental Car Agencies Contribution)					\$0	(\$2,444,054)		\$2,444,054
Budget Adjustments Total	\$0	\$0	(\$100,000)	(\$2,344,054)	(\$2,444,054)	(\$2,444,054)	\$0	\$0
AIRPORT CUST FAC & TRANS FD (519) TOTAL	\$0	\$0	\$182,963	(\$2,344,054)	(\$2,161,091)	(\$2,444,054)	\$282,963	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT FISCAL AGENT FUND (525)								
Clean-Up and Rebudget Actions								
AIRPORT								
Fund Balance Reconciliation - Debt Service Reserve			\$362,149		\$362,149		\$362,149	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$362,149	\$0	\$362,149	\$0	\$362,149	\$0
AIRPORT FISCAL AGENT FUND (525) TOTAL	\$0	\$0	\$362,149	\$0	\$362,149	\$0	\$362,149	\$0
AIRPORT MAINT & OPER FUND (523)								
Clean-Up and Rebudget Actions								
AIRPORT								
Fund Balance Reconciliation - Master Trust Agreement Reserve			(\$4,071,880)		(\$4,071,880)		(\$4,071,880)	\$0
Fund Balance Reconciliation - Workers' Compensation Claim Reserve			\$111,268		\$111,268		\$111,268	\$0
Operations Contingency			(\$18,000)		(\$18,000)			(\$18,000)
Transfer to General Fund (Human Resources/Payroll/Budget Systems Upgrade)			\$18,000		\$18,000			\$18,000
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$3,960,612)	\$0	(\$3,960,612)	\$0	(\$3,960,612)	\$0
Budget Adjustments								
AIRPORT								
Airport Overhead Transfer to General Fund (Air Service Incentive Program)			(\$425,494)		(\$425,494)			(\$425,494)
Non-Personal/Equipment (Air Service Incentive Program)		\$425,494			\$425,494			\$425,494
Non-Personal/Equipment (U.S. Customs and Border Protection)		\$1,000,000			\$1,000,000			\$1,000,000
Operations Contingency			(\$1,000,000)		(\$1,000,000)			(\$1,000,000)
Budget Adjustments Total	\$0	\$1,425,494	(\$1,425,494)	\$0	\$0	\$0	\$0	\$0
AIRPORT MAINT & OPER FUND (523) TOTAL	\$0	\$1,425,494	(\$5,386,106)	\$0	(\$3,960,612)	\$0	(\$3,960,612)	\$0

Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT PASS FACIL CHG FUND (529)								
Clean-Up and Rebudget Actions								
AIRPORT CAPITAL PROGRAM								
Fund Balance Reconciliation				\$314,522	\$314,522		\$314,522	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$314,522	\$314,522	\$0	\$314,522	\$0
AIRPORT PASS FACIL CHG FUND (529) TOTAL	\$0	\$0	\$0	\$314,522	\$314,522	\$0	\$314,522	\$0
AIRPORT RENEW & REPL FUND (527)								
Clean-Up and Rebudget Actions								
AIRPORT CAPITAL PROGRAM								
Fund Balance Reconciliation				\$1,134,804	\$1,134,804		\$1,134,804	\$0
Rebudget: Airfield Improvements			\$250,000	(\$250,000)	\$0			\$0
Rebudget: Airfield Preventive Pavement Maintenance			\$85,000	(\$85,000)	\$0			\$0
Rebudget: Equipment, Operating			(\$3,000)	\$3,000	\$0			\$0
Rebudget: Network Replacement			\$78,000	(\$78,000)	\$0			\$0
Rebudget: Operations System Replacement			(\$40,000)	\$40,000	\$0			\$0
Rebudget: Signage Design and Production			\$11,000	(\$11,000)	\$0			\$0
Rebudget: Terminal Building Modifications			\$44,000	(\$44,000)	\$0			\$0
Rebudget: Vehicle Replacement Program			\$100,000	(\$100,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$525,000	\$609,804	\$1,134,804	\$0	\$1,134,804	\$0
Budget Adjustments								
AIRPORT CAPITAL PROGRAM								
Advanced Planning			\$200,000		\$200,000			\$200,000
Ending Fund Balance Adjustment				(\$275,000)	(\$275,000)			(\$275,000)
Terminal Building Modifications			\$75,000		\$75,000			\$75,000

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT REV BOND IMP FUND (526)								
Clean-Up and Rebudget Actions								
Clean-Up and Rebudget Actions Total	\$0	\$0	\$2,970,000	\$396,779	\$3,366,779	\$0	\$3,366,779	\$0
AIRPORT REV BOND IMP FUND (526) TOTAL	\$0	\$0	\$2,970,000	\$396,779	\$3,366,779	\$0	\$3,366,779	\$0
AIRPORT REVENUE FUND (521)								
Clean-Up and Rebudget Actions								
AIRPORT								
Fund Balance Reconciliation - Airline Agreement Reserve			\$13,601,008		\$13,601,008		\$13,601,008	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$13,601,008	\$0	\$13,601,008	\$0	\$13,601,008	\$0
AIRPORT REVENUE FUND (521) TOTAL	\$0	\$0	\$13,601,008	\$0	\$13,601,008	\$0	\$13,601,008	\$0
AIRPORT SURPLUS REV FD (524)								
Clean-Up and Rebudget Actions								
AIRPORT								
Fund Balance Reconciliation - Airline Agreement Reserve			(\$45,308)		(\$45,308)		(\$45,308)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$45,308)	\$0	(\$45,308)	\$0	(\$45,308)	\$0
AIRPORT SURPLUS REV FD (524) TOTAL	\$0	\$0	(\$45,308)	\$0	(\$45,308)	\$0	(\$45,308)	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST	
	Personal Services	Non-Personal/ Equipment	Other			Beg Fund Balance		
BENEFIT FUND (160)								
Clean-Up and Rebudget Actions								
HUMAN RESOURCES								
Fund Balance Reconciliation				\$2,316	\$2,316		\$2,316	\$0
Rebudget: Wellness Program			\$2,000	(\$2,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$2,000	\$316	\$2,316	\$0	\$2,316	\$0
BENEFIT FUND (160) TOTAL	\$0	\$0	\$2,000	\$316	\$2,316	\$0	\$2,316	\$0

BLDG & STRUCT CONST TAX FD (429)

Clean-Up and Rebudget Actions

TRAFFIC CAPITAL PROGRAM

Fund Balance Reconciliation				\$7,348,859	\$7,348,859		\$7,348,859	\$0
Rebudget: Autumn Street Extension			(\$61,000)	\$61,000	\$0			\$0
Rebudget: Bike/Pedestrian Development			\$102,000	(\$102,000)	\$0			\$0
Rebudget: Branham and Snell Street Improvements			\$182,000	(\$182,000)	\$0			\$0
Rebudget: Corridor Congestion Relief Analysis			\$15,000	(\$15,000)	\$0			\$0
Rebudget: Downing Avenue Pedestrian and Bicycle Improvements/Revenue from Federal Government			(\$164,000)	\$195,000	\$31,000	\$31,000		\$0
Rebudget: East Santa Clara Street Bridge at Coyote Creek/Revenue from Federal Government			\$16,000	(\$43,000)	(\$27,000)	(\$27,000)		\$0
Rebudget: ITS: Transportation Incident Management Center/Revenue from Federal Government			\$145,000	\$359,000	\$504,000	\$504,000		\$0
Rebudget: LED Streetlight Conversion			\$214,000	(\$214,000)	\$0			\$0
Rebudget: North First Street Bicycle Lane Improvements/Revenue from Federal Government			\$52,000	(\$77,000)	(\$25,000)	(\$25,000)		\$0
Rebudget: Ocala Avenue Pedestrian Improvements/Revenue from Federal Government			\$64,000	(\$60,000)	\$4,000	\$4,000		\$0
Rebudget: Park Avenue Bicycle Lane Improvements/Revenue from Federal Government			\$55,000	(\$27,000)	\$28,000	\$28,000		\$0
Rebudget: Park Avenue Multimodal Improvements/Revenue from Federal Government			\$781,000	(\$774,000)	\$7,000	\$7,000		\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
BLDG & STRUCT CONST TAX FD (429)								
Clean-Up and Rebudget Actions								
TRAFFIC CAPITAL PROGRAM								
Rebudget: Public Art			(\$1,000)	\$1,000	\$0			\$0
Rebudget: Radar Speed Display Signs			(\$37,000)	\$37,000	\$0			\$0
Rebudget: Revenue from Federal Government (San Carlos Multimodal Phase 2)				\$715,000	\$715,000	\$715,000		\$0
Rebudget: Route 101/Mabury Road Project Development			(\$31,000)	\$31,000	\$0			\$0
Rebudget: Route 280/880/Stevens Creek Upgrade			\$21,000	(\$21,000)	\$0			\$0
Rebudget: Route 280/Winchester Interchange Upgrade Study			\$24,000	(\$24,000)	\$0			\$0
Rebudget: Safe Pathways to Diridon Station			\$59,000	(\$59,000)	\$0			\$0
Rebudget: Safety - Pedestrian Improvements/Revenue from State of California			\$258,000	(\$260,000)	(\$2,000)	(\$2,000)		\$0
Rebudget: Safety - Traffic Signal Modifications/Construction			\$535,000	(\$535,000)	\$0			\$0
Rebudget: Safety - Traffic Signal Rehabilitation			\$242,000	(\$242,000)	\$0			\$0
Rebudget: Smart Intersections Program (OBAG)/Revenue from Federal Government			\$61,000	(\$8,000)	\$53,000	\$53,000		\$0
Rebudget: St. John Bike/Pedestrian Improvements (OBAG)			\$225,000	(\$225,000)	\$0			\$0
Rebudget: St. John Street Multimodal Improvements Phase I			\$230,000	(\$230,000)	\$0			\$0
Rebudget: TLSP Controller Component Upgrade			\$22,000	(\$22,000)	\$0			\$0
Rebudget: The Alameda "Beautiful Way" Phase 2 (OBAG)/Revenue from Federal Government			(\$55,000)	\$61,000	\$6,000	\$6,000		\$0
Rebudget: Traffic Signal Improvement Program			\$77,000	(\$77,000)	\$0			\$0
Rebudget: Underground Utilities - City Conversions			\$72,000	(\$72,000)	\$0			\$0
Tech Adjust: Federal Realty Refund (Reconciliation)			\$138	(\$138)	\$0			\$0
Transfer to General Fund (Human Resources/Payroll/Budget Systems Upgrade)			\$6,000	(\$6,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$3,109,138	\$5,533,721	\$8,642,859	\$1,294,000	\$7,348,859	\$0

Budget Adjustments

TRAFFIC CAPITAL PROGRAM

Cost Efficient Trenching			\$150,000		\$150,000			\$150,000
--------------------------	--	--	-----------	--	-----------	--	--	-----------

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
BLDG & STRUCT CONST TAX FD (429)								
Budget Adjustments								
TRAFFIC CAPITAL PROGRAM								
Developer Permitting Fees Refund Reserve			\$429,000		\$429,000			\$429,000
Ending Fund Balance Adjustment				(\$4,324,000)	(\$4,324,000)			(\$4,324,000)
Grants Refunds			\$500,000		\$500,000			\$500,000
ITS: Fiber Optic Asset Management/Revenue from Local Agencies			\$70,000		\$70,000	\$70,000		\$0
ITS: On-Call Fiber Optic Support/Revenue from Local Agencies			\$80,000		\$80,000	\$80,000		\$0
North San José New Development Reserve			\$500,000		\$500,000			\$500,000
Ocala Avenue Pedestrian Improvements			\$500,000		\$500,000			\$500,000
Regional Rail Planning			\$575,000		\$575,000			\$575,000
Revenue from Federal Government (McLaughlin Avenue Improvements)					\$0	(\$270,000)		\$270,000
Safety - Pedestrian Improvements/Revenue from State of California			\$140,000		\$140,000	\$50,000		\$90,000
St. John Street Multimodal Improvements Phase 1			\$300,000		\$300,000			\$300,000
Traffic Signal Detection System Upgrades			\$1,000,000		\$1,000,000			\$1,000,000
Traffic Signal Improvement Program			\$10,000		\$10,000			\$10,000
VRF: VIDS Communication Modules Upgrade/Revenue from Local Agencies			\$248,000		\$248,000	\$248,000		\$0
Budget Adjustments Total	\$0	\$0	\$4,502,000	(\$4,324,000)	\$178,000	\$178,000	\$0	\$0
BLDG & STRUCT CONST TAX FD (429) TOTAL	\$0	\$0	\$7,611,138	\$1,209,721	\$8,820,859	\$1,472,000	\$7,348,859	\$0

BRANCH LIB BOND PROJECT FD (472)

Clean-Up and Rebudget Actions

LIBRARY CAPITAL PROGRAM

Fund Balance Reconciliation				(\$1,025,945)	(\$1,025,945)		(\$1,025,945)	\$0
Rebudget: Branch Efficiency Projects			\$87,000	(\$87,000)	\$0			\$0
Rebudget: Materials Handling Technology			(\$1,000,000)	\$1,000,000	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
BRANCH LIB BOND PROJECT FD (472)								
Clean-Up and Rebudget Actions								
LIBRARY CAPITAL PROGRAM								
Rebudget: Village Square Branch			(\$100,000)	\$100,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$1,013,000)	(\$12,945)	(\$1,025,945)	\$0	(\$1,025,945)	\$0
BRANCH LIB BOND PROJECT FD (472) TOTAL	\$0	\$0	(\$1,013,000)	(\$12,945)	(\$1,025,945)	\$0	(\$1,025,945)	\$0
BUSINESS IMPVT DIST FUND (351)								
Clean-Up and Rebudget Actions								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation - Downtown BID Reserve				\$35,425	\$35,425		\$35,425	\$0
Fund Balance Reconciliation - Hotel BID Reserve				\$251,560	\$251,560		\$251,560	\$0
Fund Balance Reconciliation - Japantown BID Reserve				\$380	\$380		\$380	\$0
Fund Balance Reconciliation - Willow Glen CBID Reserve				\$15,998	\$15,998		\$15,998	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$303,363	\$303,363	\$0	\$303,363	\$0
Budget Adjustments								
FINANCE								
Downtown Business Improvement District			\$37,580		\$37,580			\$37,580
Hotel Business Improvement District			\$285,197		\$285,197			\$285,197
Japantown Business Improvement District			\$1,399		\$1,399			\$1,399
ECONOMIC DEVELOPMENT								
Ending Fund Balance Adjustment (Downtown BID Reserve)				(\$37,580)	(\$37,580)			(\$37,580)
Ending Fund Balance Adjustment (Hotel BID Reserve)				(\$285,197)	(\$285,197)			(\$285,197)
Ending Fund Balance Adjustment (Japantown BID Reserve)				(\$1,399)	(\$1,399)			(\$1,399)
Budget Adjustments Total	\$0	\$0	\$324,176	(\$324,176)	\$0	\$0	\$0	\$0
BUSINESS IMPVT DIST FUND (351) TOTAL	\$0	\$0	\$324,176	(\$20,813)	\$303,363	\$0	\$303,363	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CASH RESERVE FUND (002)								
Clean-Up and Rebudget Actions								
FINANCE								
Fund Balance Reconciliation				(\$2)	(\$2)		(\$2)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$2)	(\$2)	\$0	(\$2)	\$0
CASH RESERVE FUND (002) TOTAL	\$0	\$0	\$0	(\$2)	(\$2)	\$0	(\$2)	\$0
CFD #1 CAPITOL AUTO MALL FUND (371)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$38,993	\$38,993		\$38,993	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$38,993	\$38,993	\$0	\$38,993	\$0
CFD #1 CAPITOL AUTO MALL FUND (371) TOTAL	\$0	\$0	\$0	\$38,993	\$38,993	\$0	\$38,993	\$0
CFD #11 ADELINE - MARY HELEN FD (374)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$16,381	\$16,381		\$16,381	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$16,381	\$16,381	\$0	\$16,381	\$0
CFD #11 ADELINE - MARY HELEN FD (374) TOTAL	\$0	\$0	\$0	\$16,381	\$16,381	\$0	\$16,381	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CFD #12 BASKING RIDGE FUND (376)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$86,292	\$86,292		\$86,292	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$86,292	\$86,292	\$0	\$86,292	\$0
CFD #12 BASKING RIDGE FUND (376) TOTAL	\$0	\$0	\$0	\$86,292	\$86,292	\$0	\$86,292	\$0
CFD #13 GUADALUPE MINES (310)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$12,341	\$12,341		\$12,341	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$12,341	\$12,341	\$0	\$12,341	\$0
CFD #13 GUADALUPE MINES (310) TOTAL	\$0	\$0	\$0	\$12,341	\$12,341	\$0	\$12,341	\$0
CFD #14 RALEIGH-CHARLOTTE FD (379)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$88,749	\$88,749		\$88,749	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$88,749	\$88,749	\$0	\$88,749	\$0
CFD #14 RALEIGH-CHARLOTTE FD (379) TOTAL	\$0	\$0	\$0	\$88,749	\$88,749	\$0	\$88,749	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CFD #15 BERRYESSA-SIERRA FUND (370)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$92,864	\$92,864		\$92,864	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$92,864	\$92,864	\$0	\$92,864	\$0
CFD #15 BERRYESSA-SIERRA FUND (370) TOTAL	\$0	\$0	\$0	\$92,864	\$92,864	\$0	\$92,864	\$0
CFD #2 AND CFD #3 FUND (369)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
				\$9,528	\$9,528		\$9,528	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$9,528	\$9,528	\$0	\$9,528	\$0
CFD #2 AND CFD #3 FUND (369) TOTAL	\$0	\$0	\$0	\$9,528	\$9,528	\$0	\$9,528	\$0
CFD #8 COMM HILL FUND (373)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				(\$52,360)	(\$52,360)		(\$52,360)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$52,360)	(\$52,360)	\$0	(\$52,360)	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CFD #8 COMM HILL FUND (373)								
Budget Adjustments								
TRANSPORTATION								
Ending Fund Balance Adjustment				(\$250,000)	(\$250,000)			(\$250,000)
Non-Personal/Equipment (Tree Replacement and Maintenance Contract)		\$250,000			\$250,000			\$250,000
Budget Adjustments Total	\$0	\$250,000	\$0	(\$250,000)	\$0	\$0	\$0	\$0
CFD #8 COMM HILL FUND (373) TOTAL	\$0	\$250,000	\$0	(\$302,360)	(\$52,360)	\$0	(\$52,360)	\$0
CITY HALL DEBT SERVICE FUND (210)								
Clean-Up and Rebudget Actions								
FINANCE								
Fund Balance Reconciliation				\$116,190	\$116,190		\$116,190	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$116,190	\$116,190	\$0	\$116,190	\$0
CITY HALL DEBT SERVICE FUND (210) TOTAL	\$0	\$0	\$0	\$116,190	\$116,190	\$0	\$116,190	\$0
COMM DEV BLOCK GRANT FUND (441)								
Clean-Up and Rebudget Actions								
HOUSING								
Fund Balance Reconciliation				\$1,627,697	\$1,627,697		\$1,627,697	\$0
Fund Balance Reconciliation - Land Acquisition Reserve				(\$510,000)	(\$510,000)		(\$510,000)	\$0
Tech Adjust: Housing - Planning Studies (Reallocation to Planning Studies under Planning, Building and Code Enforcement)			(\$5,000)		(\$5,000)			(\$5,000)
Tech Adjust: Planning Studies (Reallocation from Housing - Planning Studies)			\$5,000		\$5,000			\$5,000
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$1,117,697	\$1,117,697	\$0	\$1,117,697	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
COMM DEV BLOCK GRANT FUND (441)								
Budget Adjustments								
HOUSING								
Code Enforcement Operations			(\$588,000)		(\$588,000)			(\$588,000)
Ending Fund Balance Adjustment				(\$40,000)	(\$40,000)			(\$40,000)
Neighborhood Infrastructure Improvements			\$100,000		\$100,000			\$100,000
Planning Studies			\$5,000		\$5,000			\$5,000
Transportation Neighborhood Infrastructure Improvements			\$523,000		\$523,000			\$523,000
Budget Adjustments Total	\$0	\$0	\$40,000	(\$40,000)	\$0	\$0	\$0	\$0
COMM DEV BLOCK GRANT FUND (441) TOTAL	\$0	\$0	\$40,000	\$1,077,697	\$1,117,697	\$0	\$1,117,697	\$0
COMMTY FACIL REVENUE FUND (422)								
Clean-Up and Rebudget Actions								
FINANCE								
Fund Balance Reconciliation				\$3,392,205	\$3,392,205		\$3,392,205	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$3,392,205	\$3,392,205	\$0	\$3,392,205	\$0
COMMTY FACIL REVENUE FUND (422) TOTAL	\$0	\$0	\$0	\$3,392,205	\$3,392,205	\$0	\$3,392,205	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX CENTRAL FD (390)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$947,132	\$947,132		\$947,132	\$0
Rebudget: Community Center Equipment			(\$13,000)	\$13,000	\$0			\$0
Rebudget: Regional Parks Safety Enhancements			(\$2,000)	\$2,000	\$0			\$0
Transfer to General Fund (Human Resources/Payroll/Budget Systems Upgrade)			\$7,000	(\$7,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$8,000)	\$955,132	\$947,132	\$0	\$947,132	\$0
CONST/CONV TAX CENTRAL FD (390) TOTAL	\$0	\$0	(\$8,000)	\$955,132	\$947,132	\$0	\$947,132	\$0
CONST/CONV TAX COMM FUND (397)								
Clean-Up and Rebudget Actions								
COMMUNICATIONS CAPITAL PROGRAM								
Fund Balance Reconciliation				\$306,927	\$306,927		\$306,927	\$0
Rebudget: Communications Equipment Replacement and Upgrade			\$140,000	(\$140,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$140,000	\$166,927	\$306,927	\$0	\$306,927	\$0
CONST/CONV TAX COMM FUND (397) TOTAL	\$0	\$0	\$140,000	\$166,927	\$306,927	\$0	\$306,927	\$0
CONST/CONV TAX FIRE FUND (392)								
Clean-Up and Rebudget Actions								
PUBLIC SAFETY CAPITAL PROGRAM								
Fund Balance Reconciliation				\$1,019,342	\$1,019,342		\$1,019,342	\$0
Rebudget: Computer Replacement Program			(\$2,000)	\$2,000	\$0			\$0
Rebudget: Emergency Response Data Analysis			\$52,000	(\$52,000)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX FIRE FUND (392)								
Clean-Up and Rebudget Actions								
PUBLIC SAFETY CAPITAL PROGRAM								
Rebudget: Emergency Response Maps			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Facilities Improvements			(\$42,000)	\$42,000	\$0			\$0
Rebudget: Fire Data System			(\$1,000)	\$1,000	\$0			\$0
Rebudget: Fire Facilities Remediation			(\$186,000)	\$186,000	\$0			\$0
Rebudget: Fire Training Center Repair			\$19,000	(\$19,000)	\$0			\$0
Rebudget: Heavy Rescue Airbags			(\$10,000)	\$10,000	\$0			\$0
Rebudget: Turnout Cleaning			\$41,000	(\$41,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$79,000)	\$1,098,342	\$1,019,342	\$0	\$1,019,342	\$0
Budget Adjustments								
PUBLIC SAFETY CAPITAL PROGRAM								
Assistance to Firefighters Grant (AFG) Reserve			\$150,000		\$150,000			\$150,000
Ending Fund Balance Adjustment				(\$950,000)	(\$950,000)			(\$950,000)
Fire Station 29 Generator			\$800,000		\$800,000			\$800,000
Budget Adjustments Total	\$0	\$0	\$950,000	(\$950,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX FIRE FUND (392) TOTAL	\$0	\$0	\$871,000	\$148,342	\$1,019,342	\$0	\$1,019,342	\$0

