



CITY COUNCIL AGENDA: 02/11/20

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ITEM: 3.3

MID-YEAR BUDGET REVIEW

2019-2020

OFFICE OF THE CITY MANAGER

JANUARY 2020

2019-2020

MID-YEAR
BUDGET
REVIEW

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2019-2020

MID-YEAR
BUDGET
REVIEW



TRANSMITTAL
MEMORANDUM



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jim Shannon

**SUBJECT: 2019-2020 MID-YEAR
BUDGET REVIEW REPORT**

DATE: January 31, 2020

Approved



Date 1/31/20

RECOMMENDATION

- a) Approve the 2019-2020 Mid-Year Budget Review Report.
- b) Adopt related Appropriation Ordinance and Funding Sources Resolution amendments in various funds as detailed in Section III (*Recommended Budget Adjustments and Clean-Up Actions*) of the 2019-2020 Mid-Year Budget Review Report.

OUTCOME

The Mid-Year Budget Review Report provides an assessment of the City's budget condition in the current fiscal year as compared to the 2019-2020 Modified Budget based on actual performance during the first six months of 2019-2020. The document provides an in-depth review of General Fund revenue and expenditure performance in comparison to the modified budget, as well as a status update on selected Special and Capital Funds. Based on the analysis of revenue and expenditures across the organization, budget revisions are recommended to: implement required technical/rebalancing actions to align existing revenue estimates and expenditure budgets with the most current tracking information, adjust existing appropriations as necessary to implement previous City Council direction, or reallocate funding among appropriations based on updated needs; implement a number of technical and net-zero adjustments between revenue categories and expenditure appropriations; account for new or adjusted grants, reimbursements, or fees; and fund a limited number of new projects in special and capital funds.

EXECUTIVE SUMMARY

The 2019-2020 Adopted Operating and Capital Budgets for the City of San José totals \$4.7 billion. With this funding, the City continues to deliver a wide range of services to the City's residents, businesses, and visitors. The Adopted Budget balanced many competing community and organizational needs while maintaining the City's strong commitment to budget stability. The Administration closely monitors the City's budget to ensure that current year revenues and expenditures are meeting expectations, which is necessary to maintain budget stability and avoid service disruptions in any given year. Through the first half of the year, City funds are generally performing within expected 2019-2020 budgeted levels.

Mid-Year Budget Review Highlights

Economic Environment

- San José continues to benefit from a relatively strong economic environment. Labor markets remain tight with a local unemployment rate of 2.2%, private commercial and industrial construction activity is robust, airport passenger activity continues its strong growth, and the downward trend in the real estate market experienced over the past year recently stabilized, with year-over-year price gains experienced in November and December. Hotel activity, however, continues to soften from the prior year and bears careful monitoring as a potential early indicator for future weaker economic conditions.

General Fund

- Based on current collection trends and information, General Fund revenues are anticipated to end the year approximately \$15 million - \$20 million above budgeted levels. Overall, General Fund expenditures are tracking slightly below anticipated levels and are expected to generate minimal savings of \$3 - \$5 million by year-end. The combination of excess revenues, expenditure savings, and the liquidation of prior year carryover encumbrances are expected to generate 2019-2020 Ending Fund Balance of at least \$23 million, which will be used as an ongoing funding source in the 2021-2025 Five-Year General Fund Forecast and the 2020-2021 Proposed Budget as previously planned, with any additional funding available for allocation on a one-time basis.
- Several Mid-Year Budget Review actions are recommended based on actual performance through December and projected activity through the remainder of the year. Major actions include the following:
 - Implement required technical/rebalancing actions totaling \$11.3 million, with a total net cost of \$236,000. Notable actions include recognizing additional Property Tax revenue (\$10.0 million), net revenue increase (\$3.8 million) primarily attributable to the recent sale of 200 frontage along Park Avenue, and reimbursements for Measure T eligible expenses (\$319,000) that were initially supported by the General Fund. These one-time excess proceeds of \$14.1 million are offset by the allocation of \$10.0 million to the 2019-2020 Ending Fund Balance Reserve as previously included in the 2020-2021 Forecast, reduction to estimated Transient Occupancy Tax revenue (\$2.5 million) based on year-to-date performance, reduction to the estimate for Revenue from Local Agencies to correct for an error in previously recognizing funding from the BHSD Grant for Therapeutics (\$309,000), and various adjustments for previously approved departmental activities. These changes include funding for: janitorial services at city-wide facilities (\$592,000); replacement of SCBA face masks and associated equipment to support Firefighter Recruit Academies and repairs to fire station exhaust systems (\$175,000); maintenance, repairs, and regulatory compliance at closed landfills (\$150,000); and storm sewer fees for City facilities (\$90,000).

- Implement grants/reimbursements/fees actions totaling \$8.0 million with a net-zero impact on the General Fund, the largest of which include adjustments to recognize and appropriate funding to support the following: costs incurred for the new construction of the relocated Fire Training Center (\$3.0 million); acquisition of furniture, fixtures, and equipment for the Emergency Operations Center (\$2.5 million) that are not eligible for funding under the Public Safety and Infrastructure Bond Fund (Measure T); temporary staffing to support the investigation and prosecution of crimes through the Internet Crimes Against Children (\$950,000) task force; the installation of fleet telematics equipment (\$750,000) on non-public safety general fleet vehicles in partnership with a telecommunications company, and as part of the “Smart City” initiative; and the establishment of the Fire Inspection Improvements City-Wide Expenses appropriation (\$250,000) in the Fire Development Fee Program to help address the current backlog of fire inspections and identify future improvements.
- Implement a variety of clean-up actions that reduces the Salaries and Benefits Reserve by a total of \$3.4 million to increase various department budgets to account for pay for performance salary increases and actual employee benefits elections (\$2.5 million), to return funds to the Development Fee Program Reserves because the fee programs did not require the salary program distributions (\$705,000), and to liquidate \$200,000 as savings to fund other actions in this report; and recognizes savings of \$236,000 from employee participation in the Voluntary Furlough/Reduced Work Week Program, of which \$200,000 is restored to the Salaries and Benefits Reserve and the remaining \$36,000 is used to fund other actions recommended in this report.

Special/Capital Funds

- Overall, the City’s special and capital funds are generally performing within expected levels through December. Budget adjustments are recommended in several funds to adjust for revised revenue and cost estimates, to address critical current year funding needs, and to recognize various grants and reimbursements. Some of the highlights and major recommended adjustments are described below.
 - The Norman Y. Mineta San José International Airport continues its strong growth year-over-year. Through December, 8.2 million passengers have enplaned and deplaned, an increase of 9.3% from the prior year. Several recommendations are included in the various Airport funds, including: the allocation of \$5.4 million, shared 50% with the Federal Aviation Administration (FAA), for the purchase of up to six zero emissions buses as part of the Airport Zero Emission Vehicle and Infrastructure Pilot Program to augment the existing fleet; and an increase to the Airfield Electrical Circuit Rehabilitation project by \$3.7 million to begin the next phase of work within the taxiway areas.

- Several recommendations are included in this report to address Housing Department activities. In the Low and Moderate Income Housing Asset Fund, actions include the recognition of the Supplemental Educational Revenue Augmentation Fund (SERAF) loan repayment from the Successor Agency to the Redevelopment Agency (SARA) in the amount of \$21.7 million, as well as actions to continue funding (\$68,000) for the existing hosting and support for Phase 1 of the Affordable Housing Web Portal while staff continues to negotiate the contract for Phase 2. The Multi-Source Housing Fund includes a recommendation to increase the Homeless Rapid Rehousing appropriation by \$925,000 to fund an agreement with Santa Clara County to continue to deliver supportive services for approximately 180 chronically homeless households as part of the Care Coordination Project.
- The Building and Structure Construction Tax and the Construction Excise Tax revenues, the two largest construction-related revenues, continue to perform well. It is currently anticipated that the Building and Structure Construction Tax will exceed its \$15 million budgeted estimate by \$9 million for a revised budgeted estimate of \$24 million due to robust industrial and commercial construction activity, and the Construction Excise Tax is well on pace to meet its original budgeted estimate of \$20 million. A number of actions are included in the Traffic Capital Program to begin work on urgent projects, including the Protection Intersection Improvements, Willow-Keyes Complete Streets Improvements, and the Monterey Road Safety Improvements projects.
- Proceeds from the Construction Tax and Property Conveyance (C&C) Tax saw an uptick in December and January collections after experiencing a lower level of collection in the earlier months of the fiscal year. Collections are now on pace to slightly exceed the budgeted estimate of \$36 million.
- Actions are included to move forward on several urgent projects in the Subdivision Park Trust Fund, including the Ryland Pool Improvements project (\$295,000) to rehabilitate or repair mechanical equipment and walkways and benches, and the Roosevelt Community Center Lighting Improvements project (\$250,000) for the replacement of lighting fixtures and wiring within the facility.

Looking forward, the Administration is scheduled to release the 2021-2025 General Fund Five-Year Forecast on February 28, 2020, and the 2020-2021 Proposed Capital and Operating Budgets on April 22, 2020 and April 29, 2020 respectively. Analysis from this Mid-Year Budget Review will be factored into both the Forecast and Proposed Budgets, as appropriate.

BACKGROUND

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

This Mid-Year Budget Review Report complies with that policy. It contains a comprehensive review of the status of the City's 2019-2020 Operating and Capital Budgets as modified through December 2019.

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

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

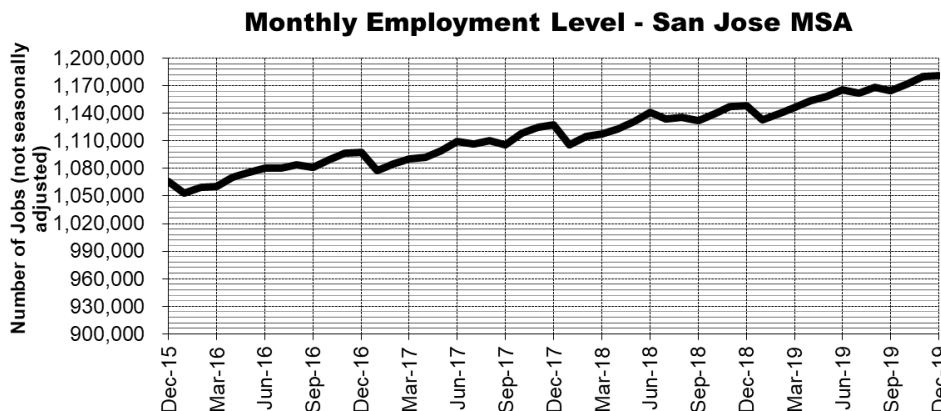
ANALYSIS

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

ECONOMIC ENVIRONMENT

Overall, the Silicon Valley continues to show positive, but moderating economic performance from the extremely strong growth experienced in recent years.

The December 2019 employment level in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (San José MSA) of 1.11 million was 1.3% higher than the December 2018 level of 1.09 million. Between December 2018 and December 2019, 32,500 jobs were added. This includes 7,800 jobs in manufacturing (predominantly computer and electronic products), 6,600 jobs in professional and business services, 6,400 jobs in the information sector, 6,400 government jobs, and 3,400 jobs in private educational and health services (largely within healthcare).¹



As noted in the January 2020 Beacon Employment Report, 2019 was an impressive year for California employment growth. Over the year, the State’s unemployment rate fell from 4.1% to 3.7%. In addition, the year ended with the State’s labor force expanding for a fourth straight month. Taner Osman, a Research Manager at Beacon Economics and the UCR Center for Forecasting, stated “December marked the end of an impressive year for the state’s economy with California adding over 300,000 jobs. That rate of growth far exceeds the national growth rate and was quicker than the state’s growth rate in 2018 of 1.6%.”²

Unemployment Rate (Unadjusted)			
	Dec 2018	Nov 2019	Dec 2019**
San Jose Metropolitan Statistical Area*	2.5%	2.3%	2.2%
State of California	4.1%	3.7%	3.7%
United States	3.7%	3.3%	3.4%

* San Benito and Santa Clara Counties
 Source: California Employment Development Department.
 ** December 2019 estimates are preliminary and may be updated.

The unemployment rates at the local, State, and national levels remain low. In December 2019, the unemployment rate for the San José Metropolitan Statistical Area of 2.2% was slightly below the November 2019 unemployment rate of 2.3% and the December 2018 rate of 2.5%. In this region, the December 2019 unemployment rate continued to be lower than the unadjusted unemployment rate for the State (3.7%) and the nation (3.4%).

Overall construction activity through December 2019 has increased 59.3% from 2018-2019 levels. The increase is primarily due to strong commercial activity that has occurred since the beginning of the fiscal year, coupled with an extremely high level of industrial activity that occurred in July 2019. The 2019-2020 Adopted Budget was developed with the expectation that private development activity would remain strong, but would likely moderate over the course of the year.

¹ State of California Employment Development Department Labor Market Information Division Press Release, January 24, 2020
² Beacon Economics, Employment Report, January 2020

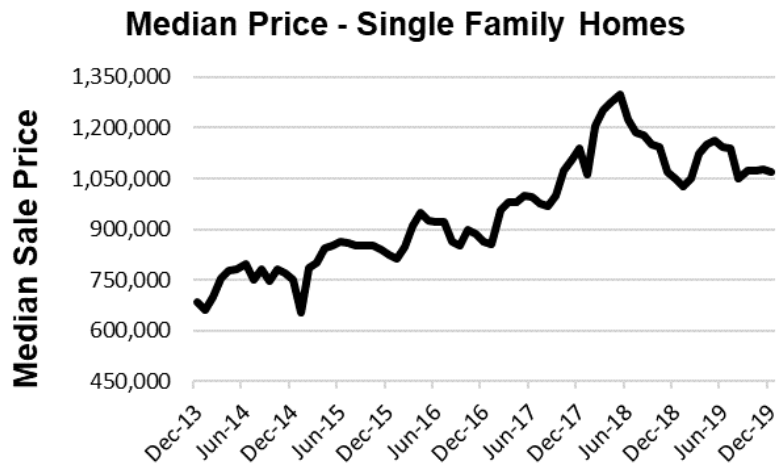
Of the three construction activity sectors, residential activity is the only sector to decline from the previous year level. As summarized in the table, through December 2019, residential permit valuation totaled \$232.8 million, which represents a 22.2% decline from the high level experienced through December 2018. Residential activity through December 2019 included 880 multi-family units and 268 units for single-family construction for a total of 1,148 units. Notable projects in November and December 2019 included a construction permit for a 249-unit multi-family project with three levels of parking and a 26,586 square foot retail space building (located near Stockton Avenue and West Julian Street).

Private Sector Construction Activity (Valuation in \$ Millions)			
	YTD December 2018	YTD December 2019	% Change
Residential	\$ 299.4	\$ 232.8	(22.2%)
Commercial	\$ 243.9	\$ 442.9	81.6%
Industrial	\$ 208.4	\$ 522.0	150.5%
TOTAL	\$ 751.7	\$ 1,197.7	59.3%

Commercial valuation through December 2019 experienced growth of 81.6% from the prior year level (\$442.9 million in 2019-2020 and \$243.9 million in 2018-2019). The commercial activity in the month of December was a modest \$47.2 million, with new construction (\$17.6 million) accounting for most of the commercial activity. Notable projects in November and December included a foundation-only permit for an 8-story commercial office building with a two-story basement garage (approximately 376,250 square feet; located on Olsen Drive and north of Winchester Boulevard), and a permit issued for a 443,000 square foot public parking garage (located on Winchester Boulevard and Prune Way).

In addition, industrial construction valuation through December was significantly higher than prior year levels, with receipts totaling \$522.0 million in 2019-2020, up over 150% from the prior year level. This increase is primarily due to an extremely high level of new construction activity in July that is attributable to exceptional industrial activity, setting a valuation record of \$100 million. A notable project for November and December is a permit issued for the balance of construction for a 223,000 square foot warehouse/storage building (located on McLaughlin Avenue just south of the Highway 280/680 and Highway 101 interchange). Alterations accounted for most of the industrial activity in November and December (\$58.2 million, 80.2%).

Beginning in spring 2012, the median sale price for homes had consistently experienced year-over-year growth, which continued through October 2018. For over a year, however, Santa Clara County began experiencing a slow down in the local real estate market, with median sale prices dropping, the average days on market increasing, and the number of sales decreasing. In fall 2019, the real estate market appears to



have begun stabilizing, with median home prices and property sales once again growing compared to prior year levels. According to data from the Santa Clara County Association of Realtors, the single-family home price peaked at \$1.3 million in May 2018 (which represented a 30.0% increase from the May 2017 home price), but then began steadily decreasing. During the period from November 2018 through October 2019, year-over-year median prices steadily decreased each month compared to the prior year in the range of 3%-13%. However, in November 2019, prices increased 0.7% from the prior year and December 2019 saw the median single-family home price grow year-over-year by 2.0% to \$1.07 million.

In addition to the median home prices dropping for a prolonged period and recently starting to rebound, the number of property transfers (sales) also recently began to experience growth. In December 2019, the number of property transfers grew 12.3% from the prior year level; however, the year-to-date sales through December 2019 is slightly below (0.2%) the same period in the prior fiscal year. In addition, while single-family and multi-family dwellings are continuing to sell relatively quickly, they are on the market longer than the prior few years. The average days-on-market for single-family and multi-family dwellings through December 2019 totaled 38 days, compared to an average 25 days experienced in the first half of 2018-2019 and an average 18 days experienced through the first half of 2017-2018.

The leading consumer confidence indicator, the Conference Board's *Consumer Confidence Survey*, reports that the December 2019 Consumer Confidence Index level of 126.5 is only slightly down from November's level of 126.8. The Present Situation Index (consumers' assessment of current business and labor market conditions) increased from 166.6 in November 2019 to 170.0 in December 2019. Finally, the December 2019 Expectations Index (consumers' short-term outlook for income, business, and labor market conditions) is 97.4, which is down from the November level of 100.3.³

According to Lynn Franco, Director of Economic Indicators at The Conference Board, "Consumer Confidence declined marginally in December, following a slight improvement in November. While consumers' assessment of current conditions improved, their expectations declined, driven primarily by a softening in their short-term outlook regarding jobs and financial prospects. While the economy hasn't shown signs of further weakening, there is little to suggest that growth, and consumer spending in particular, will gain momentum in early 2020."⁴

Economic conditions will continue to be closely monitored and factored into the 2021-2025 General Fund Five-Year Forecast, scheduled to be released on February 28, 2020, and the upcoming releases of both the Proposed Capital and Operating Budgets, scheduled to be released on April 22, 2019 and April 29, 2020, respectively.

³ The Conference Board, Consumer Confidence Survey, December 2019

⁴ The Conference Board, Consumer Confidence Survey, December 2019

GENERAL FUND PERFORMANCE

General Fund revenues and transfers through December totaled \$468.7 million, or 39.2% of the budgeted estimate. Based on current collection trends and information, existing revenues are anticipated to end the year approximately \$15 million - \$20 million above budgeted levels (variance of approximately 2% when excluding the Beginning Fund Balance). The primary drivers of this additional revenue are higher than estimated Property Tax, Sales Tax, Business Taxes, and Other Revenue (sale of property), partially offset by lower than anticipated Transient Occupancy Tax and Utility Tax receipts. General Fund expenditures are tracking within estimated levels, and minimal savings of \$3 - \$5 million are anticipated by year-end. The combination of the additional revenues (excluding the new property sale revenues), expenditure savings, and the liquidation of prior year carryover encumbrances is currently expected to total at least \$23 million, which will be used as a funding source in the Five-Year General Fund Forecast and the 2020-2021 Proposed Budget, with any additional funding available for allocation on a one-time basis.

In this document, an overall net increase of \$19.3 million to the General Fund Sources and Uses is recommended. This reflects required technical and rebalancing actions (\$11.3 million) and recognition of grants, reimbursements, and/or fee related funds (\$8.0 million).

The largest technical and rebalancing action recommended in this report includes increasing the Property Tax estimate by \$10.0 million to reflect higher estimated Secured Property Tax receipts; increasing the Other Revenue estimate by \$3.8 million to reflect higher property sale revenue, which is primarily due to the recent sale of 200 Park Avenue as approved by the City Council on November 19, 2019; and decreasing the Transient Occupancy Tax revenue estimate by \$2.5 million to align the budgeted estimate with anticipated lower receipts. The revenue estimates for this year will continue to be updated and refined as part of the upcoming Five-Year Forecast and Proposed Budget process and will be reported through the release of the Bi-Monthly Financial Reports that are reviewed by the Public Safety, Finance, and Strategic Support Council Committee.

General Fund expenditures through December totaled \$557.0 million, or 34.6% of the total 2019-2020 Modified Budget. This expenditure level represents a decrease of \$18.2 million, or approximately 3%, from the December 2018 level, which is primarily due to lower City-Wide Expenses. In addition, encumbrances through December totaled \$76.5 million, which are \$18.7 million above the December 2018 level, which is due to higher Capital Contributions encumbrances. In total, expenditures and encumbrances through December totaled \$633.5 million, which constitutes 39.4% of the total Modified Budget (including reserves) of \$1.6 billion. When excluding reserves of \$216.2 million, expenditures and encumbrances through December constituted 45.5% of the total Modified Budget. Expenditure adjustments are recommended to implement required technical/rebalancing adjustments; account for new net-zero grants, reimbursements, and fee adjustments; and complete clean-up actions are also recommended in this report. The largest adjustments include: the establishment of a 2019-2020 Ending Fund Balance Reserve (\$10.0 million); increased funding for the Fire Training Center Relocation project (\$3.0 million), supported with grant funding from the California Office of Emergency Services (CalOES); one-time funding for the Emergency Operations Center Fixtures, Furniture and Equipment (FF&E) Reserve, also supported by CalOES grant funding (\$2.5 million); and increased funding to address higher costs related to the recent city-wide janitorial custodial services contract extension (\$592,000).

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

RECOMMENDED GENERAL FUND BUDGET ADJUSTMENTS

As previously stated, the budget actions recommended in the Mid-Year Budget Review result in an increase of \$19.3 million to General Fund revenues and expenditures. The recommended Mid-Year Budget Review actions accomplish the following: 1) implement required technical/rebalancing adjustments; 2) recognize various revenue-supported grants, reimbursements, and fee adjustments; and 3) implement clean-up actions. The chart below summarizes these recommended adjustments.

**2019-2020 MID-YEAR BUDGET REVIEW
 RECOMMENDED GENERAL FUND BUDGET ACTIONS**

Budget Category	Source of Funds (\$ in millions)	Use of Funds (\$ in millions)
Required Technical/Rebalancing Actions	11.260	11.496
Property Tax	10.000	-
Other Revenue (Sale of Properties)	3.750	-
Transfers and Reimbursements (Measure T)	0.319	-
Revenue from Local Agencies (BHSD Grant for Therapeutics)	(0.309)	-
Transient Occupancy Tax	(2.500)	-
2019-2020 Ending Fund Balance Reserve	-	10.000
Public Works, PRNS, and Library Departments (Janitorial Services)	-	0.592
Accessory Dwelling Unit Amnesty Program	-	0.293
Fire Department (SCBA Equipment & Exhaust Systems Maintenance)	-	0.175
Closed Landfill Compliance	-	0.150
Information Technology Department (PC and Windows Upgrade Project)	-	0.100
Storm Fees	-	0.090
Other Miscellaneous Adjustments	-	0.096
Other Net-Zero Expenditure Adjustments	-	-
Grants, Reimbursements, Fees	8.042	8.042
Clean-Up Actions	-	(0.236)
Salary and Benefits Program	-	3.249
Voluntary Furlough/Reduced Work Week - Salaries and Benefits Reserve	-	0.200
Voluntary Furlough/Reduced Work Week Program	-	(0.236)
Salary and Benefits Program - Salaries and Benefits Reserve	-	(3.449)
Total Recommended Adjustments	19.302	19.302

The following is a brief description of the significant General Fund revenue and expenditure adjustments recommended in this report. Additional information on all recommended adjustments is provided in Section III, *Recommended Budget Adjustments and Clean-Up Actions*, of this report.

REQUIRED TECHNICAL/REBALANCING ACTIONS

- ***Property Tax (\$10.0 million)***: Increases the Property Tax estimate by \$10.0 million, from \$354.0 million to \$364.0 million, to reflect higher estimated Secured Property Tax receipts. Based on the most recent information provided by the County of Santa Clara, Secured Property Tax receipts in 2019-2020 are estimated at \$340 million, which is approximately \$10 million over the budgeted level. The recommended adjustment includes increases to Secured Property Taxes by \$4.8 million (from \$293.6 million to \$298.4 million), the Educational Revenue Augmentation Fund (ERAF) receipts by \$3.2 million (from \$19.8 million to \$23.0 million), and the SARA Property Tax estimate by \$2.0 million (from \$16.0 million to \$18.0 million).
- ***Other Revenue (Sale of Properties, \$3.8 million)***: Increases the estimate for Other Revenue by a net \$3.75 million to recognize additional proceeds from the sale of properties. This adjustment includes the recognition of \$4.75 million generated from the recent sale of frontage along 200 Park Avenue approved by the City Council on November 19, 2019, offset by a reduction to the original estimate of surplus property sales of \$1.0 million due to a revised schedule of surplus property sales anticipated for the remainder of the fiscal year.
- ***Transfers and Reimbursements (Measure T, \$319,000)***: Increases the estimate for Transfers and Reimbursements to reflect a transfer from the Public Safety and Infrastructure Bond Fund (Measure T) to reimburse the General Fund for costs that were advanced for Measure T projects prior to bond issuance, and which were determined to be eligible for payment out of the Public Safety and Infrastructure Bond Fund, including project feasibility work and administrative staff support.
- ***Revenue from Local Agencies (BHSD Grant for Therapeutics, -\$309,000)***: Decreases the estimate for Revenues from Local Agencies by \$309,000 for the Santa Clara County Behavioral Health Services Department Grant for Therapeutics, as this revenue was allocated as part of the 2019-2020 Base Operating Budget process and inadvertently included in 2018-2019 Annual Report actions.
- ***Transient Occupancy Tax (-\$2.5 million)***: Decreases the Transient Occupancy Tax (TOT) revenue estimate by \$2.5 million to realign projections for 2019-2020 based on year-to-date performance. Through December 2019, TOT revenue is 2.7% below the prior year level, due to declining occupancy rates and softening revenue per available room. A corresponding revenue reduction is recommended in Transient Occupancy Tax Fund as discussed below and in Section II, *Selected Special/Capital Fund Status Report*.

- **2019-2020 Ending Fund Balance Reserve (\$10.0 million):** Establishes the 2019-2020 Ending Fund Balance Reserve in the amount of \$10.0 million from excess General Fund revenues projected this fiscal year. When developing the annual budget each year, it is assumed that a combination of excess revenues, expenditure savings, and the liquidation of carryover encumbrances will generate ending fund balance in the current year that will be available as a funding source for the upcoming year. In the 2020-2024 Five-Year Forecast issued in February 2019, it was assumed that approximately \$23 million in fund balance would be available at the end of 2019-2020 for use in 2020-2021. The 2021-2025 Five-Year Forecast that will be issued at the end of February and the 2020-2021 Proposed Budget that will be issued on April 29, 2020, will incorporate fund balance as a funding source. This action sets aside a portion of the ending fund balance that is expected to be generated in 2019-2020. It is anticipated that additional actions will be brought forward at year-end to increase this reserve.
- **Public Works, PRNS, Library Departments (Janitorial Services, \$592,000):** Adjusts the Non-Personal/Equipment appropriations to three departments in the amount of \$592,000 to accommodate increased costs for janitorial services at city-wide facilities. On October 22, 2019, the City Council approved the second amendment to the agreement with ABM Industrial Services, Inc. for janitorial services at city-wide facilities, including supplies and related expenses, beginning November 1, 2019. The new agreement with ABM Industrial Services, Inc. reflected a 13.3% increase to account for a living wage increase and projected cost increases for staff benefits, fuel, and operating supplies. This action will provide funding to cover 8 months of the 12-month extended term. The Finance Department is coordinating the issuance of a new Request for Proposal for janitorial services later this fiscal year.
- **Accessory Dwelling Unit Amnesty Program (\$293,000):** Establishes the Accessory Dwelling Unit (ADU) Amnesty Program City-Wide Expenses appropriation to the Planning, Building and Code Enforcement Department (\$293,000) as required to implement the ADU Amnesty Program approved by the City Council on January 7, 2020. This funding will be used to pay for permitting and inspection costs for 50 units that would qualify under the program, which is the number of units estimated to participate in 2019-2020. Additional funding for the following fiscal year will be evaluated during the 2020-2021 Proposed Budget development process.
- **Fire Department (SCBA Equipment and Exhaust Systems Maintenance, \$175,000):** Increases funding to the Fire Department to purchase 65 replacement self-contained breathing apparatus (SCBA) face masks, voice amplifiers, and regulators in anticipation of the upcoming Fire Recruit Academy in March 2020 (\$100,000), and to cover the increased costs associated with the repair and maintenance of fire station exhaust systems (\$75,000).
- **Closed Landfill Compliance (\$150,000):** Increases the Closed Landfill Compliance City-Wide Capital Improvements appropriation by \$150,000 to repair and maintain the City's four closed landfills – Singleton Road, Story Road, Roberts Avenue, and Martin Park. Funds will support the maintenance and operations of the Singleton flare, regulatory permit and oversight fees, annual groundwater monitoring at Singleton, and general site maintenance (fence repairs, vandalism). As this elevated work effort is expected to continue, these increased costs will be incorporated into the 2020-2021 Base Budget.