CONST/CONV TAX LIBRARY FD (393)

Clean-Up and Rebudget Actions

LIBRARY CAPITAL PROGRAM

Fund Balance Reconciliation				\$669,675	\$669,675		\$669,675	\$0
Rebudget: Acquisition of Materials			(\$647,000)	\$647,000	\$0			\$0
Rebudget: Automation Projects and System Maintenance			\$53,000	(\$53,000)	\$0			\$0
Rebudget: Branch Libraries Fixtures, Furnishings and Equipment			\$425,000	(\$425,000)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX LIBRARY FD (393)								
Clean-Up and Rebudget Actions								
LIBRARY CAPITAL PROGRAM								
Rebudget: General Equipment and Furnishings			\$15,000	(\$15,000)	\$0			\$0
Rebudget: Village Square Branch Library Improvements			\$20,000	(\$20,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$134,000)	\$803,675	\$669,675	\$0	\$669,675	\$0
Budget Adjustments								
LIBRARY CAPITAL PROGRAM								
Branch Libraries Fixtures, Furnishings and Equipment			(\$425,000)		(\$425,000)			(\$425,000)
General Equipment and Furnishings			\$425,000		\$425,000			\$425,000
Budget Adjustments Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CONST/CONV TAX LIBRARY FD (393) TOTAL	\$0	\$0	(\$134,000)	\$803,675	\$669,675	\$0	\$669,675	\$0
CONST/CONV TAX PK CD 1 FUND (377)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$485,204	\$485,204		\$485,204	\$0
Rebudget: Calabazas Community Center Renovation Feasibility Study			(\$9,000)	\$9,000	\$0			\$0
Rebudget: Gullo Park Renovation			\$43,000	(\$43,000)	\$0			\$0
Rebudget: Saratoga Creek Park Booster Pump			\$14,000	(\$14,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$48,000	\$437,204	\$485,204	\$0	\$485,204	\$0
CONST/CONV TAX PK CD 1 FUND (377) TOTAL	\$0	\$0	\$48,000	\$437,204	\$485,204	\$0	\$485,204	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 2 FUND (378)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$292,764	\$292,764		\$292,764	\$0
Rebudget: Melody Park Playground Renovation			(\$2,000)	\$2,000	\$0			\$0
Rebudget: Metcalf Park			(\$68,000)	\$68,000	\$0			\$0
Rebudget: Silver Leaf Park Renovation			\$46,000	(\$46,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$24,000)	\$316,764	\$292,764	\$0	\$292,764	\$0
CONST/CONV TAX PK CD 2 FUND (378) TOTAL	\$0	\$0	(\$24,000)	\$316,764	\$292,764	\$0	\$292,764	\$0
CONST/CONV TAX PK CD 3 FUND (380)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$314,385	\$314,385		\$314,385	\$0
Rebudget: Forestdale Tot Lot Renovation			(\$2,000)	\$2,000	\$0			\$0
Rebudget: McEnery Park Playground Renovation			\$12,000	(\$12,000)	\$0			\$0
Rebudget: Roosevelt Park Improvements			\$31,000	(\$31,000)	\$0			\$0
Rebudget: St. James Park Improvements			\$4,000	(\$4,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$45,000	\$269,385	\$314,385	\$0	\$314,385	\$0
CONST/CONV TAX PK CD 3 FUND (380) TOTAL	\$0	\$0	\$45,000	\$269,385	\$314,385	\$0	\$314,385	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 4 FUND (381)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$345,189	\$345,189		\$345,189	\$0
Rebudget: Agnews Property Development			(\$139,000)	\$139,000	\$0			\$0
Rebudget: Alviso Park Improvements			\$13,000	(\$13,000)	\$0			\$0
Rebudget: Alviso Park Master Plan			(\$20,000)	\$20,000	\$0			\$0
Rebudget: TRAIL: Penitencia Creek Reach 1B (Noble Avenue to Dorel Drive)			\$326,000	(\$326,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$180,000	\$165,189	\$345,189	\$0	\$345,189	\$0
CONST/CONV TAX PK CD 4 FUND (381) TOTAL	\$0	\$0	\$180,000	\$165,189	\$345,189	\$0	\$345,189	\$0
CONST/CONV TAX PK CD 5 FUND (382)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$605,348	\$605,348		\$605,348	\$0
Rebudget: Alum Rock Avenue and 31st Street Park Land Acquisition and Master Plan			(\$7,000)	\$7,000	\$0			\$0
Rebudget: Plata Arroyo Park Improvements			(\$4,000)	\$4,000	\$0			\$0
Rebudget: Pool Repairs			\$100,000	(\$100,000)	\$0			\$0
Rebudget: TRAIL: Lower Silver Creek Reach 4/5A (Alum Rock Avenue to Highway 680)			\$21,000	(\$21,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$110,000	\$495,348	\$605,348	\$0	\$605,348	\$0
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Alum Rock Avenue and 31st Street Park Design			\$160,000		\$160,000			\$160,000
Alum Rock Avenue and 31st Street Park Reserve			(\$160,000)		(\$160,000)			(\$160,000)

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	
CONST/CONV TAX PK CD 7 FUND (385)							
Clean-Up and Rebudget Actions							
PARKS & COMM FAC DEV CAPITAL PROGRAM							
Fund Balance Reconciliation				(\$123,667)	(\$123,667)		(\$123,667) \$0
Rebudget: McLaughlin Park Renovation			\$6,000	(\$6,000)	\$0		\$0
Rebudget: Minor Building Renovations			\$14,000	(\$14,000)	\$0		\$0
Rebudget: Shirakawa Community Center Renovation			(\$559,000)	\$559,000	\$0		\$0
Rebudget: Strategic Capital Replacement and Maintenance Needs			(\$126,000)	\$126,000	\$0		\$0
Rebudget: Windmill Springs Park Improvements			\$28,000	(\$28,000)	\$0		\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$637,000)	\$513,333	(\$123,667)	\$0	(\$123,667) \$0
CONST/CONV TAX PK CD 7 FUND (385) TOTAL	\$0	\$0	(\$637,000)	\$513,333	(\$123,667)	\$0	(\$123,667) \$0
CONST/CONV TAX PK CD 8 FUND (386)							
Clean-Up and Rebudget Actions							
PARKS & COMM FAC DEV CAPITAL PROGRAM							
Fund Balance Reconciliation				\$400,788	\$400,788		\$400,788 \$0
Rebudget: Fowler Creek Park Improvements			\$68,000	(\$68,000)	\$0		\$0
Rebudget: Lake Cunningham Park Neighborhood Improvements			\$31,000	(\$31,000)	\$0		\$0
Rebudget: Silver Creek Linear Park Improvements			\$54,000	(\$54,000)	\$0		\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$153,000	\$247,788	\$400,788	\$0	\$400,788 \$0
CONST/CONV TAX PK CD 8 FUND (386) TOTAL	\$0	\$0	\$153,000	\$247,788	\$400,788	\$0	\$400,788 \$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK CD 9 FUND (388)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$614,455	\$614,455		\$614,455	\$0
Rebudget: Camden Community Center Gymnasium Improvements			(\$36,000)	\$36,000	\$0			\$0
Rebudget: Camden Pool Minor Improvements			\$36,000	(\$36,000)	\$0			\$0
Rebudget: Pool Repairs			\$31,000	(\$31,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$31,000	\$583,455	\$614,455	\$0	\$614,455	\$0
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Doerr Park Shade Structure			\$100,000		\$100,000			\$100,000
Ending Fund Balance Adjustment				(\$100,000)	(\$100,000)			(\$100,000)
Budget Adjustments Total	\$0	\$0	\$100,000	(\$100,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX PK CD 9 FUND (388) TOTAL	\$0	\$0	\$131,000	\$483,455	\$614,455	\$0	\$614,455	\$0
CONST/CONV TAX PK CD10 FD (389)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$447,265	\$447,265		\$447,265	\$0
Rebudget: Foothill Park Minor Renovation			\$23,000	(\$23,000)	\$0			\$0
Tech Adjust: Transfer from the General Fund (Leland Sports Field Repayment)/Leland Turf Replacement Reserve			\$39,000		\$39,000	\$39,000		\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$62,000	\$424,265	\$486,265	\$39,000	\$447,265	\$0
CONST/CONV TAX PK CD10 FD (389) TOTAL	\$0	\$0	\$62,000	\$424,265	\$486,265	\$39,000	\$447,265	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PK YARDS FD (398)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$135,596	\$135,596		\$135,596	\$0
Rebudget: Guadalupe River Park and Gardens Park Yard Expansion			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Lake Cunningham Park Yard Renovation			(\$1,000)	\$1,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$49,000	\$86,596	\$135,596	\$0	\$135,596	\$0
CONST/CONV TAX PK YARDS FD (398) TOTAL	\$0	\$0	\$49,000	\$86,596	\$135,596	\$0	\$135,596	\$0
CONST/CONV TAX PKS CW FUND (391)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$927,302	\$927,302		\$927,302	\$0
Rebudget: Alum Rock Park Youth Science Institute Building			(\$17,000)	\$17,000	\$0			\$0
Rebudget: Columbus Park Sports Field Lighting Upgrades			\$20,000	(\$20,000)	\$0			\$0
Rebudget: Community Network Upgrade			(\$208,000)	\$208,000	\$0			\$0
Rebudget: Copper Wire Replacement			\$136,000	(\$136,000)	\$0			\$0
Rebudget: Family Camp Infrastructure Renovations			\$48,000	(\$48,000)	\$0			\$0
Rebudget: Family Camp Repairs - Rim Fire			(\$40,000)	\$40,000	\$0			\$0
Rebudget: Happy Hollow Park and Zoo Ticketing and Management System			\$39,000	(\$39,000)	\$0			\$0
Rebudget: Kelley Park Improvements			\$21,000	(\$21,000)	\$0			\$0
Rebudget: Kelley Park Master Plan			(\$2,000)	\$2,000	\$0			\$0
Rebudget: Overfelt Gardens Improvements			(\$141,000)	\$141,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$144,000)	\$1,071,302	\$927,302	\$0	\$927,302	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PKS CW FUND (391)								
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Ending Fund Balance Adjustment				(\$299,000)	(\$299,000)			(\$299,000)
Family Camp Capital Improvements Reserve			\$79,000		\$79,000			\$79,000
Happy Hollow Park and Zoo Alligator Exhibit			\$200,000		\$200,000			\$200,000
Vietnamese Cultural Heritage Garden			\$20,000		\$20,000			\$20,000
Budget Adjustments Total	\$0	\$0	\$299,000	(\$299,000)	\$0	\$0	\$0	\$0
CONST/CONV TAX PKS CW FUND (391) TOTAL	\$0	\$0	\$155,000	\$772,302	\$927,302	\$0	\$927,302	\$0
CONST/CONV TAX SRVC YDS FD (395)								
Clean-Up and Rebudget Actions								
SERVICE YARDS CAPITAL PROGRAM								
Fund Balance Reconciliation				\$609,435	\$609,435		\$609,435	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$609,435	\$609,435	\$0	\$609,435	\$0
CONST/CONV TAX SRVC YDS FD (395) TOTAL	\$0	\$0	\$0	\$609,435	\$609,435	\$0	\$609,435	\$0
CONSTRUCTION EXCISE TAX FD (465)								
Clean-Up and Rebudget Actions								
TRAFFIC CAPITAL PROGRAM								
Fund Balance Reconciliation				\$15,413,414	\$15,413,414		\$15,413,414	\$0
Fund Balance Reconciliation - Evergreen Traffic Impact Fees Reserve			\$259,371	(\$259,371)	\$0			\$0
Fund Balance Reconciliation - North San José Traffic Impact Fees Reserve			\$4,574,448	(\$4,574,448)	\$0			\$0
Fund Balance Reconciliation - Pavement Maintenance - Measure B			\$75,848	(\$75,848)	\$0			\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Beg Fund Balance	
CONSTRUCTION EXCISE TAX FD (465)							
Clean-Up and Rebudget Actions							
TRAFFIC CAPITAL PROGRAM							
Fund Balance Reconciliation - Pavement Maintenance - State Gas Tax			\$151,617	(\$151,617)	\$0		\$0
Fund Balance Reconciliation - Route 101/Oakland/Mabury Traffic Impact Fees Reserve			\$2,428,671	(\$2,428,671)	\$0		\$0
Rebudget: ADA Sidewalk Accessibility Program			\$541,000	(\$541,000)	\$0		\$0
Rebudget: Almaden/Vine Downtown Couplet (OBAG)			\$199,000	(\$199,000)	\$0		\$0
Rebudget: BART Design and Construction Support/Revenue from Local Agencies			(\$24,000)	\$1,057,000	\$1,033,000	\$1,033,000	\$0
Rebudget: BART Policy and Planning			\$34,000	(\$34,000)	\$0		\$0
Rebudget: Bicycle and Pedestrian Facilities/Revenue from State of California			\$93,000	\$1,849,000	\$1,942,000	\$1,942,000	\$0
Rebudget: Bike/Pedestrian Development			\$3,000	(\$3,000)	\$0		\$0
Rebudget: Bikeways Program (OBAG)			\$40,000	(\$40,000)	\$0		\$0
Rebudget: Bridge Maintenance and Repair			\$113,000	(\$113,000)	\$0		\$0
Rebudget: Bus Rapid Transit - Santa Clara/Alum Rock			\$19,000	(\$19,000)	\$0		\$0
Rebudget: Community Development Block Grant - Non-Reimbursable			\$70,000	(\$70,000)	\$0		\$0
Rebudget: District 6 Traffic Calming and Signals Improvements			(\$22,000)	\$22,000	\$0		\$0
Rebudget: East San José Bike/Pedestrian Transit Connection (OBAG)			\$78,000	(\$78,000)	\$0		\$0
Rebudget: Fiber Optics Permit Engineering			\$17,000	(\$17,000)	\$0		\$0
Rebudget: Foss Avenue Streetlighting Improvements			\$5,000	(\$5,000)	\$0		\$0
Rebudget: Habitat Conservation Plan - Nitrogen Deposition Fee			\$548,000	(\$548,000)	\$0		\$0
Rebudget: ITS Monitoring and Maintenance-VRF			\$4,000	(\$4,000)	\$0		\$0
Rebudget: Infrastructure Management System			\$246,000	(\$246,000)	\$0		\$0
Rebudget: Jackson Avenue Complete Streets (OBAG)/Revenue from Federal Government			(\$792,000)	\$827,000	\$35,000	\$35,000	\$0
Rebudget: LED Streetlight Program			\$50,000	(\$50,000)	\$0		\$0
Rebudget: LED Traffic Signal Lamp Replacement			\$770,000	(\$770,000)	\$0		\$0
Rebudget: Miscellaneous Street Improvements			\$56,000	(\$56,000)	\$0		\$0
Rebudget: Neighborhood Traffic Calming			\$196,000	(\$196,000)	\$0		\$0
Rebudget: North San José Deficiency Plan Improvements			\$259,000	(\$259,000)	\$0		\$0
Rebudget: North San José Improvement - 101/Zanker			\$31,000	(\$31,000)	\$0		\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONSTRUCTION EXCISE TAX FD (465)								
Clean-Up and Rebudget Actions								
TRAFFIC CAPITAL PROGRAM								
Rebudget: Park Avenue Crosstown Bikeway			\$51,000	(\$51,000)	\$0			\$0
Rebudget: Pavement Maintenance - City			\$5,335,000	(\$5,335,000)	\$0			\$0
Rebudget: Pavement Maintenance - Federal (OBAG)/Revenue from Federal Government			\$485,000	\$9,092,000	\$9,577,000	\$9,577,000		\$0
Rebudget: Pavement Maintenance - Measure B			\$1,960,000	(\$1,960,000)	\$0			\$0
Rebudget: Pavement Maintenance - State Gas Tax			\$3,852,784	(\$3,852,784)	\$0			\$0
Rebudget: Pedestrian Oriented Traffic Signals (OBAG)/Revenue from Federal Government			(\$87,000)	\$158,000	\$71,000	\$71,000		\$0
Rebudget: Revenue from Local Agencies (VTA: Santa Clara - Alum Rock Bus Rapid Transit)				\$5,000	\$5,000	\$5,000		\$0
Rebudget: Rosemary Gardens Neighborhood Improvements			\$2,000	(\$2,000)	\$0			\$0
Rebudget: Safe Access San José/Revenue from Federal Government			\$1,000	\$13,000	\$14,000	\$14,000		\$0
Rebudget: Safe Routes to School Program (OBAG)/Revenue from Federal Government			\$87,000	\$40,000	\$127,000	\$127,000		\$0
Rebudget: Safety - Neighborhood Traffic Engineering			\$218,000	(\$218,000)	\$0			\$0
Rebudget: Safety - Pedestrian Improvements			\$446,000	(\$446,000)	\$0			\$0
Rebudget: Safety - Signs & Markings			\$149,000	(\$149,000)	\$0			\$0
Rebudget: Safety - Traffic Education			\$74,000	(\$74,000)	\$0			\$0
Rebudget: Signal and Lighting Vehicle Replacement			\$173,000	(\$173,000)	\$0			\$0
Rebudget: Streetlight Wire Replacement			\$221,000	(\$221,000)	\$0			\$0
Rebudget: Traffic Signal Preventative Maintenance			\$52,000	(\$52,000)	\$0			\$0
Rebudget: Training and Development			\$56,000	(\$56,000)	\$0			\$0
Rebudget: Transportation Demand Management/Revenue from Federal Government			\$830,000	(\$530,000)	\$300,000	\$300,000		\$0
Rebudget: Transportation System Technology			\$104,000	(\$104,000)	\$0			\$0
Rebudget: Urban Forest Partnership			\$50,000	(\$50,000)	\$0			\$0
Rebudget: Walk n' Roll San José Phase 2/Revenue from Federal Government			\$125,000	\$70,000	\$195,000	\$195,000		\$0
Transfer to General Fund (Human Resources/Payroll/Budget Systems Upgrade)			\$9,000	(\$9,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$24,217,739	\$4,494,675	\$28,712,414	\$13,299,000	\$15,413,414	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONSTRUCTION EXCISE TAX FD (465)								
Budget Adjustments								
TRAFFIC CAPITAL PROGRAM								
Developer Permitting Fees Refund Reserve			\$2,545,000		\$2,545,000			\$2,545,000
Ending Fund Balance Adjustment				(\$2,868,219)	(\$2,868,219)			(\$2,868,219)
Fiber Optics Permit Engineering			\$88,000		\$88,000			\$88,000
Grants Refunds			\$271,000		\$271,000			\$271,000
High Speed Rail/Revenue from State of California			\$270,000		\$270,000	\$270,000		\$0
North San José Deficiency Plan Improvements			(\$205,000)		(\$205,000)			(\$205,000)
North San José Traffic Impact Fees Reserve			\$9,219		\$9,219	\$9,219		\$0
Priority Safety Corridor Retiming/Revenue from State of California			\$500,000		\$500,000	\$500,000		\$0
Regional Rail Planning			\$150,000		\$150,000			\$150,000
Revenue from Local Agencies (BART Construction Management)					\$0	(\$10,000)		\$10,000
Silicon Valley ITS Area Network/Revenue from Local Agencies			\$60,000		\$60,000	\$60,000		\$0
Transfer to the Construction Excise Tax Fund/Transfer from Cisco Systems Fund			\$323		\$323	\$323		\$0
Transfer to the North San José Traffic Impact Fee Fund			\$9,219		\$9,219			\$9,219
Budget Adjustments Total	\$0	\$0	\$3,697,761	(\$2,868,219)	\$829,542	\$829,542	\$0	\$0
CONSTRUCTION EXCISE TAX FD (465) TOTAL	\$0	\$0	\$27,915,500	\$1,626,456	\$29,541,956	\$14,128,542	\$15,413,414	\$0