- **Information Technology Department (PC and Windows Upgrade Project, \$100,000):** Increases funding to the Information Technology Department (\$100,000) to support the PC and Windows Upgrade Project to include an additional 112 PC's that were identified for replacement and upgrade, resulting in a total of 254 PC's to be replaced through this project.
- **Storm Fees (\$90,000):** Increases the Storm Fees City-Wide Expenses appropriation by \$90,000 to provide sufficient funding to pay for storm sewer fees attributable to City-owned property. This action aligns the budgeted amount with projected year-end estimates.
- **Other Net-Zero Expenditure Adjustments (\$0):** Includes a number of net-zero adjustments to align already approved revenue estimates and expenditure budgets with the most current tracking information, or to reallocate funding among appropriations based on updated needs.
 - *City Manager's Office Non-Personal/Equipment (-\$550,000)/City Manager's Office Personal Services (\$550,000):* Shifts City Manager's Office funding of \$550,000 from the Non-Personal/Equipment appropriation to the Personal Services appropriation to support temporary staffing costs for the Office of Civic Innovation in lieu of consulting services to develop implementation plans for the Privacy Policy, Safe City data integration, and Internet of Things Business Architecture initiatives.
 - *Workers' Compensation Claims - Fire (-\$200,000)/Workers' Compensation Claims - Police (\$200,000):* Reallocates \$200,000 from the Workers' Compensation Claims – Fire appropriation to the Workers' Compensation Claims – Police appropriation to reflect revisions to actual expenditure trends.
 - *Human Resources Department Non-Personal/Equipment (-\$140,000)/Human Resources Department Personal Services (\$140,000):* Shifts funding of \$140,000 from the Human Resources Department Non-Personal/Equipment appropriation to the Personal Services appropriation to support staffing costs for the Talent Development Program.

GRANTS/REIMBURSEMENTS/FEES

- A series of revenue-supported adjustments totaling \$8.0 million (with a net-zero impact on the General Fund) are recommended to reflect new or updated revenues and expenditures for grants, reimbursements, and/or fee activities. The largest of these adjustments include actions to recognize and appropriate funding to support the following:
 - Costs to support the new construction of the relocated Fire Training Center (\$3.0 million);
 - Acquisition of furniture, fixtures, and equipment for the Emergency Operations Center (\$2.5 million) that are not eligible under the Public Safety and Infrastructure Bond Fund (Measure T);
 - Investigation and prosecution of crimes through the Internet Crimes Against Children task forces (\$950,000);

- Installation of fleet telematics equipment on non-public safety general fleet vehicles (\$750,000) in partnership with a telecommunications company, and as part of the Smart City initiative; and
- Establishment of the Fire Inspection Improvements City-Wide Expenses appropriation (\$250,000) in the Fire Development Fee Program to help address the current backlog of fire inspections and identify future improvements.

CLEAN-UP ACTIONS

- ***Salary and Benefits Program (-\$200,000):*** Several actions are recommended to increase various department Personal Services appropriations to distribute funding associated with the Management Pay for Performance Program (MPP), as well as to align employee benefits related to actual premium costs and open enrollment changes. Adjustments were included for those departments that are not able to absorb these additional costs (\$3.6 million across all funds including \$2.7 million in the General Fund). In addition, \$705,000 is being returned to Development Fee Program Reserves because the fee programs did not require the salary program distributions. To offset these augmentations totaling \$3.4 million in the General Fund, this report includes recommendations to partially decrease the Salary and Benefits Reserve allocation in the General Fund that was set aside for these purposes in the 2019-2020 Adopted Budget, and reduce the Ending Fund Balances in the Special Funds as appropriate. After distributing funding for the additional costs, the remaining funding in the General Fund totals \$200,000, which is recommended to be used as a balancing action in this report.
- ***Voluntary Furlough/Reduced Work Week Program (\$-36,000):*** Adjustments to various departments' Personal Services appropriations reflect implementation of the Voluntary Furlough/Reduced Work Week Program in 2019-2020. Savings in the General Fund (\$236,000) 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 2019-2020 Adopted Budget and temporarily funded from the General Fund Salaries and Benefits Reserve. The actions recommended in this report remove the actual savings from the departmental budgets and restore \$200,000 to the Salaries and Benefits Reserve, with the remaining \$36,000 funding other actions recommended in this report.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

A comprehensive review of the special and capital funds as well as the capital projects is conducted as part of the 2019-2020 Mid-Year Budget Review. Overall, the special and capital funds are generally tracking within estimated levels through December. Section II of this report contains the status of selected special and capital funds with issues of interest or variances.

Special Funds

- *Airport Funds*

Through December, the Norman Y. Mineta San José International Airport (SJC) has enplaned and deplaned 8.2 million passengers, an increase of 9.3% compared to the same period last fiscal year and exceeds budgeted growth projections of 4.0%. For calendar year 2019, the Airport enplaned and deplaned 15.7 million passengers, which is up 1.3 million passengers or 9.3%, surpassing the previous peak of 14.3 million passengers served in calendar year 2018. Overall operating revenues through December 2019 total \$100.9 million and are tracking within year-to-date estimated levels. While parking and roadway, terminal concessions, and general and non-aviation revenues are exceeding estimates, landing fees, terminal rentals, and airfield are within or slightly below budgeted levels.

- *Housing Funds*

Several recommendations included in this report address Housing Department activities. In the Low and Moderate Income Housing Asset Fund, actions include increases to revenue estimates that recognize the SERAF loan repayment from the Successor Agency to the Redevelopment Agency (SARA) in the amount of \$21.7 million, which includes the \$15.95 million principal repayment plus interest of 3% starting from the date of the original loan in 2011, as well as actions to continue funding for the existing hosting and support for Phase 1 of the Affordable Housing Web Portal while staff continues to negotiate the contract for Phase 2 – which is anticipated to be completed by May 2020 – to include additional features that will simplify the process for affordable housing apartments currently accepting applications. The Multi-Source Housing Fund includes a recommendation to increase the Homeless Rapid Rehousing appropriation by \$925,000 (from \$1.2 million to \$2.1 million) to fund an agreement with Santa Clara County to continue to deliver supportive services for approximately 180 chronically homeless households as part of the Care Coordination Project.

- *Transient Occupancy Tax Fund*

Transient Occupancy Tax (TOT) collections through December totaled \$11.1 million, tracking 2.3% below the prior year level for the same period due to declining hotel occupancy and softening average room rates. The 2019-2020 Adopted Budget estimate of \$33.8 million assumed approximately 7% growth over 2018-2019 year-end projections based on prior sustained revenue growth, prevailing economic conditions, and the corresponding outlook for the convention and hospitality sectors, as well as assumed consistent demand and benefit of increased supply. However, the average hotel occupancy rate for the San José market hotels was 74.1%, a decrease from the 78.5% occupancy rate reported for the same period in 2018-2019, which is partly attributable to a 450-hotel room increase in late summer 2019. Reported average room rates also decreased from \$195.08 to \$191.58 (1.8%).

Given year-to-date collections and current occupancy and room rate trends, TOT collections are now projected to fall short of the budgeted estimate by 11%, necessitating a downward revenue adjustment of \$3.75 million and a series of corresponding expenditure reductions consistent with the distribution formula outlined in the Municipal Code for the Transfer to the Convention and Cultural Affairs Fund (\$1.9 million), and funding for Cultural Grants (\$937,500) and the Convention and Visitors Bureau (\$937,500). As the Transient Occupancy Tax has historically been a leading indicator of a weakening economic outlook, staff is continuing to closely monitor hotel activity metrics and collections.

Capital Funds

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

Construction-Related Revenues

Private sector construction activity constitutes a significant source of tax revenues that are reinvested back into the City's transportation system infrastructure. As described in the "Economic Environment" section of this message, overall construction activity through December 2019 has increased 59.3% from 2018-2019 levels, primarily due to strong commercial activity that has occurred since the beginning of the fiscal year, coupled with an extremely high level of industrial activity that occurred in July 2019. The 2019-2020 Adopted Budget was developed with the expectation that private development activity would remain strong, but likely moderate over the course of the year.

Following is a discussion of the performance for the Building and Structure Construction Tax and Construction Excise Tax, the two largest construction-related revenue sources that provide most of the City's local contributions to the Traffic Capital Program. These taxes are also an indicator of future activity for several other categories, such as the storm and sanitary sewer system fees.

- ***Building and Structure Construction Tax*** – Building and Structure Construction Tax receipts totaled \$16.0 million through December 2019, which is 106.8% of the 2019-2020 Adopted Budget estimate of \$15.0 million, reflecting higher than anticipated commercial and industrial development permit activity. This collection level is above prior year collections (\$6.9 million or 75.7%) of \$9.1 million for the same period. Recommendations are included in this report to increase the revenue estimate by \$9.0 million, from \$15.0 million to \$24.0 million.
- ***Construction Excise Tax*** – Construction Excise Tax receipts totaled \$10.5 million through December 2019, 52.6% of the 2019-2020 Adopted Budget estimate of \$20.0 million, reflecting higher than anticipated commercial development permit activity. This collection level is below prior year collections (\$1.1 million or 9.7%) of \$11.7 million for the same period. While no adjustments are recommended at this time, revenues are anticipated to slightly exceed budgeted estimates for 2019-2020.

Construction and Conveyance Taxes

A total of 17 Construction and Conveyance (C&C) Tax Funds are budgeted throughout the Capital Budget. Most of these funds (13) support the Parks and Community Facilities Development Capital Program, with the remaining four funds supporting the Public Safety Capital Program, Library Capital Program, Service Yards Capital Program, and Communications Capital Program.

Nearly 99% of the total C&C Taxes are comprised of conveyance receipts, a tax based on the value of property transfers. Based on historical trends and tracking at the time, the 2019-2020 Adopted Capital Budget was developed with the assumption that C&C Tax receipts would total \$42.0 million in 2018-2019 and decrease by approximately 14% to \$36.0 million in 2019-2020. However, due to stronger than anticipated performance in 2018-2019, receipts totaled \$47.2 million in the prior fiscal year. Therefore, the 2019-2020 budgeted estimate allows for a 23.7% decline in tax revenue from 2018-2019 actual collections.

Through November 2019, C&C Tax receipts experienced declines from prior year levels ranging from 5%-25%, resulting in the year-to-date collections declining almost 20% from the prior year. However, December 2019 collections were strong (growth of 11% from prior year) and January 2020 receipts were recently received, which experienced significantly strong growth of over 44% from January 2019 collections. After factoring in the high December and January collections, the C&C year-to-date receipts through January are approximately 7% below the collections through January 2019. It is currently anticipated C&C collections will total \$38.0 million by year-end, which is \$2.0 million above the budgeted estimate. However, as this tax is dependent on the local real estate market, and is extremely volatile, collections will continue to be closely monitored.

Major Capital Program Expenditure Revisions

A series of recommended Appropriation Ordinance and Funding Sources Resolution amendments to the Adopted Capital Budget are included in Section III of this report to address urgent and high-priority needs of the City. Following is a summary of the most significant adjustments:

- ***Airport Capital Program*** – Recommendations are included to: increase the Airfield Electrical Circuit Rehabilitation appropriation by \$2.9 million (from \$4.3 million to \$7.4 million) in the Airport Capital Improvement Fund and \$745,000 (from \$1.0 million to \$1.8 million) in the Airport Renewal and Replacement Fund to facilitate bid and award in accordance with the final grant application timing; increase the Zero Emission Buses appropriation by \$2.7 million (from \$196,000 to \$2.9 million) in the Airport Renewal and Replacement Fund and \$2.7 million (from \$76,000 to \$2.8 million) in the Airport Capital Improvement Fund as part of the Airport Zero Emission Vehicle and Infrastructure Pilot Program to purchase up to six Zero Emissions Buses to augment the current fleet of 10 zero emission buses; and, increase the Terminal Building Modifications Project appropriation by \$1.0 million in the Airport Renewal and Replacement Fund (from \$950,000 to \$1.9 million) to facilitate the buildout of terminal spaces in partnership with Airlines.

- ***Parks and Community Facilities Development Capital Program*** – Recommendations are included to establish the Ryland Pool Improvements appropriation (\$295,000) in the Subdivision Park Trust Fund to repair the broken pumps, repair or replace unsafe walkways and benches, install HVAC, and implement other minor improvements at the Ryland Pool, and to replace light fixtures and wiring at the Roosevelt Community Center. Additional actions shift funding for Capital Program and Public Works Department Support Services Costs (\$516,000) from the Park Trust Fund to the Central C&C Tax Fund due to funding constraints in the Subdivision Park Trust Fund.
- ***Traffic Capital Program*** – Recommendations are included to: increase funding for the Route 101/Blossom Hill Road Interchange project (\$2.3 million) for improvements funded by a developer mitigation payment; establish a Protected Intersection appropriation (\$1.6 million) for projects related to developer mitigations at Santana Row Lot 9 development for future backbone technology communications, a new traffic signal at 6th Street and Taylor Street, and railroad crossings, bicycle, and pedestrian improvements in the Japantown area; establish a Willow-Keyes Complete Streets Improvement appropriation (\$1.0 million) for bicycle and pedestrian facility improvements in the Willow-Keyes area; and, establish a Monterey Road Safety Improvements appropriation (\$500,000) to upgrade guardrails that are damaged and not up to current standards along Monterey Road.

Council Referral Update – Title X Funding Gap

In March 2019, the Trump Administration finalized new regulations that made major changes to the Title X Program, a federal program that supports the delivery of family planning services to low-income individuals. Planned Parenthood formally withdrew from the Title X Program rather than comply with the Trump Administration’s rules regarding abortion counseling. On August 28, 2019, the Rules and Open Government Committee approved a memorandum from Councilmembers Carrasco and Arenas requesting to “explore funding opportunities in the mid-year budget update to replace the loss of \$250,000 in federal Title X funding for Planned Parenthood clinics located in San José to enable the continued provision of health services for local women.”

In its early consideration response form, the Administration committed to seek opportunities to support funding requests to secure revenue to replace the loss of federal Title X funds for clinics in San José. This would include working with the County of Santa Clara, Planned Parenthood, and other stakeholders to support grant and state budget funding opportunities. Subsequently, funding for Planned Parenthood was identified — on September 24, 2019 the County of Santa Clara Board of Supervisors approved \$482,000 to backfill funding for Planned Parenthood through June 2020. The City will continue working with its partners to explore other sources for long-term funding for this important community health service.

CLIMATE SMART SAN JOSE

The recommendation in this memo aligns with one or more Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH/INTEREST

This report is posted on the City's website for the February 11, 2020 City Council meeting.

COORDINATION

This report was coordinated with the various City Departments and City Council Appointees.

COMMISSION RECOMMENDATION/INPUT

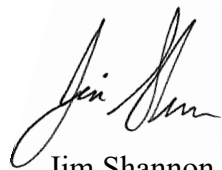
This report was not coordinated with any board or commission.

CONCLUSION

Through December, the City's over 100 operating and capital funds are generally performing within expected levels. The 2019-2020 Adopted Budget was built on the assumption that continued moderate economic growth would be experienced in 2019-2020, and actual collection trends support this assumption; though the variation in certain revenue categories, including the downward trend of Transient Occupancy Tax receipts, bear careful monitoring in the coming months.

As part of the Mid-Year Budget Review, budget adjustments are recommended in the General Fund and special and capital funds to bring projected revenues and expenditures into alignment based on performance through the first half of the fiscal year, to account for updated cost projections, to implement technical adjustments, to recognize various grants, reimbursements, and fees, and to add funding for a limited number of new projects. The adjustments brought forward in this report reflect the Administration's best estimate of the financial performance of the City's funds based on activity through the first half of the fiscal year.

The Administration will continue to closely monitor performance and provide status reports on the City's budget through the Bi-Monthly Financial Reports. These reports will highlight any significant developments as well as identify any potential budget actions necessary to ensure the City's funds remain in balance by year-end. Diligent monitoring, continued budgetary discipline, and timely actions are critical components to maintaining the City's fiscal health, especially as the City preliminarily projected to have a General Fund shortfall for 2020-2021.

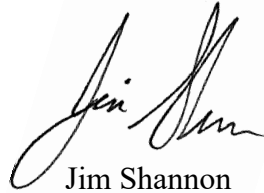


Jim Shannon
Budget Director


Certification of Funds

I hereby certify that there will be available for appropriation in the designated funds and in the amounts as listed below in fiscal year 2019-2020 monies in excess of those heretofore appropriated therefrom:

Airport Capital Improvement Fund	4,452,000
Benefit Funds – Benefit Fund	117,000
Benefit Funds – Life Insurance Fund	20,000
Building and Structure Construction Tax Fund	13,288,175
Business Improvement District Fund	18,047
Construction and Conveyance Tax Fund: District 10	299,000
Construction Excise Tax Fund	2,953,265
General Fund	19,301,773
Gift Trust Fund	152,609
Low and Moderate Income Housing Asset Fund	21,693,533
Multi-Source Housing Fund	280,000
Sewage Treatment Plant Connection Fee Fund	1
Storm Drainage Fee Fund	1
Subdivision Park Trust Fund	21
Supplemental Law Enforcement Services Fund	210,427



Jim Shannon
Budget Director



2019-2020

MID-YEAR
BUDGET
REVIEW



SECTION
I

**GENERAL FUND
STATUS REPORT**



**2019-2020
MID-YEAR BUDGET REVIEW**

I. GENERAL FUND STATUS REPORT

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

- A. **Status of General Fund Revenues** – The mid-year status of General Fund revenue collections is discussed at the revenue category level in this section. Included is a discussion of proposed revenue revisions for each revenue category.

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

2019-2020 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

OVERVIEW

General Fund revenues and transfers through December totaled \$468.7 million, or 39.2% of the budgeted estimate. Based on current collection trends and information, existing revenues are anticipated to end the year approximately \$15 million - \$20 million above budgeted levels (variance of approximately 2% when excluding the Beginning Fund Balance). The primary drivers of this additional revenue are higher than estimated Property Tax, Sales Tax, Business Taxes, and Other Revenue, partially offset by lower than anticipated Transient Occupancy Tax and Utility Tax receipts.

The following table details actual 2019-2020 General Fund revenue collections through December as compared with budgeted revenue estimates and 2018-2019 actual collections for the same time period in the previous year. Also included are changes to each category (excluding the Beginning Fund Balance adjustment) that are recommended as part of this report:

2019-2020 General Fund Revenue Status through December (\$ in Thousands)

Category	Budget Estimate	YTD Actual	% of Estimate	2018-2019 % of Actual	Proposed Changes
General Revenue					
Property Tax	\$ 354,000	\$ 88,642	25.0%	25.1%	\$ 10,000
Sales Tax	258,300	84,016	32.5%	35.4%	-
Telephone Line Tax	20,000	7,631	38.2%	37.5%	-
Transient Occupancy Tax	22,500	7,364	32.7%	36.8%	(2,500)
Franchise Fees	48,641	20,399	41.9%	43.2%	-
Utility Tax	99,645	40,454	40.6%	37.2%	-
Business Taxes	72,200	37,449	51.9%	47.5%	-
Licenses and Permits	62,009	43,485	70.1%	54.0%	-
Fines, Forfeitures, and Penalties	16,213	7,854	48.4%	37.9%	-
Use of Money and Property	13,144	6,860	52.2%	38.7%	-
Revenue from Local Agencies	17,499	7,068	40.4%	31.5%	(209)
Revenue from the State of California	15,417	8,302	53.8%	0.1%	6,603
Revenue from Federal Government	5,267	358	6.8%	29.9%	(56)
Fees, Rates, and Charges	59,102	25,880	43.8%	50.0%	(6)
Other Revenue	31,647	21,217	67.0%	70.2%	5,130
Sub-Total General Revenue	1,095,584	406,979	37.1%	41.8%	18,962
Transfers and Reimbursements					
Overhead Reimbursements	56,273	45,091	80.1%	16.3%	-
Transfers	27,409	10,773	39.3%	4.9%	319
Reimbursements for Services	17,275	5,877	34.0%	26.1%	-
Sub-Total Transfers and Reimbursements	100,957	61,741	61.2%	14.1%	319
TOTALS	\$ 1,196,541	\$ 468,720	39.2%	39.7%	\$ 19,281

**2019-2020
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND REVENUES

OVERVIEW

Through December, the majority of revenues are anticipated to end the year at or above budgeted estimates, including; Property Tax, Sales Tax, Business Taxes, and Other Revenue. These positive variances are partially offset by lower collections in a limited number of categories, including Transient Occupancy Tax and Utility Taxes.

Recommended Adjustments

As described below, revenue adjustments totaling \$19.3 million are recommended in this document to accomplish the following actions: (1) implement required technical/rebalancing adjustments; and (2) account for additional new revenue from grants, reimbursements, and fees available to fund additional related expenditures.

- Implement required technical and rebalancing actions to revise revenue estimates in limited areas to bring estimates in line with revised projections (net increase of \$11.3 million). Significant actions include:
 - Increase the Property Tax estimate by \$10.0 million (from \$354.0 million to \$364.0 million), to reflect higher estimated Secured Property Tax receipts. Based on the most recent information provided by Santa Clara County, Secured Property Tax receipts in 2019-2020 are estimated at \$340 million, which is approximately \$10 million over the budgeted estimate.
 - Increase the Sale of Properties revenue estimate (Other Revenue) by \$3.8 million (from \$1.1 million to \$4.9 million). The 2019-2020 Adopted Budget was built on the assumption that a total of \$1.1 million would be received in 2019-2020 for property sales, however, as a result of the recent sale of 200 Park Avenue, it is now anticipated that a total of \$4.9 million will be received.
 - Decrease the Transient Occupancy Tax estimate by \$2.5 million (from \$22.5 million to \$20.0 million), to align the budgeted estimate with anticipated receipts. The lower Transient Occupancy Tax estimate is primarily attributable to declining hotel occupancy and the softening of room rates.
- Recognize grant, reimbursement, and/or fee related funds (\$8.0 million). Significant actions include:
 - Recognize revenue from the State of California/California Governor's Office of Emergency Services (Cal OES) to help supplement the Fire Training Center project (\$3.0 million) and Emergency Operations Center project (\$2.5 million); recognize grant revenue from the State of California for the 2018-2020 Internet Crimes Against Children (ICAC) grant program (\$950,000); and recognize revenue received to support the purchase and installation of vehicle telematic equipment (\$750,000).

Additional detail on all General Fund revenue adjustments can be found in Section III of this document. The following discussion highlights major General Fund activities through December in various revenue categories.

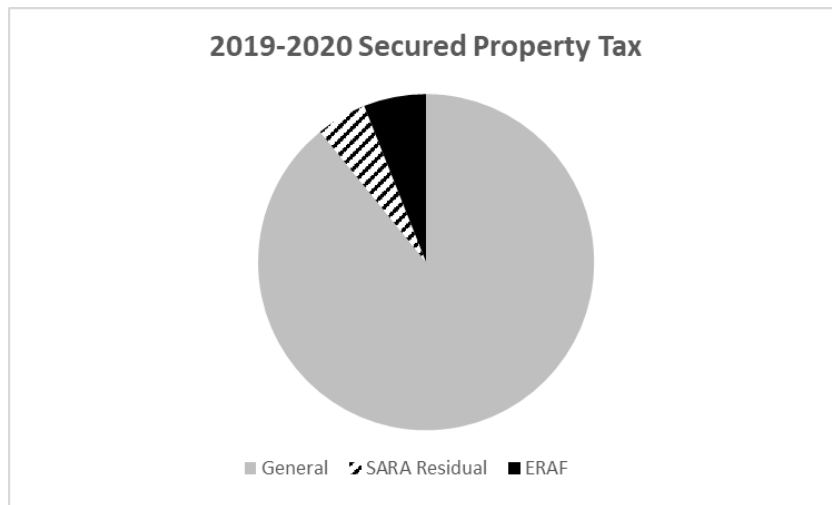
**2019-2020
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND REVENUES

PROPERTY TAX

Revenue Status (\$ in Thousands)				
2019-2020		2018-2019		2019-2020
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$354,000	\$88,642	25.0%	25.1%	\$10,000

The Property Tax category consists of Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax (retroactive collections back to the point of sale for reassessments of value due to property resale), Aircraft Property Tax, and Homeowner’s Property Tax Relief. Overall, Property Tax revenues are projected to exceed the budgeted estimate by approximately \$10 million based on the most recent information received from Santa Clara County and actual performance through the first half of the fiscal year. A recommendation is included in this report to increase the Property Tax revenue estimate by \$10.0 million (from \$354.0 million to \$364.0 million) to more closely align the Secured Property Tax budget with estimated receipts. Each of the Property Tax sub-categories are further described below.



Secured Property Tax represents over 90% of the revenue in the Property Tax category. The Secured Property Tax category includes general Secured Property Tax, Educational Revenue Augmentation Fund (ERAF) revenues, and Successor Agency to the Redevelopment Agency (SARA) Residual Property Tax. The 2019-2020 Secured Property Tax budgeted estimate totals \$329.4 million, however; based on information provided by the County, collections

are anticipated to exceed the budgeted estimate by approximately \$10 million. As described in *Section III. Recommended Budget Adjustments and Clean-up Actions*, to more closely align the budgeted estimate with the anticipated collection level, a recommendation is included in this report to increase the Secured Property Tax estimate by \$10.0 million. This increase is comprised of general Secured Property Tax (\$4.8 million), ERAF (\$3.2 million), and SARA Residual Property Tax (\$2.0 million).

The general Secured Property Tax budgeted estimate totals \$293.6 million in 2019-2020, which assumes growth of 5.5% from the 2018-2019 collection level. This growth primarily reflects an increase in assessed value due to the California Consumer Price Index (CCPI) increase of 2% and increased valuation

**2019-2020
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND REVENUES

PROPERTY TAX

due to changes in ownership or new construction. Under Proposition 13, assessed values of all real property adjust with the CCPI, with a 2% limit, unless there is a change in ownership, new construction, or a property has received a Proposition 8 adjustment. The most recent general Secured Property Tax estimate provided by the County totals approximately \$300 million, which is roughly \$5 million above the budgeted estimate.

Beginning in 1992, agencies are required to reallocate a portion of property tax receipts to the ERAF, which offsets the State's General Fund contributions to school districts under Proposition 98. Once there are sufficient funds in ERAF to fulfill obligations, the remainder of the funding is returned to the taxing entities that contributed to it, which generally occurs in March of each fiscal year. The 2019-2020 ERAF budgeted estimate totals \$19.8 million; however, updated payment information provided by Santa Clara County totals \$23.0 million, which is \$3.2 million over the budgeted estimate.

As a result of the SARA bond refunding that occurred in December 2017, the City began receiving a residual property tax distribution. In 2019-2020, SARA Residual Property Tax revenue is estimated at \$16.0 million; however, the most recent information provided by Santa Clara County indicates that \$18.0 million may actually be received in the current year.

Through the first half of the year, **Unsecured Property Tax** collections have totaled \$14.6 million, which is approximately 5% above the prior year collection level. Typically, a majority of the revenue for this category is received in October of each year, with the final payment being received in April. Based on information provided by Santa Clara County, it is anticipated revenues will end the year at \$14.8 million, which is approximately \$200,000 below the budgeted level of \$15.0 million

SB 813 Property Tax receipts (retroactive collections back to the point of sale for reassessments of value due to property resales) totaled \$1.5 million through December, which is 13.9% below the prior year level. The 2019-2020 Adopted Budget estimate of \$6.3 million is well below the 2018-2019 actual collection level of \$8.6 million as collections in this category ended 2018-2019 stronger than anticipated. However, the preliminary 2019-2020 estimate from Santa Clara County for this category of \$6.0 million is approximately \$300,000 below the budgeted estimate.

Aircraft Property Tax receipts through December totaled \$2.9 million, which is 25.3% above the prior year collection level of \$2.3 million. Typically, collections through December reflect 95% of the annual revenue for this category. Based on current year collections and the latest estimate from Santa Clara County, receipts are anticipated to end the year at approximately \$3 million, which is \$550,000 above the budgeted estimate.

In the **Homeowner's Property Tax Relief** category, \$139,000 was received through December, which is fairly consistent with the prior year collection level. Based on the most recent estimate from the County and historical collection trends, revenue is projected to end the year close to the budgeted estimate of \$900,000.

2019-2020 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

SALES TAX

Revenue Status (\$ in Thousands)				
2019-2020		2018-2019		2019-2020
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$258,300	\$84,016	32.5%	35.4%	\$0

The Sales Tax category includes General Sales Tax, Local Sales Tax, and Proposition 172 Sales Tax. The 2019-2020 Adopted Budget for Sales Tax totals \$258.3 million, which allows for a 2.0% drop from the 2018-2019 collection level of \$263.5 million. It is important to note that the 2019-2020 Sales Tax estimate does not include any revenue related to the Revenue Capture Agreement between the City and eBay that was approved by the City Council on September 24, 2019. Any funding the City may receive as a result of the agreement would not be disbursed by the California Department of Tax and Fee Administration (CDTFA) until February 2020; and as there continues to be uncertainty regarding the revenue, a revenue adjustment will not be recommended until the funds are received from the CDTFA and analyzed by the City.