CONTINGENT LIEN DISTRICT FUND (634)

Clean-Up and Rebudget Actions

DEVELOPER ASSISTED CAPITAL PROGRAM

Fund Balance Reconciliation				\$60,853	\$60,853		\$60,853	\$0
Fund Balance Reconciliation - Evergreen Creek District Reserve			\$20,085	(\$20,085)	\$0			\$0
Fund Balance Reconciliation - Evergreen Specific Plan District Reserve			\$31,558	(\$31,558)	\$0			\$0
Fund Balance Reconciliation - Silicon Valley Bridge District Reserve			\$4,616	(\$4,616)	\$0			\$0
Fund Balance Reconciliation - Silver Creek Development District 1A			\$4,567	(\$4,567)	\$0			\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONTINGENT LIEN DISTRICT FUND (634)								
Clean-Up and Rebudget Actions								
DEVELOPER ASSISTED CAPITAL PROGRAM								
Reserve								
Fund Balance Reconciliation - Silver Creek Development District 1B Reserve			\$4,017	(\$4,017)	\$0			\$0
Rebudget: Contingent Lien District Administration			\$10	(\$10)	\$0			\$0
Rebudget: Quimby/Fowler Creek Riparian Restoration			(\$4,000)	\$4,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$60,853	\$0	\$60,853	\$0	\$60,853	\$0
CONTINGENT LIEN DISTRICT FUND (634) TOTAL	\$0	\$0	\$60,853	\$0	\$60,853	\$0	\$60,853	\$0
CONV CTR FACIL DIST REV FD (791)								
Clean-Up and Rebudget Actions								
CONVENTION FACILITIES DEPT								
Fund Balance Reconciliation				(\$742,602)	(\$742,602)		(\$742,602)	\$0
MUNI IMPROVEMENTS CAPITAL PROGRAM								
Rebudget: Convention Center Boiler Protection			\$146,000	(\$146,000)	\$0			\$0
Rebudget: Convention Center Elevator Upgrades			\$92,000	(\$92,000)	\$0			\$0
Rebudget: Convention Center Exhibit Hall Lighting and Ceiling Upgrades			(\$117,000)	\$117,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$121,000	(\$863,602)	(\$742,602)	\$0	(\$742,602)	\$0
Budget Adjustments								
CONVENTION FACILITIES DEPT								
Ending Fund Balance Adjustment				\$357,116	\$357,116			\$357,116
Transfer to the Convention Center Facilities District Project Fund (Fund Closeout)			\$320,811		\$320,811			\$320,811
Transfers and Reimbursements (Fund Closeout)					\$0	\$677,927		(\$677,927)

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONV/CULTURAL AFFAIRS FUND (536)								
Clean-Up and Rebudget Actions								
CONVENTION FACILITIES DEPT								
Fund Balance Reconciliation				\$3,445,873	\$3,445,873		\$3,445,873	\$0
MUNI IMPROVEMENTS CAPITAL PROGRAM								
Rebudget: Center for Performing Arts Elevator Rehabilitation			\$92,000	(\$92,000)	\$0			\$0
Rebudget: Cultural Facilities Rehabilitation/Repair - Electrical			\$201,000	(\$201,000)	\$0			\$0
Rebudget: Cultural Facilities Rehabilitation/Repair - Mechanical			(\$20,000)	\$20,000	\$0			\$0
Rebudget: Cultural Facilities Rehabilitation/Repair - Miscellaneous			\$34,000	(\$34,000)	\$0			\$0
Rebudget: Cultural Facilities Rehabilitation/Repair - Structures			(\$79,000)	\$79,000	\$0			\$0
Rebudget: Cultural Facilities Rehabilitation/Repair - Unanticipated			\$5,000	(\$5,000)	\$0			\$0
Rebudget: San José Civic Auditorium HVAC Rehabilitation			(\$95,000)	\$95,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$505,750	\$2,940,123	\$3,445,873	\$0	\$3,445,873	\$0
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Transfers and Reimbursements (Transfer from Transient Occupancy Tax Fund (TOT) Revenue Reconciliation)					\$0	\$56,439		(\$56,439)
CONVENTION FACILITIES DEPT								
Ending Fund Balance Adjustment				(\$1,266,770)	(\$1,266,770)			(\$1,266,770)
Transfer to General Fund (American Musical Theater - Broadway San José)			\$7,209		\$7,209			\$7,209
MUNI IMPROVEMENTS CAPITAL PROGRAM								
Cultural Facilities Rehabilitation/Repair - Miscellaneous			\$275,000		\$275,000			\$275,000
Cultural Facilities Rehabilitation/Repair - Structures			\$1,041,000		\$1,041,000			\$1,041,000
Budget Adjustments Total	\$0	\$0	\$1,323,209	(\$1,266,770)	\$56,439	\$56,439	\$0	\$0
CONV/CULTURAL AFFAIRS FUND (536) TOTAL	\$0	\$0	\$1,828,959	\$1,673,353	\$3,502,312	\$56,439	\$3,445,873	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
DENTAL INSURANCE FUND (155)								
Clean-Up and Rebudget Actions								
HUMAN RESOURCES								
Fund Balance Reconciliation				\$4,568	\$4,568		\$4,568	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$4,568	\$4,568	\$0	\$4,568	\$0
DENTAL INSURANCE FUND (155) TOTAL	\$0	\$0	\$0	\$4,568	\$4,568	\$0	\$4,568	\$0
DOWNTOWN PBID FUND (302)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				(\$85,215)	(\$85,215)		(\$85,215)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$85,215)	(\$85,215)	\$0	(\$85,215)	\$0
DOWNTOWN PBID FUND (302) TOTAL	\$0	\$0	\$0	(\$85,215)	(\$85,215)	\$0	(\$85,215)	\$0
E PRUSCH MEM PK IMPR FUND (131)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				(\$13,533)	(\$13,533)		(\$13,533)	\$0
Rebudget: Emma Prusch Park Capital Repairs			\$31,000	(\$31,000)	\$0			\$0
Rebudget: Emma Prusch Park Roof Repairs			(\$62,000)	\$62,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$31,000)	\$17,467	(\$13,533)	\$0	(\$13,533)	\$0
E PRUSCH MEM PK IMPR FUND (131) TOTAL	\$0	\$0	(\$31,000)	\$17,467	(\$13,533)	\$0	(\$13,533)	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
ECON DEV ADMIN LOAN FUND (444)								
Clean-Up and Rebudget Actions								
HOUSING								
Fund Balance Reconciliation				(\$724)	(\$724)		(\$724)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$724)	(\$724)	\$0	(\$724)	\$0
ECON DEV ADMIN LOAN FUND (444) TOTAL	\$0	\$0	\$0	(\$724)	(\$724)	\$0	(\$724)	\$0
EDW BYRNE MEMORIAL JAG FD (474)								
Clean-Up and Rebudget Actions								
POLICE								
Fund Balance Reconciliation				\$42,051	\$42,051		\$42,051	\$0
Rebudget: 2013 Justice Assistance Grant			(\$901)	\$901	\$0			\$0
Rebudget: 2014 Justice Assistance Grant			(\$8,894)	\$8,894	\$0			\$0
Rebudget: 2015 Justice Assistance Grant			(\$5,358)	\$5,358	\$0			\$0
Tech Adjust: 2014 Justice Assistance Grant (Interest Earnings)			\$578	(\$578)	\$0			\$0
Tech Adjust: 2015 Justice Assistance Grant (Interest Earnings)			\$265	(\$265)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$14,310)	\$56,361	\$42,051	\$0	\$42,051	\$0
Budget Adjustments								
POLICE								
Ending Fund Balance Adjustment				(\$56,361)	(\$56,361)			(\$56,361)
Revenue from Federal Government (2015 Justice Assistance Grant)					\$0	(\$56,361)		\$56,361
Budget Adjustments Total	\$0	\$0	\$0	(\$56,361)	(\$56,361)	(\$56,361)	\$0	\$0
EDW BYRNE MEMORIAL JAG FD (474) TOTAL	\$0	\$0	(\$14,310)	\$0	(\$14,310)	(\$56,361)	\$42,051	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
FEDERAL DRUG FORFEITURE FUND (419)								
Clean-Up and Rebudget Actions								
POLICE								
Fund Balance Reconciliation				\$72,384	\$72,384		\$72,384	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$72,384	\$72,384	\$0	\$72,384	\$0
FEDERAL DRUG FORFEITURE FUND (419) TOTAL	\$0	\$0	\$0	\$72,384	\$72,384	\$0	\$72,384	\$0
GENERAL PURPOSE PARKING FD (533)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$2,328,004	\$2,328,004		\$2,328,004	\$0
Fund Balance Reconciliation - SAP Center Area Parking Reserve				\$1,530,488	\$1,530,488		\$1,530,488	\$0
PARKING CAPITAL PROGRAM								
Rebudget: Downtown Event Parking Dynamic Message Sign Repair and Upgrades			\$48,000	(\$48,000)	\$0			\$0
Rebudget: Revenue Control & Meter Upgrades			\$259,000	(\$259,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$307,000	\$3,551,492	\$3,858,492	\$0	\$3,858,492	\$0
Budget Adjustments								
TRANSPORTATION								
Ending Fund Balance Adjustment				(\$180,000)	(\$180,000)			(\$180,000)
Non-Personal/Equipment (Parking Garage/Lot Management Contract)			\$175,000		\$175,000			\$175,000
Non-Personal/Equipment/Other Revenue (The Globe Garage Operation)		\$95,000			\$95,000	\$90,000		\$5,000
Budget Adjustments Total	\$0	\$95,000	\$175,000	(\$180,000)	\$90,000	\$90,000	\$0	\$0
GENERAL PURPOSE PARKING FD (533) TOTAL	\$0	\$95,000	\$482,000	\$3,371,492	\$3,948,492	\$90,000	\$3,858,492	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Beg Fund Balance	
GIFT TRUST FUND (139)							
Clean-Up and Rebudget Actions							
CITY MANAGER							
Rebudget: Berryessa Community Center Art Project				\$8	(\$8)	\$0	\$0
INDEPENDENT POLICE AUDITOR							
Rebudget: IPA's Teen Leadership Council				\$7	(\$7)	\$0	\$0
CITY CLERK							
Rebudget: Annual District I Festival in the Park				\$6	(\$6)	\$0	\$0
Rebudget: CommUnity Resource Fair				\$248	(\$248)	\$0	\$0
Rebudget: Go Girl Go BAWSI				\$14	(\$14)	\$0	\$0
Rebudget: Mayor's College Motivation Program				\$65	(\$65)	\$0	\$0
FINANCE							
Fund Balance Reconciliation						\$274,862	\$274,862
POLICE							
Rebudget: Anti-Theft Car Campaign				\$61	(\$61)	\$0	\$0
Rebudget: CADPE - Drug Education				\$1,531	(\$1,531)	\$0	\$0
Rebudget: Canine Unit				\$2,344	(\$2,344)	\$0	\$0
Rebudget: Child Safety Seats				\$15,443	(\$15,443)	\$0	\$0
Rebudget: Children's Interview Center				\$43,968	(\$43,968)	\$0	\$0
Rebudget: Communications Facility Fitness Center				\$2,578	(\$2,578)	\$0	\$0
Rebudget: Community Services Program				\$2,964	(\$2,964)	\$0	\$0
Rebudget: Crime Prevention Committee				\$858	(\$858)	\$0	\$0
Rebudget: Cybercadet Program				\$5,623	(\$5,623)	\$0	\$0
Rebudget: G.E.A.R. Program				\$281	(\$281)	\$0	\$0
Rebudget: Internet Crimes Against Children				\$12,433	(\$12,433)	\$0	\$0
Rebudget: Investigative Enhancement				\$47,386	(\$47,386)	\$0	\$0
Rebudget: Major Awards Banquet				\$16,641	(\$16,641)	\$0	\$0
Rebudget: Mayor's Safe Families				\$6,766	(\$6,766)	\$0	\$0
Rebudget: Miscellaneous Gifts				\$1,014	(\$1,014)	\$0	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
GIFT TRUST FUND (139)								
Clean-Up and Rebudget Actions								
POLICE								
Rebudget: Police & School Partnership Program			\$10,943	(\$10,943)	\$0			\$0
Rebudget: Police Educational Robot			\$2,589	(\$2,589)	\$0			\$0
Rebudget: Police Mounted Unit			\$17,305	(\$17,305)	\$0			\$0
Rebudget: Police Reserves Unit			\$42,254	(\$42,254)	\$0			\$0
Rebudget: Robbery Secret Witness			\$18,767	(\$18,767)	\$0			\$0
Rebudget: S.A.V.E. Program			\$35,540	(\$35,540)	\$0			\$0
Rebudget: Scholastic Crime Stoppers			\$5,777	(\$5,777)	\$0			\$0
Rebudget: School Safety Gifts			\$4,289	(\$4,289)	\$0			\$0
Rebudget: Trauma Kits			\$2,190	(\$2,190)	\$0			\$0
Rebudget: Volunteer Program			\$792	(\$792)	\$0			\$0
TRANSPORTATION								
Rebudget: Coleman / Guadalupe Traffic Study and Mitigation			\$46	(\$46)	\$0			\$0
Rebudget: Our City Forest			\$1	(\$1)	\$0			\$0
Rebudget: Pedestrian Enhancements - International Circle and Hospital Parkway			(\$3,812)	\$3,812	\$0			\$0
FIRE								
Rebudget: Hazardous Material Training			\$10	(\$10)	\$0			\$0
Rebudget: Public Education Program			(\$3,399)	\$3,399	\$0			\$0
PUBLIC WORKS								
Rebudget: Animal Services Donations			(\$73,332)	\$73,332	\$0			\$0
Rebudget: Kinjo Gardens			\$17	(\$17)	\$0			\$0
Rebudget: Spay/Neuter Program			\$168	(\$168)	\$0			\$0
ECONOMIC DEVELOPMENT								
Rebudget: Albino, Erminia, and Alba Joyce Martini Memorial Fund			\$320	(\$320)	\$0			\$0
Rebudget: Art + Technology Program			\$39,962	(\$39,962)	\$0			\$0
Rebudget: Arts and Education Week			\$258	(\$258)	\$0			\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	
GIFT TRUST FUND (139)							
Clean-Up and Rebudget Actions							
ECONOMIC DEVELOPMENT							
Rebudget: Cultural Performance				\$5	(\$5)	\$0	\$0
Rebudget: Incubation Office Project				\$220	(\$220)	\$0	\$0
Rebudget: Sponsorship Gifts				\$1	(\$1)	\$0	\$0
PARKS, REC, & NEIGH SVCS							
Rebudget: Almaden Lake Park				\$9	(\$9)	\$0	\$0
Rebudget: Almaden Lake Park Rangers				\$2	(\$2)	\$0	\$0
Rebudget: Almaden Winery Improvement				\$98	(\$98)	\$0	\$0
Rebudget: Alum Rock Park				\$30	(\$30)	\$0	\$0
Rebudget: Alviso Community Center				\$69	(\$69)	\$0	\$0
Rebudget: Alviso Recreation and Teen Program				\$6	(\$6)	\$0	\$0
Rebudget: Animal Adoption				\$190	(\$190)	\$0	\$0
Rebudget: Calabazas BMX Park				\$13	(\$13)	\$0	\$0
Rebudget: Castro School Landscaping				\$22	(\$22)	\$0	\$0
Rebudget: Combined Gifts				\$21	(\$21)	\$0	\$0
Rebudget: Commodore Park Maintenance				\$149	(\$149)	\$0	\$0
Rebudget: Community Cultural Council				\$12	(\$12)	\$0	\$0
Rebudget: Emma Prusch Farm Park				\$180	(\$180)	\$0	\$0
Rebudget: Family Camp Camperships				\$2,168	(\$2,168)	\$0	\$0
Rebudget: Friends of Paul Moore Park				\$13	(\$13)	\$0	\$0
Rebudget: Grace Community Center				(\$134)	\$134	\$0	\$0
Rebudget: Gullo Park Turf Irrigation				\$68	(\$68)	\$0	\$0
Rebudget: J. Ward Memorial Scholarship				\$1,460	(\$1,460)	\$0	\$0
Rebudget: Japanese Friendship Garden				\$1,462	(\$1,462)	\$0	\$0
Rebudget: Lake Cunningham Skate Park				\$21	(\$21)	\$0	\$0
Rebudget: Leland High School Tennis				\$8	(\$8)	\$0	\$0
Rebudget: Mayor's Gang Prevention Task Force Clean Slate Program				(\$820)	\$820	\$0	\$0
Rebudget: Miscellaneous Gifts Under \$1,000				\$86	(\$86)	\$0	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
GIFT TRUST FUND (139)								
Clean-Up and Rebudget Actions								
PARKS, REC, & NEIGH SVCS								
Rebudget: Mise and Starbird Gift			\$196	(\$196)	\$0			\$0
Rebudget: Newhall Park Maintenance			\$521	(\$521)	\$0			\$0
Rebudget: Nicholas Prusch Swimming			\$1,119	(\$1,119)	\$0			\$0
Rebudget: O'Donnel's Gardens Park			\$114	(\$114)	\$0			\$0
Rebudget: Overfelt Gardens			\$12	(\$12)	\$0			\$0
Rebudget: RP & CS General Gifts Over \$1,000			\$15,263	(\$15,263)	\$0			\$0
Rebudget: River Oaks Park Maintenance			(\$12,191)	\$12,191	\$0			\$0
Rebudget: Safe Summer Initiative			\$71	(\$71)	\$0			\$0
Rebudget: San Jose Vietnam War Memorial			\$38	(\$38)	\$0			\$0
Rebudget: St. James Park Landscaping			\$22	(\$22)	\$0			\$0
Rebudget: Vista Montana Park Maintenance			(\$26,994)	\$26,994	\$0			\$0
Rebudget: Willow Glen Founders Day			(\$3,411)	\$3,411	\$0			\$0
Rebudget: Youth Commission			\$1,194	(\$1,194)	\$0			\$0
LIBRARY								
Rebudget: Books for Little Hands			\$14	(\$14)	\$0			\$0
Rebudget: Calabazas Branch Library			(\$480)	\$480	\$0			\$0
Rebudget: Garbage Stickers			\$2,886	(\$2,886)	\$0			\$0
Rebudget: Library Literacy Project			\$147	(\$147)	\$0			\$0
Rebudget: Library-General Gifts			\$29,939	(\$29,939)	\$0			\$0
AIRPORT								
Rebudget: Art Work			\$28	(\$28)	\$0			\$0
Rebudget: Heliport System Plan Study			\$90	(\$90)	\$0			\$0
Rebudget: Kidport			\$1	(\$1)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$274,862	\$0	\$274,862	\$0	\$274,862	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
GIFT TRUST FUND (139)								
Budget Adjustments								
PARKS, REC, & NEIGH SVCS								
St. James Park Landscaping			\$1,250		\$1,250	\$1,250		\$0
Budget Adjustments Total	\$0	\$0	\$1,250	\$0	\$1,250	\$1,250	\$0	\$0
GIFT TRUST FUND (139) TOTAL	\$0	\$0	\$276,112	\$0	\$276,112	\$1,250	\$274,862	\$0
HOME INVEST PART PROG FUND (445)								
Clean-Up and Rebudget Actions								
HOUSING								
Fund Balance Reconciliation				(\$85,784)	(\$85,784)		(\$85,784)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$85,784)	(\$85,784)	\$0	(\$85,784)	\$0
HOME INVEST PART PROG FUND (445) TOTAL	\$0	\$0	\$0	(\$85,784)	(\$85,784)	\$0	(\$85,784)	\$0
HOUSING TRUST FUND (440)								
Clean-Up and Rebudget Actions								
HOUSING								
Fund Balance Reconciliation				\$500,979	\$500,979		\$500,979	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$500,979	\$500,979	\$0	\$500,979	\$0
HOUSING TRUST FUND (440) TOTAL	\$0	\$0	\$0	\$500,979	\$500,979	\$0	\$500,979	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
ICE CENTRE REVENUE FUND (432)								
Clean-Up and Rebudget Actions								
FINANCE								
Fund Balance Reconciliation				\$1,075,142	\$1,075,142		\$1,075,142	\$0
Fund Balance Reconciliation - Previously Approved Repairs Reserve			\$885,500	(\$885,500)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$885,500	\$189,642	\$1,075,142	\$0	\$1,075,142	\$0
ICE CENTRE REVENUE FUND (432) TOTAL	\$0	\$0	\$885,500	\$189,642	\$1,075,142	\$0	\$1,075,142	\$0
IMPROVEMENT DISTRICT FUND (599)								
Clean-Up and Rebudget Actions								
TRAFFIC CAPITAL PROGRAM								
Fund Balance Reconciliation				\$1,198,868	\$1,198,868		\$1,198,868	\$0
Rebudget: Route 101/Blossom Hill Road Interchange			\$346,000	(\$346,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$346,000	\$852,868	\$1,198,868	\$0	\$1,198,868	\$0
IMPROVEMENT DISTRICT FUND (599) TOTAL	\$0	\$0	\$346,000	\$852,868	\$1,198,868	\$0	\$1,198,868	\$0
INTEGRATED WASTE MGT FUND (423)								
Clean-Up and Rebudget Actions								
FINANCE								
Rebudget: Delinquent Lien Releases			\$82,056	(\$82,056)	\$0			\$0
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$1,967,800	\$1,967,800		\$1,967,800	\$0
Fund Balance Reconciliation - Operations and Maintenance Reserve			\$105,000	(\$105,000)	\$0			\$0
Rebudget: Customer Information System Transition			\$115,008	(\$115,008)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
INTEGRATED WASTE MGT FUND (423)								
Clean-Up and Rebudget Actions								
ENVIRONMENTAL SERVICES								
Transfer to General Fund (Human Resources/Payroll/Budget Systems Upgrade)			\$8,000	(\$8,000)	\$0			\$0
MUNI IMPROVEMENTS CAPITAL PROGRAM								
Rebudget: Household Hazardous Waste Las Plumas Facility			\$624,000	(\$624,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$934,064	\$1,033,736	\$1,967,800	\$0	\$1,967,800	\$0
Budget Adjustments								
ENVIRONMENTAL SERVICES								
EIC QALICB Master Lease Payment			\$3,500		\$3,500			\$3,500
Ending Fund Balance Adjustment				(\$303,500)	(\$303,500)			(\$303,500)
Non-Personal/Equipment (Compactor Truck)		\$300,000			\$300,000			\$300,000
Budget Adjustments Total	\$0	\$300,000	\$3,500	(\$303,500)	\$0	\$0	\$0	\$0
INTEGRATED WASTE MGT FUND (423) TOTAL	\$0	\$300,000	\$937,564	\$730,236	\$1,967,800	\$0	\$1,967,800	\$0
LAKE CUNNINGHAM FUND (462)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				(\$34,291)	(\$34,291)		(\$34,291)	\$0
Rebudget: Lake Cunningham Bike Park			(\$36,000)	\$36,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$36,000)	\$1,709	(\$34,291)	\$0	(\$34,291)	\$0
LAKE CUNNINGHAM FUND (462) TOTAL	\$0	\$0	(\$36,000)	\$1,709	(\$34,291)	\$0	(\$34,291)	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
LIBRARY PARCEL TAX FUND (418)								
Clean-Up and Rebudget Actions								
LIBRARY								
Fund Balance Reconciliation				(\$184,521)	(\$184,521)		(\$184,521)	\$0
LIBRARY CAPITAL PROGRAM								
Rebudget: Acquisition of Materials			(\$88,000)	\$88,000	\$0			\$0
Rebudget: Automation Projects and System Maintenance			\$7,000	(\$7,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$81,000)	(\$103,521)	(\$184,521)	\$0	(\$184,521)	\$0
LIBRARY PARCEL TAX FUND (418) TOTAL	\$0	\$0	(\$81,000)	(\$103,521)	(\$184,521)	\$0	(\$184,521)	\$0
LIFE INSURANCE FUND (156)								
Clean-Up and Rebudget Actions								
HUMAN RESOURCES								
Fund Balance Reconciliation				(\$29,236)	(\$29,236)		(\$29,236)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$29,236)	(\$29,236)	\$0	(\$29,236)	\$0
LIFE INSURANCE FUND (156) TOTAL	\$0	\$0	\$0	(\$29,236)	(\$29,236)	\$0	(\$29,236)	\$0
LOW/MOD INCOME HSNB ASSET FD (346)								
Clean-Up and Rebudget Actions								
HOUSING								
Fund Balance Reconciliation				\$2,143,827	\$2,143,827		\$2,143,827	\$0
Fund Balance Reconciliation - Housing Project Reserve			\$2,200,000	(\$2,200,000)	\$0			\$0
Rebudget: Homeowner Education Program			\$22,000	(\$22,000)	\$0			\$0
Rebudget: Housing Loans and Grants			(\$3,300,000)	\$3,300,000	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST	
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance		
LOW/MOD INCOME HSNG ASSET FD (346)									
Clean-Up and Rebudget Actions									
HOUSING									
Tech Adjust: Housing Project Reserve (reallocate from Beginning Fund Balance)						\$0	\$7,083,000	(\$7,083,000)	\$0
Transfer to General Fund (Human Resources/Payroll/Budget Systems Upgrade)			\$4,000	(\$4,000)	\$0				\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$1,074,000)	\$3,217,827	\$2,143,827	\$7,083,000	(\$4,939,173)	\$0	
Budget Adjustments									
HOUSING									
Ending Fund Balance Adjustment				(\$33,000)	(\$33,000)				(\$33,000)
Homeowner Education Program			\$33,000		\$33,000				\$33,000
Housing Loans and Grants			\$2,400,000		\$2,400,000				\$2,400,000
Housing Project Reserve			(\$2,400,000)		(\$2,400,000)				(\$2,400,000)
Budget Adjustments Total	\$0	\$0	\$33,000	(\$33,000)	\$0	\$0	\$0	\$0	\$0
LOW/MOD INCOME HSNG ASSET FD (346) TOTAL	\$0	\$0	(\$1,041,000)	\$3,184,827	\$2,143,827	\$7,083,000	(\$4,939,173)	\$0	
M.D. #1 LOS PASEOS FUND (352)									
Clean-Up and Rebudget Actions									
TRANSPORTATION									
Fund Balance Reconciliation				\$35,108	\$35,108			\$35,108	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$35,108	\$35,108	\$0	\$35,108	\$0	
M.D. #1 LOS PASEOS FUND (352) TOTAL	\$0	\$0	\$0	\$35,108	\$35,108	\$0	\$35,108	\$0	