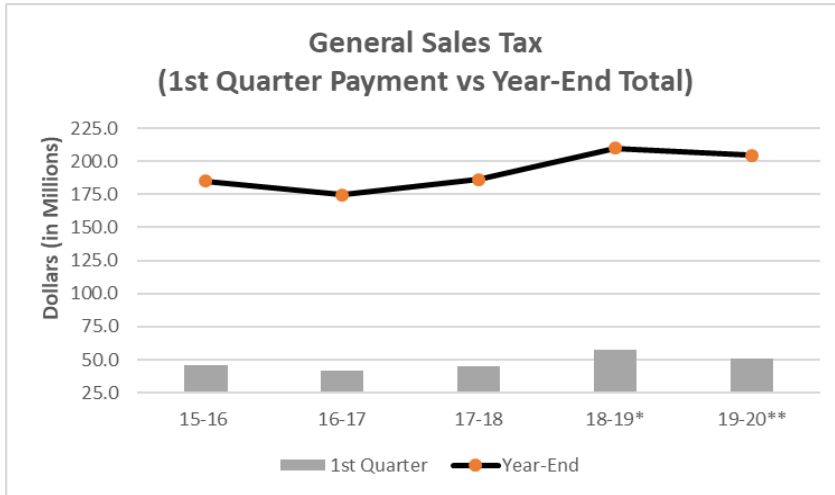
In June 2018, the United States Supreme Court made a historic ruling with the South Dakota vs. Wayfair, Inc. decision, which provides states with the authority to require online retailers to collect sales tax even without a local presence in that state. The 2019-2020 budget was built on the assumption revenue totaling \$5.0 million would be received (\$4.0 million for General Sales Tax and \$1.0 million for Local Sales Tax) as a result of the Supreme Court's ruling. Out-of-state online retailers began complying with the new Sales Tax guidelines beginning in April 2019; however, marketplace facilitators were not required to comply until October 2019. The impact of marketplace facilitators, including eBay, is still unknown as compliance just recently began. As additional information is received and analyzed, it will be included in future Bi-Monthly Financial Reports and the 2020-2021 Proposed Operating Budget. Below is a discussion of the three Sales Tax sub-categories: General Sales Tax, Local Sales Tax, and Proposition 172 Sales Tax.

When the 2019-2020 Adopted Budget was developed, **General Sales Tax** was anticipated to total \$204.8 million in 2018-2019 and drop slightly to \$204.6 million in 2019-2020. The 2019-2020 estimate was the result of factoring out one-time adjustments related to a 2018-2019 overpayment from the CDTFA attributable to 2017-2018 activity (\$9.0 million), assumed 2.5% underlying growth from the 2018-2019 estimate, and an estimated \$4.0 million anticipated to be received for out-of-state internet sales. However, because 2018-2019 receipts ended the year at \$209.8 million, the 2019-2020 budgeted estimate allows for a 2.5% decline. The first quarter General Sales Tax receipts (which represents sales tax activity for July-

2019-2020 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

SALES TAX



September) was received in November 2019. Receipts totaled \$51.1 million, which is 11.8% below the prior year level. However, after adjusting prior year receipts attributable to 2017-2018 sales activity (approximately \$2 million), growth of almost 5% was experienced. Due to the limited information currently known about Sales Tax, an updated year-end General Sales Tax estimate has not been determined.

* Includes overpayment attributable to 2017-2018 activity
 **2019-2020 Budgeted Estimate

On September 24, 2019 the City Council approved the Revenue Capture Agreement Between City of San José and eBay, Inc. As part of this memorandum, the City Council adopted a resolution authorizing the City Manager to negotiate and execute a Revenue Capture Agreement between the City and eBay, beginning in 2019 and ending in 2034. This agreement may result in the City receiving additional General Sales Tax revenue ranging from \$5.0 million up to possibly \$29.5 million annually. As previously discussed, revenue adjustments related to this category will not be brought forward for City Council consideration until the funds are distributed from the CDTFA and analyzed by the City.

In June 2016, San José voters approved a ¼ cent **Local Sales Tax**, which was implemented in October 2016. The 2019-2020 Local Sales Tax budgeted estimate totals \$47.0 million, which was the result of factoring out one-time adjustments of approximately \$2 million related to the 2018-2019 overpayment from the CDTFA attributable to 2017-2018 activity, assumed 2.5% underlying growth from the 2018-2019 estimate, and an estimated \$1.0 million anticipated to be received for out-of-state internet sales. The 1st quarter Local Sales Tax receipts were received in November 2019, and totaled \$11.7 million, which is 10.0% below the prior year level. However, after adjusting the prior year receipts attributed to 2017-2018 sales tax activity (approximately \$2 million), growth of over 10% was experienced. Due to the limited information currently known about Sales Tax, an updated year-end Local Sales Tax estimate has not been determined.

Proposition 172 Sales Tax collections represents the ½ cent tax that is allocated to counties and cities on an ongoing basis for funding public safety programs. Through December, the Proposition 172 Sales Tax receipts of \$2.2 million reflects growth of 1.2% growth from the prior year collection level. The 2019-2020 budgeted estimate of \$6.7 million requires growth of approximately 2.5% from the 2018-2019 collection level of \$6.5 million. It is currently anticipated that collections will meet or fall slightly below the budgeted estimate by year-end.

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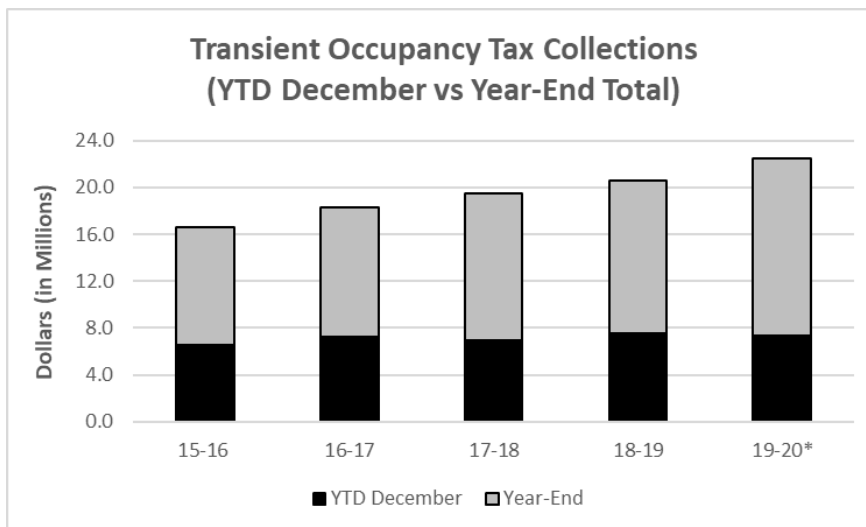
STATUS OF GENERAL FUND REVENUES

TRANSIENT OCCUPANCY TAX

Revenue Status (\$ in Thousands)				
2019-2020		2018-2019		2019-2020
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$22,500	\$7,364	32.7%	36.8%	(\$2,500)

The 2019-2020 budget estimate for the General Fund **Transient Occupancy Tax** (TOT) allocation (40% of the total tax) totals \$22.5 million, which was initially built assuming growth of approximately 7% from the 2018-2019 estimated collection level of \$21 million. However, since actual 2018-2019 receipts were slightly below at \$20.5 million, growth of approximately 9.6% is needed to meet the 2019-2020 budget estimate. As reported in previous Bi-Monthly Financial Reports, collections through the first half of the year have not been performing at anticipated levels. Through December, TOT receipts totaled \$7.4 million, which were 2.7% below the prior year's collection level of \$7.6 million. This year-over-year variance is attributable to declining hotel occupancy and the softening of average room rates. Based on year-to-date collections and current occupancy and rate trends, TOT collections are anticipated to end the year at \$20.0 million. Therefore, as described further in *Section III. Recommended Budget Adjustments and Clean-up Actions*, this report includes a recommendation to decrease the Transient Occupancy Tax budgeted estimate by \$2.5 million, from \$22.5 million to \$20.0 million.

Through December, the average hotel occupancy rate for the San José market hotels was 74.1%, a decrease from the 78.5% occupancy rate reported for the same period in 2018-2019, which is partly attributable to



an increase in the hotel room supply in late summer 2019 (450 rooms). Although supply has increased, reported average room rates have decreased from \$195.08 to \$191.58 (-1.8%). Additionally, and more indicative of year-to-date performance, the average revenue-per-available room (RevPAR) through December 2019 totaled \$141.96, which represented a 7.3% decrease from the prior year level of \$153.10.

* 2019-2020 Budgeted Estimate

2019-2020 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

FRANCHISE FEES

Revenue Status (\$ in Thousands)				
2019-2020		2018-2019		2019-2020
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$48,641	\$20,399	41.9%	43.2%	\$0

Franchise Fees are collected in the Cable Television, City Generated Tow, Commercial Solid Waste, Great Oaks Water, Nitrogen Gas Pipeline, PG&E Electric, and PG&E Gas categories. Through December, Franchise Fee receipts of \$20.4 million are 2.4% below the prior year collection level of \$20.9 million, which is primarily due to lower Gas and Electric Franchise Fee collections. As further discussed below, Gas and Electric Franchise Fees collected through December are formula driven advance amounts, with the true-up occurring in April 2020. Based on historical collection trends, it is currently anticipated that overall Franchise Fees will meet budgeted levels by year-end. Each of the Franchise Fees sub-categories are further described below.

Cable Television Franchise Fees of \$2.2 million through December are fairly consistent with the prior year level and reflect one quarter's payment. The 2019-2020 Adopted Budget estimate was built on the assumption that 2018-2019 revenues would total \$8.8 million and drop 4.5% in 2019-2020. However, 2018-2019 collections were stronger than anticipated in the last half of the fiscal year, and ended the year at \$9.0 million. Therefore, the 2019-2020 budgeted estimate allows for a 7% decline from the prior year actual collections. Based on current collection trends and historical patterns, revenues are anticipated to exceed the budgeted estimate by approximately \$300,000.

Commercial Solid Waste Fees of \$5.0 million through December are approximately 2% above prior year receipts and are anticipated to meet the budgeted estimate of \$12.0 million by year-end.

Electric and Gas Franchise Fees provided by Pacific Gas & Electric (PG&E) are based on the revenues of that company in a calendar year (revenues in 2019-2020 are based on calendar year 2019). Collections through December of \$12.9 million reflect formula driven advance amounts; true receipts will not be known until April 2020. The 2019-2020 Adopted Budget for Electric Franchise Fees (\$22.4 million) and Gas Franchise Fees (\$5.0 million) requires growth of approximately 3% from the prior year receipts. Based on the current year performance of Electricity and Gas Utility Tax receipts, which generally have similar collection trends, it is anticipated the Electric and Gas Franchise Fees will meet or fall slightly below the budgeted estimate by year-end.

Remaining budgeted franchise fees include the **City Generated Tow Fees** (\$400,000), **Great Oaks Water** (\$330,000), and **Nitrogen Gas Pipeline** (\$65,000) categories. It is currently anticipated that these categories will end the year close to the budgeted estimates.

**2019-2020
MID-YEAR BUDGET REVIEW**

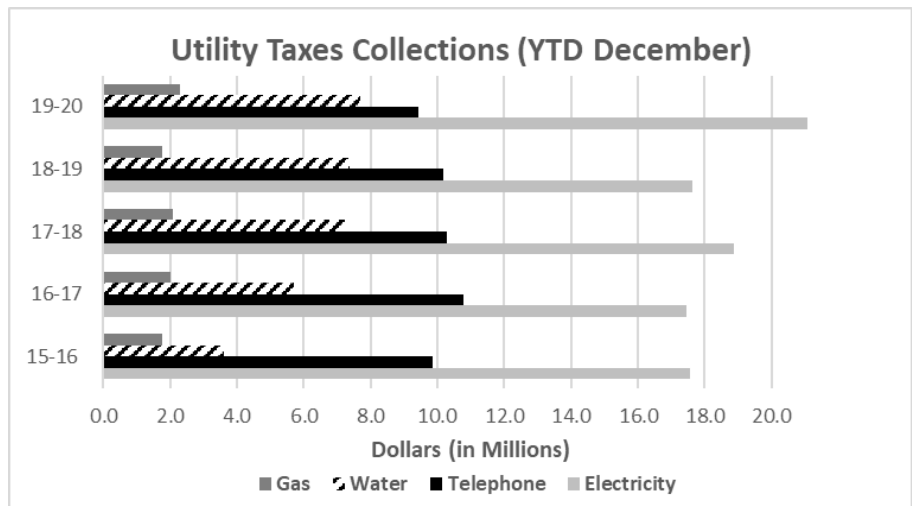
STATUS OF GENERAL FUND REVENUES

UTILITY TAX

Revenue Status (\$ in Thousands)				
2019-2020		2018-2019		2019-2020
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$99,645	\$40,454	40.6%	37.2%	\$0

The **Utility Tax** category includes the Electricity Utility Tax, Gas Utility Tax, Telephone Utility Tax, and Water Utility Tax. Through December, Utility Tax receipts of \$40.5 million are 9.5% above the prior year level, which is due to higher collections and the timing of payments. The 2019-2020 Adopted Budget was built on the assumption that 2018-2019 Utility Tax revenue would end the year at \$99.0 million and grow less than 1% to \$99.6 million in 2019-2020. However, since 2018-2019 ended the year at \$99.3 million, growth of less than 0.5% is needed in 2019-2020 to meet the budgeted estimate. Based on historical collection trends and performance through December, it is anticipated all Utility Tax categories will meet or exceed budgeted levels, with the exception of the Telephone Utility Tax, which may fall below the budgeted estimate by approximately \$2 million - \$3 million. Each of the Utility Tax sub-categories are further described below.

In the **Electricity Utility Tax** category, collections through December totaled \$21.1 million, which is 19.6% above the prior year level. This growth is primarily due to the timing of Electricity Utility Tax payments received. The 2019-2020 Adopted Budget assumed that 2018-2019 receipts would total \$46.0 million, and grow approximately 2% to \$46.9 million in 2019-2020. However, since 2018-2019 ended the year slightly below budget (\$45.6 million), growth of almost 3% is needed to meet the budgeted estimate. It is currently anticipated collections will end the year close to the budgeted level.



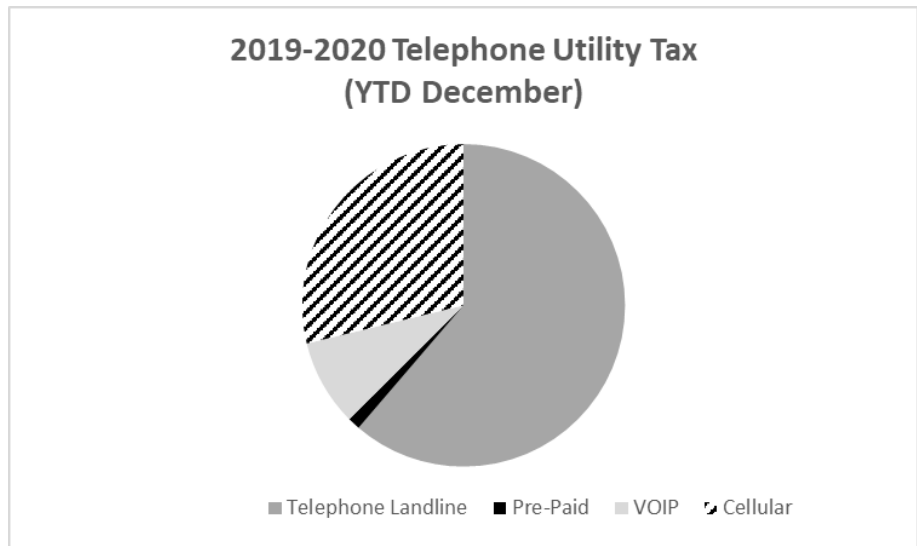
**2019-2020
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND REVENUES

UTILITY TAX

In the **Gas Utility Tax** category, receipts through December totaled \$2.3 million, which is 28.7%, or \$500,000, above the prior year level. The 2019-2020 Adopted Budget estimate of \$10.4 million allows for an almost 7% decline from actual 2018-2019 collections due to receipts performing stronger than anticipated at the end of 2018-2019. Based on historic trends and performance through the first half of the year, receipts are anticipated to exceed the budgeted estimate by approximately \$1.0 million - \$2.0 million.

In the **Telephone Utility Tax** category, revenues are collected on landlines, wireless, VoIP, and prepaid wireless services sold at retail locations. Through December, collections of \$9.4 million are 7.5% below the prior year level of \$10.2 million. Revenues in this category have been consistently decreasing in recent years, which reflects competition within cellular companies that keep prices down and the taxable base of wireless communications not including data plans. The 2019-2020 Adopted Budget estimate of \$25.6 million allows for a slight decline (1.2%) from the 2018-2019 actual collection level of \$26.0 million. Based on current collection trends, receipts in this category are anticipated to fall below the budgeted estimate by approximately \$2 million - \$3 million.



Water Utility Tax collections of \$7.7 million through December are 4.0% above the prior year level of \$7.4 million. The 2019-2020 Adopted Budget was built on the assumption that \$16.3 million would be received in 2018-2019, then grow approximately 2.5% to \$16.7 million in 2019-2020. However, since 2018-2019 receipts totaled \$16.6 million, growth of less than 1% is required to meet the 2019-2020 budgeted level. Based on current collection trends, receipts in this category are anticipated to slightly exceed the budgeted estimate by approximately \$200,000.

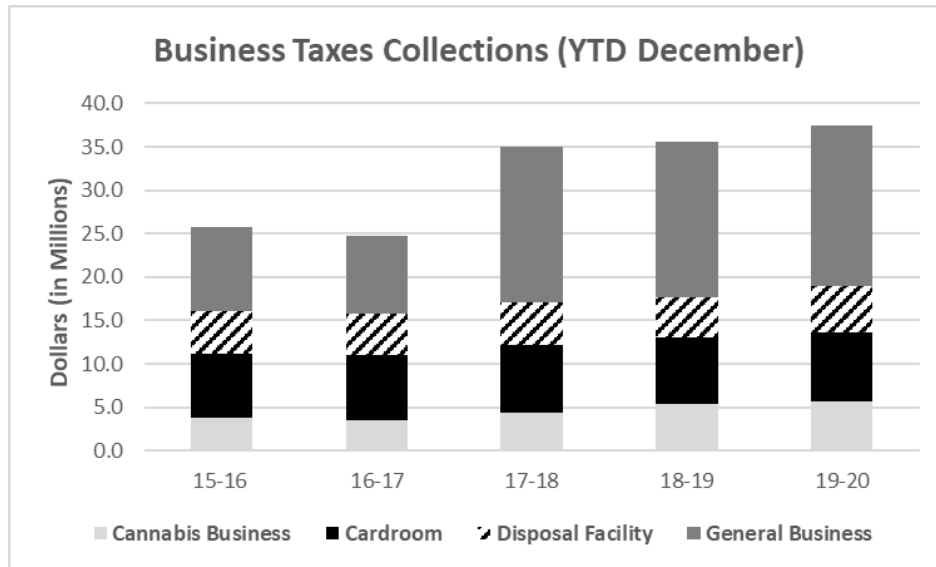
2019-2020 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

BUSINESS TAXES

Revenue Status (\$ in Thousands)				
2019-2020		2018-2019		2019-2020
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$72,200	\$37,449	51.9%	47.5%	\$0

The Business Taxes category consists of the Cannabis Business Tax, Cardroom Tax, Disposal Facility Tax, and General Business Tax. Through December, overall collections of \$37.4 million are 5.2% above the prior year collection levels of \$35.6 million, which reflects growth in all four business tax categories. The 2019-2020 Adopted Budget estimate of \$72.2 million allows for a 3.6% decline from 2018-2019 levels as the result of revenues performing stronger than anticipated at the end of 2018-2019. If current collection trends continue, Business Tax receipts are projected to exceed the budgeted estimate by \$3.5 million - \$4.0 million. Each of the Business Taxes sub-categories are further described below.



Cannabis Business Tax collections reflect cannabis business tax revenue as well as compliance revenues. Through December, receipts of \$5.7 million are 5.8% above prior year levels of \$5.4 million. In November 2016, the California Marijuana Legalization Initiative (Proposition 64) legalized recreational marijuana use in California. As a result, the sale of recreational cannabis at the 16 licensed dispensaries in

San José began in January 2018. The 2019-2020 Adopted Budget estimate of \$13.5 million allows for a 15.0% drop from 2018-2019 actual collection levels. This decrease was anticipated as a result of neighboring cities passing Cannabis taxes in the November 2018 election, which will provide competition for San José when the dispensaries are open in other jurisdictions. However, as other dispensaries have not yet opened, current year receipts are higher than anticipated through the first half of the year. If the current collection trend continues, receipts are anticipated to end the year approximately \$3 million - \$4 million over the budgeted estimate.

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STATUS OF GENERAL FUND REVENUES

BUSINESS TAXES

Through December, **General Business Tax** receipts of \$18.5 million reflects growth of 3.2% from the prior year collection level. The 2019-2020 budget estimate for General Business Tax revenue totals \$28.0 million, which is consistent with the 2018-2019 actual collection level. Based on historical collection trends, coupled with the recent launch of the Business Tax Amnesty Program that is expected to increase receipts (runs through March 27, 2020), General Business Tax revenue is anticipated to meet or slightly exceed budgeted levels by year-end.

Remaining business taxes include the **Cardroom Tax** (\$18.7 million) and **Disposal Facility Tax** (\$12.0 million) categories. Based on current collection trends and historical data, it is currently anticipated that these categories will end the year close to budgeted estimates.

LICENSES AND PERMITS

Revenue Status (\$ in Thousands)				
2019-2020		2018-2019		2019-2020
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$62,009	\$43,485	70.1%	54.0%	\$0

The Licenses and Permits category contains fees and charges collected by various departments. The most significant revenue sources are development-related fees, which include Building Permits and Fire Permits. Through December, revenues of \$43.5 million are 23.3% above the prior year level of \$35.3 million, which reflects higher collections in all three Licenses and Permits sub-categories. The Licenses and Permits category may have fluctuations throughout the year as it is largely attributable to the pace of development projects. Based on activity through December, receipts are estimated to exceed the budgeted levels by \$5 million - \$6 million. Each of the Licenses and Permits sub-categories are further described below.

Building Permit revenues of \$22.4 million through December are 26.4% higher than the 2018-2019 collection level for the same period. The 2019-2020 Adopted Budget estimate of \$33.8 million allows for an 8.0% drop from the 2018-2019 actual collection level of \$36.7 million due to collections performing stronger than anticipated at the end of 2018-2019. It is currently anticipated revenues will exceed the budgeted estimate by approximately \$5 million. Any excess revenues over expenditures for this fee program will be set aside in the Building Development Fee Program Reserve.

**2019-2020
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND REVENUES

LICENSES AND PERMITS

All Building Permit categories are performing at or above expected levels through the first half of the year, with the exception of new residential plumbing permits, new residential building permits, new residential mechanical permits, and new residential electrical permits, which are performing below anticipated levels. Overall construction activity through December 2019 has increased 59.3% compared to 2018-2019 levels; from \$751.7 million through December 2018 to \$1.2 billion through December 2019. The increase is primarily due to strong commercial activity that has occurred since the beginning of the fiscal year, coupled with an extremely high level of industrial activity that occurred in July 2019.

Fire Permits, which consist of development and non-development related permits, totaled \$9.4 million through December, which represents a 19.6% increase from the prior year collections. The 2019-2020 budgeted estimate of \$14.0 million is consistent with the actual 2018-2019 collection level. If current collection trends continue, revenues could exceed the budgeted levels by up to \$500,000, which is primarily due to stronger activity for development-related permits. Any excess revenues over expenditures for development fee revenue will be set aside in the Fire Development Fee Program Reserve.

Development related receipts through December of \$5.3 million are \$1.3 million (32.7%) higher than prior year collections. The 2019-2020 Adopted Budget estimate of \$8.4 million allows for a slight drop from the 2018-2019 actual collection level of \$8.6 million due to collections performing stronger than anticipated at the end of 2018-2019. Development-related activity has been strong through the first half of the fiscal year, and if current collection trends continue, revenues could exceed the budgeted estimate by up to \$500,000. Any excess revenues over expenditures for this fee program will be set aside in the Fire Development Fee Program Reserve.

Non-Development receipts of \$4.1 million represent almost 75% of the budget and are slightly above the \$3.9 million in revenues received through December 2018. This collection primarily represents three of the four major billing cycles (July, September, and December) for non-development fire permits for this fiscal year. It is currently anticipated that non-development receipts will meet or slightly exceed the budgeted estimate by year-end.

Miscellaneous Other Licenses and Permits revenues of \$11.6 million through December reflect a 20.6% increase from the prior year level of \$9.6 million, which is primarily due to the timing of the Cardroom Regulation Fees payment. The 2019-2020 budget estimate allows for a 2.5% decline from the prior year actual collections. It is currently anticipated revenues will meet the budgeted level by year-end.

2019-2020 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

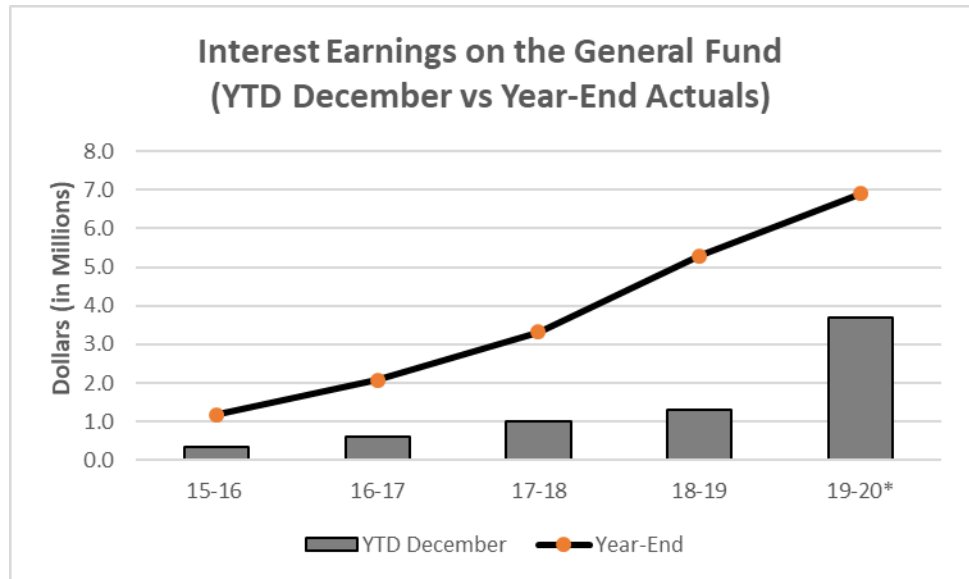
REVENUE FROM USE OF MONEY AND PROPERTY

Revenue Status (\$ in Thousands)				
2019-2020		2018-2019		2019-2020
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$13,144	\$6,860	52.2%	38.7%	\$0

The Use of Money and Property category primarily includes interest income earned on the General Fund, rental income from various City properties, small cell lease revenue, and subrogation recovery revenues.

Use of Money and Property receipts through December of \$6.9 million reflect a 76.1% increase from prior year levels. The 2019-2020 budget estimate of \$13.1 million requires growth of 30.5% from the 2018-2019 actual receipts of \$10.1 million. The significant increase in 2019-2020 is primarily due to higher interest earnings, which is described further below.

Interest earnings on the General Fund through December total \$3.7 million, up over 184%, or \$2.4 million, from the prior year level of \$1.3 million. This significant increase is primarily due to higher assumed cash balances as the City no longer pre-pays retirement contributions. If current collection trends continue, interest earnings are anticipated to exceed the budgeted estimate by approximately \$1 million - \$2 million.



* 2019-2020 Budgeted Estimate

Remaining budgeted revenues in Use of Money and Property category include **Rental of City-Owned Properties** (\$3.5 million), **Small Cell Lease revenues** (\$2.0 million), **Subrogation Recovery** (\$500,000), and **Miscellaneous revenues** (\$339,000). Based on current collection trends and historical data, it is currently anticipated that these categories will end the year close to budgeted estimates.

2019-2020 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

REVENUE FROM LOCAL AGENCIES

Revenue Status (\$ in Thousands)				
2019-2020		2018-2019		2019-2020
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$17,499	\$7,068	40.4%	31.5%	(\$209)

The Revenue from Local Agencies category contains revenue received from a variety of other local government agencies. The largest sources of revenue are the Central Fire District payment for fire services provided to County residents by the San José Fire Department, the County of Santa Clara payment for the Paramedic Program, and the County reimbursement for the Senior Nutrition Program. Overall, revenues in this category are currently anticipated to exceed the budgeted estimate by approximately \$500,000.

The largest revenue estimate in the Revenue from Local Agencies category is the Central Fire District payment. Through December, a total of \$4.0 million has been received, which represents an increase of 6.4% from the prior year receipts during the same period. Growth of 3.3% from the 2018-2019 receipts is needed to meet the budgeted estimate of \$7.7 million. Based on current collection trends as well as information provided by Santa Clara County, Central Fire District reimbursements are anticipated to exceed the budgeted estimate by approximately \$200,000.

Reimbursement from Santa Clara County for the first responder advanced life support program (Paramedic Program) is budgeted at \$2.4 million, which includes the equipment reimbursement component (Annex B, Category A funds; \$1.3 million) and service-related component (Annex B, Category B funds; \$1.1 million). Based on recent information provided by Santa Clara County, revenues may exceed the budget by approximately \$300,000, however, this figure may fluctuate based on actual performance in the second half of the fiscal year.

The City’s Senior Nutrition Program is a partnership between the City and Bateman Senior Meals to serve nutritious meals to seniors at 13 different community center locations. Meals are served weekly from Monday through Friday (with one site serving Saturday), at reduced costs to seniors. Funding for this program is made possible by the City’s contract with the County to provide approximately 920 meals per day. The County funds two-thirds of the program with the City paying the remaining one-third of the cost of the meals. The budgeted estimate of \$1.7 million for the Senior Nutrition Program is anticipated to be fully received by year-end.

As described in *Section III. Recommended Budget Adjustments and Clean-up Actions*, a net decrease of \$209,000 is recommended in Revenue from Local Agencies to recognize County grant funding to assist in increasing membership and involvement of youth at City-operated teen centers (\$100,000) and to align the Grace Baptist Community Medi-Cal Services revenue with anticipated receipts (-\$309,000).

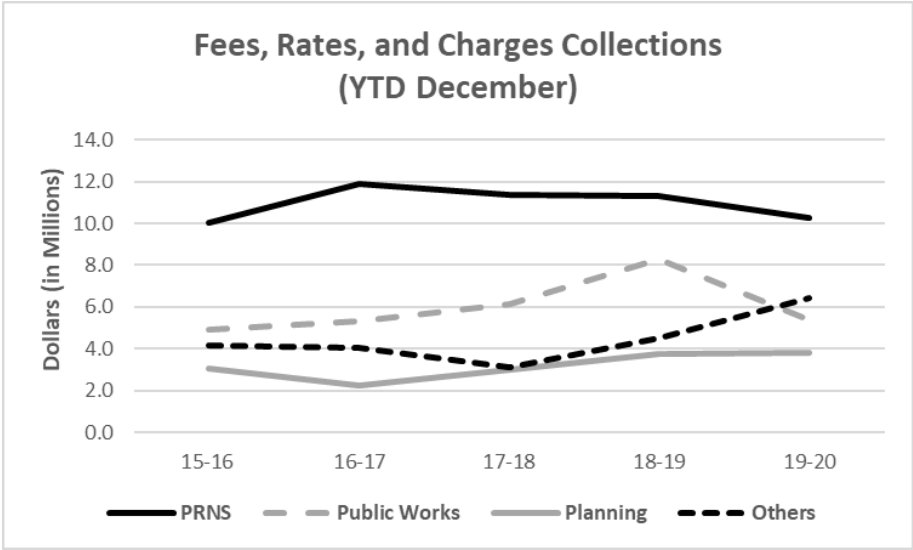
**2019-2020
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND REVENUES

FEES, RATES, AND CHARGES

Revenue Status (\$ in Thousands)				
2019-2020		2018-2019		2019-2020
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$59,102	\$25,880	43.8%	50.0%	(\$6)

The Fees, Rates, and Charges category contains various fees and charges levied to recover costs of services provided by several City departments, including Library; Parks, Recreation and Neighborhood Services; Planning, Building and Code Enforcement; Police; Public Works; and Transportation. Through the first half of the fiscal year, revenues totaled \$25.9 million, which is 7.1% below the prior year collections. The 2019-2020 collections primarily reflect lower Public Works and PRNS Fees, Rates, and Charges receipts (which are due to the timing of payments), partially offset by higher miscellaneous fee revenue. It is currently anticipated that all of the departmental fee categories will meet or exceed the budgeted estimates by year-end. Following is a discussion of the two development services departmental fee categories; Planning, Building and Code Enforcement (PBCE) Planning Fees and the Public Works Department.



Through December, PBCE **Planning Fee** revenues of \$3.8 million are approximately 1% above the prior year level. Revenue was stable or strong for several fees, including non-residential conventional rezonings/rezonings, non-residential environmental clearances, and preliminary review. Partially offsetting this growth in activity are several fees that are performing below anticipated levels. These fees include non-residential

tentative maps, public noticing, residential General Plan amendments, residential and non-residential planned development rezonings/rezonings, and miscellaneous permits. Based on current collection trends, Planning Fee revenues are anticipated to meet the 2019-2020 budget revenue estimate of \$8.1 million. Revenues will continue to be monitored closely to determine if any actions need to take place at year-end to align the budgeted estimate with actual revenues.

**2019-2020
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND REVENUES

FEES, RATES, AND CHARGES

The **Public Works** Department fee revenue is comprised of the Development Services Fee Program, Utility Fee Program, and Small Cell Permitting. Through December, overall Public Works fee revenues totaled \$5.4 million, which represents a 35.4% decline from the prior year level of \$8.3 million. This drop in revenue is primarily attributable to lower Utility Fee Program revenue and Small Cell Permitting revenue.

Through the first half of the fiscal year, Public Works fee revenues are performing below the estimated level. Development Services Fee Program collections totaled \$3.8 million, 2.9% below prior year collections; Utility Fee Program receipts totaled \$1.1 million, 58.2% below the prior year collections; and Small Cell Permitting revenue totaled \$500,000, 72.2% below the prior year level. A significant portion of the drop in the Public Works fee revenues is due to the timing of payments received. After accounting for these payments, fee revenues are anticipated to end the year close to budgeted levels. Revenues will continue to be monitored closely to determine if any actions need to take place at year-end to align the budgeted estimate with actual revenues.

Remaining budgeted Fees, Rates, and Charges categories include **Library Department Fees** (\$303,200), **Miscellaneous Fees** (\$7.1 million), **Parks, Recreation, and Neighborhood Services Department Fees** (\$23.2 million), and **Transportation Department Fees** (\$2.2 million). Based on current collection trends and historical data, it is currently anticipated that overall these categories will end the year close to budgeted estimates.

As described in *Section III. Recommended Budget Adjustments and Clean-up Actions*, a net decrease of \$5,820 is recommended in the Fees, Rates, and Charges category. This decrease reflects a reduction in the PRNS Fees, Rates, and Charges totaling \$105,820 (from \$23.2 million to \$23.1 million), to reflect fee-activity revenue that was received from Santa Clara County for summer camps that was not used in summer 2019 (offset by a corresponding reduction to the PRNS Non-Personal/Equipment appropriation). Partially offsetting this reduction is a recommendation to increase the Transportation Department fee revenue by \$100,000 (from \$2.2 million to \$2.3 million), which is related to additional micro mobility fee revenue.

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MID-YEAR BUDGET REVIEW**

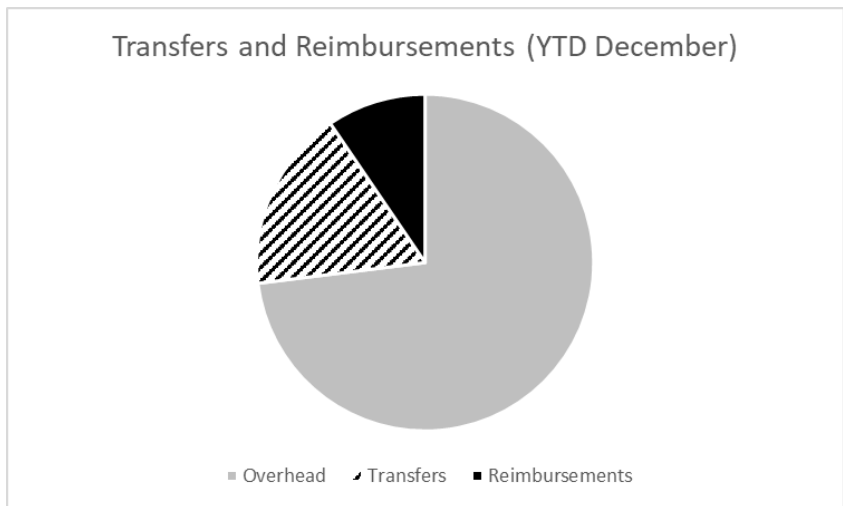
STATUS OF GENERAL FUND REVENUES

TRANSFERS AND REIMBURSEMENTS

Revenue Status (\$ in Thousands)				
2019-2020		2018-2019		2019-2020
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$100,957	\$61,741	61.2%	14.1%	\$319

The Transfers and Reimbursements category includes overhead reimbursements, transfers to the General Fund, and reimbursements for services. Through December, Transfers and Reimbursements of \$61.7 million, represent 61.2% of the 2019-2020 budget estimate of \$101.0 million. Overall, Transfers and Reimbursements collections are anticipated to end the year close to the budgeted estimate. Each of the Transfers and Reimbursements sub-categories are further described below.

Overhead Reimbursements associated with special funds are currently budgeted at \$39.5 million and capital funds are budgeted at \$16.8 million for a total category revenue estimate of \$56.3 million. Through December, overhead collections of \$45.1 million have been received, which represents 80.1% of the 2019-2020 budgeted estimate. Based on current collection trends, revenues in this category may end the year \$1 - \$2 million below the budgeted estimate, which is primarily attributable to lower than anticipated Capital Overhead revenue.



Budgeted **Transfers** of \$27.4 million include \$25.9 million in various transfers from other funds and \$1.5 million in transfers of interest earnings from selected funds. Through December, overall transfer receipts of \$10.8 million have been received, and it is currently anticipated revenues will slightly exceed the budgeted estimate by year-end. As described in *Section III. Recommended Budget Adjustments and Clean-up Actions*, this category is recommended to be increased by \$319,000 to reflect the reimbursement of costs advanced from the General Fund in 2018-2019 for eligible Public Safety and Infrastructure Bond (Measure T) projects.

**2019-2020
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND REVENUES

TRANSFERS AND REIMBURSEMENTS

The budget estimate for **Reimbursement for Services** is \$17.3 million, of which \$16.3 million is expected to be generated from the three Gas Tax Funds, with the remaining \$1.0 million anticipated to be received from the Deferred Compensation Program (\$418,000), Maintenance Assessment District Funds (\$170,000), and Voluntary Employee Beneficiary Association Fund (\$387,000). It is important to note that collections in this category can vary significantly from month to month; however, based on current collection trends it is anticipated revenues will meet or slightly exceed the budgeted estimate by year-end.

CONCLUSION

A comprehensive review of all General Fund revenue accounts was performed based on activity through the first six months of the year. Based on current collection trends and information, existing revenues are anticipated to end the year approximately \$15 million - \$20 million above budgeted levels (variance of approximately 2% when excluding the Beginning Fund Balance). The primary drivers of this additional revenue are higher than estimated Property Tax, Sales Tax, Business Taxes, and Other Revenue, partially offset by lower than anticipated Transient Occupancy Tax and Utility Tax receipts.

In total, a net increase of \$19.3 million to the General Fund Sources is recommended in this document. This increase reflects an increase of \$11.3 million related to technical and rebalancing items to more closely align the budgeted estimates with the current anticipated collection levels (Property Tax; \$10.0 million, Other Revenue/Property Sales; \$3.8 million, and Transient Occupancy Tax; -\$2.5 million) and a \$8.0 million increase related to net-zero grants reimbursements and fees adjustments. Further information regarding these adjustments can be found in *Section III. Recommended Budget Adjustments and Clean-up Actions*.

The revenue estimates for this year will continue to be updated and used as a starting point in the development of the 2021-2025 General Fund Forecast, due to be released on February 28, 2020, as well as the 2020-2021 Proposed Budget, due to be released on May 1, 2020. As always, staff will continue to closely monitor the City's current year financial status and report to the City Council any significant developments through the Bi-Monthly Financial Reports. The January/February Bi-Monthly Financial Report will be brought to the Public Safety, Finance and Strategic Support Committee in April 2020.

2019-2020 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND EXPENDITURES

OVERVIEW

General Fund expenditures through December totaled \$557.0 million, or 34.6% of the total 2019-2020 Modified Budget. This expenditure level represents a decrease of \$18.2 million, or approximately 3%, from the December 2018 level, which is primarily due to lower City-Wide Expenses. In addition, encumbrances through December totaled \$76.5 million, which are \$18.7 million above the December 2018 level, which is due to higher Capital Contribution encumbrances. In total, expenditures and encumbrances through December totaled \$633.5 million, which constitutes 39.4% of the total Modified Budget (including reserves) of \$1.6 billion. When excluding reserves of \$216.2 million, expenditures and encumbrances through December constituted 45.5% of the total Modified Budget. The following chart displays the year-to-date expenditures (excluding encumbrances) compared to the prior year, by category.

2019-2020 General Fund Expenditures through December (\$ in Thousands)

Category	Current Budget	YTD Actual	% of Budget	Prior Year % of Budget
Departmental Expenditures				
Personal Services	\$ 895,912	\$ 415,187	46.3%	46.1%
Non-Personal/Equipment	159,773	48,466	30.3%	31.0%
Other Departmental	71,540	14,420	20.2%	41.5%
<i>Subtotal Departmental Expenditures</i>	<i>1,127,225</i>	<i>478,073</i>	<i>42.4%</i>	<i>43.9%</i>
Non-Departmental Expenditures				
City-Wide Expenses	\$ 135,842	\$ 33,227	24.5%	45.5%
Capital Contributions	88,064	8,023	9.1%	6.7%
Transfers	40,467	37,708	93.2%	4.3%
Reserves	216,201	0	0.0%	0.0%
<i>Subtotal Non-Departmental</i>	<i>480,574</i>	<i>78,958</i>	<i>16.4%</i>	<i>24.5%</i>
Total	\$ 1,607,799	\$ 557,031	34.6%	37.3%

Overall, General Fund expenditures are within anticipated levels and minimal savings of approximately \$3 million - \$5 million are anticipated by year-end to assist in meeting the projected 2019-2020 Ending Fund Balance estimate that will be used as a funding source in the Five-Year General Fund Forecast and the 2020-2021 Proposed Budget. Expenditures savings will continue to be closely monitored over the coming months.

Expenditure adjustments totaling \$19.3 million are recommended in this report to accomplish the following: (1) implement required technical/rebalancing adjustments; (2) account for new grants, reimbursements, and fees; and (3) complete clean-up actions. Additional information on these adjustments can be found in *Section III. Recommended Budget Adjustments and Clean-Up Actions* of this document. The following discussion highlights major General Fund expenditure activities through December.

2019-2020 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND EXPENDITURES

DEPARTMENTAL EXPENDITURES

Departmental expenditures include personal services (salaries, overtime, retirement, health, and other fringe benefit costs), non-personal/equipment, and other departmental expenses. Personal services costs represent the largest single General Fund expense category for the City. These costs accounted for 74.5% of the total General Fund expenditures (excluding encumbrances) to date.

Through December, personal services expenditures for all City departments of \$415.2 million, or 46.3% of the current Modified Budget, is slightly above the estimated levels of 45.64% at this point of the year. This expenditure level is slightly above the 46.1% expended through the same time period in the prior year. Overall, personal services expenditures are estimated to end the year with minimal savings. As of January 26, 2020, the City had 616 vacancies city-wide (all funds) compared to 607 vacancies in the prior year, representing a vacancy factor of approximately 9.3%.

Non-Personal/Equipment expenditures of \$48.5 million are below anticipated levels with 30.3% expended through December. This expenditure level is slightly lower than the 31.0% expended through December 2018. Encumbrances through December totaled \$34.5 million, which when combined with the non-personal/equipment expenditures, brings the total amount of funding committed to \$83.0 million, or 51.9% of the \$159.7 million budget. Overall, these expenditures are expected to remain within budget for all departments, with minimal savings generated by year-end.

The Other Departmental category includes the budget for the Mayor and City Council, Parks, Recreation and Neighborhood Services Fee Activities, and allocations supported by Local Sales Tax revenue. Through December, Other Departmental expenditures totaled \$14.4 million (20.2% expended) of the \$71.5 million budget through December. This expenditure level is below the 41.5% expended through December 2018. Expenditures in this category are expected to end the year within budgeted levels.

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

Expenditure Status (\$ in Thousands)

<u>Department</u>	<u>2019-2020 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
Fire	\$243,453	\$110,724	\$107,883

The Fire Department's budget totals \$243.5 million, which is comprised of \$232.4 million in personal services and \$11.1 million in non-personal/equipment expenditures. Overall, Fire Department expenditures are performing slightly below estimated levels through December. Personal services expenditures of \$105.3 million, or 45.33% of the Modified Budget, are slightly below the expected level of 45.64% at this point of the year. It is currently anticipated that expenditures will end the year within

2019-2020 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND EXPENDITURES

DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

budgeted levels. In addition, the Fire Department’s non-personal/equipment budget of \$11.1 million was 48.63% expended or encumbered through December 2019 and is expected to end the year within budgeted levels.

Overall, the average sworn vacancy rate of 4.35% through December 2019 is slightly higher than the vacancy rate of 4.08% experienced this time last year, though vacancies have been above the budgeted rate of 2.5%. The first full Firefighter Recruit Academy for 2019-2020 began in June 2019 and concluded on October 4, 2019, with 21 graduates. The second full academy is anticipated to begin March 2020.

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

Expenditure Status (\$ in Thousands)

<u>Department</u>	<u>2019-2020 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
Police	\$452,321	\$205,690	\$191,391

Overall, the Police Department’s expenditures are slightly above estimated levels through December. Personal Services expenditures through December of \$191,001,364 were slightly (0.27%) below the anticipated level at this point of the year (45.37% expended, compared to the par level of 45.64%). However, overtime expenditures of \$21.1 million (73.74% of the total \$28.6 million budget) are expected to exceed budgeted levels, with most of this overage offset with regular salary savings through vacancies. In total, Personal Services expenditures are projected to potentially exceed budgeted levels at year-end by a range of approximately \$500,000 to \$1.2 million due to anticipated expenditures for recruit academies, sworn retirement payouts, and special events. However, the recommended action in this report to increase Personal Services funding by \$1.2 million from the Salary and Benefits Reserve to account for Management Pay for Performance program and benefit premium cost increases will bring the budget back into alignment with anticipated expenditures. In addition, non-personal/equipment expenditures of \$14.7 million are 2.8% higher than the prior year (due to the timing of payments) but are anticipated to end the year within budgeted levels.

The Police Department Personal Services budget includes \$7.0 million for the Hire Ahead program that began in 2019-2020, which provides funding to hire new recruits in advance of pending retirements. As described below in the sworn staffing discussion, this funding is anticipated to allow the Department to

**2019-2020
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND EXPENDITURES

DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

conduct full recruit academies even while the Department has minimal sworn vacancies. Personal Services funding also includes \$3.0 million in overtime funding related to the Guardian Rapid Response Program, which is designed to enhance the state of readiness for an active shooter attack at school campuses and at large special events. This program began in summer 2019, and the overtime funding related to the program was allocated as part of the 2018-2019 Annual Report, which was approved by the City Council on October 22, 2019.

The Police Department has worked diligently to fill vacancies in both sworn and civilian positions, using vacancy savings in the meantime to pay for Police Academy Recruits as well as to backfill patrol and investigative positions on overtime. While the goal is to fill the vacancies and eliminate the need to backfill positions, academy and field training of new recruits takes 10-12 months, necessitating overtime to backfill until the new recruits are ready to serve as solo beat officers. Vacancy levels have also contributed to the build-up of compensatory time balances for sworn personnel. There is a limit of 480 hours of compensatory time balances after which sworn personnel are paid in overtime for any additional hours worked. Currently, 329 sworn personnel are at the 480-hour limit.

Overtime consists of overtime expenditures and compensatory time. The Memorandum of Agreement (MOA) with the Police Officer's Association (POA) limits how much overtime can be earned for pay versus compensatory time. The compensatory time balance at the end of December 2019 was 315,713 hours for sworn personnel. This represents an increase of 38,495 hours or 13.9% compared to the December 2018 balance of 277,218. As described above, 329 sworn personnel, of which 43% are in the Field Patrol Division, have reached the compensatory balance limit of 480 hours and all overtime worked by these employees is paid overtime. The Police Department is enforcing compensatory time controls by requiring all sworn staff, outside of the Bureau of Field Operations (BFO), to reduce compensatory time balances by the end of the calendar year or submit a request for an extension, per the MOA. Due to staffing levels needed to respond to calls for service, BFO is currently exempted until such time the Department reaches full street-ready sworn staffing (sworn who are fully trained and able to work as solo beat officers). While overtime hours are still at elevated levels, they have dropped approximately 19% from 2016-2017 through 2019-2020 as vacancies have been filled.

The table below provides a summary of sworn staffing vacancies and street-ready officers. While the sworn positions are filled, there is still a significant gap between filled positions and working street-ready officers. Further, the Department anticipates additional retirements later in the year that will increase vacancy levels. The Hire Ahead program is expected to mitigate these expected vacancies.

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DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

	2019-2020 (as of 1/24/2020)	2018-2019 (as of 1/25/2019)
Authorized Sworn Positions	1,151	1,110
Vacancies	(32)	(38)
Filled Sworn Positions	1,119	1,072
Field Training Officer/Recruits	(134)	(115)
Street-Ready Sworn Officers Available	985	957
Disability/Modified Duty/Other Leaves	(62)	(66)
Street-Ready Sworn Officers Working	923	891

To accelerate the number of street-ready sworn positions and put more Police Officers back on patrol, the Hire Ahead program is anticipated to provide sufficient funding to allow the Police Department to conduct three Police Recruit Academies in 2019-2020: the first began in late June 2019 with 53 recruits; the second academy began in October 2019 with 49 recruits; and the third begins in February 2020 with an estimated 45 to 55 recruits. In addition, the academy that began in February 2019 completed in September 2019 with 37 recruits graduating.

A total of \$14.7 million (47.7%) of the Department’s Non-Personal/Equipment budget (including carryover encumbrances) was expended or encumbered through December. Excluding the remaining balances for centrally-determined details, including electricity, gas, and vehicle operation, maintenance and replacement, the Department has approximately \$6.6 million, or 39.6% of the non-centrally-determined appropriation available for the remainder of the fiscal year.

NON-DEPARTMENTAL EXPENDITURES

Non-Departmental Expenditures include City-Wide Expenses, Capital Contributions, Transfers, and Reserves. Through December, expenditures (excluding encumbrances) totaled \$79.0 million, or 16.4% of the \$480.6 million budget (including the Earmarked and Contingency Reserves). When excluding the reserves, the expenditures through December represent 29.9% of the 2019-2020 Modified Budget.

Through December, City-Wide Expenses totaled \$33.2 million, or 24.5% of the 2019-2020 Modified Budget of \$135.8 million. This is a significant decrease from the 2018-2019 total Modified Budget of \$268.1 million, the result of the removal of funding for the Tax and Revenue Anticipation Notes (TRANs) Debt Service payments of \$152.1 million in 2018-2019. Since 2010-2011, the City issued TRANs annually for cash flow purposes to facilitate the pre-payment of the City’s retirement contributions. Beginning in 2019-2020, prefunding is no longer executed. When expenditures (\$33.2 million) and

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STATUS OF GENERAL FUND EXPENDITURES

NON-DEPARTMENTAL EXPENDITURES

encumbrances of \$18.8 million are combined, the total amount of funding committed (\$52.0 million) represents 38.3% of the modified budget. Overall, City-Wide expenditures are estimated to end the year slightly below budgeted levels.

2019-2020 City-Wide Expenses Expenditures by City Service Area (\$ in Thousands)

City Service Area	Current Budget	YTD Actual	% of Budget	Prior Year Actual	Prior Year % of Budget
Community & Economic Development	\$ 34,815	\$ 9,240	26.5%	\$ 7,826	31.5%
Environmental & Utility Services	3,004	1,054	35.1%	1,164	42.7%
Neighborhood Services	12,566	3,414	27.2%	3,971	34.7%
Public Safety	24,370	8,448	34.7%	11,055	44.6%
Transportation & Aviation Services	3,753	1,214	32.3%	1,087	30.1%
Strategic Support	57,334	9,857	17.2%	96,763	48.2%
TOTAL	135,842	33,227	24.5%	121,866	45.5%

Several adjustments to the City-Wide Expenses appropriations are recommended in this report to align the budget with the year-end expenditure projections. In total, adjustments recommended in this report result in a net increase of \$2.4 million to City-Wide Expenses. The significant actions are summarized in the Transmittal Memorandum and details all actions can be found in *Section III. Recommended Budget Adjustments and Clean-Up Actions* of this 2019-2020 Mid-Year Budget Review.

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

- Workers' Compensation Claims appropriations totaling \$20.1 million are budgeted in four of the six CSAs, with total expenditures of \$8.5 million through December 2019, or approximately 42.6% of the Modified Budget. This expenditure level is approximately 12.3% below the \$9.7 million expended through December 2018. This decrease in expenditure year over year remains consistent; Workers' Compensation Claims expenditures through December 2018 were also down when compared to December 2017 by 15.9%. Overall, Workers' Compensation claim payments are currently tracking slightly below budget.
- A net-zero budget adjustment to decrease the Fire Department Workers' Compensation Claims allocation by \$200,000 and increase the Police Department Workers' Compensation Claims allocation is recommended in this report. The Police Department's appropriation is projected to exceed its budget of \$8.0 million by \$200,000, while the Fire Department Workers' Compensation Claims appropriation of \$8.0 million is anticipated to end the year with savings, of which \$200,000

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STATUS OF GENERAL FUND EXPENDITURES

NON-DEPARTMENTAL EXPENDITURES

is recommended to be redistributed at this time. There are additional Workers' Compensation Claims appropriations for the Parks, Recreation and Neighborhood Services Department, Department of Transportation, the Public Works Department, as well as Other Departments which do not require adjustments at this time; however, additional net-zero actions may be necessary at year-end.

- In the Strategic Support CSA, the General Liability Claims appropriation totals \$13.3 million, of which 5.8%, or \$800,000, is expended or encumbered through December 2019. This is a decrease in spending from December 2018, where \$2.4 million, or 33.6%, was expended or encumbered from a budgeted estimate of \$7.0 million through December 2018. The amount and pace of claims-related expenditures can vary significantly from year to year.
- Also included in the Strategic Support CSA, Sick Leave Payment Upon Retirement expenditures of \$923,000 through December reflect 18.5% of the total 2019-2020 budget estimate of \$5.0 million. Year-to-date expenditures for these payouts reflect a slight decrease from the prior year levels, which were consistently at \$1.1 million through December 2018 and \$1.1 million through December 2017. It is important to note, however, that the majority of expenditures in this appropriation typically occur in the second half of the year. Year-end expenditures are anticipated be at or below the budgeted estimate of \$5.0 million, consistent with prior years. This appropriation ended the year at \$4.7 million in 2018-2019 and at \$4.1 million in 2017-2018.
- In the Community and Economic Development CSA, the Homeless Rapid Rehousing and Homeless Response Team appropriations have expended or encumbered 80.6% and 47.0% of their respective budgets. These two appropriations provide funding for critical resources to address the City's ongoing efforts related to homelessness.
- In the Neighborhood Services CSA, the San José BEST and Safe Summer Initiative Programs appropriation has year-to-date expenditures of \$1.5 million with an additional \$2.0 million encumbered, reflecting 52.1% of the total budget of \$6.7 million committed. This spending is consistent with prior year spending; \$3.1 million was expended or encumbered through December 2018 of a total budget of \$6.5 million. This appropriation supports gang prevention and intervention efforts across the City.

Through December, General Fund **Capital** expenditures (\$8.0 million) and encumbrances (\$23.2 million) total \$31.2 million, which represents 35.5% of the \$88.1 million budget. Overall, minimal General Fund Capital expenditure savings are anticipated, as the rebudget of unspent funds to 2020-2021 will be recommended to complete projects. An action is recommended in this report to increase the Closed Landfill Compliance appropriation by \$150,000, from \$350,000 to \$500,000, for increased costs related to the maintenance and operations of the Singleton flare, regulatory permit and oversight fees, annual groundwater monitoring at Singleton, and general site maintenance. This elevated cost level is expected to continue into 2020-2021 and on an ongoing basis.

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STATUS OF GENERAL FUND EXPENDITURES


NON-DEPARTMENTAL EXPENDITURES

Transfers executed through December of \$37.7 million, which represents 93.2% of the \$40.5 million budget. Transfers are anticipated to be fully expended by year-end with no variance to budget.

There are no expenditures against the **Earmarked Reserves** budget of \$176.2 million because expenditures cannot be charged directly to a reserve (to use Reserve funding, budget actions are necessary to move funding from a Reserve to an expenditure appropriation). The largest reserves include the Development Fee Program Reserves (Building, \$23.6 million; Citywide Planning, \$2.3 million; Fire, \$6.2 million; Planning, \$2.0 million; and Public Works, \$7.1 million), Fire Training Center Replacement (\$33.3 million), Budget Stabilization Reserve (\$32.0 million), Salaries and Benefits Reserve (\$13.4 million), Workers' Compensation/General Liability Catastrophic Reserve (\$15.0 million), 2020-2021 Future Deficit Reserve (\$10.9 million), 2020-2021 Police Sworn Hire Ahead Program (\$7.2 million), Sick Leave Payments Upon Retirement Reserve (\$5.0 million), and Cultural Facilities Capital Maintenance Reserve (\$3.1 million).

Several budget actions are recommended in this report that impact General Fund Reserves, including the establishment of the 2019-2020 Ending Fund Balance reserve in the amount of \$10.0 million, net reduction of \$3.2 million to the Salaries and Benefits Reserve, and reduction to the Fire Development Fee Program Reserve of \$250,000. These actions are summarized in the Transmittal Memorandum and all reserve actions are described in detail in *Section III. Recommended Budget Adjustments and Clean-Up Actions* of this document.

No budget action is recommended for the **Contingency Reserve**, which currently totals \$40.0 million and complies with the City Council policy to set aside 3% of expenditures.



2019-2020

MID-YEAR
BUDGET
REVIEW



SECTION

II

SELECTED SPECIAL/
CAPITAL FUNDS
STATUS REPORT



**2019-2020
MID-YEAR BUDGET REVIEW**

II. SELECTED SPECIAL/CAPITAL FUNDS STATUS REPORT

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

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STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

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

	2019-2020 Current Modified	2019-2020 YTD Actual	2019-2020 % of Budget
<i>Revenues – Airport Revenue Fund</i>	214,017,682	100,923,095	47.2%
<i>Expenditures – Airport Maintenance and Operation Fund</i>	127,109,862	45,213,832	35.6%

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

FUND STATUS

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

Overall revenue performance at the Airport of \$100.9 million is tracking at 47.2% of the estimated budget, which is in line with the benchmark through December. Through December 2019, passenger levels of 8.2 million are up 9.3% from the same period last fiscal year (7.5 million). The 2019-2020 budget was built assuming a 4% growth from the 2018-2019 estimated levels of 14.6 million passengers; however the Airport actually served a total of 14.9 million passengers in 2018-2019. Passenger airline operations (takeoffs and landings) are 8.5% above last year. Landing Fees and Terminal Rentals are meeting expectations, while Airfield revenues are tracking slightly below budgeted levels primarily due to lower than anticipated in-flight kitchen and air carrier parking. Revenue categories most significantly impacted by increasing passenger levels are Terminal Concessions and Parking and Roadway. The parking and roadway revenue exceeds estimated levels due to the higher than anticipated ground transportation and public parking revenues, while terminal concessions revenue is tracking above the budgeted estimate in the retail, passenger lounge, and food and beverage sectors. Total general and non-aviation revenues, consisting of fees associated with hangars, land and building rentals, the petroleum program, general aviation, interest earnings, and other non-aviation (miscellaneous) revenues, are tracking slightly above budgeted levels due to slightly higher than anticipated land rents, hangar/aircraft parking, and interest.