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #11 BROKAW/JCT-OAK FD (364)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$39,323	\$39,323		\$39,323	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$39,323	\$39,323	\$0	\$39,323	\$0
M.D. #11 BROKAW/JCT-OAK FD (364) TOTAL	\$0	\$0	\$0	\$39,323	\$39,323	\$0	\$39,323	\$0
M.D. #13 KARINA CT-O'NL DR FD (366)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				(\$4,433)	(\$4,433)		(\$4,433)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$4,433)	(\$4,433)	\$0	(\$4,433)	\$0
Budget Adjustments								
TRANSPORTATION								
Ending Fund Balance Adjustment				(\$30,000)	(\$30,000)			(\$30,000)
Non-Personal/Equipment (Turf Renovation)		\$30,000			\$30,000			\$30,000
Budget Adjustments Total	\$0	\$30,000	\$0	(\$30,000)	\$0	\$0	\$0	\$0
M.D. #13 KARINA CT-O'NL DR FD (366) TOTAL	\$0	\$30,000	\$0	(\$34,433)	(\$4,433)	\$0	(\$4,433)	\$0
M.D. #15 SILVER CREEK VALLEY FD (368)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$198,244	\$198,244		\$198,244	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #2 TRADE ZONE/LUNDY FD (354)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				(\$1,937)	(\$1,937)		(\$1,937)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$1,937)	(\$1,937)	\$0	(\$1,937)	\$0
M.D. #2 TRADE ZONE/LUNDY FD (354) TOTAL	\$0	\$0	\$0	(\$1,937)	(\$1,937)	\$0	(\$1,937)	\$0
M.D. #20 RENAISSANC-N. 1ST FD (365)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$9,621	\$9,621		\$9,621	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$9,621	\$9,621	\$0	\$9,621	\$0
Budget Adjustments								
TRANSPORTATION								
Ending Fund Balance Adjustment				(\$20,000)	(\$20,000)			(\$20,000)
Non-Personal/Equipment (Irrigation)		\$20,000			\$20,000			\$20,000
Budget Adjustments Total	\$0	\$20,000	\$0	(\$20,000)	\$0	\$0	\$0	\$0
M.D. #20 RENAISSANC-N. 1ST FD (365) TOTAL	\$0	\$20,000	\$0	(\$10,379)	\$9,621	\$0	\$9,621	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #21 GATEWAY FUND (356)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				(\$426)	(\$426)		(\$426)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$426)	(\$426)	\$0	(\$426)	\$0
M.D. #21 GATEWAY FUND (356) TOTAL	\$0	\$0	\$0	(\$426)	(\$426)	\$0	(\$426)	\$0
M.D. #22 HLLYR-SLVR CRK VLY FD (367)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$13,388	\$13,388		\$13,388	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$13,388	\$13,388	\$0	\$13,388	\$0
M.D. #22 HLLYR-SLVR CRK VLY FD (367) TOTAL	\$0	\$0	\$0	\$13,388	\$13,388	\$0	\$13,388	\$0
M.D. #5 ORCH PKY-PLUMRIA FD (357)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Fund Balance Reconciliation				\$55,096	\$55,096		\$55,096	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$55,096	\$55,096	\$0	\$55,096	\$0
Budget Adjustments								
TRANSPORTATION								
Ending Fund Balance Adjustment				(\$150,000)	(\$150,000)			(\$150,000)
Non-Personal/Equipment (Landscape Improvements)		\$150,000			\$150,000			\$150,000

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #9 S TERESA/GRT OAKS FD (362)								
Budget Adjustments								
TRANSPORTATION								
Ending Fund Balance Adjustment				(\$50,000)	(\$50,000)			(\$50,000)
Non-Personal/Equipment (Mulch Replacement and Maintenance Contract)		\$50,000			\$50,000			\$50,000
Budget Adjustments Total	\$0	\$50,000	\$0	(\$50,000)	\$0	\$0	\$0	\$0
M.D. #9 S TERESA/GRT OAKS FD (362) TOTAL	\$0	\$50,000	\$0	(\$55,017)	(\$5,017)	\$0	(\$5,017)	\$0
MAJOR COLLECT & ARTRLS FD (421)								
Clean-Up and Rebudget Actions								
TRAFFIC CAPITAL PROGRAM								
Fund Balance Reconciliation				\$349,534	\$349,534		\$349,534	\$0
Rebudget: Miscellaneous Street Improvements			\$40,000	(\$40,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$40,000	\$309,534	\$349,534	\$0	\$349,534	\$0
MAJOR COLLECT & ARTRLS FD (421) TOTAL	\$0	\$0	\$40,000	\$309,534	\$349,534	\$0	\$349,534	\$0
MAJOR FACILITIES FUND (502)								
Clean-Up and Rebudget Actions								
WATER UTILITY SYS CAPITAL PROGRAM								
Fund Balance Reconciliation				\$489,746	\$489,746		\$489,746	\$0
Rebudget: North San José Well #5 Development and Construction			\$60,000	(\$60,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$60,000	\$429,746	\$489,746	\$0	\$489,746	\$0
MAJOR FACILITIES FUND (502) TOTAL	\$0	\$0	\$60,000	\$429,746	\$489,746	\$0	\$489,746	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
MULTI-SOURCE HOUSING FD (448)								
Clean-Up and Rebudget Actions								
HOUSING								
Fund Balance Reconciliation				(\$1,007,351)	(\$1,007,351)		(\$1,007,351)	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	(\$1,007,351)	(\$1,007,351)	\$0	(\$1,007,351)	\$0
Budget Adjustments								
HOUSING								
Emergency Shelter Grants/Revenue from Federal Government			\$107,762		\$107,762	\$107,762		\$0
Ending Fund Balance Adjustment				(\$10,000)	(\$10,000)			(\$10,000)
Neighborhood Stabilization Program			\$10,000		\$10,000			\$10,000
Budget Adjustments Total	\$0	\$0	\$117,762	(\$10,000)	\$107,762	\$107,762	\$0	\$0
MULTI-SOURCE HOUSING FD (448) TOTAL	\$0	\$0	\$117,762	(\$1,017,351)	(\$899,589)	\$107,762	(\$1,007,351)	\$0
MUNICIPAL GOLF COURSE FUND (518)								
Clean-Up and Rebudget Actions								
PARKS, REC, & NEIGH SVCS								
Fund Balance Reconciliation				\$155,387	\$155,387		\$155,387	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$155,387	\$155,387	\$0	\$155,387	\$0
MUNICIPAL GOLF COURSE FUND (518) TOTAL	\$0	\$0	\$0	\$155,387	\$155,387	\$0	\$155,387	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
NEIGHBHD SECURITY BOND FD (475)								
Clean-Up and Rebudget Actions								
PUBLIC SAFETY CAPITAL PROGRAM								
Fund Balance Reconciliation				\$285,568	\$285,568		\$285,568	\$0
Fund Balance Reconciliation - Fire Station 37 (Willow Glen) Reserve			\$285,568	(\$285,568)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$285,568	\$0	\$285,568	\$0	\$285,568	\$0
NEIGHBHD SECURITY BOND FD (475) TOTAL	\$0	\$0	\$285,568	\$0	\$285,568	\$0	\$285,568	\$0
PARKS & REC BOND PROJ FD (471)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$11,859,129	\$11,859,129		\$11,859,129	\$0
Fund Balance Reconciliation - Parks and Recreation Bond Projects			\$11,498,129	(\$11,498,129)	\$0			\$0
Contingency Reserve								
Rebudget: Arcadia Softball Facility			\$5,000	(\$5,000)	\$0			\$0
Rebudget: Coleman Soccer Fields (Close-out Costs)			\$360,000	(\$360,000)	\$0			\$0
Rebudget: Public Art - Parks and Recreation Bond Projects			(\$4,000)	\$4,000	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$11,859,129	\$0	\$11,859,129	\$0	\$11,859,129	\$0
PARKS & REC BOND PROJ FD (471) TOTAL	\$0	\$0	\$11,859,129	\$0	\$11,859,129	\$0	\$11,859,129	\$0
PUBLIC WKS PRO SUPPORT FD (150)								
Clean-Up and Rebudget Actions								
PUBLIC WORKS								
Fund Balance Reconciliation				(\$53,467)	(\$53,467)		(\$53,467)	\$0
Transfer to General Fund (Human Resources/Payroll/Budget Systems Upgrade)			\$3,000	(\$3,000)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
PUBLIC WKS PRO SUPPORT FD (150)								
Clean-Up and Rebudget Actions								
Clean-Up and Rebudget Actions Total	\$0	\$0	\$3,000	(\$56,467)	(\$53,467)	\$0	(\$53,467)	\$0
PUBLIC WKS PRO SUPPORT FD (150) TOTAL	\$0	\$0	\$3,000	(\$56,467)	(\$53,467)	\$0	(\$53,467)	\$0
RES CONST TAX FUND (420)								
Clean-Up and Rebudget Actions								
DEVELOPER ASSISTED CAPITAL PROGRAM								
Fund Balance Reconciliation				\$221,618	\$221,618		\$221,618	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$221,618	\$221,618	\$0	\$221,618	\$0
RES CONST TAX FUND (420) TOTAL	\$0	\$0	\$0	\$221,618	\$221,618	\$0	\$221,618	\$0
SANITARY SEWER CONN FEE FD (540)								
Clean-Up and Rebudget Actions								
SANITARY SEWER CAPITAL PROGRAM								
Fund Balance Reconciliation				\$1,426,284	\$1,426,284		\$1,426,284	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$1,426,284	\$1,426,284	\$0	\$1,426,284	\$0
SANITARY SEWER CONN FEE FD (540) TOTAL	\$0	\$0	\$0	\$1,426,284	\$1,426,284	\$0	\$1,426,284	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SEWER SVC & USE CHARGE FD (541)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Rebudget: Non-Personal/Equipment (Computer Maintenance Management System)		\$250,000		(\$250,000)		\$0		\$0
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$1,004,640	\$1,004,640		\$1,004,640	\$0
Fund Balance Reconciliation - Operations and Maintenance Reserve			\$112,000	(\$112,000)		\$0		\$0
Rebudget: Customer Information System Transition			\$146,959	(\$146,959)		\$0		\$0
Transfer to General Fund (Human Resources/Payroll/Budget Systems Upgrade)			\$13,000	(\$13,000)		\$0		\$0
Clean-Up and Rebudget Actions Total	\$0	\$250,000	\$271,959	\$482,681	\$1,004,640	\$0	\$1,004,640	\$0
Budget Adjustments								
ENVIRONMENTAL SERVICES								
Ending Fund Balance Adjustment				(\$85,000)	(\$85,000)			(\$85,000)
Non-Personal/Equipment (Attorneys' Fees)		\$85,000				\$85,000		\$85,000
Budget Adjustments Total	\$0	\$85,000	\$0	(\$85,000)	\$0	\$0	\$0	\$0
SEWER SVC & USE CHARGE FD (541) TOTAL	\$0	\$335,000	\$271,959	\$397,681	\$1,004,640	\$0	\$1,004,640	\$0