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MID-YEAR BUDGET REVIEW**

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

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

FUND STATUS

Expenditures – Operating expenditures appropriated in the Airport Maintenance and Operation Fund include Personal Services, Non-Personal/Equipment, Police and Aircraft Rescue and Fire Fighting Services, direct support, and overhead reimbursements. Overall, expenditures of \$45.2 million are tracking below budget estimates at 35.6% spent. Through December 2019, Airport Department’s Personal Services and Non-Personal/Equipment expenditures (\$30.4 million) are tracking at 34.5% of budgeted levels.

Airport Department Personal Services expenditures of \$15.3 million are tracking at 42.5% of budget compared to the benchmark of 46.2%. The minimal savings are due to vacancies across the department. At the close of December 2019, the Department had 19.5 vacancies or 8.6% of budgeted positions. Overtime expenditures of \$209,000, or 53.0% of budget, are tracking slightly above the budgeted estimate and will be closely monitored for the remainder of the fiscal year. Non-Personal/Equipment expenditures (excluding encumbrances) are tracking at 29.0% of budget, with total committed of \$38.8 million tracking at 74.2% of budgeted levels. It is anticipated that through conservative spending and close monitoring, the Non-Personal/Equipment appropriation will end the year within budgeted levels.

Through December 2019, interdepartmental expenditures (charges for staff and services located in other City departments, including the Police and Fire Departments) total \$9.3 million, which represents approximately 49.7% of the interdepartmental budget. Expenditures are on track to end the year within budgeted levels.

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STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

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

FUND STATUS

	2019-2020 Current Modified	2019-2020 YTD Actual	2019-2020 % of Budget
<i>Ending Fund Balance – Airport Revenue Fund</i>	81,074,703	N/A	N/A
<i>Ending Fund Balance – Airport Maintenance and Operation Fund</i>	26,192,628	N/A	N/A

Fund Balance – No changes to the Ending Fund Balance in the Airport Revenue Fund or the Airport Maintenance and Operation Fund are recommended at this time.

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STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

	2019-2020 Current Modified	2019-2020 YTD Actual	2019-2020 % of Budget
<i>Revenues</i>	38,294,800	30,248,765	79.0%
<i>Expenditures</i>	64,043,737	8,307,608	13.0%

FUND STATUS

Revenues – Tax revenue in the Building and Structure Construction Tax Fund, which is a major funding source for the Traffic Capital Program, is tracking above anticipated levels. Through the first half of 2019-2020, Building and Structure Construction Tax receipts totaled \$16.0 million through December, which is 106.8% of the 2019-2020 Adopted Budget estimate of \$15.0 million, reflecting higher than anticipated commercial and industrial development permit activity. This collection level is above prior year collections (\$6.9 million or 75.7%) of \$9.1 million for the same period. Should the current level of permitting activity and corresponding collections continue, it is anticipated that tax receipts will exceed budgeted levels by \$9.0 million. Other major revenue sources in the Building and Structure Construction Tax Fund, including grants from federal and local agencies, are generally tracking below estimated levels, corresponding with year-to-date project activity. These variances are largely due to timing differences for grant-supported projects, many of which are funded on a reimbursement basis. Staff will continue to closely monitor these revenue sources as the fiscal year progresses.

Included in this report are several revenue adjustments, including recommendations to:

- Increase the estimate for Building and Structure Construction Tax revenue by \$9.0 million based on current collection trends for the construction taxes. Revenues are projected to exceed budgeted levels due to strong commercial and industrial development activity;
- Increase the estimate for Other Revenue by \$2.3 million to recognize developer payments as part of the iStar development requirements for mitigation at the Route 101/Blossom Hill Road Interchange (\$2.23 million) and to start the environmental review process for Route 87/Narvaez Avenue traffic improvements at Communications Hill (\$40,000);

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MID-YEAR BUDGET REVIEW**

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

FUND STATUS

- Increase the estimate for Revenue from State of California by \$1.4 million to recognize grant funding for complete streets improvements at Willow-Keyes (\$1.0 million) and transportation improvements along Balbach Street (\$200,000) and around the Roosevelt Park area (\$200,000);
- Increase the estimate for Revenue from the Federal Government by \$400,000 to recognize grant funding to upgrade guardrails along Monterey Road; and
- Increase the estimate for Transfers and Reimbursements by \$160,000 to recognize a transfer from the General Purpose Parking Capital Fund for the purchase of a dynamic messaging sign as part of the Safety – Traffic Signal Modifications/Construction project to reconfigure traffic flow downtown.

Expenditures – Overall expenditures of \$8.3 million are tracking at 13.0% of the Modified Budget. In addition, \$5.4 million has been encumbered to date, bringing total commitments (\$13.7 million) through December to 21.3% of the Modified Budget, excluding reserved funds. Though expenditures are tracking below expected levels through December, a significant amount of contractual obligations are anticipated later in the fiscal year. Any remaining project balances at year-end are anticipated to be rebudgeted to 2020-2021 as part of the 2020-2021 Adopted Capital Budget for project completion. Some of the larger projects for which funding is expected to be rebudgeted to 2020-2021 include: Autumn Street Extension (\$2.5 million), Branham and Snell Street Improvements (\$2.0 million), Safety – Pedestrian Roadway Improvements (\$1.5 million), TFCA 2019-2020 Downtown Signal Retiming (\$1.4 million), Senter Road Pedestrian Safety Improvements (\$500,000), and Highway Soundwalls (\$500,000). Project timelines have been impacted by delayed land acquisitions and contract awards, coordination with other agencies, and obtaining VTA 2016 Measure B funding. This report also includes a limited number of expenditure adjustments, the major ones of which are listed below. Further detail regarding these recommendations can be found in Section III of this report, *Recommended Budget Adjustments and Clean-up Actions*.

- Net increase to the Route 101/Oakland/Mabury New Development Reserve (\$2.5 million);
- Increase the Route 101/Blossom Hill Road Interchange Improvements project (\$2.3 million);
- Establish the Willow-Keyes Complete Streets Improvement project (\$1.0 million);
- Increase the Safety – Traffic Signal Modifications/Construction project (\$660,000);
- Increase the Monterey Road Safety Improvements project (\$500,000); and
- Increase the San José Regional Transportation Hub project (\$500,000).

2019-2020 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

FUND STATUS

	2019-2020 Current Modified	2019-2020 YTD Actual	2019-2020 % of Budget
<i>Unrestricted Ending Fund Balance</i>	10,133,239	N/A	N/A

Ending Fund Balance – A recommendation to increase the Ending Fund Balance by \$4.7 million is included in this report as a net result of the actions described above. This amount is inclusive of a technical adjustment to increase the Ending Fund Balance by \$13,175 due to the reconciliation of the fund to the final audited 2018-2019 Comprehensive Annual Financial Report. After accounting for all these actions, the revised Ending Fund Balance will increase to approximately \$14.8 million. Of the \$14.8 million ending fund balance, \$6.8 million is planned for projects to support the Vision Zero Plan that is scheduled for discussion at the City Council on February 11, 2020, and an estimated \$2.9 million is anticipated from new development in North San José and set aside as part of the North San José New Development Reserve in the 2019-2020 Annual Report per City Council direction. Further details on the adjustments can be found in Section III of this report, *Recommended Budget Adjustments and Clean-up Actions*.

2019-2020 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

	2019-2020 Current Modified	2019-2020 YTD Actual	2019-2020 % of Budget
<i>Revenues</i>	62,103,000	22,585,140	36.4%
<i>Expenditures</i>	118,686,526	24,281,504	20.5%

FUND STATUS

Revenues – A total of 17 Construction and Conveyance (C&C) Tax Funds are budgeted throughout the Capital Budget. Most of these funds (13) support the Parks and Community Facilities Development Capital Program, with the remaining four funds supporting the Public Safety Capital Program, Library Capital Program, Service Yards Capital Program, and Communications Capital Program. Revenues in the C&C Tax Funds are comprised of C&C Tax receipts, sale of surplus property, transfer revenue, grant funding, and other miscellaneous revenue. The Parks C&C Funds also include significant revenues related to the 2017 Flood recovery projects, including \$3.9 million anticipated from the Federal Emergency Management Agency (FEMA)/California Office of Emergency Services (CalOES), \$5.0 million from insurance reimbursements, and commercial paper proceeds of \$3.5 million. Receipt of these funds will track closely with actual project costs. Through December 2019, revenue in the C&C Tax Funds totaled \$22.6 million, which is 36.4% of the 2019-2020 Modified Budget of \$62.1 million.

C&C Tax receipts are the largest source of revenue for the C&C Tax funds. Through December 2019, C&C Tax collections totaled \$17.1 million, which represents 47.4% of the 2019-2020 Adopted Budget estimate of \$36.0 million. The collection level is 15.0% below the prior year receipts of \$20.1 million through the same period. Based on historical trends and tracking at the time, the 2019-2020 Adopted Capital Budget was developed with the assumption that C&C Tax receipts would total \$42.0 million in 2018-2019 and decrease by approximately 14% to \$36.0 million in 2019-2020. However, due to stronger than anticipated performance in 2018-2019, receipts totaled \$47.2 million in the prior fiscal year. Therefore, the 2019-2020 budgeted estimate allows for a 23.7% decline in tax revenue from 2018-2019 actual collections.

Through November 2019, C&C Tax receipts experienced declines from prior year levels ranging from 5%-25%, resulting in the year-to-date collections declining almost 20% from the prior year. However, December 2019 collections were strong (growth of 11% from prior year) and January 2020 receipts were recently received, which experienced significantly strong growth of over 44% from January 2019 collections. After factoring in the high December and January collections, the C&C year-to-date receipts through January are approximately 7% below the collections through January 2019. It is currently anticipated C&C collections will total \$38.0 million by year-end, which is \$2.0 million above the budgeted estimate. However, as this tax is dependent on the local real estate market, and is extremely volatile, collections will continue to be closely monitored.

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CONSTRUCTION AND CONVEYANCE TAX FUNDS

FUND STATUS

Nearly 99% of the total C&C Taxes are comprised of conveyance receipts, a tax based on the value of property transfers (sales). Beginning in spring 2012, the median sale price for homes had consistently experienced year-over-year growth, which continued through October 2018. For over a year, however, Santa Clara County began experiencing a slow down in the local real estate market, with median sale prices dropping, the average days-on-market increasing, and the number of sales decreasing. In fall 2019, the real estate market appears to have begun stabilizing, with median home prices and property sales once again growing compared to prior year levels. According to data from the Santa Clara County Association of Realtors, the single-family home price peaked at \$1.3 million in May 2018 (which represented a 30.0% increase from the May 2017 home price), but then began steadily decreasing. During the period from November 2018 through October 2019, year-over-year median prices steadily decreased each month compared to the prior year in the range of 3%-13%. However, in November 2019, prices increased 0.7% from the prior year and December 2019 saw the median single-family home price grow year-over-year by 2.0% to \$1.07 million.

In addition to the median home prices dropping for a prolonged period and recently starting to rebound, the number of property transfers (sales) also recently began to experience growth. In December 2019, the number of property transfers grew 12.3% from the prior year level; however, the year-to-date sales through December 2019 is slightly below (0.2%) the same period in the prior fiscal year. In addition, while single-family and multi-family dwellings are continuing to sell relatively quickly, they are on the market longer than the prior few years. The average days-on-market for single-family and multi-family dwellings through December 2019 totaled 38 days, compared to an average 25 days experienced in the first half of 2018-2019 and an average 18 days experienced through the first half of 2017-2018.

Expenditures – Overall, expenditures in the various C&C Tax Funds are anticipated to end the year within budgeted levels. Through December, expenditures totaled \$24.3 million, 20.5% of the 2019-2020 Modified Budget of \$118.7 million. An additional \$7.7 million has been encumbered through December, bringing the total amount committed to \$31.9 million, or 26.9% of the 2019-2020 Modified Budget. To the extent funding is not expended this fiscal year for projects that may occur over multiple years, recommendations to rebudget the funds will likely be brought forth for City Council consideration later in the year.

The 2019-2020 Mid-Year Budget Review includes a small number of expenditure adjustments in the C&C Tax Funds to provide funding for urgent new projects, increase funding for existing projects, shift funding between funds, or decrease projects and reserves. Significant actions included in the report include the following:

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STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

FUND STATUS

- Capital Program and Public Works Department Support Staff; \$516,000 – Central C&C Tax Fund (funding shift from the Park Trust Fund);
- Jeaneane Marie Circle Fencing; \$138,000 – Council District 7 C&C Tax Fund;
- Berryessa Community Center Improvements; \$100,000 – Council District 4 C&C Tax Fund;
- General Equipment and Furnishings; \$100,000 – Library C&C Tax Fund; and
- Playa Del Rey Shade Structure; \$54,000 – Council District 10 C&C Tax Fund.

Further detail regarding all the recommended adjustments in the various C&C Tax Funds can be found in *Section III. Recommended Budget Adjustments and Clean-Up Actions.*

	2019-2020 Current Modified	2019-2020 YTD Actual	2019-2020 % of Budget
<i>Unrestricted Ending Fund Balances</i>	32,227,106	N/A	N/A

Ending Fund Balance – This report includes recommendations to increase and decrease the various C&C Tax Funds Ending Fund Balances to offset various actions recommended in the report. In total, the C&C Tax Fund Ending Fund Balances are recommended to be decreased by \$511,000 (from \$32.2 million to \$31.7 million) as a net result of the actions cited above and other clean-up actions as detailed in Section III of this report.

2019-2020 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND

	2019-2020 Current Modified	2019-2020 YTD Actual	2019-2020 % of Budget
<i>Revenues</i>	158,751,290	36,683,554	23.1%
<i>Expenditures</i>	235,473,138	61,793,332	26.2%

FUND STATUS

Revenues – The Construction Excise Tax, a major funding source for both the Construction Excise Tax Fund and Traffic Capital Program, is tracking at or slightly above anticipated levels. Through the first half of 2019-2020, Construction Excise Tax receipts totaled \$10.5 million through December, 52.5% of the 2019-2020 Adopted Budget estimate of \$20.0 million, reflecting higher than anticipated commercial development permit activity. As anticipated, this collection level is below prior year collections (\$1.1 million or 9.7%) of \$11.7 million for the same period. When the 2019-2020 Adopted Capital Budget was developed it was assumed that high collection receipts experienced in 2016-2017 (\$30.2 million), 2017-2018 (\$29.4 million), and 2018-2019 (\$25.8 million) would not be sustainable, therefore the 2019-2020 estimate was decreased to \$20.0 million. While this tax is extremely volatile, it is currently anticipated that receipts will meet or exceed budgeted levels. Other major revenue sources in the Construction Excise Tax Fund, including grants from Federal and local agencies, are generally tracking consistent with year-to-date project activity.

For 2019-2020, the City will receive from VTA 2016 Measure B an estimated \$19.0 million in ongoing funding plus an estimated \$42.8 million in one-time, accumulated funding from the first two years of revenue since the measure initially passed. The Measure B funding has been allocated to the summer 2019 pavement program. Reimbursement revenues for pavement maintenance and the Measure B grant funded Walk n’ Roll program are anticipated to be received starting in March 2020. In addition, unspent funds and corresponding Measure B grant revenue for the Walk n’ Roll program will be rebudgeted to 2020-2021.

Included in this report are several revenue adjustments, including recommendations to:

- Increase the estimate for Other Revenue by \$1.5 million for projects related to developer mitigations at the Santana Row Lot 9 development for future backbone technology communications, the installation of a new traffic signal at 6th Street and Taylor Street, and railroad crossings, bicycle, and pedestrian improvements in the Japantown area;

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CONSTRUCTION EXCISE TAX FUND

FUND STATUS

- Increase the estimate for Revenue from Local Agencies by a total of \$1.3 million to recognize revenues received from Measure B vehicle registration fees (\$1.1 million) for pavement maintenance activities and from a Knight Foundation grant (\$235,000) that will fund the community engagement program related to the City’s automated vehicle initiative; and
- Increase the estimate for Transfers and Reimbursements by \$100,000 to reflect a transfer from the General Purpose Parking Capital Fund to help fully fund the new traffic signal at 6th Street and Taylor Street in Japantown.

The corresponding expenditure adjustment for these actions and further detail regarding these recommendations can be found in Section III of this report, *Recommended Budget Adjustments and Clean-up Actions*.

Expenditures – Overall expenditures of \$61.8 million are tracking at 26.2% of the Modified Budget. In addition, \$38.8 million has been encumbered to date, bringing total commitments (\$100.6 million) through December to 42.7% of the Modified Budget, excluding reserved funds. Any remaining project balances at year-end are anticipated to be rebudgeted to 2020-2021 as part of the 2020-2021 Adopted Capital Budget for project completion. Some of the larger projects for which funding is expected to be rebudgeted to 2020-2021 include: North San José projects for Route 101/Trimble/De La Cruz Interchange Improvement and North San José Improvement – 880/Charcot (\$8.0 million), Better Bikeways Program (City) (\$1.7 million), Walk n’ Roll – VTA Measure B 2016 (\$700,000), Street Tree Inventory and Management Plan (\$400,000), Vision Zero: City-wide Pedestrian Safety and Traffic Calming (\$300,000), Grant Refunds (\$300,000), High Speed Rail (\$300,000), and Mechanical Storm Units (\$200,000). Project timelines have been impacted as a result of projects that are contingent on the completion of another project which has taken longer than anticipated, contract awards, coordination with other agencies, obtaining VTA 2016 Measure B funding, and the progression of the project schedule for the larger-scale, complex projects.

This report also includes a limited number of expenditure adjustments, the notable ones are listed below. Further detail regarding this recommendation can be found in Section III of this report, *Recommended Budget Adjustments and Clean-up Actions*.

- Establish the Protected Intersection Improvements project (\$1.6 million);
- Increase the Pavement Maintenance – VTA Measure B VRF project (\$1.1 million); and
- Increase the AV Vehicle Community Engagement Initiative project (\$235,000).

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STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND

FUND STATUS

	2019-2020 Current Modified	2019-2020 YTD Actual	2019-2020 % of Budget
<i>Unrestricted Ending Fund Balance</i>	1,615,521	N/A	N/A

Fund Balance – A recommendation to decrease Ending Fund Balance by \$399,000 is included in this report as a net result of the actions described above. This includes a technical adjustment recommended to increase the Ending Fund Balance by a net \$1,265 as a result of a reconciliation of the fund to the final audited 2018-2019 Comprehensive Annual Financial Report, which is offset by a use of fund balance of \$400,000 for various small projects. After accounting for all these actions, the revised Ending Fund Balance will be \$1.2 million. Further details on the adjustments can be found in Section III of this report, *Recommended Budget Adjustments and Clean-up Actions*.

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STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND

	2019-2020 Current Modified	2019-2020 YTD Actual	2019-2020 % of Budget
<i>Revenues</i>	145,529,711	120,906,826	83.1%
<i>Expenditures</i>	162,201,262	50,417,680	31.1%

FUND STATUS

Revenues – Budgeted revenues in the Integrated Waste Management Fund include payments received from residential solid waste generators under the Recycle Plus Integrated Waste Management Program (Recycle Plus Collection Charges) (\$136.1 million); AB 939 fees (\$3.7 million); Recycle Plus Negotiated Savings (\$2.7 million); interest earnings (\$860,000); payments received from the Construction and Demolition Diversion Deposit (CDDD) Program (\$765,000); revenue from land rentals (\$534,600); Recycle Plus Late Fees (\$302,000); revenue received from Santa Clara County for Household Hazardous Waste programs (\$300,000); and SB332 Beverage Container Recycling payments (\$250,000).

Through December, revenues totaled \$120.9 million, or 83.1% of budget, and were generated primarily from Recycle Plus Collection Charges (\$117.0 million); AB 939 fees (\$1.2 million); Recycle Plus Negotiated Savings (\$1.1 million); interest earnings (\$463,000); CDDD revenues (\$399,500); SB 332 Beverage Container Recycling payments (\$257,000); revenue from land rentals (\$251,800); and Recycle Plus Late Fees (\$165,600). Overall, revenues are expected to end the year slightly above the budget. Contributing to the year-end estimate are large items with consistent histories, such as Recycle Plus Collection Charges, which is expected to end the year slightly above budget.

Expenditures – Through December, \$50.4 million (31.1%) was expended, with an additional \$101.8 million (62.7% of budget) encumbered. The year-to-date expenditures and encumbrances of \$152.2 million are attributed primarily to the Recycle Plus contracts for Single-Family Dwelling (\$68.6 million), Yard Trimmings/Street Sweeping (\$25.7 million), and Multi-Family Dwelling (\$24.5 million). Additional expenditures include Single Family Dwelling Processing (\$18.4 million), IDC Disposal Agreement (\$4.2 million), Environmental Services Department (ESD) Personal Services (\$3.4 million), and ESD Non-Personal/Equipment (\$3.3 million) appropriations.

Overall, savings of approximately \$2.1 million are projected by the end of the year across various appropriations, with the largest estimated savings in the ESD Personal Services (\$1.6 million) due to vacancies in the department, and ESD Non-Personal/Equipment (\$500,000) due to savings in contractual services, and savings in Personal Services and Non-Personal/Equipment appropriations for other City departments (\$271,000).

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STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND

FUND STATUS

	2019-2020 Current Modified	2019-2020 YTD Actual	2019-2020 % of Budget
<i>Unrestricted Ending Fund Balance</i>	3,703,893	N/A	N/A

Ending Fund Balance – This report includes actions to decrease the Ending Fund Balance by \$25,845 to offset an increase to the Workers’ Compensation Claims appropriation to ESD for higher than anticipated settlement and medical treatment costs (\$30,000), a decrease to the Personal Services appropriation to ESD for Voluntary Furlough/Reduced Work Week Program savings (\$7,368), and increases to the Personal Services appropriations to the City Attorney’s Office (\$1,581) and Public Works (\$1,632) for the Salary and Benefits Program. After accounting for these actions, the Ending Fund Balance remains \$3.7 million.

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STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT CAPITAL FUND

	2019-2020 Current Modified	2019-2020 YTD Actual	2019-2020 % of Budget
<i>Revenues</i>	334,607,000	69,659,697	20.8%
<i>Expenditures</i>	540,360,232	48,757,325	9.0%

FUND STATUS

Revenues – Budgeted revenue for the San Jose-Santa Clara Treatment Plant Capital Fund consists of financing proceeds (\$178.0 million); contributions from the City of Santa Clara and other Tributary Agencies (\$112.8 million); a transfer from the City of San José Sewer Service and Use Charge (SSUC) Fund (\$35.0 million); interest earnings (\$8.4 million); and Calpine Metcalf Energy Center Facilities Repayments (\$389,000). Through December, \$69.7 million (20.8%) has been received, primarily due to the transfer and tributary payments. Financing proceeds are expected to be realized in the fourth quarter of 2019-2020.

Based on the reconciliation of prior year project expenditures, contributions from the tributary agencies for the current fiscal year have been reevaluated, and are expected to end the year \$11.6 million lower than the budgeted estimate due to the timing of project expenditures and the impact on the contribution schedule. Prior year fund balance and expected project savings will offset this shortfall. Each year, contributions from the tributary agencies are trued up for actual Treatment Plant expenditures and encumbrances from the prior year. Based on current earnings through December, interest revenue for this fund may end the year \$1.9 million lower than the budgeted estimate. The other revenue sources for this fund are anticipated to end the year at the budgeted estimate.

Expenditures – Expenditures in this fund represent the costs of improvements and rehabilitation of the San José-Santa Clara Water Pollution Control Plant. The Modified Budget is \$540.4 million. The major expenditures in this fund are the New Headworks (\$133.5 million), Digester and Thickener Facility Upgrades (\$58.7 million), Nitrification Clarifier Rehabilitation (\$54.7 million), Energy Generation Improvements (\$52.1 million), Aeration Tanks and Blower Rehabilitation (\$47.2 million), Filter Rehabilitation (\$36.8 million), Yard Piping and Road Improvement (\$22.4 million), Advanced Facility Control and Meter Replacement (\$20.3 million), Headworks Improvements (\$16.3 million), Support Building Improvements (\$15.2 million), Digested Sludge Dewatering Facility (\$13.6 million), Program Management (\$11.8 million), Plant Electrical Reliability (\$7.7 million), Treatment Plant Distributed Control System (\$7.1 million), Outfall Bridge and Levee Improvements (\$6.7 million), Owner Controlled Insurance Program (\$6.4 million), and Debt Service for the Plant Capital Improvement Program (\$5.7 million) projects.

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STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT CAPITAL FUND

FUND STATUS

Through December, \$48.8 million (9.0%) of the budget was expended and an additional \$170.7 million was encumbered, bringing overall commitments through December to 40.6% of the budget. A large portion of the budget is currently anticipated to be expended or encumbered on projects and related expenses by the end of the year.

	2019-2020 Current Modified	2019-2020 YTD Actual	2019-2020 % of Budget
<i>Unrestricted Ending Fund Balance</i>	7,379,939	N/A	N/A

Fund Balance – A recommendation to increase the Ending Fund Balance by \$100,000 is included in this report. The City Facilities Emergency Power Generation – Regional Wastewater Facility appropriation was established in the 2018-2019 Annual Report with an initial budget of \$100,000. It was subsequently determined that this project’s intended purpose was not necessary and this allocation is recommended to be released to Fund Balance. After taking this action into account, Ending Fund Balance will increase to \$7.5 million.

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STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT OPERATING FUND

	2019-2020 Current Modified	2019-2020 YTD Actual	2019-2020 % of Budget
<i>Revenues</i>	96,735,000	85,581,020	88.5%
<i>Expenditures</i>	104,493,520	48,321,768	46.2%

FUND STATUS

Revenues – Revenue for the San José-Santa Clara Treatment Plant Operating Fund consists primarily of transfers from the Sewer Service and Use Charge Fund (\$64.0 million), contributions from the City of Santa Clara (\$13.4 million) and participating tributary agencies (\$18.5 million), and interest earnings (\$430,000). Through December, revenues totaled \$85.6 million, or 88.5% of the budgeted estimate.

The largest source of revenue, the transfer from the Sewer Service and Use Charge Fund (\$64.0 million), has been received in full. Contributions from Santa Clara and other tributary agencies are estimated to come in higher than budgeted levels. These contributions are made in four installments based on the amounts provided in the 2019-2020 Proposed Budget. However, after the Comprehensive Annual Financial Report is released and prior year actuals are determined, the amounts owed by the agencies are adjusted accordingly. As a result of the final reconciliation for 2018-2019, this year’s agency reimbursement revenue is projected to come in above budget by \$970,000. Interest revenue through December has already exceeded budgeted levels by approximately \$338,000 for a total of \$768,000, and are expected to exceed the budgeted estimate by \$750,000 by the end of the year. Overall, revenues are estimated to end the year at or slightly above the budget.

Expenditures – Expenditures in this fund represent the costs required for the operation and maintenance of the San José-Santa Clara Water Pollution Control Plant and associated regulatory activities. Through December, \$48.3 million (46.2%) has been expended, and an additional \$13.6 million (13.0%) has been encumbered, bringing the total commitments to \$61.9 million (59.2%). Across Personal Services appropriations within the fund, expenditure levels are tracking slightly below expectations with \$24.5 million (42.4%) expended, and are projected to end the year 7.1% below budgeted levels (\$57.7 million). Non-Personal/Equipment commitments are above the previous year’s levels with \$24.2 million expended in 2019-2020, compared to \$20.7 million in 2018-2019. Overall, expenditures are projected to end the year at or slightly below budgeted levels.

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STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT OPERATING FUND

FUND STATUS

	2019-2020 Current Modified	2019-2020 YTD Actual	2019-2020 % of Budget
<i>Unrestricted Ending Fund Balance</i>	7,872,045	N/A	N/A

Ending Fund Balance – Actions are included in this report to increase the Ending Fund Balance by \$51,512 as an offset to a net expenditure reduction resulting from a decrease to the Personal Services appropriation to the Environmental Services Department to account for savings from the Voluntary Furlough/Reduced Work Week Program (\$53,730), and an increase to the Personal Services appropriation to the Human Resources Department to account for the Salary and Benefits Program adjustment (\$2,218). After accounting for these actions, the Ending Fund Balance remains \$7.9 million.

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STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SEWER SERVICE AND USE CHARGE CAPITAL IMPROVEMENT FUND

	2019-2020 Current Modified	2019-2020 YTD Actual	2019-2020 % of Budget
<i>Revenues</i>	37,011,000	33,468,869	90.4%
<i>Expenditures</i>	104,040,163	14,809,881	14.2%

FUND STATUS

Revenues – Budgeted revenue for the Sewer Service and Use Charge Capital Improvement Fund consists of transfers from the Sewer Service and Use Charge Fund (\$32.0 million), reimbursements from the West Valley Sanitation District (WVSD) and Cupertino for joint projects (\$4.0 million), and interest earnings (\$1.1 million).

Revenue through the end of December totals \$33.5 million (90.4%), consisting mainly of the transfer from the Sewer Service and Use Charge Fund (\$32.0 million). Interest revenue totaling \$962,000 has also been received through December, nearly meeting the estimated year-end total.

Overall, revenues are expected to meet required levels. As funds are expended on projects within Cupertino and the WVSD, invoices are processed and issued to those agencies, for which reimbursements are received.