SEWER SVC & USE CHG CAP FD (545)

Clean-Up and Rebudget Actions

SANITARY SEWER CAPITAL PROGRAM

Fund Balance Reconciliation				\$9,393,242	\$9,393,242		\$9,393,242	\$0
Rebudget: 30" Old Bayshore Supplement			\$400,000	(\$400,000)		\$0		\$0
Rebudget: Condition Assessment Sewer Repairs			\$1,400,000	(\$1,400,000)		\$0		\$0
Rebudget: Husted Avenue Sanitary Sewer Improvement - Phase II			\$60,000	(\$60,000)		\$0		\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SEWER SVC & USE CHG CAP FD (545)								
Clean-Up and Rebudget Actions								
SANITARY SEWER CAPITAL PROGRAM								
Rebudget: Immediate Replacement and Diversion Projects			\$700,000	(\$700,000)	\$0			\$0
Rebudget: Infrastructure - Sanitary Sewer Condition Assessment			\$800,000	(\$800,000)	\$0			\$0
Rebudget: Stevens Creek Boulevard Sanitary Sewer Improvements			(\$6,000)	\$6,000	\$0			\$0
Transfer to General Fund (Human Resources/Payroll/Budget Systems Upgrade)			\$6,000	(\$6,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$3,360,000	\$6,033,242	\$9,393,242	\$0	\$9,393,242	\$0
SEWER SVC & USE CHG CAP FD (545) TOTAL	\$0	\$0	\$3,360,000	\$6,033,242	\$9,393,242	\$0	\$9,393,242	\$0
SJ ARENA CAPITAL RESERVE FD (459)								
Clean-Up and Rebudget Actions								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation				\$1,073,115	\$1,073,115		\$1,073,115	\$0
Fund Balance Reconciliation - Previously Approved Repairs Reserve			\$2,185,701	(\$2,185,701)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$2,185,701	(\$1,112,586)	\$1,073,115	\$0	\$1,073,115	\$0
SJ ARENA CAPITAL RESERVE FD (459) TOTAL	\$0	\$0	\$2,185,701	(\$1,112,586)	\$1,073,115	\$0	\$1,073,115	\$0
SJ-SC TRMNT PLANT CAP FUND (512)								
Clean-Up and Rebudget Actions								
WATER POLLUTION CONTROL CAP PRGM								
Fund Balance Reconciliation				\$3,750,645	\$3,750,645		\$3,750,645	\$0
Rebudget: Advanced Facility Control and Meter Replacement			\$29,000	(\$29,000)	\$0			\$0
Rebudget: Aeration Tanks and Blower Rehabilitation			\$10,000	(\$10,000)	\$0			\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SJ-SC TRMNT PLANT CAP FUND (512)								
Clean-Up and Rebudget Actions								
WATER POLLUTION CONTROL CAP PRGM								
Rebudget: Combined Heat and Power Equipment Repair and Rehabilitation			\$160,000	(\$160,000)		\$0		\$0
Rebudget: Construction-Enabling Improvements			\$260,000	(\$260,000)		\$0		\$0
Rebudget: Digested Sludge Dewatering Facility			\$36,000	(\$36,000)		\$0		\$0
Rebudget: Digester and Thickener Facilities Upgrade			(\$36,000)	\$36,000		\$0		\$0
Rebudget: Energy Generation Improvements			(\$478,000)	\$478,000		\$0		\$0
Rebudget: Facility Wide Water Systems Improvements			\$59,000	(\$59,000)		\$0		\$0
Rebudget: Filter Rehabilitation			\$17,000	(\$17,000)		\$0		\$0
Rebudget: Headworks Improvements			\$19,000	(\$19,000)		\$0		\$0
Rebudget: Iron Salt Feed Station			\$44,000	(\$44,000)		\$0		\$0
Rebudget: Lagoons and Drying Beds Retirement			\$29,000	(\$29,000)		\$0		\$0
Rebudget: New Headworks			\$133,000	(\$133,000)		\$0		\$0
Rebudget: Nitrification Clarifier Rehabilitation			\$37,000	(\$37,000)		\$0		\$0
Rebudget: Outfall Bridge and Levee Improvements			\$22,000	(\$22,000)		\$0		\$0
Rebudget: Plant Electrical Reliability			\$14,000	(\$14,000)		\$0		\$0
Rebudget: Plant Instrument Air System Upgrade			\$41,000	(\$41,000)		\$0		\$0
Rebudget: Preliminary Engineering			\$400,000	(\$400,000)		\$0		\$0
Rebudget: Public Art			(\$1,000)	\$1,000		\$0		\$0
Rebudget: SBWR Extension			\$432,000	(\$432,000)		\$0		\$0
Rebudget: Support Building Improvements			(\$7,000)	\$7,000		\$0		\$0
Rebudget: Treatment Plant Distributed Control System			\$57,000	(\$57,000)		\$0		\$0
Rebudget: Tunnel Rehabilitation			\$70,000	(\$70,000)		\$0		\$0
Rebudget: Yard Piping and Road Improvements			\$8,000	(\$8,000)		\$0		\$0
Transfer to General Fund (Human Resources/Payroll/Budget Systems Upgrade)			\$3,000	(\$3,000)		\$0		\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$1,358,000	\$2,392,645	\$3,750,645	\$0	\$3,750,645	\$0
SJ-SC TRMNT PLANT CAP FUND (512) TOTAL	\$0	\$0	\$1,358,000	\$2,392,645	\$3,750,645	\$0	\$3,750,645	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SJ-SC TRMNT PLANT OPER FUND (513)								
Clean-Up and Rebudget Actions								
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$3,314,993	\$3,314,993		\$3,314,993	\$0
Fund Balance Reconciliation - Operations and Maintenance Reserve			\$285,000	(\$285,000)	\$0			\$0
Rebudget: Non-Personal/Equipment		\$1,700,000		(\$1,700,000)	\$0			\$0
Transfer to General Fund (Human Resources/Payroll/Budget Systems Upgrade)			\$35,000	(\$35,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$1,700,000	\$320,000	\$1,294,993	\$3,314,993	\$0	\$3,314,993	\$0
SJ-SC TRMNT PLANT OPER FUND (513) TOTAL	\$0	\$1,700,000	\$320,000	\$1,294,993	\$3,314,993	\$0	\$3,314,993	\$0
SJ-SC TRMNT PLNT INC FUND (514)								
Clean-Up and Rebudget Actions								
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$89,049	\$89,049		\$89,049	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$89,049	\$89,049	\$0	\$89,049	\$0
SJ-SC TRMNT PLNT INC FUND (514) TOTAL	\$0	\$0	\$0	\$89,049	\$89,049	\$0	\$89,049	\$0
STATE DRUG FORF FUND (417)								
Clean-Up and Rebudget Actions								
POLICE								
Fund Balance Reconciliation				\$23,572	\$23,572		\$23,572	\$0
Rebudget: Body Worn Camera Infrastructure			\$192,000	(\$192,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$192,000	(\$168,428)	\$23,572	\$0	\$23,572	\$0
STATE DRUG FORF FUND (417) TOTAL	\$0	\$0	\$192,000	(\$168,428)	\$23,572	\$0	\$23,572	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
STORM DRAINAGE FEE FUND (413)								
Clean-Up and Rebudget Actions								
STORM SEWER CAPITAL PROGRAM								
Fund Balance Reconciliation				\$163,016	\$163,016		\$163,016	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$163,016	\$163,016	\$0	\$163,016	\$0
STORM DRAINAGE FEE FUND (413) TOTAL	\$0	\$0	\$0	\$163,016	\$163,016	\$0	\$163,016	\$0
STORM SEWER CAPITAL FUND (469)								
Clean-Up and Rebudget Actions								
STORM SEWER CAPITAL PROGRAM								
Fund Balance Reconciliation				\$3,052,685	\$3,052,685		\$3,052,685	\$0
Rebudget: Alviso Storm Pump Station			\$213,000	(\$213,000)	\$0			\$0
Rebudget: Chynoweth Avenue Green Street			\$168,000	(\$168,000)	\$0			\$0
Rebudget: Large Trash Capture Devices			(\$86,000)	\$86,000	\$0			\$0
Rebudget: Minor Neighborhood Storm Sewer Improvements			\$111,000	(\$111,000)	\$0			\$0
Rebudget: Ocala Avenue Green Street Project			\$145,000	(\$145,000)	\$0			\$0
Rebudget: Outfall Rehabilitation - Capital			\$199,000	(\$199,000)	\$0			\$0
Rebudget: Park Avenue Green Street Pilot			\$19,000	(\$19,000)	\$0			\$0
Rebudget: Storm Pump Station Rehabilitation and Replacement			\$376,000	(\$376,000)	\$0			\$0
Rebudget: Storm Sewer Improvements - Special Corridors			\$243,000	(\$243,000)	\$0			\$0
Rebudget: Urgent Flood Prevention and Repair Projects			\$478,000	(\$478,000)	\$0			\$0
Transfer to General Fund (Human Resources/Payroll/Budget Systems Upgrade)			\$2,000	(\$2,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$1,868,000	\$1,184,685	\$3,052,685	\$0	\$3,052,685	\$0
STORM SEWER CAPITAL FUND (469) TOTAL	\$0	\$0	\$1,868,000	\$1,184,685	\$3,052,685	\$0	\$3,052,685	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
STORM SEWER OPERATING FD (446)								
Clean-Up and Rebudget Actions								
TRANSPORTATION								
Rebudget: Non-Personal/Equipment (Street Sweeper Replacement)		(\$222,000)		\$222,000		\$0		\$0
Rebudget: Street Sweeper Replacement (Reallocation from Personal Services)		\$216,000		(\$216,000)		\$0		\$0
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$486,913	\$486,913		\$486,913	\$0
Fund Balance Reconciliation - Operations and Maintenance Reserve			\$178,000	(\$178,000)		\$0		\$0
Rebudget: Customer Information System Transition			\$211,459	(\$211,459)		\$0		\$0
Transfer to General Fund (Human Resources/Payroll/Budget Systems Upgrade)			\$9,000	(\$9,000)		\$0		\$0
Clean-Up and Rebudget Actions Total	\$0	(\$6,000)	\$398,459	\$94,454	\$486,913	\$0	\$486,913	\$0
Budget Adjustments								
TRANSPORTATION								
Non-Personal/Equipment (Our City Forest)		\$8,022			\$8,022			\$8,022
ENVIRONMENTAL SERVICES								
Ending Fund Balance Adjustment				(\$255,022)	(\$255,022)			(\$255,022)
Non-Personal/Equipment (Attorneys' Fees)		\$234,000			\$234,000			\$234,000
Non-Personal/Equipment (Increased Street Sweeping)		\$13,000			\$13,000			\$13,000
Budget Adjustments Total	\$0	\$255,022	\$0	(\$255,022)	\$0	\$0	\$0	\$0
STORM SEWER OPERATING FD (446) TOTAL	\$0	\$249,022	\$398,459	(\$160,568)	\$486,913	\$0	\$486,913	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST	
	Personal Services	Non-Personal/ Equipment	Other			Beg Fund Balance		
SUBDIVISION PARK TRUST FUND (375)								
Clean-Up and Rebudget Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				(\$5,159,707)	(\$5,159,707)		(\$5,159,707)	\$0
Fund Balance Reconciliation - Future PDO/PIO Projects Reserve				\$3,544,707	\$0			\$0
Rebudget: Agnews Property Development				(\$10,000)	\$10,000			\$0
Rebudget: Backesto Park Renovation				\$40,000	(\$40,000)			\$0
Rebudget: Baypointe Interim Park				\$64,000	(\$64,000)			\$0
Rebudget: Biebrach Pool Improvements				\$6,000	(\$6,000)			\$0
Rebudget: Bramhall Park Restroom and Concession Building				(\$26,000)	\$26,000			\$0
Rebudget: Branham Park Playground Renovation				\$25,000	(\$25,000)			\$0
Rebudget: Calabazas BMX Park Minor Improvements				\$1,000	(\$1,000)			\$0
Rebudget: Calabazas Community Center Portable Classroom				(\$49,000)	\$49,000			\$0
Rebudget: Cataldi Park Renovation				(\$5,000)	\$5,000			\$0
Rebudget: Communications Hill Hillsdale Fitness Staircase Design Review and Inspection				(\$3,000)	\$3,000			\$0
Rebudget: Communications Hill Turnkey Park Design Review and Inspection				(\$6,000)	\$6,000			\$0
Rebudget: Del Monte Park Phase III Land Acquisition				(\$46,000)	\$46,000			\$0
Rebudget: Downtown Parks Activation				(\$73,000)	\$73,000			\$0
Rebudget: Falls Creek Park Minor Improvements				(\$27,000)	\$27,000			\$0
Rebudget: Guadalupe Oak Grove Park Parking Lot				(\$50,000)	\$50,000			\$0
Rebudget: Guadalupe Oak Grove Park Study				\$10,000	(\$10,000)			\$0
Rebudget: Hamann Park Minor Improvements				\$49,000	(\$49,000)			\$0
Rebudget: Iris Chang Park Development				(\$14,000)	\$14,000			\$0
Rebudget: Lake Cunningham Bike Park				(\$6,000)	\$6,000			\$0
Rebudget: Municipal Rose Garden Improvements				(\$11,000)	\$11,000			\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance
SUBDIVISION PARK TRUST FUND (375)							
Clean-Up and Rebudget Actions							
PARKS & COMM FAC DEV CAPITAL PROGRAM							
Rebudget: Penitencia Creek Neighborhood Park Public Art			\$4,000	(\$4,000)	\$0		\$0
Rebudget: Penitencia Creek Park Dog Park Public Art			\$1,000	(\$1,000)	\$0		\$0
Rebudget: Penitencia Creek Park Playground Renovation			\$70,000	(\$70,000)	\$0		\$0
Rebudget: Penitencia Creek Public Art			\$2,000	(\$2,000)	\$0		\$0
Rebudget: Richardson Park Design Review and Inspection			(\$31,000)	\$31,000	\$0		\$0
Rebudget: Rincon South Park Development			\$4,000	(\$4,000)	\$0		\$0
Rebudget: Riverview Park Design Review and Inspection			\$12,000	(\$12,000)	\$0		\$0
Rebudget: Shady Oaks Park Improvements			\$8,000	(\$8,000)	\$0		\$0
Rebudget: St. James Park Capital Vision			(\$13,000)	\$13,000	\$0		\$0
Rebudget: St. James Park Interim Improvements			\$48,000	(\$48,000)	\$0		\$0
Rebudget: TRAIL: Bay Area Ridge Visibility Enhancement			\$20,000	(\$20,000)	\$0		\$0
Rebudget: TRAIL: Coyote Creek (Brokaw Road to Union Pacific Railroad Corridor) Design			\$21,000	(\$21,000)	\$0		\$0
Rebudget: TRAIL: Coyote Creek (Highway 237 Bikeway to Tasman Drive)			(\$575,000)	\$575,000	\$0		\$0
Rebudget: TRAIL: Coyote Creek (Story Road to Selma Olinger Park)			(\$12,000)	\$12,000	\$0		\$0
Rebudget: TRAIL: Coyote Creek Fish Passage Remediation and Pedestrian Bridge (Singleton Crossing)			\$111,000	(\$111,000)	\$0		\$0
Rebudget: TRAIL: Guadalupe River Under-crossing (Coleman Road) Design			\$15,000	(\$15,000)	\$0		\$0
Rebudget: TRAIL: Los Gatos Creek Reach 5 B/C Design			(\$3,000)	\$3,000	\$0		\$0
Rebudget: TRAIL: Milestone Markers			(\$3,000)	\$3,000	\$0		\$0
Rebudget: TRAIL: Penitencia Creek Reach 1B (Noble Avenue to Dorel Drive)			(\$795,000)	\$795,000	\$0		\$0
Rebudget: TRAIL: Thompson Creek (Quimby Road to Aborn Court) Design			(\$1,000)	\$1,000	\$0		\$0
Rebudget: TRAIL: Thompson Creek (Tully Road to Quimby Road)			\$11,000	(\$11,000)	\$0		\$0
Rebudget: Tamien Park Development (Phase I)			(\$360,000)	\$360,000	\$0		\$0
Rebudget: Vista Montana Turnkey Park			(\$5,000)	\$5,000	\$0		\$0
Rebudget: Watson Park Improvements			(\$9,000)	\$9,000	\$0		\$0
Rebudget: Willow Glen Community Center Improvements			(\$4,000)	\$4,000	\$0		\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SUBDIVISION PARK TRUST FUND (375)								
Clean-Up and Rebudget Actions								
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$5,159,707)	\$0	(\$5,159,707)	\$0	(\$5,159,707)	\$0
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Del Monte Park			\$85,000		\$85,000			\$85,000
Future PDO/PIO Projects Reserve			(\$285,000)		(\$285,000)			(\$285,000)
TRAIL: Coyote Creek Fish Passage Remediation and Pedestrian Bridge (Singleton Crossing)			\$200,000		\$200,000			\$200,000
Watson Park Taylor Street Access Study			(\$175,000)		(\$175,000)			(\$175,000)
Watson Park Taylor Street Access Study Reserve			\$175,000		\$175,000			\$175,000
Budget Adjustments Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUBDIVISION PARK TRUST FUND (375) TOTAL	\$0	\$0	(\$5,159,707)	\$0	(\$5,159,707)	\$0	(\$5,159,707)	\$0
SUPPL LAW ENF SVCES FUND (414)								
Clean-Up and Rebudget Actions								
POLICE								
Fund Balance Reconciliation				\$684,602	\$684,602		\$684,602	\$0
Rebudget: SLES Grant 2014-2016			(\$6,668)	\$6,668	\$0			\$0
Rebudget: SLES Grant 2015-2017			(\$23,610)	\$23,610	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	(\$30,278)	\$714,880	\$684,602	\$0	\$684,602	\$0
Budget Adjustments								
POLICE								
SLES Grant 2015-2017/Revenue from State of California			\$477,149		\$477,149	\$477,149		\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
TRANSIENT OCCUPANCY TX FD (461)								
Budget Adjustments								
CONVENTION FACILITIES DEPT								
Ending Fund Balance Adjustment (TOT Revenue Reconciliation)				(\$112,877)	(\$112,877)			(\$112,877)
San José Convention and Visitors Bureau (TOT Revenue Reconciliation)			\$28,219		\$28,219			\$28,219
Transfer to the Convention and Cultural Affairs Fund (TOT Revenue Reconciliation)			\$56,439		\$56,439			\$56,439
Budget Adjustments Total	\$0	\$0	\$112,877	(\$112,877)	\$0	\$0	\$0	\$0
TRANSIENT OCCUPANCY TX FD (461) TOTAL	\$0	\$0	\$3,801,787	\$5,514	\$3,807,301	\$0	\$3,807,301	\$0
UNDERGROUND UTILITY FUND (416)								
Clean-Up and Rebudget Actions								
DEVELOPER ASSISTED CAPITAL PROGRAM								
Fund Balance Reconciliation				\$624,941	\$624,941		\$624,941	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$624,941	\$624,941	\$0	\$624,941	\$0
UNDERGROUND UTILITY FUND (416) TOTAL	\$0	\$0	\$0	\$624,941	\$624,941	\$0	\$624,941	\$0
UNEMPLOYMENT INSUR FD (157)								
Clean-Up and Rebudget Actions								
HUMAN RESOURCES								
Fund Balance Reconciliation				\$102,643	\$102,643		\$102,643	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$102,643	\$102,643	\$0	\$102,643	\$0
UNEMPLOYMENT INSUR FD (157) TOTAL	\$0	\$0	\$0	\$102,643	\$102,643	\$0	\$102,643	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
VEHICLE MAINT & OPER FUND (552)								
Clean-Up and Rebudget Actions								
PUBLIC WORKS								
Fund Balance Reconciliation				\$186,950	\$186,950		\$186,950	\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$0	\$186,950	\$186,950	\$0	\$186,950	\$0
VEHICLE MAINT & OPER FUND (552) TOTAL	\$0	\$0	\$0	\$186,950	\$186,950	\$0	\$186,950	\$0
WATER UTILITY CAPITAL FUND (500)								
Clean-Up and Rebudget Actions								
WATER UTILITY SYS CAPITAL PROGRAM								
Fund Balance Reconciliation				\$1,003,413	\$1,003,413		\$1,003,413	\$0
Rebudget: Cadwallader Reservoir Rehabilitation			\$125,000	(\$125,000)	\$0			\$0
Rebudget: Edenvale Reservoir Rehabilitation			\$45,000	(\$45,000)	\$0			\$0
Rebudget: Meter Installations			\$29,000	(\$29,000)	\$0			\$0
Rebudget: Meter Replacements			\$70,000	(\$70,000)	\$0			\$0
Rebudget: Public Works GIS Support			\$54,000	(\$54,000)	\$0			\$0
Rebudget: Safety and Security Improvements			\$406,000	(\$406,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$729,000	\$274,413	\$1,003,413	\$0	\$1,003,413	\$0
Budget Adjustments								
WATER UTILITY SYS CAPITAL PROGRAM								
Ending Fund Balance Adjustment				(\$474,000)	(\$474,000)			(\$474,000)
Transfers and Reimbursements					\$0	(\$474,000)		\$474,000
Budget Adjustments Total	\$0	\$0	\$0	(\$474,000)	(\$474,000)	(\$474,000)	\$0	\$0
WATER UTILITY CAPITAL FUND (500) TOTAL	\$0	\$0	\$729,000	(\$199,587)	\$529,413	(\$474,000)	\$1,003,413	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
Annual Report 2015-2016**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
WATER UTILITY FUND (515)								
Clean-Up and Rebudget Actions								
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				(\$1,413,374)	(\$1,413,374)		(\$1,413,374)	\$0
Rebudget: Customer Information System Transition			\$63,134	(\$63,134)	\$0			\$0
Transfer to General Fund (Human Resources/Payroll/Budget Systems Upgrade)			\$4,000	(\$4,000)	\$0			\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$67,134	(\$1,480,508)	(\$1,413,374)	\$0	(\$1,413,374)	\$0
Budget Adjustments								
FINANCE								
Overhead			\$66,000		\$66,000			\$66,000
ENVIRONMENTAL SERVICES								
Ending Fund Balance Adjustment				\$1,008,000	\$1,008,000			\$1,008,000
Fees, Rates, and Charges					\$0	\$349,000		(\$349,000)
Non-Personal/Equipment/Fees, Rates, and Charges – Potable Water		(\$1,100,000)			(\$1,100,000)	(\$1,449,000)		\$349,000
Personal Services	\$300,000				\$300,000			\$300,000
Rate Stabilization Reserve			(\$900,000)		(\$900,000)			(\$900,000)
Transfer to the Water Utility Capital Fund			(\$474,000)		(\$474,000)			(\$474,000)
Budget Adjustments Total	\$300,000	(\$1,100,000)	(\$1,308,000)	\$1,008,000	(\$1,100,000)	(\$1,100,000)	\$0	\$0
WATER UTILITY FUND (515) TOTAL	\$300,000	(\$1,100,000)	(\$1,240,866)	(\$472,508)	(\$2,513,374)	(\$1,100,000)	(\$1,413,374)	\$0