Expenditures – Expenditures in this fund represent the costs of improvements and rehabilitation of the Sanitary Sewer System. The major expenditures in this fund are the 60” Brick Interceptor Rehabilitation project (\$37.4 million), Urgent Rehabilitation and Repair Projects allocation (\$11.4 million), Condition Assessment Sewer Repair (\$10.7 million), Bollinger Road – Moorpark Avenue – Williams Road Sanitary Sewer Improvements (\$8.7 million), Immediate Replacement and Diversion Projects (\$8.2 million), Cast Iron Pipe – Remove and Replace (\$6.7 million), Westmont Avenue and Harriet Avenue Sanitary Sewer Improvements (\$5.1 million), Infrastructure – Sanitary Sewer Condition Assessment (\$3.4 million), and Master Planning Updates (\$2.1 million). Additional expenses include the Public Art allocation (\$1.2 million) and a transfer to the City Hall Debt Service Fund (\$315,000).

Through December, \$14.8 million (14.2%) of the budget was expended and an additional \$48.5 million was encumbered, bringing the total amount committed to 60.9%. Overall, expenditures are expected to meet budgeted levels.

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**STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS
SEWER SERVICE AND USE CHARGE CAPITAL IMPROVEMENT FUND**

FUND STATUS

	2019-2020 Current Modified	2019-2020 YTD Actual	2019-2020 % of Budget
<i>Unrestricted Ending Fund Balances</i>	9,250,018	N/A	N/A

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

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STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

TRANSIENT OCCUPANCY TAX FUND

FUND STATUS

	2019-2020 Current Modified	2019-2020 YTD Actual	2019-2020 % of Budget
<i>Revenues</i>	33,871,000	11,079,037	32.7%
<i>Expenditures</i>	41,796,189	28,038,521	67.1%

Revenues – Transient Occupancy Tax (TOT) Fund revenues through December totaled \$11.1 million, tracking 2.7% below the prior year level for the same period (\$11.4 million). This year-over-year variance is attributable to declining booking activity, despite increased hotel room supply (451 rooms), and the softening of average room rates. The 2019-2020 Adopted Budget estimate of \$33.8 million assumed almost 7.1% growth over 2018-2019 year-end projections used for budget development (\$31.4 million), based on prior sustained year-over-year revenue growth, prevailing economic conditions, the corresponding outlook for the convention and hospitality sectors, and assumed consistent demand and benefit of increased supply. Relative to actual 2018-2019 collections, growth of 9.4% is needed to meet the current 2019-2020 estimate due to lower than anticipated collections during the fourth quarter of 2018-2019. Given year-to-date collections and current occupancy and room rate trends, TOT collections are now projected to fall short of the budgeted estimate by 11.1%, necessitating downward adjustment from \$33.8 million to \$30.0 million.

As the Transient Occupancy Tax has historically been a leading indicator of a changing economic outlook, staff is continuing to closely monitor hotel activity metrics and collections, which are currently suggesting that the recent growth trend may have peaked and that revenues are poised to decline relative to prior year levels. The average hotel occupancy rate for the San José market hotels was 74.1%, a decrease from the 78.5% occupancy rate reported for the same period in 2018-2019, which is partly attributable to increases in hotel room supply in late summer 2019. Reported average room rates also decreased from \$195.08 to \$191.58 (1.8%). And more indicative of year-to-date performance, average revenue-per-available room (RevPAR) of \$141.96 represents a 7.3% decrease from the prior year level of \$153.10.

Expenditures – According to San José Municipal Code (Sections 4.72.060 and 4.72.065), Transient Occupancy Tax receipts are proportionally allocated for: operation of the San José Convention and Visitors Bureau (CVB) (25%); cultural grant programs managed by the Office of Economic Development (25%); and transfer to the Convention and Cultural Affairs Fund (50%) to support the contractual operations of the San José McEnery Convention Center and various cultural facilities owned by the City. Overall expenditures through December 2019, totaling \$28.0 million, represent 67.1% of the Modified Budget. To date, most budgeted funds have been transferred to the Convention and Cultural Affairs Fund and expended or encumbered for pass-through funding to Team San Jose for CVB operations.

2019-2020 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

TRANSIENT OCCUPANCY TAX FUND

FUND STATUS

Proportional reductions are recommended in this report to the Transfer to the Convention and Cultural Affairs Fund (\$1,875,000), Cultural Grants allocation (\$937,500), and San José Convention and Visitors Bureau allocation (\$937,500) to offset the recommended \$3,750,000 reduction to estimated TOT revenue. Corresponding proportional reductions are also recommended to allocate the final variance in actual 2018-2019 receipts (\$103,357). These actions require the partial reversal of interfund transfers recorded to date and the partial release of current encumbrances. However, the adjustments do not impact current funding levels for the contractual operation of the San José McEnery Convention Center and various cultural facilities owned by the City, as an equivalent reduction to the Ending Fund Balance is recommended in the Convention and Cultural Affairs Fund. However, the reduced revenue estimate decreases the resources available to fund future capital infrastructure needs at the supported facilities.

	2019-2020 Current Modified	2019-2020 YTD Actual	2018-2019 % of Budget
<i>Unrestricted Ending Fund Balance</i>	1,839,424	N/A	N/A

Ending Fund Balance – The adjustments recommended in this report do not impact Ending Fund Balance for the Transient Occupancy Tax Fund. Further details on the adjustments can be found in Section III, *Recommended Budget Adjustments and Clean-up Actions*, of this report.

2019-2020 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY FUND

	2019-2020 Current Modified	2019-2020 YTD Actual	2019-2020 % of Budget
<i>Revenues</i>	51,761,429	24,297,133	46.9%
<i>Expenditures</i>	54,340,616	24,535,563	45.2%

FUND STATUS

Revenues – Budgeted revenues for the Water Utility Fund consists primarily of Metered Sales of water to residents of jurisdictions served by the San José Municipal Water System (\$44.7 million). Additional sources of revenue include Metered Sales of recycled water (\$6.4 million), Late Fees associated with Metered Sales of recycled and non-recycled water (\$300,000), interest revenue (\$276,000), and miscellaneous revenue associated with the sale of water (\$100,000).

The largest source of revenue in this fund, Metered Sales, is on track to meet the budget with \$20.9 million (46.8%) received through the end of December. Similarly, Metered Sales of recycled water are tracking at expectations with \$3.0 million (46.6%) received through the end of December. Late Fee revenue is tracking above expectations with \$241,000 (80.4%) received through December, while interest revenue is tracking below budgeted levels with \$82,000 (29.8%) received through the end of December. Overall, revenue is projected to end the year at the budgeted level. Historical and seasonal trends have shown that fluctuations in water consumption rates during the second half of the fiscal year can have significant impacts on year-end revenues. Close attention will be paid to Metered Sales revenues through the remainder of the year to ensure any necessary budgetary actions will be taken.

Expenditures – Expenditures in this fund represent the costs required for the operation and maintenance of the San José Municipal Water System. Most of the expenditures in this fund are budgeted in the Non-Personal/Equipment appropriation to the Environmental Services Department (\$38.6 million) for the purchase of water and related operational needs. Beyond that, Personal Services appropriations to the Environmental Services Department (ESD) (\$7.3 million) and other City departments (\$850,000) account for the next largest segment of operational expenditures. Non-operational expenses include transfers to other funds, primarily the Water Utility Capital Fund (\$4.8 million), and to the General Fund of Late Fee revenue (\$486,000) and City Hall Debt Service (\$196,000). Other expenditures include the Reimbursement of Indirect Overhead (\$1.5 million) and costs associated with the transition of the Customer Information System (\$151,000).

2019-2020 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS


WATER UTILITY FUND

FUND STATUS

Through December, \$24.5 million (45.2%) has been expended, and an additional \$2.2 million (4.0%) has been encumbered, bringing the total commitments to 49.2%. Across Personal Services appropriations, expenditure levels (\$3.5 million) are tracking slightly below expectations with 42.3% expended, and are projected to end the year below budgeted levels. Non-Personal/Equipment commitments are slightly above the previous year’s levels with \$19.1 million (49.3%) expended in 2019-2020, compared to \$17.8 million in 2018-2019. Overall, expenditures are projected to end the year below budgeted levels primarily due to expected vacancy savings within the Environmental Services Department.

	2019-2020 Current Modified	2019-2020 YTD Actual	2019-2020 % of Budget
<i>Unrestricted Ending Fund Balance</i>	4,616,267	N/A	N/A

Ending Fund Balance – Actions are included in this report to increase the Ending Fund Balance by \$1,479 as an offset to net expenditure decreases. This net decrease results from increases to the Personal Services appropriations to the City Attorney’s Office (\$2,503) and Finance Department (\$2,417) to account for the Salary and Benefits Program adjustment, and decreases to ESD Personal Services to account for Voluntary Furlough/Reduced Work Week Program savings (\$6,399). After accounting for these actions, the Ending Fund Balance remains \$4.6 million.



2019-2020

MID-YEAR
BUDGET
REVIEW



SECTION
III

RECOMMENDED
BUDGET ADJUSTMENTS AND
CLEAN-UP ACTIONS



**2019-2020
MID-YEAR BUDGET REVIEW**

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

RECOMMENDED BUDGET ADJUSTMENTS

This section of the Mid-Year Budget Review describes recommended budget adjustments and is broken down by General Fund, Special Funds, and Capital Funds.

General Fund

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

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

Special Funds

Special Fund Adjustments – These actions adjust revenue estimates based on current year collection information; recognize and appropriate revenues from new or adjusted grants, reimbursements, and fees; reallocate project funding from reserves; and/or establish a limited number of new projects and programs.

Capital Funds

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

**2019-2020
MID-YEAR BUDGET REVIEW**

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

RECOMMENDED CLEAN-UP ACTIONS

General Fund & Special/Capital Funds

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

Fund Balance Reconciliations – 2019-2020 Beginning Fund Balances in each budgeted fund are adjusted each year as part of the Annual Report process based on unaudited Comprehensive Annual Financial Report (CAFR) statements. For some funds, however, additional actions are included in the Mid-Year Budget Review to further revise Beginning Fund Balances based on a reconciliation to the final audited 2018-2019 CAFR.

Salary and Benefits Program – Several actions are recommended to increase various department Personal Services appropriations to fund cost increases associated with Management Pay for Performance Program (MPP) salary increases and actual costs for employee benefits. Adjustments were included for those departments that are not able to absorb these additional costs (\$3.6 million all funds and \$2.7 million General Fund). In addition, \$705,000 is being returned to Development Fee Program Reserves because the fee programs did not require the salary program distributions. To offset these augmentations totaling \$3.4 million, this report includes recommendations to partially decrease the Salaries and Benefits Reserve allocation in the General Fund that was set aside for these increases in the 2019-2020 Adopted Budget and reduce the Ending Fund Balances in the Special Funds as appropriate. After distributing funding for the additional costs, the remaining funding in the General Fund totals \$200,000, which is recommended to be used as a balancing action in this report.

**2019-2020
MID-YEAR BUDGET REVIEW**

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

RECOMMENDED CLEAN-UP ACTIONS

General Fund & Special/Capital Funds

Voluntary Furlough/Reduced Work Week Program – Adjustments to various departments’ Personal Services appropriations reflect implementation of the Voluntary Furlough/Reduced Work Week Program in 2019-2020. Savings in the General Fund (\$236,000) 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 2019-2020 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 restore the \$200,000 to the Salaries and Benefits Reserve, with the remaining \$36,000 funding other actions recommended in this report.

Rebudgets – These actions revise revenue and expenditure rebudgets of prior year funding based on 2018-2019 final year-end accounting adjustments.

Technical Adjustments – This action recommends a net-zero transfer (\$138,000) between the Finance Department’s Personal Services and Non-Personal/Equipment appropriations for temporary agency staffing costs to backfill for vacancies.

General Fund Recommended Budget Adjustments Summary 2019-2020 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Other Revenue (Sale of Properties)</p> <p>This action increases the estimate for Other Revenue by a net \$3.75 million (from \$1.1 million to \$4.85 million) to recognize additional proceeds from the sale of properties. This adjustment includes the recognition of \$4.75 million generated from the recent sale of 200 Park Avenue frontage approved by the City Council on November 19, 2019, offset by a reduction to the original estimate of surplus property sales of \$1.0 million due to a revised schedule of surplus property sales anticipated for the remainder of the fiscal year.</p>	City Manager - Office of Economic Development	-	-	\$3,750,000
<p>Property Tax</p> <p>This action increases the Property Tax estimate by \$10.0 million, from \$354.0 million to \$364.0 million, to reflect higher estimated Secured Property Tax receipts. Based on the most recent information provided by the County of Santa Clara, Secured Property Tax receipts in 2019-2020 are estimated at \$340 million, which is approximately \$10 million over the budgeted level. The recommended adjustment includes increases to Secured Property Taxes by \$4.8 million (from \$293.6 million to \$298.4 million), the Educational Revenue Augmentation Fund (ERAF) receipts by \$3.2 million (from \$19.8 million to \$23.0 million), and the SARA Property Tax estimate by \$2.0 million (from \$16.0 million to \$18.0 million).</p>	City Manager's Office	-	-	\$10,000,000
<p>Transient Occupancy Tax</p> <p>This action reduces estimated revenue from the Transient Occupancy Tax (TOT) by \$2,500,000 (from \$22,500,000 to \$20,000,000) to realign projections for 2019-2020 based on year-to-date performance. Through December 2019, TOT proceeds are 2.7% below prior year collections, due to declining occupancy rates and lower revenue potential, measured as revenue per available room. A corresponding reduction to TOT revenues credited to the Transient Occupancy Tax Fund is recommended elsewhere in this report, offset by proportional expenditure decreases to the Transfer to the Convention and Cultural Affairs Fund (\$1,875,000), the Cultural Grants allocation (\$937,500) to the Office of Economic Development, and San José Convention and Visitors Bureau allocation managed by Team San Jose (\$937,500).</p>	City Manager's Office	-	-	(\$2,500,000)

**Required
Technical-
Rebalancing
Actions**

General Fund Recommended Budget Adjustments Summary 2019-2020 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Storm Fees This action increases the Storm Fees appropriation by \$90,000 (from \$280,000 to \$370,000) to pay for storm sewer fees attributed to City-owned property. This action aligns the budgeted amount for the Storm Fees appropriation with projected year-end estimates.	Environmental Services Department	-	\$90,000	-
Non-Personal/Equipment (Building Performance Payment Processing) This action increases the Non-Personal/Equipment appropriation to the Finance Department by \$30,000 to support temporary staffing costs to process payments associated with the Energy and Water Building Performance Ordinance. When the fee was established to implement this ordinance for the first time in 2019-2020, it was assumed that the building owners would be billed on a staggered basis over the course of the year. However, based on recent experience, one-time billing and collection is recommended, which will require temporary staffing assistance.	Finance Department	-	\$30,000	-
Non-Personal/Equipment (Business Tax System Maintenance) This action increases the Non-Personal/Equipment appropriation to the Finance Department by \$56,000 for the ongoing contractual maintenance and support of the Business Tax software. This includes nominal support for the Business Tax system until another system can be procured.	Finance Department	-	\$56,000	-
Non-Personal/Equipment (Exhaust Systems Maintenance) This action increases the Non-Personal/Equipment appropriation to the Fire Department by \$75,000 to repair and maintain the current Nederman's Exhaust Systems that are nearing the end of their useful lives. These systems remove exhaust emitted from idling vehicles in station apparatus bays to mitigate firefighter exposure to harmful fumes while the vehicles operate in a state of readiness.	Fire Department	-	\$75,000	-

General Fund Recommended Budget Adjustments Summary 2019-2020 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Non-Personal/Equipment (SCBA Equipment)	Fire Department	-	\$99,802	-
<p>This action increases the Non-Personal/Equipment appropriation to the Fire Department by \$99,802 to purchase 65 replacement SCBA face masks, voice amplifiers and additional regulators due to equipment failures and equipment needs for the scheduled Fire Recruit Academies in March 2020. Replacements were inadvertently not included in the 2019-2020 Adopted Budget, but will be included in the development of the 2020-2021 Base Budget.</p>				
Workers' Compensation Claims – Fire	Fire Department	-	(\$200,000)	-
<p>This action decreases the Workers' Compensation Claims - Fire appropriation by \$200,000 (from \$8.0 million to \$7.8 million) consistent with actual settlements and medical treatment costs through December 2019, and projected activity for the remainder of 2019-2020. These projected savings are recommended to be reallocated to the Workers' Compensation Claims - Police appropriation to offset costs associated with anticipated settlements before June 2020.</p>				
Non-Personal/Equipment (Talent Development Program)	Human Resources Department	-	(\$140,000)	-
<p>This action decreases the Non-Personal/Equipment appropriation to the Human Resources Department by \$140,000 to reallocate funds to the Personal Services appropriation to support staffing for the Talent Development Program. The 2019-2020 Adopted Operating Budget allocated funding for the program to the Department's Non-Personal/Equipment appropriation, pending determination of the balance of contractual and in-house support to best meet program objectives. Upon further analysis of the program, it is recommended that this funding be shifted to the Personal Services appropriation to provide for temporary staffing to deliver the program. The temporary staffing will be responsible for rebuilding the City's Talent Development Program and managing city-wide trainings offered through the "Powered by People" initiative. The learning and development team was successful in re-launching Citywide training opportunities with about 700 City staff participating in multiple learning opportunities. A corresponding increase to Personal Services appropriation is recommended in this report to offset this action.</p>				

General Fund Recommended Budget Adjustments Summary 2019-2020 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Personal Services (Self-Insured Medical Fund Staffing)</p> <p>This action decreases the Personal Services appropriation to the Human Resources Department in the General Fund by \$49,000. This decrease accounts for the costs associated with a portion of a Division Manager that was erroneously attributed to the General Fund and should be funded by the Self-Insured Medical Fund, as the position supports that benefit program's administration. Additional action will be recommended as part of the development of the 2020-2021 Base Operating Budget to incorporate this funding realignment on an ongoing basis. A corresponding increase to the Personal Services appropriation in the Self-Insured Medical Fund is recommended elsewhere in this report.</p>	Human Resources Department	-	(\$49,000)	-
<p>Personal Services (Talent Development Program)</p> <p>This action increases the Personal Services appropriation to the Human Resources Department by \$140,000 to support temporary staffing costs for the Talent Development Program. These funds support temporary staffing associated with re-vitalizing and re-building the City's Talent Development program, a key component of the City's "Powered by People" initiative. This function is targeted to manage additional training opportunities for more than 700 individuals. A corresponding decrease to the Non-Personal/Equipment appropriation is recommended in this report to offset this action.</p>	Human Resources Department	-	\$140,000	-
<p>Non-Personal/Equipment (PC and Windows Upgrade Project)</p> <p>This action increases the Information Technology Department's Non-Personal/Equipment appropriation by \$100,000 to support the PC and Windows Upgrade Project. In the 2019-2020 Adopted Operating Budget, funding was approved to replace 142 PC's for the Public Works Department. Since then, an additional 112 PC's have been identified that need replacement and Windows upgrade, resulting in a total of 254 PC's to be replaced through this project.</p>	Information Technology Department	-	\$100,000	-

General Fund Recommended Budget Adjustments Summary 2019-2020 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Non-Personal/Equipment (Janitorial Services)</p> <p>This action increases the Library Department's Non-Personal/Equipment appropriation by \$68,000 for janitorial services. On October 22, 2019, the City Council approved the second amendment to the agreement with ABM Industrial Services, Inc. for janitorial services at city-wide facilities, including supplies and related expenses, beginning November 1, 2019. The new agreement with ABM Industrial Services, Inc. reflected a 13.3% increase to account for a living wage increase and projected cost increases for staff benefits, fuel, and operating supplies. This action will provide funding to cover 8 months of the 12-month extended term to support the increased costs of janitorial services for library restrooms.</p>	<p>Library Department</p>	-	\$68,000	-
<p>2019-2020 Ending Fund Balance Reserve</p> <p>This action establishes the 2019-2020 Ending Fund Balance Reserve in the amount of \$10.0 million from excess General Fund revenues projected this fiscal year. When developing the Proposed Operating Budget for the upcoming fiscal year, a combination of excess revenues, expenditure savings, and the liquidation of carryover encumbrances is expected to generate ending fund balance in the current fiscal year for use as a general funding source for the upcoming year. The 2020-2024 Five-Year Forecast issued in February 2019 assumed that approximately \$23 million in fund balance would be available at the end of 2019-2020 for use in 2020-2021. The 2021-2025 Five-Year Forecast that will be issued at the end of February 2020 and the 2020-2021 Proposed Operating Budget that will be issued on April 29, 2020 will incorporate fund balance as a funding source. This action sets aside a portion of the ending fund balance that is expected to be generated in 2019-2020. It is anticipated that additional actions will be brought forward at year-end to increase the 2019-2020 Ending Fund Balance Reserve.</p>	<p>Office of the City Manager</p>	-	\$10,000,000	-

General Fund Recommended Budget Adjustments Summary 2019-2020 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Non-Personal/Equipment (Reallocation to Personal Services for Office of Civic Innovation Staffing)	Office of the City Manager	-	(\$550,000)	-

This action decreases the Non-Personal/Equipment appropriation to the City Manager's Office by \$550,000 (from \$4,207,759 to \$3,657,759) to reallocate funds to the Personal Services appropriation to support temporary staffing costs in the Office of Civic Innovation. In the 2019-2020 budget, all the funding for the Privacy Policy development, Safe City data integration, and Internet of Things Business Architecture was allocated to the Non-Personal/Equipment appropriation, as the implementation plan was not known at the time. A corresponding increase to Personal Services appropriation is recommended in this report to offset this action.

Personal Services (Reallocation from Non-Personal/Equipment for Office of Civic Innovation Staffing)	Office of the City Manager	-	\$550,000	-
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This action increases the Personal Services the to the City Manager's Office by \$550,000 (from \$17,304,675 to \$17,854,675) to reallocate funds from the Non-Personal/Equipment appropriation to support temporary staffing costs in the Office of Civic Innovation. In the 2019-2020 budget, all the funding for the Privacy Policy development, Safe City data integration, and Internet of Things Business Architecture was allocated to the Non-Personal/Equipment appropriation, as the implementation plan was not known at the time. A portion of the funding is recommended to be shifted to support temporary staffing rather than using a consultant or contractor. Temporary staffing will drive the creation of use-case driven privacy policies; allow for a more integrated and effective approach to the use of data and technology by the City's public safety partners as identified in the Safe City Strategy Roadmap while also achieving Bloomberg What Works Cities Silver level certification; and focus on the Internet of Things Business Architecture. The corresponding decrease to Non-Personal/Equipment appropriation is recommended in this report to offset this action.

**General Fund Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Non-Personal/Equipment (Janitorial Services)</p> <p>This action increases the Parks, Recreation and Neighborhood Services Department's Non-Personal/Equipment appropriation by \$74,000 for janitorial services. On October 22, 2019, the City Council approved the second amendment to the agreement with ABM Industrial Services, Inc. for janitorial services at city-wide facilities, including supplies and related expenses, beginning November 1, 2019. The new agreement with ABM Industrial Services, Inc. reflected a 13.3% increase to account for a living wage increase and projected cost increases for staff benefits, fuel, and operating supplies. This action will provide funding to cover 8 months of the 12-month extended term to support the increased costs of janitorial services for park restrooms.</p>	<p>Parks, Recreation and Neighborhood Services Department</p>	-	\$74,000	-
<p>Personal Services (Healthy Aging San José)</p> <p>This action increases the Parks, Recreation and Neighborhood Services Department's Personal Services appropriation by \$19,240 to support the Healthy Aging San José grant. While the grant revenue was recognized as part of the 2018-2019 Annual Report, the personal services costs were inadvertently omitted. The term of the grant is July 01, 2019 to June 30, 2020. This grant aims to improve the long-term health and wellness outcomes of older adults, 50+ years, and their caregivers by strengthening their community connections, support system, and peer-to-peer relationships, as well as increase their overall knowledge of effective health management techniques, and other aging/health-related topics. Healthy Aging San José will be offered at six City of San José operated community centers in East and Central San José.</p>	<p>Parks, Recreation and Neighborhood Services Department</p>	-	\$19,240	-

**General Fund Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Personal Services (Youth Reinvestment Grant)</p> <p>This action increases the Parks, Recreation and Neighborhood Services Department's Personal Services appropriation by \$40,000 to support the Youth Reinvestment Grant. The total award of the grant is \$1.0 million, which covers 2019-2020, 2020-2021, and 2021-2022. Revenue in the amount of \$340,000 to cover 2019-2020 was recognized as part of the 2018-2019 Annual Report; however, only \$300,000 in personal services costs was appropriated. This program will fund community-based organizations that provide juvenile justice diversion programming. This grant aims to mediate targeted youth high risk behaviors, increase their school success and bonding, strengthen their personal and social life skills and prosocial lifestyle, provide family support and educational services to youth families in need, and in turn reduce the disproportionate over-representation of Hispanics youth in the juvenile justice system.</p>	Parks, Recreation and Neighborhood Services Department	-	\$40,000	-
<p>Revenue from Local Agencies (BHSD Grant for Therapeutics)</p> <p>This action decreases the Revenues from Local Agencies in the amount of \$309,000 for the Santa Clara County Behavioral Health Services Department Grant for Therapeutics. This revenue was allocated as part of the 2019-2020 base budget process (\$309,000) and was inadvertently recognized again as part of the 2018-2019 Annual Report (\$309,000). As part of this report, this recommended action will reduce the grant revenue by \$309,000 to correctly align the budget with the anticipated grant proceeds.</p>	Parks, Recreation and Neighborhood Services Department	-	-	(\$309,000)
<p>Accessory Dwelling Unit Amnesty Program</p> <p>This action establishes the Accessory Dwelling Unit (ADU) Amnesty Program City-Wide Expenses appropriation to the Planning, Building and Code Enforcement Department in the amount of \$293,000 as required to implement the ADU Amnesty Program approved by the City Council on January 7, 2020. This funding will be used to pay for permitting and inspection costs for 50 units that would qualify under the program, which is the number of units estimated to participate in 2019-2020. Additional funding for the following fiscal year will be evaluated during the 2020-2021 Proposed Budget development process.</p>	Planning, Building and Code Enforcement Department	-	\$293,000	-

General Fund Recommended Budget Adjustments Summary 2019-2020 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Workers' Compensation Claims - Police	Police Department	-	\$200,000	-
<p>This action increases the Workers' Compensation Claims – Police appropriation by \$200,000 (from \$8.0 million to \$8.2 million) consistent with actual settlements and medical treatment costs through December 2019, and projected activity for the remainder of 2019-2020. This action is offset with projected savings and a corresponding reduction to the Workers' Compensation Claims - Fire appropriation recommended elsewhere in this report.</p>				
Closed Landfill Compliance	Public Works Department	-	\$150,000	-
<p>This action increases the Closed Landfill Compliance City-wide Capital Improvements appropriation by \$150,000, from \$350,000 to \$500,000. The City owns four closed landfills - Singleton Road, Story Road, Roberts Avenue, and Martin Park. In the past few years, the costs to maintain compliance at the City's closed landfills have increased and several large one-time expenditures have occurred. Both Story Road and Singleton Road landfills are undeveloped and are frequently impacted by vandalism and grass fires. Funding covers maintenance and operations of Singleton flare, regulatory permit and oversight fees, annual groundwater monitoring at Singleton, and general site maintenance (fence repairs, vandalism). As this elevated work effort is expected to continue, these increased costs will be incorporated into the 2020-2021 Base Budget. Funding is necessary to maintain compliance with Regional Water Quality Control Board, Bay Area Air Quality Management District (Singleton only), and CalRecycle.</p>				
Non-Personal/Equipment (Janitorial Services)	Public Works Department	-	\$450,000	-
<p>This action increases the Public Works Department's Non-Personal/Equipment appropriation by \$450,000 for janitorial services. On October 22, 2019, the City Council approved the second amendment to the agreement with ABM Industrial Services, Inc. for janitorial services at city-wide facilities, including supplies and related expenses, beginning November 1, 2019. The new agreement with ABM Industrial Services, Inc. reflected a 13.3% increase to account for a living wage increase and projected cost increases for staff benefits, fuel, and operating supplies. This action will provide funding to cover 8 months of the 12-month extended term janitorial contract to support the increased costs of janitorial services for City Hall, Police, and Community Centers.</p>				

**General Fund Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Transfers and Reimbursements (Measure T)	Public Works Department	-	-	\$319,000
<p>This action increases the estimate for Transfers and Reimbursements by \$319,000 to reflect a transfer from the Public Safety and Infrastructure Bond Fund (Measure T). This action reimburses the General Fund for costs that were advanced for Measure T projects prior to bond issuance and have been determined to be eligible for payment out of the Public Safety and Infrastructure Bond Fund. Examples of these costs include project feasibility work and administrative staff support. A corresponding action in the Public Safety and Infrastructure Bond Fund is recommended elsewhere in this report.</p>				
Required Technical-Rebalancing Actions		-	\$11,496,042	\$11,260,000
Creating Connections/Other Revenue	City Manager - Office of Economic Development	-	\$140,000	\$140,000
<p>This action establishes the Creating Connections City-Wide appropriation to the Office of Economic Development and increases the estimate for Other Revenue in the amount of \$140,000 to recognize a grant received from the David and Lucile Packard Foundation. The grant will be used to expand the WeCreate408 communication campaign in 2020, engage a second round of Creative License Ambassadors, and convene arts and allied organizations for training in the Creating Connections framework and WeCreate408 campaign.</p>				
Grants- Reimbursements -Fees				
Fire Development Fee Program Reserve	Fire Department	-	(\$250,000)	-
<p>This action decreases the Fire Development Fee Program Reserve by \$250,000 to offset the action to establish the Fire Inspection Improvements appropriation as recommended in this report.</p>				