WORKFORCE DEVELOPMENT FD (290)

Clean-Up and Rebudget Actions

ECONOMIC DEVELOPMENT

Fund Balance Reconciliation				\$416,059	\$416,059		\$416,059	\$0
Rebudget: Adult Workers			\$242,722		\$242,722	\$242,722		\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 Annual Report 2015-2016

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	Beg Fund Balance	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue		
WORKFORCE DEVELOPMENT FD (290)								
Clean-Up and Rebudget Actions								
ECONOMIC DEVELOPMENT								
Rebudget: BusinessOwnerSpace.com Network			\$2,117	(\$2,117)	\$0			\$0
Rebudget: Career Pathway Trust			\$40,000		\$40,000	\$40,000		\$0
Rebudget: County of Santa Clara Summer Youth Employment Program			\$117,000		\$117,000	\$117,000		\$0
Rebudget: Dislocated Workers			\$747,722		\$747,722	\$747,722		\$0
Rebudget: Proposition 39 Pre-Apprenticeship Grant Project			\$34,011		\$34,011	\$34,011		\$0
Rebudget: Rapid Response Grant			\$190,657		\$190,657	\$190,657		\$0
Rebudget: Ready to Work Partnership Initiative Grant Project			\$364,709		\$364,709	\$364,709		\$0
Rebudget: Sector Partnership National Emergency Grant (NEG)			\$200,930		\$200,930	\$200,930		\$0
Rebudget: Youth Workers			\$798,040		\$798,040	\$798,040		\$0
Clean-Up and Rebudget Actions Total	\$0	\$0	\$2,737,908	\$413,942	\$3,151,850	\$2,735,791	\$416,059	\$0
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Administration/Other Revenue			(\$59,613)		(\$59,613)	(\$59,613)		\$0
Adult Workers (Reallocation from Dislocated Workers)			\$650,000		\$650,000			\$650,000
Adult Workers/Other Revenue			\$391,027		\$391,027	\$121,248		\$269,779
Dislocated Workers (Reallocation to Adult Workers)			(\$650,000)		(\$650,000)			(\$650,000)
Dislocated Workers/Other Revenue			\$725,323		\$725,323	\$410,661		\$314,662
Program Allocation Reserve Adjustment			(\$500,000)		(\$500,000)			(\$500,000)
Proposition 39 Pre-Apprenticeship Grant Project/Other Revenue			\$53,527		\$53,527	\$53,527		\$0
Rapid Response Grant/Other Revenue			\$373,848		\$373,848	\$373,848		\$0
Ready to Work Partnership Initiative Grant Project/Other Revenue			\$37,273		\$37,273	\$37,273		\$0
Sector Partnership National Emergency Grant (NEG)/Other Revenue			\$22,400		\$22,400	\$22,400		\$0
Unrestricted Ending Fund Balance Adjustment			(\$247,758)		(\$247,758)			(\$247,758)
Youth Workers/Other Revenue			\$316,444		\$316,444	\$95,858		\$220,586
work2future Board Mandated Reserve Adjustment			(\$57,269)		(\$57,269)			(\$57,269)
Budget Adjustments Total	\$0	\$0	\$1,055,202	\$0	\$1,055,202	\$1,055,202	\$0	\$0
WORKFORCE DEVELOPMENT FD (290) TOTAL	\$0	\$0	\$3,793,110	\$413,942	\$4,207,052	\$3,790,993	\$416,059	\$0

2015-2016

ANNUAL

REPORT

**V. FINANCIAL
STATEMENTS**



FINANCE DEPARTMENT
Monthly Financial Report

Financial Results for the Month Ended June 30, 2016
Fiscal Year 2015-2016
(UNAUDITED)

Finance Department, City of San José
Monthly Financial Report
Financial Results for the Month Ended June 30, 2016
Fiscal Year 2015-2016
(UNAUDITED)

Table of Contents

*Page
Reference*

General Fund

Comparison of Current Year's Monthly Cash Balance vs. Prior Year's Balance.....	1
Comparison of Current Year-to-Date Revenues vs. Prior Year-to-Date Revenues.....	2
Comparison of Current Year-to-Date Expenditures vs. Prior Year-to-Date Expenditures.....	2
Comparison of Current Year-to-Date Revenues for Major Revenue Sources vs. Prior Year-to-Date Revenues.....	3
Comparison of Current Year-to-Date Expenditures by Type vs. Prior Year-to-Date Expenditures.....	3
Source and Use of Funds.....	4
Supplemental Schedule of Departmental Revenues.....	7

Other Funds

Special Funds

Comparison of Current Year-to-Date Construction & Conveyance Tax Revenues vs. Prior Year-to-Date Revenues.....	8
Comparison of Current Year-to-Date Construction & Conveyance Tax Expenditures vs. Prior Year-to-Date Expenditures.....	8
Comparison of Year-to-Date Revenues and YTD Expenditures vs. Prior Year-to-Date Revenue and Expenditures for:	
Airport Revenue Fund 521 and Airport Maintenance & Operation Fund 523.....	9
WPCP Operation Fund 513.....	10
General Purpose Parking Fund 533.....	11
Source and Use of Funds	12

Finance Department, City of San José
Monthly Financial Report
Financial Results for the Month Ended June 30, 2016
Fiscal Year 2015-2016
(UNAUDITED)

Table of Contents

*Page
Reference*

Other Funds (Cont'd)

Capital Project Funds

Source and Use of Funds..... 15

Other Fund Types

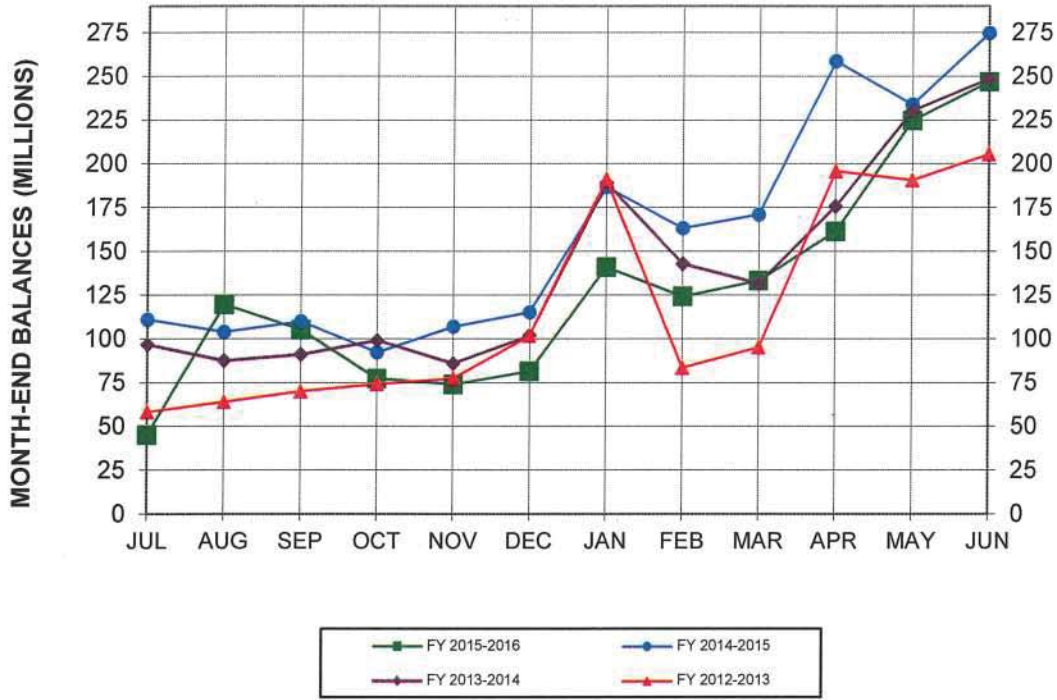
Source and Use of Funds..... 16

Submitted by:

A handwritten signature in blue ink, appearing to read "JH Cooper", with the word "For" written in a smaller font to the right of the signature.

JULIA H. COOPER
Director, Finance Department

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

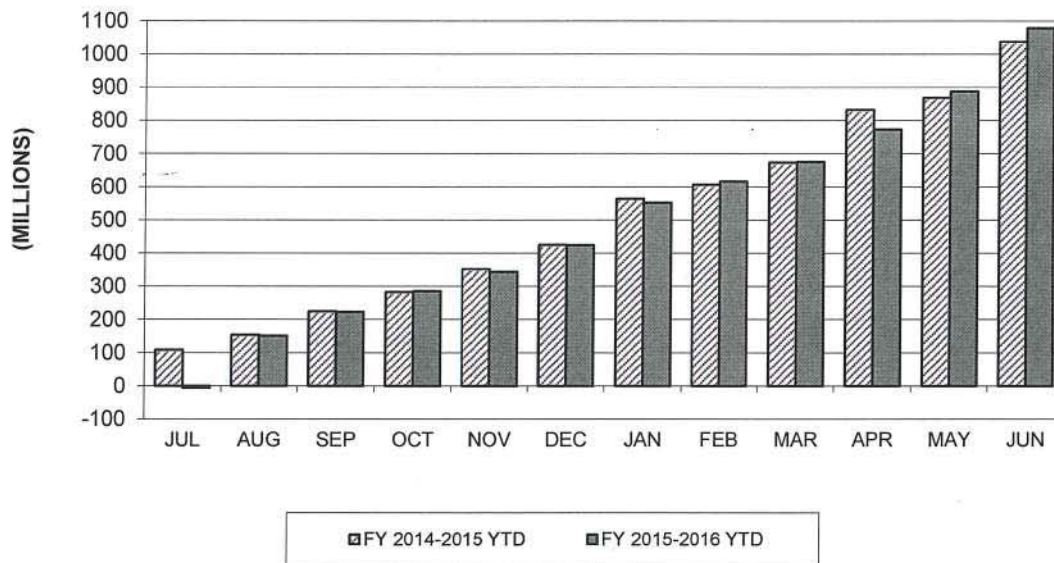


GENERAL FUND MONTHLY CASH BALANCES

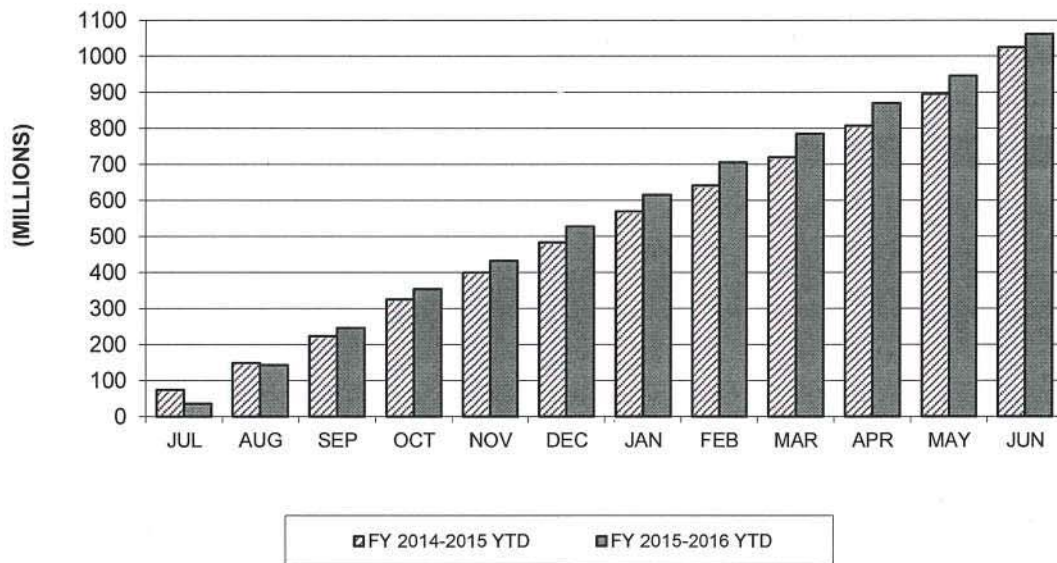
MONTH	FY 2015-2016	FY 2014-2015	FY 2013-2014	FY 2012-2013
JULY (1)	\$ 45,401,908	\$ 111,318,585	\$ 97,000,280	\$ 58,791,632
AUGUST	119,988,835	104,337,113	87,887,607	64,647,700
SEPTEMBER	105,422,447	110,248,937	91,326,643	70,484,194
OCTOBER	77,571,562	92,649,862	99,449,689	74,756,262
NOVEMBER	74,153,007	107,339,933	86,285,372	77,861,880
DECEMBER	81,796,424	115,544,081	102,057,315	102,312,730
JANUARY	141,189,103	187,078,566	189,299,222	191,822,297
FEBRUARY (2)	124,444,495	163,468,559	143,098,965	84,006,185
MARCH	133,493,608	171,379,481	131,881,129	95,600,850
APRIL (3)	161,690,247	258,939,637	175,838,186	196,073,222
MAY	224,983,657	234,171,050	230,678,939	191,101,640
JUNE	247,092,735	274,909,173	249,043,058	205,823,965

- (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 decreased in the month of February of FY 2012-2013 mainly due to the repayment of the Tax and Revenue Anticipation Notes (TRANS) in the amount of \$100 million. Starting in FY 2013-2014, the repayments of TRANS are spread over the second half of the fiscal year.
- (3) 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.