General Fund Recommended Budget Adjustments Summary 2019-2020 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Fire Inspection Improvement</p> <p>This action establishes the Fire Inspection Improvements City-Wide Expenses appropriation of \$250,000 to the Fire Department to provide additional funding to help address the current backlog of inspections, including temporary staffing and contractual services, and to evaluate potential improvements in the medium to longer term, such as internal process improvements and technology investments. This effort will occur in close collaboration between the Fire Department and the City Manager's Office and is funded by a corresponding reduction to the Fire Development Fee Program Reserve.</p>	Fire Department	-	\$250,000	-
<p>Non-Personal/Equipment/Revenue from Federal Government (2018 SHSGP Grant - Water Rescue-Related Equipment)</p> <p>This action decreases the Non-Personal/Equipment appropriation to the Fire Department and corresponding estimate for Revenue from Federal Government by \$74,400. Funding was included in the 2019-2020 Adopted Operating Budget for the purchase of two personal water crafts and related equipment for emergency water rescue. However, the San José Fire Department was informed in November 2019 that the 2018 State Homeland Security Grant Program (SHSGP) grant for Water Rescue Related Equipment (personal watercrafts) was denied by CAL-OES. Although this grant project was approved by SHSGP, because it included a watercraft, an additional layer of review was required by CAL-OES, and the project was denied. The San José Fire Department does not anticipate applying for this grant again, as they do not meet the qualifications to be awarded the grant.</p>	Fire Department	-	(\$74,400)	(\$74,400)
<p>Non-Personal/Equipment/Revenue from Federal Government (SHSGP – Water Rescue Trailer Grant)</p> <p>This action increases the Non-Personal/Equipment appropriation to the Fire Department and corresponding estimate for Revenue from Federal Government by \$17,852 to recognize additional reimbursements received from the State Homeland Security Grant Program (SHSGP) - Water Rescue Trailer Grant. The reimbursements are for eligible expenses related to the purchase and installation of the necessary parts to outfit water rescue trailers, including boat racks, electric winches, wiring and decals.</p>	Fire Department	-	\$17,852	\$17,852

General Fund Recommended Budget Adjustments Summary 2019-2020 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Library Grants/Other Revenue (PLP Innovation and Technology Opportunity Grant)	Library Department	-	\$12,460	\$12,460
<p>This action increases the Library Grants appropriation and estimate for Other Revenue by \$12,460 to recognize the receipt of Pacific Library Partnership (PLP) grant. This grant funding will support the PLP Innovation and Technology Opportunity program at San Jose Public Library branches. This program includes installation of five Charge Tech 8-bay cell phone charging lockers at library branches (Bascom, Biblioteca Latinoamericana, Edenvale, Educational Park, and Tully Community Library). These charging stations allow users to secure their phones in a locked compartment while it is charging.</p>				
Library Grants/Other Revenue (Yiddish Book Center Grant)	Library Department	-	\$500	\$500
<p>This action increases the Library Grants appropriation and the estimate for Other Revenue by \$500 to recognize the receipt of the Yiddish Book Center grant. This grant funding will support Yiddish Book Center's "Coming to America" reading program at the San Jose Public Library. In this program, librarians arrange reading groups to discuss three books of Yiddish literature in translation, and one book related to an immigrant community served by the library.</p>				
Library Grants/Revenue from State of California (CLLS Adult Literacy Grant)	Library Department	-	\$72,672	\$72,672
<p>This action increases the Library Grants appropriation and the estimate for Revenue from State of California by \$72,672 to recognize the receipt of a California Library Literacy Services grant. This funding will allow for the purchase of books, materials, and computer software, as well as support the Adult Literacy and Families for Literacy program. These programs help adults increase their basic literacy skills and addresses the literacy needs of their young children.</p>				

General Fund Recommended Budget Adjustments Summary 2019-2020 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Library Grants/Revenue from State of California (CREI-LSTA Grant)	Library Department	-	\$5,000	\$5,000
<p>This action increases the Library Grants appropriation and the estimate for Revenue from State of California by \$5,000 to recognize the receipt of the California Libraries Cultivating Racial Equity and Inclusion (CREI) Initiative. This grant funding will support learning, planning, and implementation of racial equity and inclusion policies, practices and learning. As part of this initiative, there will be two trainings to allow library staff to develop a Racial Equity action plan and strategize implementation for the community. In addition, Library staff will receive support and mentorship to develop Racial Equity action plan strategies.</p>				
Council District 1/Other Revenue	Mayor & City Council	-	\$4,948	\$4,948
<p>This action increases Council District #01 appropriation and corresponding estimate for Other Revenue by \$4,948 to allocate revenue received from various businesses and individuals donated for special events sponsored by the district. This funding will support special events co-sponsored by Council District 1, including the 12th Annual Disability Awareness Fair event.</p>				
Council District 2/Other Revenue	Mayor & City Council	-	\$8,500	\$8,500
<p>This action increases Council District #02 appropriation and corresponding estimate for Other Revenue by \$8,500 to allocate revenue received from various businesses and individuals donated for special events sponsored by the district. This funding will support special events co-sponsored by Council District 2, including the 2019 Village Fest event.</p>				
Council District 5/Other Revenue	Mayor & City Council	-	\$21,250	\$21,250
<p>This action increases Council District #05 appropriation and corresponding estimate for Other Revenue by \$21,250 to allocate revenue received from various businesses and individuals donated for special events sponsored by the district. This funding will support special events co-sponsored by Council District 5, including 2019 National Night Out and Light Up the Night events.</p>				

General Fund Recommended Budget Adjustments Summary 2019-2020 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Council District 8/Other Revenue</p> <p>This action increases Council District #08 appropriation and corresponding estimate for Other Revenue by \$16,300 to allocate revenue received from various businesses and individuals donated for special events sponsored by the district. This funding will support special events co-sponsored by Council District 8, including the Fall Family Festival.</p>	Mayor & City Council	-	\$16,300	\$16,300
<p>Council District 9/Other Revenue</p> <p>This action increases Council District #09 appropriation and corresponding estimate for Other Revenue by \$11,075 to allocate revenue received from various businesses and individuals donated for special events sponsored by the district. This funding will support special events co-sponsored by Council District 9, including the 2019 Celebrate Cambrian event.</p>	Mayor & City Council	-	\$11,075	\$11,075
<p>Office of the Mayor/Other Revenue</p> <p>This action increases the Office of the Mayor appropriation and the corresponding estimate for Other Revenue by \$25,000 to allocate revenue received from Encore.org to support the Mayor's Office's Initiatives in developing tools to increase civic engagement.</p>	Mayor & City Council	-	\$25,000	\$25,000
<p>County of Santa Clara Probation Department for Teen Programming/Revenue from Local Agencies</p> <p>This action establishes the County of Santa Clara Probation Funds for Teen Programming City-Wide Expenses appropriation to the Parks, Recreation and Neighborhood Services Department and the corresponding estimate for Revenue from Local Agencies in the amount of \$100,000. Grant funding from the County of Santa Clara Probation Department will increase membership and involvement of youth at City-operated community centers throughout San José.</p>	Parks, Recreation and Neighborhood Services Department	-	\$100,000	\$100,000

**General Fund Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
<p>Non-Personal/Equipment/Fees, Rates, and Charges (County of Santa Clara Social Services Agency)</p> <p>This action decreases the Parks, Recreation and Neighborhood Services (PRNS) Department's Non-Personal/Equipment appropriation and the corresponding revenue estimate for Fees, Rates, and Charges by \$105,820. The County of Santa Clara Social Services Agency provided PRNS with a grant up to \$150,000 in one-time funding to enroll County youth into summer programming. PRNS used these funds to provide scholarships for city-wide summer camps and classes for youth. However, since the scholarship program was specifically for foster youth and was based on a referral system, only \$44,180 was utilized.</p>	Parks, Recreation and Neighborhood Services Department	-	(\$105,820)	(\$105,820)
<p>Non-Personal/Equipment/Other Revenue (Gardner Family Health Network Scholarships)</p> <p>This action increases the Parks, Recreation and Neighborhood Services Department's Non-Personal/Equipment appropriation and the corresponding estimate for Other Revenue in the amount of \$40,000 to reflect receipt of a grant. Grant funding from Gardner Family Health will provide fitness passes and access to fitness classes at community centers for Gardner Family Health clients. Grant funds will also provide scholarships to eligible participants.</p>	Parks, Recreation and Neighborhood Services Department	-	\$40,000	\$40,000
<p>2016 County Victim Services Program/Revenue from State of California</p> <p>This action increases the 2016 County Victim Services Program City-Wide Expenses appropriation to the Police Department in the amount of \$75,436, and corresponding estimate for Revenue from State of California, to support the Police Department's Family Violence Center. These funds will be used to assist in funding two temporary forensic interviewer positions. The forensic interviewers will conduct developmentally and culturally appropriate and legally defensible forensic interviews of children and adolescents that allege sexual abuse. The original grant term of July 1, 2016 through June 30, 2018 was extended to December 31, 2019 to expend the initial \$262,226 award, and funding was augmented in the amount of \$75,436 as of January 1, 2020 for use through December 31, 2020.</p>	Police Department	-	\$75,436	\$75,436

General Fund Recommended Budget Adjustments Summary 2019-2020 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
ICAC State Grant 2018-2020/Revenue from State of California	Police Department	-	\$950,000	\$950,000

This action increases the Internet Crimes Against Children (ICAC) State Grant 2018-2020 appropriation and the corresponding estimate for Revenue from State of California by \$950,000 to partially fund the hiring of wounded veterans to assist the ICAC task forces with the investigation and prosecution of online enticement and exploitation of children by sexual predators and child pornography. The California Office of Emergency Services (CalOES) previously awarded \$1,000,000 for a grant term of July 1, 2018 through December 31, 2020. This supplemental funding of \$950,000, for a total of \$1.95 million, was awarded in December 2019 and will primarily support the acquisition of support vehicles and computer hardware and software on behalf of the City of San José and partner subrecipients to support this investigative work.

Northern California Regional Intelligence Center - Police 2019/Revenue from State of California	Police Department	-	\$121,000	\$121,000
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This action establishes the Northern California Regional Intelligence Center – Police 2019 City-Wide Expenses appropriation to the Police Department and increases the revenue estimate for Revenue from State of California in the amount of \$121,000 for 2019-2020. The Northern California Regional Intelligence Center (NCRIC) works to improve the region's ability to detect, prevent, investigate, and respond to criminal and terrorist activity. This grant will partially fund the salary, benefits, and overtime for one San José Police Department Lieutenant for the period from January 2020 to June 2020. The 2019-2020 Adopted Budget included \$167,000 from the Personal Services appropriation and \$242,000 from the 2018 Northern California Regional Intelligence Center (NCRIC) – Police City-Wide appropriation to partially fund the cost of the Lieutenant position. With this action, the position will be fully funded in 2019-2020.

General Fund Recommended Budget Adjustments Summary 2019-2020 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Emergency Operations Center FF&E Reserve/Revenue from the State of California	Public Works Department	-	\$2,500,000	\$2,500,000

This action establishes the Emergency Operations Center FF&E Reserve in the amount of \$2.5 million and recognizes \$2.5 million in revenue from the State of California. Grant funding from the California Governor's Office of Emergency Services (CalOES) was obtained to help supplement the Emergency Operations Center project. Funding is placed in a reserve to cover furniture, fixtures, and equipment (FF&E), expenditures that are not eligible for the Public Safety and Infrastructure Bond Fund (Measure T) grant funding.

Fire Training Center Relocation/Revenue from the State of California	Public Works Department	-	\$3,000,000	\$3,000,000
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This action increases the Fire Training Center Relocation appropriation by \$3.0 million, from \$3.5 million to \$6.5 million, and recognizes \$3.0 million in revenue from the State of California. Grant funding from the California Governor's Office of Emergency Services (CalOES) was secured in September 2019 to help supplement the costs associated with construction of the Fire Training Center.

Non-Personal/Equipment/Other Revenue (Fleet Telematics)	Public Works Department	-	\$750,000	\$750,000
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This action increases Public Works Department's Non-Personal/Equipment appropriation and the estimate for Other Revenue by \$750,000. This one-time revenue supports telematic equipment purchase and installation (\$460,000) plus one year of data subscription costs (\$290,000). As part of the Smart City Initiative and fleet connectivity program, the City is partnering with a telecommunications company for installation of telematic equipment to provide installations for non-public safety general fleet non-electric vehicles.

**General Fund Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
Emergency Street Tree Services/Other Revenue This action increases the Emergency Street Tree Services (Property Owner Requested) City-Wide Expenses appropriation to the Transportation Department by \$100,000 (from \$600,000 to \$700,000). This action provides funding for an anticipated increase in property owner requests for the City to perform emergency street tree services. Contracted services are used to perform the tree services, and the City is reimbursed by the property owner for this service. A corresponding increase to the estimate for Other Revenue is recommended to offset this action.	Transportation Department	-	\$100,000	\$100,000
Non-Personal/Equipment/Fees, Rates, and Charges (Micromobility/Scooters) This action increases the Transportation Department's Non-Personal/Equipment appropriation by \$100,000 (from \$17.6 million to \$17.7 million) for software and data analysis services to monitor and manage scooter vendor compliance with the City's scooter permit requirements. A corresponding increase to the estimate for Fees, Rates, and Charges to recognize additional fee revenue is recommended in this report to offset this action.	Transportation Department	-	\$100,000	\$100,000
Sidewalk Repairs/Other Revenue This action increases the Sidewalk Repairs City-Wide Expenses appropriation to the Transportation Department by \$150,000 (from \$1.75 million to \$1.9 million). This action provides funding for an anticipated increase in property owners requesting the City to perform required sidewalk repairs. Contracted services are used to perform the work, and the City is reimbursed by the property owner for this service. A corresponding increase to the estimate for Other Revenue is recommended to offset this action.	Transportation Department	-	\$150,000	\$150,000
Grants-Reimbursements-Fees		-	\$8,041,773	\$8,041,773

**Special Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

Airport Customer Facility And Transportation Fee Fund (519)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Customer Facility Charge (CFC) Audit	Airport Department		\$3,000	
<p>This action increases the CFC Audit appropriation by \$3,000 (from \$8,500 to \$11,500) to ensure there is sufficient funding to cover anticipated audit expenditures in 2019-2020. A corresponding decrease to the Operations Contingency is also recommended to offset this action.</p>				
Operations Contingency	Airport Department		(\$3,000)	
<p>This action decreases the Operations Contingency by \$3,000 (from \$250,000 to \$247,000) to offset the increase to the CFC Audit appropriation recommended above.</p>				
Airport Customer Facility And Transportation Fee Fund (519)		0.00	\$0	\$0

Benefits Funds - Benefit Fund (160)

401(a) Defined Contribution Retirement Plan/Transfers and Reimbursements	Human Resources Department		\$45,000	\$45,000
<p>This action increases the 401(a) Defined Contribution Retirement Plan appropriation and the corresponding revenue estimate for Transfers and Reimbursements from various City funds by \$45,000 (from \$185,000 to \$230,000) to adjust for year-to-date payroll trends and higher than anticipated Tier 3 enrollment. Current projections indicate that required City contributions to the 401(a) Defined Contribution Retirement Plan will exceed the original estimates assumed during the development of the 2019-2020 Adopted Budget.</p>				
Non-Personal/Equipment (Affordable Care Act)	Human Resources Department		\$25,000	
<p>This action establishes a Non-Personal/Equipment appropriation to the Human Resources Department in the Benefit Fund, in the amount of \$25,000, to support costs incurred for compliance with Affordable Care Act notification and documentation requirements, including software programming to file and mail mandatory forms to employees. The Human Resources Department has historically absorbed these costs with savings from its Non-Personal/Equipment appropriation in the General Fund; however, this action attributes the ongoing costs for administration of health benefits with the appropriate funding source. Additional action will be recommended as part of the development of the 2020-2021 Base Operating Budget to incorporate this ongoing allocation for Affordable Care Act compliance.</p>				

**Special Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

Benefits Funds - Benefit Fund (160)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Ending Fund Balance Adjustment	Human Resources Department		(\$25,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
PTC 457/Transfers and Reimbursements	Human Resources Department		\$72,000	\$72,000
This action increases the PTC 457 appropriation and the corresponding revenue estimate for Transfers and Reimbursements from various City funds by \$72,000 (from \$1,430,000 to \$1,502,000) to adjust for year-to-date payroll trends and higher than anticipated PTC 457 enrollment. Current projections indicate that required City contributions to the Retirement Plan will exceed original estimates used during the development of the 2019-2020 Adopted Budget.				

Benefits Funds - Benefit Fund (160)	0.00	\$117,000	\$117,000
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Benefits Funds - Dental Insurance Fund (155)

Delta HMO Plan	Human Resources Department		\$10,000	
This action increases the Dental HMO Plan appropriation by \$10,000 (from \$323,000 to \$333,000) based on actual year-to-date performance. Dental HMO Plan costs are currently projected to exceed estimates included in the 2019-2020 Adopted Budget due to an increase in plan enrollment. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.				
Ending Fund Balance Adjustment	Human Resources Department		(\$10,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				

Benefits Funds - Dental Insurance Fund (155)	0.00	\$0	\$0
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Benefits Funds - Life Insurance Fund (156)

Insurance Premiums/Fees, Rates, and Charges	Human Resources Department		\$20,000	\$20,000
This action increases the Insurance Premiums appropriation and the corresponding revenue estimate for Fees, Rates, and Charges by \$20,000 (from \$1,500,000 to \$1,520,000) to correct an underpayment of retiree premiums in 2018-2019. This adjustment better reflects a higher than estimated increase in the City paid life insurance and revenues collected for premiums for life insurance.				

Benefits Funds - Life Insurance Fund (156)	0.00	\$20,000	\$20,000
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**Special Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

Benefits Funds - Self-Insured Medical Fund (158)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Transfers and Reimbursements (Stop-Loss Insurance Reimbursement)	Human Resources Department			\$922,000

This action increases the estimate for the Transfers and Reimbursements by recognizing a stop-loss insurance reimbursement of \$922,000. Since January 1, 2017 the City has maintained a stop loss insurance policy for the self-funded medical plan that protects the City from liability for large claims with two forms of coverage, individual and aggregate. The individual coverage is for all claims over \$300,000 incurred by each member in the calendar year. The aggregate coverage applies once total claims for all members exceed an amount that is a function of expected claims per member and is fixed each year in the policy. Since January 2017, the aggregate threshold has not been reached, but individual claims have exceeded \$300,000 on a few occasions resulting in payments from the insurance carrier of \$82,433 in 2017-2018, \$62,946 in 2018-2019 and \$921,584 (received in September) in 2019-2020. This action is offset by an increase to the Ending Fund Balance.

Ending Fund Balance Adjustment	Human Resources Department		\$873,000	
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This action increases the Ending Fund Balance to offset the actions recommended in this report.

Personal Services (Self-Insured Medical Fund Staffing)	Human Resources Department		\$49,000	
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This action increases the Personal Services appropriation to the Human Resources Department in the Self-Insured Medical Fund by \$49,000 (from \$118,875 to \$167,875). This increase accounts for the costs associated with 0.20 FTE of a Division Manager that was erroneously attributed to the General Fund and should be shifted to the Self-Insured Medical Fund as the incumbent supports benefit program administration. Additional action will be recommended as part of the 2020-2021 Base Operating Budget to incorporate this funding realignment on an ongoing basis. Corresponding decreases to the Ending Fund Balance in this fund and to the Human Resources Department's Personal Services appropriation in the General Fund are recommended elsewhere in this report to offset this action.

Benefits Funds - Self-Insured Medical Fund (158)		0.00	\$922,000	\$922,000
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**Special Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

Convention and Cultural Affairs Fund (536)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Transfers and Reimbursements (Transfer from Transient Occupancy Tax Fund)	City Manager - Office of Economic Development			(\$1,875,000)
<p>This action reduces estimated revenue from Transfers and Reimbursements by \$1,875,000 (from \$17,493,057 to \$15,618,057) in accordance with the distribution formula outlined in the Municipal Code for estimated Transient Occupancy Tax (TOT) revenue. Through December 2019, TOT proceeds are 2.7% below prior year collections, due to declining occupancy rates and lower revenue potential, measured as revenue per available room. Separate actions are recommended elsewhere in this report to realign estimated TOT in the Transient Occupancy Tax Fund and in the General Fund.</p>				
Ending Fund Balance Adjustment	City Manager - Office of Economic Development		(\$1,875,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				

Convention and Cultural Affairs Fund (536)	0.00	(\$1,875,000)	(\$1,875,000)	
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Convention Center Facilities District Revenue Fund (791)

Convention Center Facilities District Special Tax	Finance Department			(\$730,000)
<p>This action decreases estimated revenue from the Convention Center Facilities District (CCFD) Special Tax by \$730,000 (from \$18,530,000 to \$17,800,000) to align budgeted receipts with year-to-date collections and revised projections for 2019-2020. CCFD tax collections through December 2019 are 2.9% below 2018-2019 levels, meanwhile hotel occupancy and average revenue per available room (RevPAR) trends exhibit continued softening. This action is offset by a decrease to Ending Fund Balance.</p>				
Ending Fund Balance Adjustment	Finance Department		(\$730,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				

Convention Center Facilities District Revenue Fund (791)	0.00	(\$730,000)	(\$730,000)	
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General Purpose Parking Fund (533)

Ending Fund Balance Adjustment	Transportation Department		(\$175,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
Police Garage Security Services	Police Department		\$175,000	
<p>This action increases the Police Garage Security Services appropriation by \$175,000 (from \$200,000 to \$375,000) for increased police patrols at City-owned downtown parking garages and corresponding overtime costs. Police security services provide a higher level of service than contracted security services. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				

General Purpose Parking Fund (533)	0.00	\$0	\$0	
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**Special Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

Gift Trust Fund (139)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Library - General Gifts/Other Revenue	Library Department		\$132,495	\$132,495

This action increases the Library - General Gifts appropriation and estimate for Other Revenue by \$132,495. This action recognizes and appropriates gifts made by various donors, such as the Friends of the Library groups and the San Jose Foundation, in support of library branches programming and supplies.

Gift Trust Fund (139)

0.00	\$132,495	\$132,495
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Inclusionary Fee Fund (451)

Personal Services (Planning Review)	Planning, Building and Code Enforcement Department	\$50,000
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This action establishes the Planning, Building and Code Enforcement Department's Personal Services appropriation in the amount of \$50,000. The funding allocated is for plan review work associated with the proper calculation for the Affordable Housing Impact Fee and the Inclusionary Housing Ordinance in-lieu fees for developments.

Non-Personal/Equipment (Inclusionary Housing Program)	Housing Department	\$75,000
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This action increases the Housing Department's Non-Personal/Equipment appropriation by \$75,000 to support the Inclusionary Housing Program. This additional funding will provide for consultant services to provide research and analysis related to small inclusionary project; conduct developer outreach to develop ideas about how to incentivize greater density in small projects; and explore options in lowering the proposed threshold for in-lieu fee contributions to off-site projects. The consultant will prepare a report outlining possible options that will inform staff's proposal of selected strategies to the City Council, which is anticipated to be brought forward as part of the update to the Inclusionary Housing Ordinance in May 2020.

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

Inclusionary Fee Fund (451)

0.00	\$0	\$0
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**Special Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

Integrated Waste Management Fund (423)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Household Hazardous Waste Las Plumas Facility	Environmental Services Department		(\$74,000)	
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This action decreases the Household Hazardous Waste Las Plumas Facility appropriation by \$74,000 (from \$75,000 to \$1,000) to establish the Environmental Innovation Center (EIC) Reserve. This action reallocates funding previously intended to maintain the EIC at the former Household Hazardous Waste Las Plumas Facility to a reserve, as required by the New Market Tax Credit Program funding source. This reserve will provide funding for any administrative, legal, or maintenance needs at the EIC.

Environmental Innovation Center Reserve	Environmental Services Department		\$74,000	
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This action establishes the Environmental Innovation Center (EIC) Reserve in the amount of \$74,000. This action reallocates funding from the Household Hazardous Waste Las Plumas Facility appropriation that was previously intended to maintain the EIC at the former Household Hazardous Waste Las Plumas Facility to a reserve as required by the New Market Tax Credit Program funding source. This reserve will provide funding for any administrative, legal, or maintenance needs at the EIC.

Workers' Compensation Claims	Human Resources Department		\$30,000	
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This action increases the Workers' Compensation Claims appropriation by \$30,000 (from \$34,000 to \$64,000) to provide additional funding due to increased workers' compensation expenditures expected through the end of the fiscal year. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.

Ending Fund Balance Adjustment	Environmental Services Department		(\$30,000)	
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This action decreases the Ending Fund Balance to offset the action recommended in this report.

Integrated Waste Management Fund (423)

	0.00	\$0	\$0
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Library Parcel Tax Fund (418)

Non-Personal/Equipment (Janitorial Services)	Library Department		\$17,000	
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This action increases the Library Department's Non-Personal/Equipment appropriation by \$17,000 for janitorial services. On October 22, 2019, the City Council approved the second amendment to the agreement with ABM Industrial Services, Inc. for janitorial services at city-wide facilities, including supplies and related expenses, beginning November 1, 2019. The new agreement with ABM Industrial Services, Inc. reflected a 13.3% increase to account for a living wage increase and projected cost increases for staff benefits, fuel, and operating supplies. This action will provide funding to cover 8 months of the 12-month extended term to support the increased costs of janitorial services for library restrooms.

Ending Fund Balance Adjustment	Library Department		(\$17,000)	
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This action decreases the Ending Fund Balance to offset the action recommended in this report.

Library Parcel Tax Fund (418)

	0.00	\$0	\$0
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Special Funds Recommended Budget Adjustments Summary 2019-2020 Mid-Year Budget Review

Low And Moderate Income Housing Asset Fund (346)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Non-Personal/Equipment (Outside Litigation Costs Related to Housing)	City Attorney's Office		\$300,000	
<p>This action increases the City Attorney's Office Non-Personal/Equipment appropriation by \$300,000 to provide one-time funding for two consultant agreements for outside legal services to advise the Attorney's Office regarding affordable housing development issues. The outside legal consultant will provide subject matter expertise as needed.</p>				
Revenue from Use of Money/Property and Other Revenue (SERAF Loan Repayment)	Housing Department			\$21,693,533
<p>This action increases the estimate for Revenue from the Use of Money/Property (\$15.95 million) and Other Revenue (\$5.75 million) to recognize a repayment from the Successor Agency of Redevelopment Agency (SARA) for the Supplemental Educational Revenue Augmentation Fund (SERAF) loan. The \$15.95 million reflects the principal repayment plus interest of 3% starting from the date of the original loan which was in 2011 and is recommended to be allocated to the Housing Project Reserve. The \$5.75 million reflects the 20% of the entire loan repayment from SARA that is allocated for affordable housing activities.</p>				
Non-Personal/Equipment (Relocation Services Master Agreement)	Housing Department		\$100,000	
<p>This action increases the Housing Department's Non-Personal/Equipment appropriation by \$100,000 to provide funding for consultant services to provide relocation services to residents who may be displaced as a result of future housing projects. The Housing Department is currently engaged in activities that will acquire real estate; therefore, tenant relocation advisory assistance will be needed.</p>				
Non-Personal/Equipment (Municipal Advisory Services)	Housing Department		\$150,000	
<p>This action increases the Housing Department's Non-Personal/Equipment appropriation by \$150,000 to provide consultant services for general municipal advisory services for the City's multi-family housing projects. The consultant will assist City staff in the administration of existing affordable multi-family housing debt and loan portfolio financing and provide financing strategies for new affordable housing projects under consideration.</p>				
Housing Predevelopment Activity	Housing Department		\$100,000	
<p>This action increases the Housing Predevelopment Activity appropriation by \$100,000 (from \$900,000 to \$1,000,000) to provide additional funding for a master agreement for on-call environmental review consultant services, which will facilitate predevelopment activities associated with future housing development projects.</p>				

**Special Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

Low And Moderate Income Housing Asset Fund (346)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Non-Personal/Equipment (Affordable Housing Web Portal)	Housing Department		\$68,000	
<p>This action increases the Housing Department's Non-Personal/Equipment appropriation by \$68,000 to provide funding for maintenance, support, and hosting services for Phase 1 of the Affordable Housing Web Portal. The web portal provides information on affordable housing apartments currently accepting applications. This funding will provide the necessary maintenance and support while staff is negotiating the contract for Phase 2, which is anticipated to be completed by May 2020. Phase 2 of the project will expand the web portal to include additional features that will simplify the application process. A corresponding decrease to the Affordable Housing Web Portal Reserve to offset this action is recommended in this report.</p>				
Housing Project Reserve	Housing Department		\$15,945,000	
<p>This action increases the Housing Project Reserve by \$15.9 million (from \$64.8 million to \$80.7 million) to set aside funding for future housing development projects.</p>				
Affordable Housing Web Portal Reserve	Housing Department		(\$68,000)	
<p>This action decreases the Affordable Housing Web Portal Reserve by \$68,000 to offset the corresponding increase to the Housing Department's Non-Personal/Equipment for maintenance, support, and hosting of Phase 1 of the Affordable Housing Web Portal as recommended in this report.</p>				
Ending Fund Balance Adjustment	Housing Department		\$5,098,533	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>				
Low And Moderate Income Housing Asset Fund (346)		0.00	\$21,693,533	\$21,693,533

**Special Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

Multi-Source Housing Fund (448)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Recovery Act - Neighborhood Stabilization Program 2/Revenue from the Use of Money/Property	Housing Department		\$80,000	\$80,000

This action increases the Recovery Act – Neighborhood Stabilization Program 2 and the corresponding estimate for Revenue from the Use of Money/Property by \$80,000 to recognize a loan repayment, which will be remitted to the Housing Trust Fund of Santa Clara (Housing Trust). The City receives grant funding from the Housing Trust to provide loans as secondary financing for income-eligible individuals to purchase, rehabilitate, and resell foreclosed and abandoned homes in targeted areas. When a loan is repaid to the City, the City serves as a pass through and will remit the repayment back to the Housing Trust, and this action reflects that transaction.