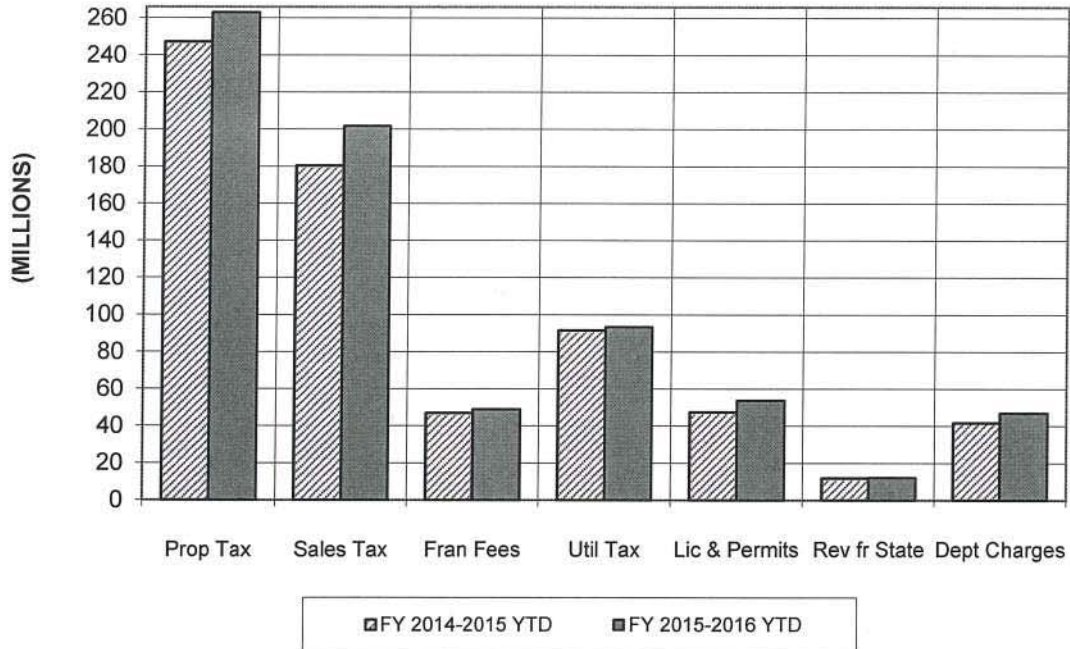
GENERAL FUND
Comparison of YTD Revenues vs. Prior YTD Revenues
Actual



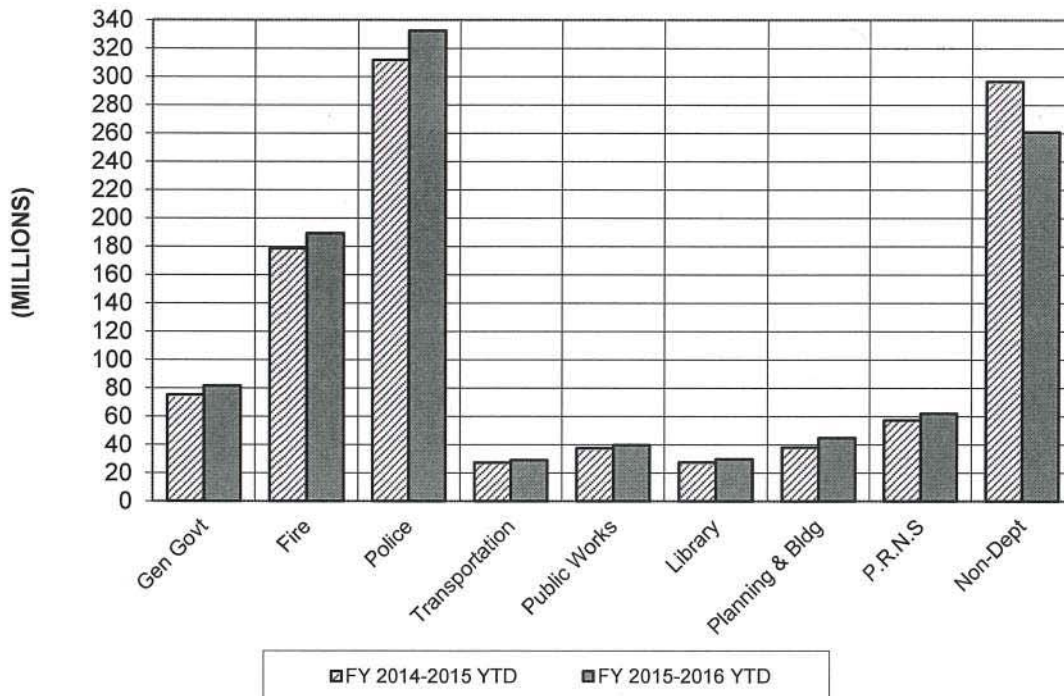
GENERAL FUND
Comparison of YTD Expenditures vs. Prior YTD Expenditures
Actual



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 June 30, 2016
(UNAUDITED)
(\$'000's)

	ADOPTED FY 2015-2016 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2015-2016 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
Fund Balance											
Prior Year Encumbrances	-	-	42,525	42,525	42,525	100.00%	39,409	100.00%	39,409	3,116	7.91%
Liquidation of c/o Encumbrance	-	-	-	-	-	-	-	-	-	-	-
Available Balance	252,826	12,694	-	265,520	265,855	100.13%	270,637	100.00%	270,637	(4,782)	-1.77%
Total Fund Balance	252,826	12,694	42,525	308,045	308,380	100.11%	310,046	100.00%	310,046	(1,666)	-0.54%
General Revenues											
Property Tax	255,210	7,600	-	262,810	262,950	100.05%	247,258	100.00%	247,258	15,692	6.35%
Sales Tax (1)	190,260	11,580	-	201,840	201,797	99.98%	180,407	100.00%	180,407	21,390	11.86%
Telephone Line Tax	21,000	-	-	21,000	20,077	95.60%	21,097	100.00%	21,097	(1,020)	-4.83%
Transient Occupancy Tax	14,700	1,600	-	16,300	16,565	101.63%	14,735	100.00%	14,735	1,830	12.42%
Franchise Fees	47,582	1,350	-	48,932	48,949	100.03%	46,909	100.00%	46,909	2,040	4.35%
Utility Tax	93,825	-	-	93,825	93,398	99.54%	91,548	100.00%	91,548	1,850	2.02%
Business Taxes	44,425	5,300	-	49,725	50,864	102.29%	47,345	100.00%	47,345	3,519	7.43%
Licenses and Permits	48,721	3,000	-	51,721	53,766	103.95%	47,509	100.00%	47,509	6,257	13.17%
Fines, Forfeits and Penalties	15,356	-	-	15,356	16,090	104.78%	14,491	100.00%	14,491	1,599	11.03%
Use of Money and Property	3,415	793	-	4,208	5,101	121.22%	3,581	100.00%	3,581	1,520	42.45%
Revenue from Local Agencies	23,910	(7,328)	-	16,582	17,143	103.38%	27,332	100.00%	27,332	(10,189)	-37.28%
Revenue from State of Cal.	11,371	1,447	-	12,818	12,174	94.98%	12,024	100.00%	12,024	150	1.25%
Revenue from Federal Government	9,084	3,511	-	12,595	10,599	84.15%	10,627	100.00%	10,627	(28)	-0.26%
Departmental Charges	40,923	3,891	-	44,814	47,058	105.01%	41,705	100.00%	41,705	5,353	12.84%
Other Revenues	26,260	103,314	-	129,574	123,548	95.35%	154,599	100.00%	154,599	(31,051)	-20.08%
Total General Revenues	846,042	136,058	-	982,100	980,079	99.79%	961,167	100.00%	961,167	18,912	1.97%
Transfers & Reimbursements											
Overhead Reimbursements	37,799	(687)	-	37,112	36,050	97.14%	37,492	100.00%	37,492	(1,442)	-3.85%
Transfers from Other Funds	20,308	2,162	-	22,470	22,427	99.81%	19,045	100.00%	19,045	3,382	17.76%
Reimbursements for Services	17,657	100	-	17,757	16,962	95.52%	18,450	100.00%	18,450	(1,488)	-8.07%
Total Transfers & Reimburse	75,764	1,575	-	77,339	75,439	97.54%	74,987	100.00%	74,987	452	0.60%
Total Sources	1,174,632	150,327	42,525	1,367,484	1,363,898	99.74%	1,346,200	100.00%	1,346,200	17,698	1.31%

(*) - 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 June 30, 2016
(UNAUDITED)
(\$000's)

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END	CUR YTD LESS	% CHANGE
	FY 2015-2016	BUDGET		FY 2015-2016	ACTUAL (*)	ENCUMBR	ACTUAL %	YTD	OF PRIOR		ACTUAL (1)(*)	PRIOR YTD
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			OF BUDGET	ACTUAL (1)(*)	ACTUAL	ACTUAL (1)(*)	ACTUAL (1)	ACTUAL
General Government												
Mayor and Council	12,175	391	75	12,641	9,626	82	76.15%	8,772	100.00%	8,772	854	9.74%
City Attorney	13,952	112	415	14,479	13,416	638	92.66%	12,975	100.00%	12,975	441	3.40%
City Auditor	2,268	(11)	13	2,270	1,986	-	87.49%	2,115	100.00%	2,115	(129)	-6.10%
City Clerk	2,608	(23)	10	2,595	2,103	53	81.04%	1,975	100.00%	1,975	128	6.48%
City Manager	12,754	(33)	624	13,345	12,161	975	91.13%	11,512	100.00%	11,512	649	5.64%
Finance	14,548	(30)	197	14,715	14,010	235	95.21%	13,316	100.00%	13,316	694	5.21%
Information Technology	17,897	(66)	1,744	19,575	16,232	2,094	82.92%	13,496	100.00%	13,496	2,736	20.27%
Human Resources	7,575	114	109	7,798	6,840	100	87.71%	5,985	100.00%	5,985	855	14.29%
Independent Police Auditor	1,284	(14)	-	1,270	1,059	22	83.39%	1,196	100.00%	1,196	(137)	-11.45%
Office of Economic Development	5,033	409	73	5,515	4,158	326	75.39%	3,777	100.00%	3,777	381	10.09%
Total General Government	90,094	849	3,260	94,203	81,591	4,525	86.61%	75,119	100.00%	75,119	6,472	8.62%
Public Safety												
Fire	189,342	2,668	1,075	193,085	189,321	876	98.05%	178,609	100.00%	178,609	10,712	6.00%
Police	336,041	4,026	1,710	341,777	332,461	1,751	97.27%	311,643	100.00%	311,643	20,818	6.68%
Total Public Safety	525,383	6,694	2,785	534,862	521,782	2,627	97.55%	490,252	100.00%	490,252	31,530	6.43%
Capital Maintenance												
Transportation	29,522	57	934	30,513	29,091	902	95.34%	27,395	100.00%	27,395	1,696	6.19%
Public Works	39,973	363	426	40,762	39,705	671	97.41%	37,483	100.00%	37,483	2,222	5.93%
Total Capital Maintenance	69,495	420	1,360	71,275	68,796	1,573	96.52%	64,878	100.00%	64,878	3,918	6.04%
Community Service												
Housing	254	(1)	4	257	244	2	94.94%	230	100.00%	230	14	6.09%
Library	29,588	407	49	30,044	29,765	56	99.07%	27,545	100.00%	27,545	2,220	8.06%
Planning, Bldg & Code Enf.	47,297	1,672	1,071	50,040	44,743	1,910	89.41%	38,284	100.00%	38,284	6,459	16.87%
Parks, Rec & Neigh Svcs	60,449	2,562	541	63,552	62,123	856	97.75%	57,277	100.00%	57,277	4,846	8.46%
Environmental Services	967	(1)	-	966	857	14	88.72%	285	100.00%	285	572	200.70%
Total Community Services	138,555	4,639	1,665	144,859	137,732	2,838	95.08%	123,621	100.00%	123,621	14,111	11.41%
Total Dept. Expenditures	823,527	12,602	9,070	845,199	809,901	11,563	95.82%	753,870	100.00%	753,870	56,031	7.43%

(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 June 30, 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 2015-2016	BUDGET		FY 2015-2016	ACTUAL (*)	ENCUMBR	ACTUAL %	YTD	OF PRIOR			LESS PRIOR YTD
	BUDGET	AMENDMENTS		BUDGET			OF BUDGET	ACTUAL (1)(*)	YEAR-END ACTUAL			ACTUAL
Non-Dept Expenditures												
City-wide Expenditures:												
Econ & Neighborhood Develop.	31,286	5,214	3,649	40,149	28,607	6,912	71.25%	26,694	100.00%	26,694	1,913	7.17%
Environmental & Utility Services	2,203	130	614	2,947	1,723	37	58.47%	1,202	100.00%	1,202	521	43.34%
Public Safety	19,641	1,261	361	21,263	17,377	300	81.72%	17,422	100.00%	17,422	(45)	-0.26%
Recreation & Cultural Services	10,527	1,640	874	13,041	10,577	741	81.11%	7,314	100.00%	7,314	3,263	44.61%
Transportation Services	5,763	1,452	281	7,496	6,553	270	87.42%	6,091	100.00%	6,091	462	7.58%
Strategic Support	53,383	107,287	16,807	177,477	143,051	7,490	80.60%	182,352	100.00%	182,352	(39,301)	-21.55%
Total City-wide Expenditures	122,803	116,984	22,586	262,373	207,888	15,750	79.23%	241,075	100.00%	241,075	(33,187)	-13.77%
Other Non-Dept Expenditures:												
Capital Improvements	56,279	556	10,869	67,704	25,865	12,443	38.20%	18,557	100.00%	18,557	7,308	39.38%
Transfers to Other Funds	27,075	75	-	27,150	27,150	-	100.00%	36,756	100.00%	36,756	(9,606)	-26.13%
Total Non-Dept Expenditures	206,157	117,615	33,455	357,227	260,903	28,193	73.04%	296,388	100.00%	296,388	(35,485)	-11.97%
Reserves												
Contingency Reserve	34,000	500	-	34,500	-	-	0.00%	-	0.00%	-	-	0.00%
Earmarked Reserves	110,948	19,610	-	130,558	-	-	0.00%	-	0.00%	-	-	0.00%
Total Reserves	144,948	20,110	-	165,058	-	-	0.00%	-	0.00%	-	-	0.00%
Total Uses	1,174,632	150,327	42,525	1,367,484	1,070,804	39,756	78.30%	1,050,258	100.00%	1,050,258	20,546	1.96%

(1) Does not include encumbrance balance.

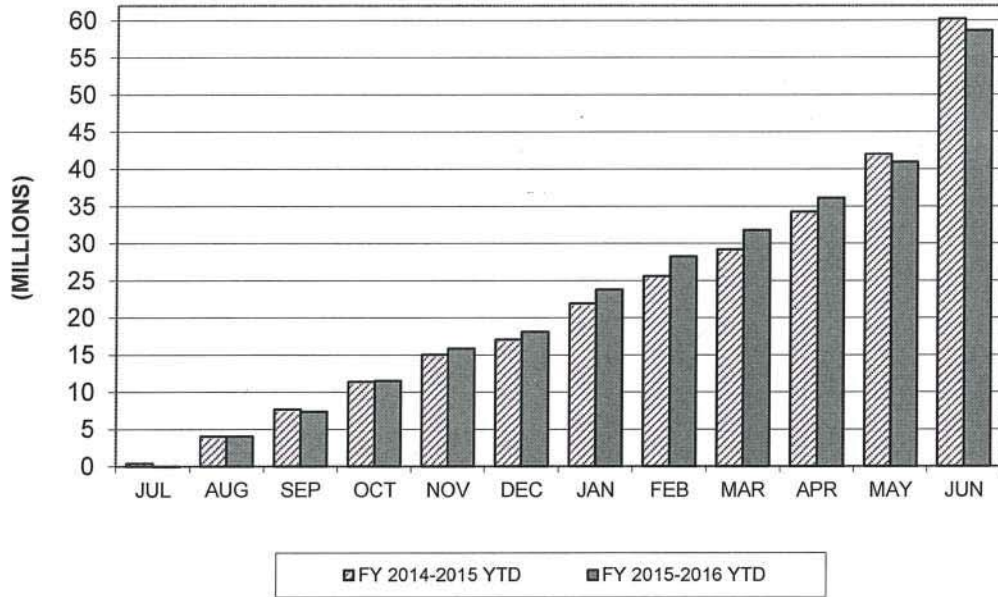
(*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis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

CITY OF SAN JOSE
 GENERAL FUND SOURCE AND USE OF FUNDS
 FOR THE MONTHS ENDED June 30, 2016
 SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES
 (UNAUDITED)
 (\$000's)

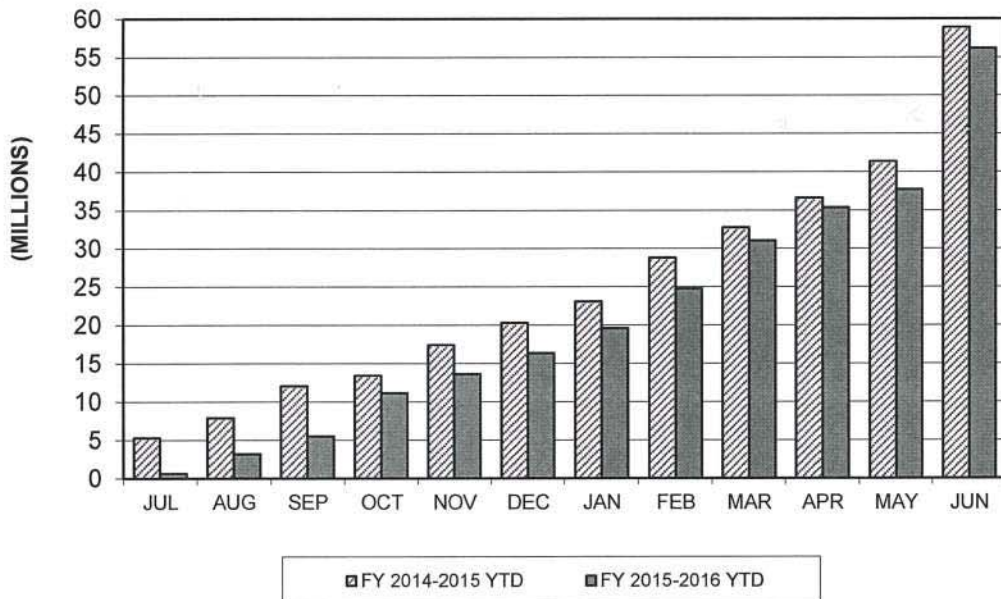
	ADOPTED FY 2015-2016 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2015-2016 BUDGET	CUR YTD ACTUAL (*)	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL (*)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END ACTUAL (*)	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Police	1,198	-	-	1,198	1,582	132.05%	1,101	100.00%	1,101	481	43.69%
Public Works	9,815	500	-	10,315	11,093	107.54%	9,332	100.00%	9,332	1,761	18.87%
Transportation	1,525	12	-	1,537	1,575	102.47%	1,067	100.00%	1,067	508	47.61%
Library	1,321	-	-	1,321	1,201	90.92%	979	100.00%	979	222	22.68%
Planning, Bldg & Code Enf	3,600	2,302	-	5,902	6,255	105.98%	4,937	100.00%	4,937	1,318	26.70%
Parks Rec & Neigh Svcs	17,824	947	-	18,771	18,935	100.87%	18,045	100.17%	18,015	890	4.93%
Miscellaneous Dept Charges	5,640	130	-	5,770	6,417	111.21%	6,244	99.52%	6,274	173	2.77%
Total Departmental Revenues	40,923	3,891	-	44,814	47,058	105.01%	41,705	100.00%	41,705	5,353	12.84%

(*) - 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.

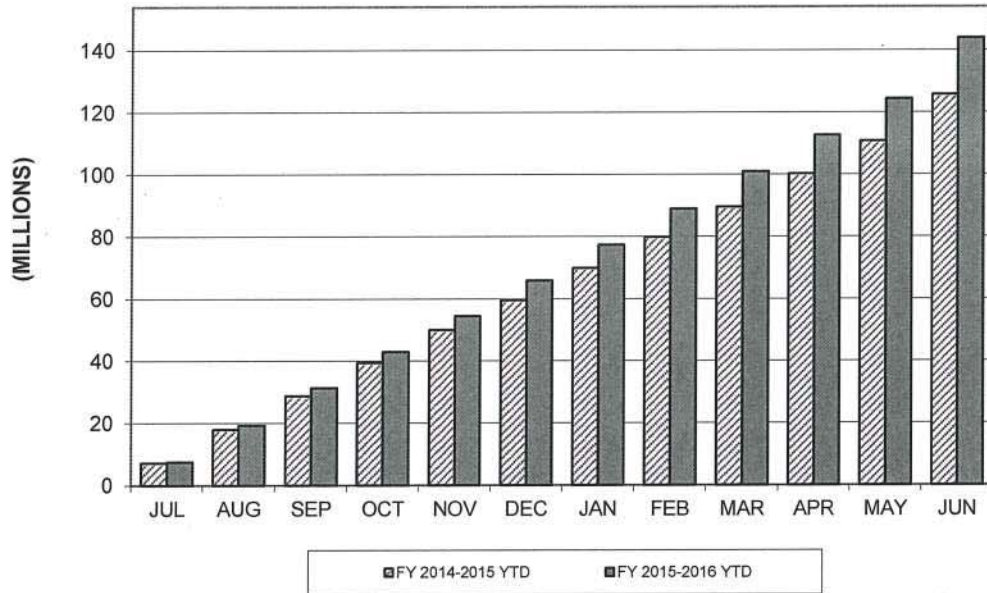
CONSTRUCTION & CONVEYANCE TAX FUNDS
Comparison of YTD Revenues vs. Prior YTD Revenues



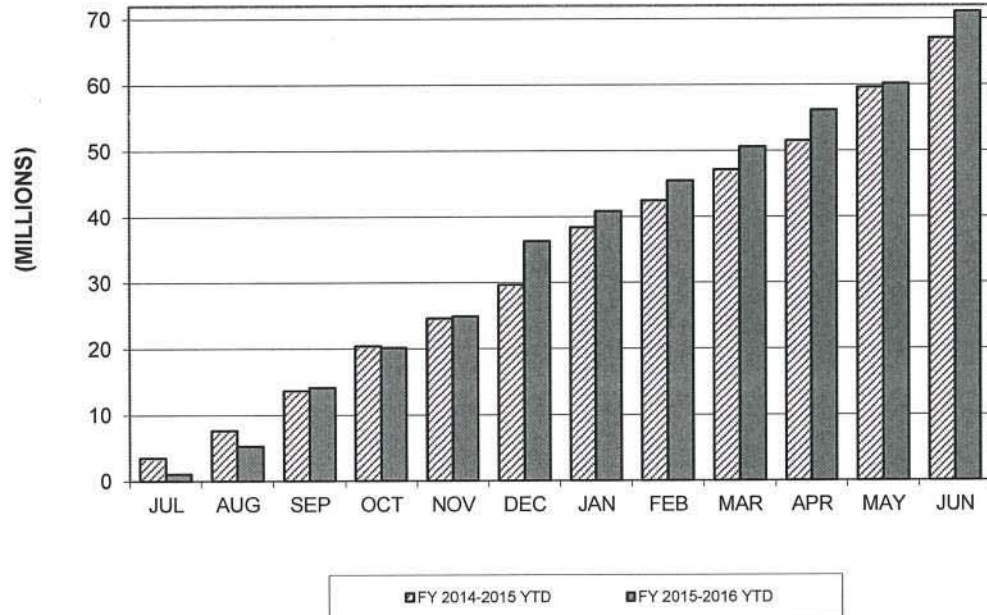
CONSTRUCTION & CONVEYANCE TAX FUNDS
Comparison of YTD Expenditures vs. Prior YTD Expenditures



AIRPORT REVENUE FUND 521
Comparison of YTD Revenues vs. Prior YTD Revenues

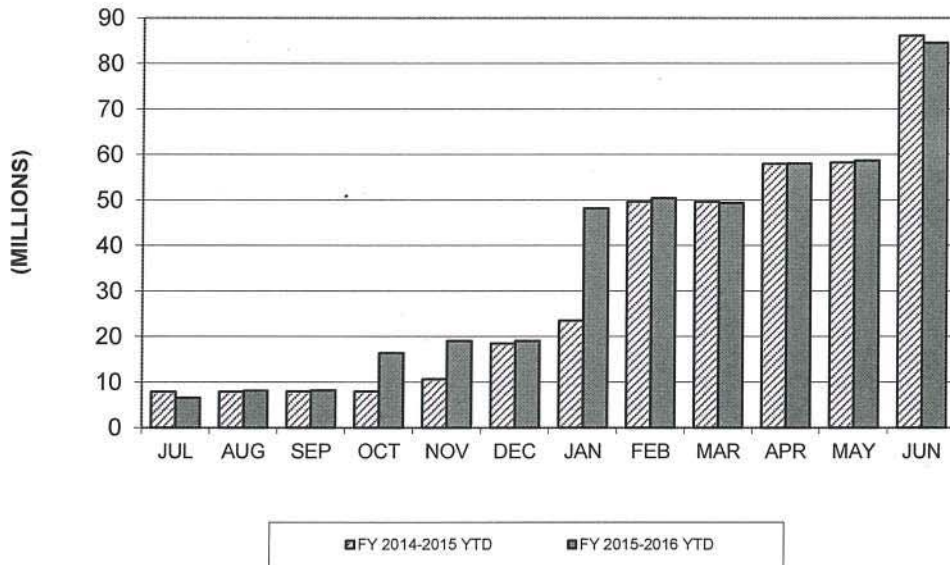


AIRPORT MAINTENANCE & OPERATION FUND 523
Comparison of YTD Expenditures vs. Prior YTD Expenditures

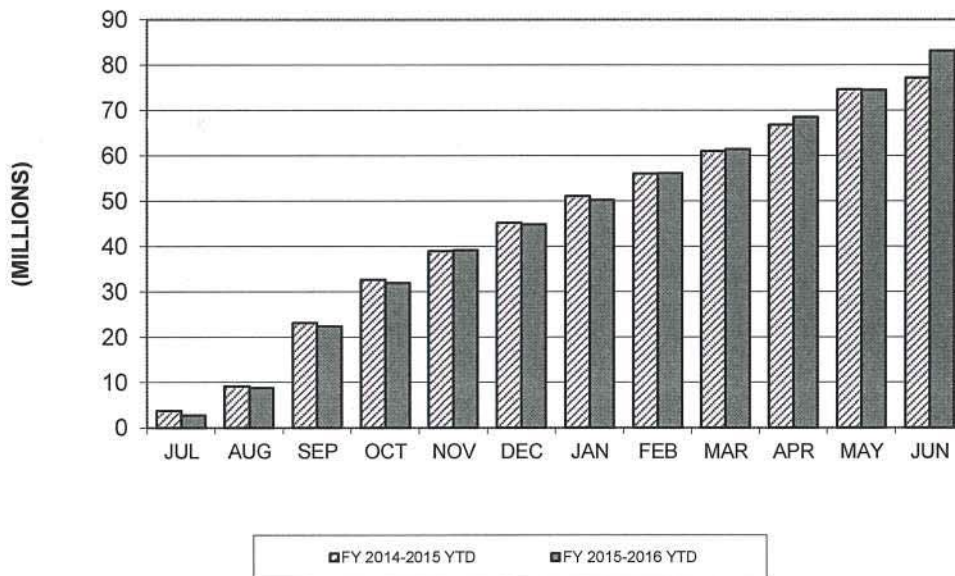


Note: The graphs above include the Airport Revenue Fund (521) and Airport Maintenance & Operation fund (523) only.

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

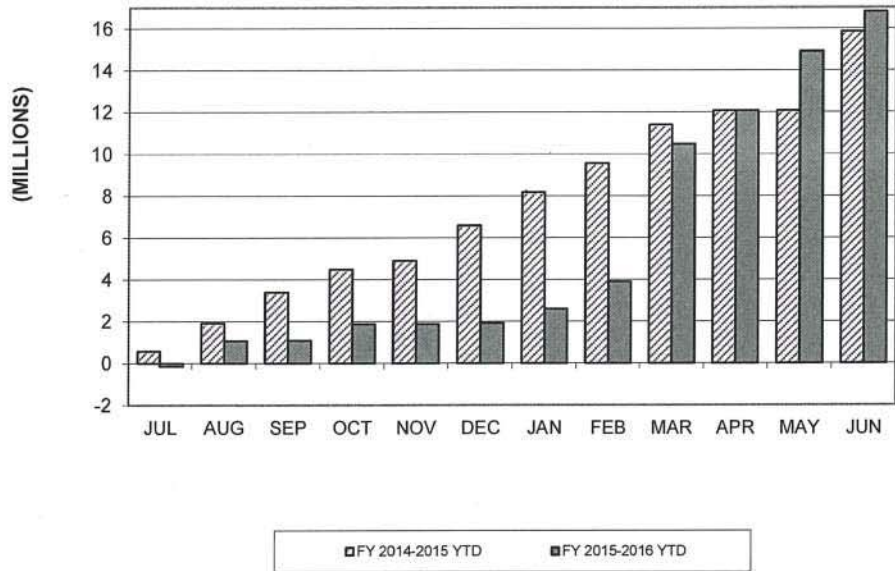


WPCP OPERATION FUND 513
Comparison of YTD Expenditures vs. Prior YTD Expenditures

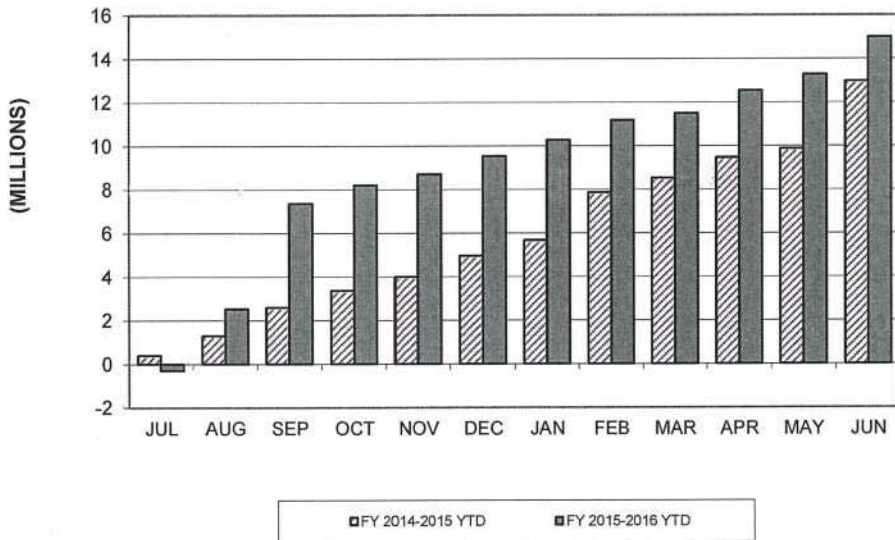


Note: The graphs above are only for the WPCP Operation Fund (513).

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 June 30, 2016
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2015-2016 BUDGET	BUDGET AMENDMENTS		FY 2015-2016 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
Construction/Conveyance Tax							
Prior Year Encumbrance	-	-	4,746	4,746	4,746	-	7,098
Beginning Fund Balance	72,371	9,895	-	82,266	82,266	-	78,185
Revenues	63,442	2,618	-	66,060	58,664	-	60,914
Total Sources	135,813	12,513	4,746	153,072	145,676	-	146,197
Total Uses	135,813	12,513	4,746	153,072	56,149	6,411	58,895
Airport							
Prior Year Encumbrance	-	-	6,939	6,939	6,939	-	6,427
Beginning Fund Balance	291,665	5,059	-	296,724	296,724	-	313,474
Revenues	377,709	8,449	-	386,158	382,492	-	356,375
Total Sources	669,374	13,508	6,939	689,821	686,155	-	676,276
Total Uses	669,374	13,508	6,939	689,821	349,513	20,497	336,909
Waste Water Treatment							
Prior Year Encumbrance	-	-	60,721	60,721	60,721	-	88,889
Beginning Fund Balance	276,428	42,963	-	319,391	319,391	-	299,432
Revenues	348,971	(5,199)	-	343,772	335,181	-	325,107
Total Sources	625,399	37,764	60,721	723,884	715,293	-	713,428
Total Uses	625,399	37,764	60,721	723,884	315,749	193,873	312,263
Parking							
Prior Year Encumbrance	-	-	577	577	577	-	1,004
Beginning Fund Balance	14,657	3,813	-	18,470	18,470	-	14,123
Revenues	15,440	125	-	15,565	16,808	-	15,863
Total Sources	30,097	3,938	577	34,612	35,855	-	30,990
Total Uses	30,097	3,938	577	34,612	13,316	941	12,980
Municipal Water							
Prior Year Encumbrance	-	-	2,831	2,831	2,831	-	2,369
Beginning Fund Balance	19,103	2,869	-	21,972	21,972	-	19,433
Revenues	50,861	(3,957)	-	46,904	44,236	-	40,920
Total Sources	69,964	(1,088)	2,831	71,707	69,039	-	62,722
Total Uses	69,964	(1,088)	2,831	71,707	43,568	5,815	36,758

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED June 30, 2016
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2015-2016 BUDGET	BUDGET AMENDMENTS		FY 2015-2016 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
Gas Tax							
Revenues	16,900	100	-	17,000	16,339	-	18,130
Total Sources	16,900	100	-	17,000	16,339	-	18,130
Total Uses	16,900	100	-	17,000	16,339	-	17,838
Building and Structures							
Prior Year Encumbrance	-	-	6,900	6,900	6,900	-	4,290
Beginning Fund Balance	29,191	4,787	-	33,978	33,978	-	30,917
Revenues	28,130	(6,890)	-	21,240	21,682	-	19,636
Total Sources	57,321	(2,103)	6,900	62,118	62,560	-	54,843
Total Uses	57,321	(2,103)	6,900	62,118	11,423	7,166	14,189
Residential Construction							
Beginning Fund Balance	1,729	(57)	-	1,672	1,672	-	1,430
Revenues	255	9	-	264	203	-	273
Total Sources	1,984	(48)	-	1,936	1,875	-	1,703
Total Uses	1,984	(48)	-	1,936	35	-	31
Transient Occupancy Tax							
Prior Year Encumbrance	-	-	333	333	333	-	163
Beginning Fund Balance	5,305	3,478	-	8,783	8,783	-	5,547
Revenues	22,088	2,400	-	24,488	24,638	-	22,420
Total Sources	27,393	5,878	333	33,604	33,754	-	28,130
Total Uses	27,393	5,878	333	33,604	25,532	503	19,011
Conventions, Arts & Entertainment							
Prior Year Encumbrance	-	-	26	26	26	-	17
Beginning Fund Balance	5,856	1,061	-	6,917	6,917	-	5,993
Revenues	12,768	642	-	13,410	62,134	-	48,520
Total Sources	18,624	1,703	26	20,353	69,077	-	54,530
Total Uses	18,624	1,703	26	20,353	10,573	199	47,577

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED June 30, 2016
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2015-2016 BUDGET	BUDGET AMENDMENTS		FY 2015-2016 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
Golf							
Beginning Fund Balance	394	28	-	422	422	-	542
Revenues	3,068	1	-	3,069	3,056	-	2,664
Total Sources	3,462	29	-	3,491	3,478	-	3,206
Total Uses	3,462	29	-	3,491	2,736	-	2,784
Other Funds							
Prior Year Encumbrance	-	-	21,720	21,720	21,720	-	16,098
Beginning Fund Balance	255,916	39,212	-	295,128	295,128	-	262,222
Revenues	350,559	69,825	-	420,384	413,034	-	435,128
Total Sources	606,475	109,037	21,720	737,232	729,882	-	713,448
Total Uses	606,475	109,037	21,720	737,232	373,011	36,851	419,537

**CITY OF SAN JOSE
CAPITAL PROJECT FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED June 30, 2016
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2015-2016 BUDGET	BUDGET AMENDMENTS		FY 2015-2016 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
Construction Excise							
Prior Year Encumbrance	-	-	32,725	32,725	32,725	-	27,144
Beginning Fund Balance	73,023	1,809	-	74,832	74,832	-	73,874
Revenues	55,758	6,785	-	62,543	51,093	-	55,927
Total Sources	<u>128,781</u>	<u>8,594</u>	<u>32,725</u>	<u>170,100</u>	<u>158,650</u>	<u>-</u>	<u>156,945</u>
Total Uses	<u>128,781</u>	<u>8,594</u>	<u>32,725</u>	<u>170,100</u>	<u>55,407</u>	<u>32,198</u>	<u>48,873</u>
Other							
Prior Year Encumbrance	-	-	13,138	13,138	13,138	-	16,839
Beginning Fund Balance	20,986	2,960	-	23,946	23,946	-	30,624
Revenues	10,001	(6,500)	-	3,501	3,612	-	1,629
Total Sources	<u>30,987</u>	<u>(3,540)</u>	<u>13,138</u>	<u>40,585</u>	<u>40,696</u>	<u>-</u>	<u>49,092</u>
Total Uses	<u>30,987</u>	<u>(3,540)</u>	<u>13,138</u>	<u>40,585</u>	<u>7,728</u>	<u>12,804</u>	<u>12,717</u>

**CITY OF SAN JOSE
OTHER FUND TYPES
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED June 30, 2016
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2015-2016 BUDGET	BUDGET AMENDMENTS		FY 2015-2016 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
Trust and Agency							
Prior Year Encumbrance	-	-	66	66	66	-	13
Beginning Fund Balance	7,718	1,497	-	9,215	9,215	-	5,121
Revenues	3,876	351	-	4,227	4,783	-	4,801
Total Sources	11,594	1,848	66	13,508	14,064	-	9,935
Total Uses	11,594	1,848	66	13,508	4,521	87	904