Housing Loans and Grants/Revenue from the Use of Money/Property	Housing Department		\$200,000	\$200,000
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This action increases the Housing Loans and Grants appropriation and the corresponding estimate for Revenue from the Use of Money/Property by \$200,000 to recognize a loan repayment, which will be remitted to San José State University (SJSU). The City receives grant funding from SJSU to provide first time homebuyer loans to eligible teachers. When the loan is repaid to the City, the City serves as a pass through and will remit the repayment back to SJSU, and this action reflects that transaction.

Homeless Rapid Rehousing	Housing Department		\$925,000	
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This action increases the Homeless Rapid Rehousing appropriation by \$925,000 (from \$1,185,523 to \$2,110,523) to fund an agreement with the County of Santa Clara to continue to deliver supportive services for approximately 180 chronically homeless households as part of the Care Coordination Project. A corresponding decrease to the City Housing Authority Reserve to offset this action is recommended in this report.

City Housing Authority Reserve	Housing Department		(\$925,000)	
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This action decreases the City Housing Authority Reserve by \$925,000 (from \$13,179,418 to \$12,254,418) to offset the corresponding increase to the Homeless Rapid Rehousing appropriation as recommended in this report.

Multi-Source Housing Fund (448)		0.00	\$280,000	\$280,000
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**Special Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

Municipal Golf Course Fund (518)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
Ending Fund Balance Adjustment	Parks, Recreation and Neighborhood Services Department		(\$69,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
Rancho del Pueblo Debt Service	Finance Department		\$69,000	
This action increases the Rancho del Pueblo Debt Service appropriation by \$69,000 (from \$3,421,000 to \$3,490,000) to support higher than anticipated interest costs incurred due to the timing of the retirement of debt service, which was originally anticipated for August 2019 but will not be completed until February 2020. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report to offset this action.				

Municipal Golf Course Fund (518)

0.00 \$0 \$0

Public Works Program Support Fund (150)

Non-Personal/Equipment (PC and Windows Upgrade Project)	Information Technology Department		\$60,000	
This action increases the Information Technology Department Non-Personal/Equipment appropriation by \$60,000 to support the PC and Windows Upgrade Project. In the 2019-2020 Adopted Budget, funding was approved to replace 142 PC's for the Public Works Department. Since then, an additional 112 PC's have been identified that need replacement. There is a total of 254 PC's to be replaced through this project.				
Ending Fund Balance Adjustment	Public Works Department		(\$60,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				

Public Works Program Support Fund (150)

0.00 \$0 \$0

**Special Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

Rental Stabilization Program Fee Fund (450)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Non-Personal/Equipment (FUSE Corps Fellowship Program)	Housing Department		\$100,000	
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This action increases the Housing Department's Non-Personal/Equipment appropriation by \$100,000 to provide funding to hire a FUSE Corps Fellow in the Housing Department. This fellow will work with existing rental market stakeholders and facilitate the development of a data driven strategic plan for the Rent Stabilization Program. The fellow will assess the newly adopted Rent Stabilization Program to create a new strategic plan that is action-oriented and measurable with clear program outcomes, which will provide direction and focus for the program. The creation of a new strategic plan will also close out the Apartment Rent Ordinance audit from November 2016.

Non-Personal/Equipment (Rent Stabilization Program Hearing Officers)	Housing Department		\$80,000	
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This action increases the Housing Department's Non-Personal/Equipment appropriation by \$80,000 to provide consultant services for additional hearing officers to support the Rent Stabilization Program. There has been an increase in activity, which is requiring more hearing officers to attend court hearings that the current contracted hearing officers cannot sustain.

Ending Fund Balance Adjustment	Housing Department		(\$180,000)	
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This action decreases the Ending Fund Balance to offset the actions recommended in this report.

Rental Stabilization Program Fee Fund (450)	0.00	\$0	\$0
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**Special Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

Supplemental Law Enforcement Services Fund (414)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SLES Grant 2016-2018/Revenue from the Use of Money/Property	Police Department		\$1,297	\$1,297

This action increases the Supplemental Law Enforcement Services (SLES) Grant 2016-2018 appropriation by \$1,297, and corresponding estimate for Revenue from State of California to recognize interest earned year-to-date in 2019-2020. Interest earnings will be used in accordance with the approved spending plan, and may support officer equipment and enhancements, training, computers, specialized vehicles, and grant administration.

SLES Grant 2019-2021/Revenue from State of California	Police Department		\$209,130	\$209,130
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This action increases the Supplemental Law Enforcement Services (SLES) Grant 2019-2021 appropriation and the corresponding estimate for Revenue from State of California by \$209,130 (from \$387,143 to \$596,273) to recognize additional grant revenues received to date. Initial payments, totaling \$387,143, from the \$1,580,790 award for the 2019-2021 round of the SLES Grant were recognized in December 2019. In accordance with the approved spending plan, these funds will support the acquisition of hardware, software, and other technology, as well as officer safety equipment and administration of the grant.

Supplemental Law Enforcement Services Fund (414)		0.00	\$210,427	\$210,427
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Special Funds Recommended Budget Adjustments Summary 2019-2020 Mid-Year Budget Review

Transient Occupancy Tax Fund (461)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
<p>Transient Occupancy Tax</p> <p>This action reduces estimated revenue from the Transient Occupancy Tax (TOT) by \$3,750,000 (from \$33,750,000 to \$30,000,000) to realign projections for 2019-2020 based on year-to-date performance. Through December 2019, TOT proceeds are 2.7% below prior year collections, due to declining occupancy rates and lower revenue potential, measured as revenue per available room. This reduction is offset by proportional expense adjustments, as required by the Municipal Code, to the Transfer to the Convention and Cultural Affairs Fund (\$1,875,000), Cultural Grants allocation (\$937,500) to the Office of Economic Development, and San José Convention and Visitors Bureau allocation managed by Team San Jose (\$937,500).</p>	City Manager - Office of Economic Development			(\$3,750,000)
<p>Cultural Grants</p> <p>This action reduces the Cultural Grants appropriation to the Office of Economic Development by \$937,500 (from \$11,575,824 to \$10,638,324) in accordance with the distribution formula outlined in the Municipal Code for budgeted Transient Occupancy Tax (TOT) revenue. To offset this adjustment, a separate action is recommended to reduce estimated TOT revenue to realign projections for 2019-2020 based on year-to-date performance.</p>	City Manager - Office of Economic Development		(\$937,500)	
<p>San José Convention and Visitors Bureau</p> <p>This action reduces the San José Convention and Visitors Bureau appropriation to the Office of Economic Development, managed by Team San Jose, by \$937,500 (from \$9,730,676 to \$8,793,176) in accordance with the distribution formula outlined in the Municipal Code for budgeted Transient Occupancy Tax (TOT) revenue. To offset this adjustment, a separate action is recommended to reduce estimated TOT revenue to realign projections for 2019-2020 based on year-to-date performance.</p>	City Manager - Office of Economic Development		(\$937,500)	
<p>Transfer to the Convention and Cultural Affairs Fund</p> <p>This action reduces the Transfer to the Convention and Cultural Affairs Fund by \$1,875,000 (from \$15,043,740 to \$13,168,740) in accordance with the distribution formula outlined in the Municipal Code for budgeted Transient Occupancy Tax (TOT) revenue. To offset this action, a separate action is recommended in this report to reduce estimated TOT revenue to realign projections for 2019-2020 based on year-to-date performance. Other actions to offset this reduced transfer are recommended elsewhere in this report, including a reduction to available fund balance in the Convention and Cultural Affairs Fund.</p>	City Manager - Office of Economic Development		(\$1,875,000)	
Transient Occupancy Tax Fund (461)		0.00	(\$3,750,000)	(\$3,750,000)

Special Funds Recommended Budget Adjustments Summary 2019-2020 Mid-Year Budget Review

Workforce Development Fund (290)

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
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Administrative Costs (City Attorney's Office Staffing)	City Attorney's Office		(\$115,728)	
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This action decreases the City Attorney's Administrative Costs appropriation by \$115,728 (from \$227,753 to \$112,025) in the Workforce Development Fund to account for the administrative expenses projected for 2019-2020. This request reallocates funding from City Attorney's Administrative Costs to the Office of Economic Development's Administration appropriation to accurately reflect staffing costs. A corresponding increase to the Office of Economic Development's Administration appropriation is recommended in this report to offset this action. Realignment of these staffing costs will be factored into the 2020-2021 Base Budget.

Administrative Costs	City Manager - Office of Economic Development		\$115,728	
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This action increases the Administration appropriation by \$115,728 (from \$358,986 to \$474,714) to account for the administrative expenses projected for 2019-2020. This request reallocates funding from City Attorney's office support to the Administration appropriation to accurately reflect staffing costs. A corresponding decrease to the City Attorney's Administrative Costs appropriation is recommended in this report to offset this action.

Adult Workers	City Manager - Office of Economic Development		\$600,000	
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This action increases the Adult Workers appropriation by \$600,000 (from \$1,826,275 to \$2,426,275) to reflect more services provided to adult workers than dislocated workers. The funding helps cover training, case management, and other related services in the Adult program. A corresponding decrease to the Dislocated Workers appropriation is recommended in this report to offset this action.

Dislocated Workers	City Manager - Office of Economic Development		(\$600,000)	
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This action decreases the Dislocated Workers appropriation by \$600,000 (from \$3,517,156 to \$2,917,156) to reflect more services provided to adult workers than dislocated workers. The funding helps cover training, case management, and other related services in the Adult program. A corresponding increase to the Adult Workers appropriation is recommended in this report to offset this action.

Workforce Development Fund (290)

		0.00	\$0	\$0
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**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Airport Capital Improvement Fund (520)			
Airfield Electrical Circuit Rehabilitation	Airport	\$2,941,000	
<p>This action increases the grant funded portion of the Airfield Electrical Circuit Rehabilitation project by \$2.9 million, from \$4,473,000 to \$7,414,000. Project funding will support the replacement of airfield lighting cables and associated improvements to circuiting routes, manholes/handholes, and duct bank systems near taxiways. This project may also fund can or handhole "plazas" to improve access and testing capability and reduce confined space issues. The first phase of the project performed this work near the runways and this phase will move on to the taxiway areas. A corresponding adjustment to recognize Revenue from the Federal Government as well as adjustments in the Airport Renewal and Replacement Fund to allocate the local match portion of this grant are recommended elsewhere in this report.</p>			
Airfield Preventive Pavement Maintenance	Airport	\$323,000	
<p>This action establishes the grant funded portion of the Airfield Preventive Pavement Maintenance appropriation in the amount of \$323,000 to conduct a pavement condition study. This project is eligible for grant funding from the Federal Aviation Administration. A corresponding increase in Revenue from the Federal Government is recommended in this report to offset this action. Adjustments in the Airport Renewal and Replacement Fund are recommended elsewhere in this report.</p>			
Perimeter Security Projects	Airport	\$(1,513,000)	
<p>This action decreases the Perimeter Security Projects appropriation by \$1,513,000, from \$4,000,000 to \$2,487,000, to reflect the approved grant award amount from the Transportation Security Administration (TSA). Reimbursement of project delivery staff costs are under review by the TSA to determine their grant eligibility; therefore, the project delivery costs are instead recommended to be funded from the Airport Renewal and Replacement Fund. This project implements perimeter security enhancements such as video cameras, analytics software, and fence sensors. A corresponding decrease to the Revenue from the Federal Government and an increase in the Airport Renewal and Replacement Fund are recommended elsewhere in this report.</p>			
Revenue from Federal Government (Airfield Electrical Circuit Rehabilitation)	Airport		\$2,941,000
<p>This action increases Revenue from the Federal Government by \$2,941,000 to reflect a grant that is anticipated to be received from the Federal Aviation Administration for the Airfield Electrical Circuit Rehabilitation project. A corresponding increase to the Airfield Electrical Circuit Rehabilitation project is recommended elsewhere in this report to offset this action.</p>			
Revenue from Federal Government (Airfield Preventive Pavement Maintenance)	Airport		\$323,000
<p>This action increases Revenue from the Federal Government by \$323,000 to reflect a grant that is anticipated to be received from the Federal Aviation Administration for the Airfield Preventive Pavement Maintenance project. A corresponding increase to the Airfield Preventive Pavement Maintenance project is recommended elsewhere in this report to offset this action.</p>			

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Airport Capital Improvement Fund (520)			
Revenue from Federal Government (Perimeter Security Projects)	Airport		\$(1,513,000)
<p>This action decreases Revenue from the Federal Government by \$1,513,000 to reflect a reduction in the grant from the Federal Aviation Administration for the Perimeter Security Projects appropriation. A corresponding decrease to the Perimeter Security Projects appropriation is recommended elsewhere in this report to offset this action.</p>			
Revenue from Federal Government (Zero Emissions Buses)	Airport		\$2,701,000
<p>This action increases Revenue from the Federal Government by \$2,701,000 to reflect a grant that is anticipated to be received from the Federal Aviation Administration for Zero Emissions Buses. A corresponding increase to the Zero Emissions Buses project is recommended elsewhere in this report to offset this action.</p>			
Zero Emissions Buses	Airport	\$2,701,000	
<p>This action increases the grant funded portion of the Zero Emissions Buses appropriation by \$2,701,000, from \$76,000 to \$2,777,000. Funding is provided for purchase of up to six Zero Emissions Buses as part of the Airport Zero Emission Vehicle and Infrastructure Pilot Program to augment the fleet currently in use at the Airport. There is a corresponding increase to the project budget in the Airport Renewal and Replacement Fund to constitute the City's 50% local match required in accordance with the Federal Airport Administration's grant funding stipulations. A corresponding increase in Revenue from the Federal Government is recommended elsewhere in this report.</p>			
Airport Capital Improvement Fund (520) TOTAL		\$4,452,000	\$4,452,000
Airport Renewal and Replacement Fund (527)			
Advanced Planning	Airport		\$409,000
<p>This action increases the Advanced Planning appropriation by \$409,000, from \$721,000 to \$1,130,000, to facilitate additional environmental assessment work needed for the relocation of the Police Department hangar, site assessments for belly cargo and fleet buildings, environmental assessments in preparation of Phase II of the Terminal Area Improvement Program, and additional on-call environmental services. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>			
Airfield Electrical Circuit Rehabilitation	Airport		\$745,000
<p>This action increases the local match portion of funding for the grant funded Airfield Electrical Circuit Rehabilitation appropriation by \$745,000, from \$1,041,000 to \$1,786,000. Project funding will support the replacement of airfield lighting cables and associated improvements to circuiting routes, manholes/handholes, and duct bank systems near taxiways. This project may also fund can or handhole "plazas" to improve access and testing capability and reduce confined space issues. The first phase of the project performed this work near the runways and this phase will move on to the taxiway areas. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action. Adjustments in the Airport Capital Improvement Fund to recognize and allocate the grant portion of this project are recommended elsewhere in this report.</p>			

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Airport Renewal and Replacement Fund (527)			
Airfield Preventive Pavement Maintenance	Airport	\$(323,000)	
<p>This action decreases the Airfield Preventive Pavement Maintenance appropriation by \$323,000, from \$416,000 to \$93,000. The project to conduct a pavement condition study was determined to be grant eligible; therefore, this project can be decreased by the amount of the grant award. The funds remaining constitute the local match to the Federal Aviation Administration grant funded portion of this project. An increase to the Ending Fund Balance is recommended in this report to offset this action. Adjustments in the Airport Capital Improvement Fund are recommend elsewhere in this report.</p>			
Ending Fund Balance Adjustment	Airport	\$(5,887,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended elsewhere in this report.</p>			
Network Replacement	Airport	\$400,000	
<p>This action increases the Network Replacement appropriation by \$400,000, from \$1,899,000 to \$2,299,000, to fund rehabilitation of a conduit under Taxiway W that houses fiber connecting the Air Traffic Control tower to the network. This project is critical to abate the risk of fiber failure. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>			
Perimeter Security Projects	Airport	\$520,000	
<p>This action establishes the Perimeter Security Projects appropriation in the amount of \$520,000 to implement perimeter security enhancements such as video cameras, analytics software, and fence sensors at the airport. This funding will provide project delivery staff costs as staff awaits Transportation Security Administration (TSA) clarification on eligible costs covered by the grant award. A decrease to the Ending Fund Balance is recommended in this report to offset this action. Adjustments in the Airport Capital Improvement Fund to recognize and allocate the grant portion of this project are recommended elsewhere in this report.</p>			
Project Management Application	Airport	\$350,000	
<p>This action establishes the Project Management Application appropriation in the amount of \$350,000 to procure a project management software application and licenses that will provide project management and document control capabilities necessary for large capital development projects at the Airport. The project management software solution is necessary to facilitate planning efforts related to Phase II of the Terminal Area Improvement Program. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>			
Project Management Support	Airport	\$85,000	
<p>This action increases the Project Management Support appropriation by \$85,000, from \$100,000 to \$185,000, to align the funding with the recently amended contract amount. The project management resources provide additional support during the construction phase of the Food & Beverage and Retail concessions tenant improvements process. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>			

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Airport Renewal and Replacement Fund (527)			
Terminal Building Modifications	Airport	\$1,000,000	
<p>This action increases the Terminal Building Modifications appropriation by \$1.0 million, from \$950,000 to \$1,950,000, to facilitate the anticipated buildout of terminal spaces in partnership with the airlines. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>			
Zero Emissions Buses	Airport	\$2,701,000	
<p>This action increases the Zero Emissions Buses appropriation by \$2.7 million, from \$196,000 to \$2.9 million. Funding is provided for purchase of up to six Zero Emissions Buses as part of the Airport Zero Emission Vehicle and Infrastructure Pilot Program to augment the fleet currently in use at the Airport. Grant funding in the Airport Renewal and Replacement Fund constitutes the City's 50% local match required in accordance with the Federal Airport Administration's grant funding stipulations. A corresponding decrease to the Ending Fund Balance is recommended to offset this action. Additional funding for the project in the Airport Capital Improvement Fund is also recommended in this report.</p>			
Airport Renewal and Replacement Fund (527) TOTAL			
Building and Structure Construction Tax Fund (429)			
Audible Pedestrian Signals Safety Improvements	Transportation	\$200,000	
<p>This action establishes an Audible Pedestrian Signals Safety Improvements appropriation in the amount of \$200,000 to fund the installation of a leading pedestrian interval, accessible pedestrian signal, and adaptive pedestrian signal at major intersections to support safe pedestrian crossing, especially for the most vulnerable of the population.</p>			
Balbach Street Transportation Improvements	Transportation	\$200,000	
<p>This action establishes a Balbach Street Transportation Improvements appropriation in the amount of \$200,000 to recognize funding from the Affordable Housing and Sustainable Communities grant. This funding will fund the environmental study of this project. This project will provide bicycle and pedestrian related enhancements along Balbach Street, including the installation of protected Class IV bike lanes along Woz Way on both sides under Route 87 to the west of the project and along South Almaden Boulevard, north of Balbach Street; installing new Class II bike lanes along South Almaden Boulevard, south of Balbach Street, and along Auzerais Avenue, between Woz Way and Delmas Avenue; new trail access points along West Virginia Street providing direct connection to the Guadalupe River Trail; installation of a flashing beacon and curb extension at the intersection of Woz Way and Locust Street; upgrading the existing flashing beacon at the intersection of William Street and Market Street by extending the curb and moving the beacon poles closer to vehicles; redesigning the intersection of Reed Street and First Street creating a new crossing; and installing a new flashing beacon at the intersection of West Virginia Street and Harliss Avenue. A corresponding action to increase the estimate for Revenue from State of California to recognize the new grant funding is recommended to offset this action.</p>			

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Building and Structure Construction Tax Fund (429)			
Building and Structure Construction Tax	Transportation		\$9,000,000
<p>This action increases the estimate for Building and Structure Construction Tax revenue by \$9.0 million (from \$15.0 million to \$24.0 million) based on current collection trends for the construction taxes. Revenues are projected to exceed budgeted levels due to strong commercial and industrial development activity.</p>			
Ending Fund Balance Adjustment	Transportation	\$4,754,273	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>			
Guardrail Design and Rehabilitation	Transportation	\$100,000	
<p>This action establishes a Guardrail Design and Rehabilitation appropriation in the amount of \$100,000 for consultant services for guardrail design and upgrade at four locations (Yerba Buena Road, Monterey Road/Ford Road, Monterey Road/Blanchard Road, Hedding Street/Chestnut Street). A corresponding action to decrease the Ending Fund Balance is recommended to offset this action.</p>			
Monterey Road Safety Improvements	Transportation	\$500,000	
<p>This action establishes a Monterey Road Safety Improvements appropriation in the amount of \$500,000. This project will upgrade guardrails that are damaged and not up to current standards along Monterey Road. This action will provide funding for the purchase of materials and staff to start the project. A corresponding action to increase the estimate for Revenue from the Federal Government to recognize the new grant revenue (\$400,000) and to decrease the Ending Fund Balance (\$100,000) are recommended to offset this action.</p>			
North San José Area Development Policy Review	Transportation	\$400,000	
<p>This action establishes the North San José Area Development Policy Review appropriation in the amount of \$400,000 for consultant services related to the review of the North San José Area Development Policy and related traffic improvement program. The funding will provide for consultant review of the General Plan, North San José Area Development Policy, associated engineer's traffic reports, perform public outreach, and prepare any proposed changes to these documents first approved in 2005. The consultant work may include environmental review required for any proposed changes to the City documents. This review will help inform how transportation improvements in North San José related to development activity will be funded in the future. A corresponding action to decrease the North San José New Development Reserve is recommended to offset this action.</p>			
North San José New Development Reserve	Transportation	\$(400,000)	
<p>This action decreases the North San José New Development Reserve by \$400,000 to fund consultant services to review the North San José Area Development Policy. The funding will provide for review of staff engineer reports, perform public outreach, and review policy and general plan changes. A recommendation to establish the North San José Area Development Policy Review appropriation is included in this report to offset this action.</p>			

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Building and Structure Construction Tax Fund (429)			
Other Revenue (Route 101/Blossom Hill Road and Route 87/Narvaez Avenue)	Transportation		\$2,315,000
<p>This action increases the estimate for Other Revenue by \$2.3 million for developer mitigation payments as part of the iStar development requirements (\$2.275 million) and the Communications Hill ADP Narvaez Avenue traffic improvements (\$40,000). For the iStar mitigation, the developer made a fair-share contribution for Phase 3 of the project towards the Edenvale Area Development Policy improvements at Route 101/Blossom Hill Road interchange. The Narvaez Avenue traffic improvement funds will be used for environmental review and project scoping for the second phase of community improvements on Communications Hill. A corresponding increase to the Route 101/Blossom Hill Road Interchange appropriation and establishment of a Route 87/Narvaez Avenue Interchange Improvements appropriation are recommended to offset this action.</p>			
Regional Rail Planning	Transportation	\$75,000	
<p>This action increases the Regional Rail Planning appropriation by \$75,000 (from \$817,000 to \$892,000) for additional planning support to review and comment on the High Speed Rail environmental report, which is expected to be released by the California High Speed Rail Authority in March 2020. The City will have 45 days to formally submit comments on the report. This funding will provide contractual planning support to ensure a detailed review is completed within the response period.</p>			
Revenue from State of California (AHSC - Balbach Street Transportation Improvements)	Transportation		\$200,000
<p>This action increases the estimate for Revenue from State of California by \$200,000 to recognize funding from the Affordable Housing and Sustainable Communities grant for the Balbach Street Transportation Improvements project. Total grant award is \$6,131,000. The remaining funds will be programmed in the development of the 2021-2025 Proposed Capital Improvement Program. A new appropriation for the Balbach Street Transportation Improvements project is recommended to be established to offset this action.</p>			
Revenue from State of California (AHSC - Roosevelt Park Transportation Improvements)	Transportation		\$200,000
<p>This action increases the estimate for Revenue from State of California by \$200,000 to recognize funding from the Affordable Housing and Sustainable Communities grant for the Roosevelt Park Transportation Improvements project. Total grant award is \$4,014,000. The remaining funds will be programmed in the development of the 2021-2025 Proposed Capital Improvement Program. A corresponding action to establish an appropriation for the Roosevelt Park Transportation Improvements project is recommended to offset this action.</p>			

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Building and Structure Construction Tax Fund (429)			
Revenue from State of California (ATP - Willow-Keys Complete Streets Improvements)	Transportation		\$1,000,000
<p>This action increases the estimate for Revenue from State of California by \$1.0 million to recognize funding from the Active Transportation Program grant for the Willow-Keys Complete Streets Improvements project. Total grant award is \$12,926,000. The remaining funds will be programmed in the development of the 2021-2025 Proposed Capital Improvement Program. A new appropriation for the Willow-Keys Complete Streets Improvements project is recommended to be established to offset this action.</p>			
Revenue from the Federal Government (HSIP - Monterey Road Safety Improvements)	Transportation		\$400,000
<p>This action increases the estimate for Revenue from the Federal Government by \$400,000 to recognize funding from the Highway Safety Improvement Program grant for the Monterey Road Safety Improvements project. Total grant award is \$1,000,000. The remaining funds will be programmed in the development of the 2021-2025 Proposed Capital Improvement Program. A new appropriation for the Monterey Road Safety Improvements project is recommended to be established to offset this action.</p>			
Roosevelt Park Transportation Improvements	Transportation	\$200,000	
<p>This action establishes a Roosevelt Park Transportation Improvements appropriation in the amount of \$200,000 to appropriate funding from the Affordable Housing and Sustainable Communities grant. This funding will fund the environmental study for the project. This project will address and add bicycle and pedestrian improvements along the Roosevelt Park area including, installation of protected Class IV bike lanes along Las Plumas Avenue and Lenfest Road; installing Class II bike lanes along East Julian Street, between 21st Street and 28th Street; installing Class II bike lanes and Class III bike markings along 18th Street and 19th Street, between Saint John Street and East Empire Street; installing new Class III bicycle facilities along East Julian Street between 18th Street and 21st Street; installation of a flashing beacon, curb extension, and median refuge at the intersection of East Julian Street and 26th Street; upgrading the existing access ramps at 27th Street and Peruka Place; and upgrading intersections on key pedestrian corridors (East Santa Clara Street, East Julian Street, South King Road) leading to high quality transit and schools to high visibility crossings for pedestrians. A corresponding action to increase the estimate for Revenue from State of California to recognize the new grant funding is recommended to offset this action.</p>			
Route 101/Blossom Hill Road Interchange	Transportation	\$2,275,000	
<p>This action increases the Route 101/Blossom Hill Road Interchange appropriation by \$2,275,000 (from \$3.95 million to \$6.23 million) as part of the iStar development requirements for mitigation. The developer made a fair-share contribution for Phase 3 of the project towards the Edenvale Area Development Policy improvements at Route 101/ Blossom Hill Road interchange. A corresponding action to increase the estimate for Other Revenue is recommended to offset this action.</p>			

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Building and Structure Construction Tax Fund (429)			
Route 101/Oakland/Mabury New Development Reserve	Transportation	\$2,456,727	
<p>This action increases the Route 101/Oakland/Mabury New Development Reserve by a net amount of \$2,456,727 (from \$1.67 million to \$4.13 million). This reflects an increase of \$2,956,727 to allocate additional Building and Structure Construction Tax proceeds generated in 2018-2019 from new development in the Route 101/Oakland/Mabury Area. In accordance with previous City Council direction, Building and Structure Construction Tax revenue generated in the Route 101/Oakland/Mabury Area is placed into a reserve to help fund future transportation infrastructure projects in that area. In addition, a decrease of \$500,000 to this reserve will fund contractual electrical services for traffic signal modifications for bicycle connectivity and access to the new BART station at Mabury/DOT Way as described elsewhere in this report. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>			
Route 87/Narvaez Avenue Interchange Improvements	Transportation	\$40,000	
<p>This action establishes a Route 87/Narvaez Avenue Interchange Improvements appropriation in the amount of \$40,000 to begin the process for environmental review and project scoping for the second phase of public improvements on Communications Hill. Developer mitigation payments to the City will fund the improvements, and a corresponding action to increase the estimate for Other Revenue is recommended to offset this action.</p>			
Safety - Traffic Signal Modifications/Construction	Transportation	\$660,000	
<p>This action increases the Safety - Traffic Signal Modifications/Construction appropriation by \$660,000 to fund contractual electrical services for traffic signal modifications for bicycle connectivity and access to the new BART station at Mabury/DOT Way (\$500,000) and to purchase a dynamic messaging sign that will be installed downtown (\$160,000). For the traffic signal modifications, in-house staff is not available to perform work due to electrician vacancies in the Transportation Department. A corresponding action to decrease the Route 101/Oakland/Mabury New Development Reserve (\$500,000) and to recognize a transfer from the General Purpose Parking Capital Fund (\$160,000) are recommended in this report to offset this action.</p>			
San José Regional Transportation Hub	Transportation	\$500,000	
<p>This action increases the San José Regional Transportation Hub appropriation by \$500,000 (from \$750,000 to \$1.25 million) for the second phase of the project. Funding will provide for a payment to the Santa Clara Valley Transportation Authority to perform consultant design work.</p>			
Senter Road Multimodal Safety Study	Transportation	\$14,000	
<p>This action increases the Senter Road Multimodal Safety Study appropriation by \$14,000 (from \$471,000 to \$485,000) to cover overhead costs that are not funded by the grant. This grant project is expected to be completed in April 2020.</p>			

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Building and Structure Construction Tax Fund (429)			
Transfers and Reimbursements (Transfer from the General Purpose Parking Capital Fund)	Transportation		\$160,000
<p>This action increases the estimate for Transfers and Reimbursements by recognizing a transfer from the General Purpose Parking Capital Fund in the amount of \$160,000 to fund the purchase of a dynamic messaging sign that will be installed downtown. The overall project is being funded in the Building and Structure Construction Tax Fund, and this action reflects the contribution from the General Purpose Parking Capital Fund to fund the dynamic messaging sign. A corresponding increase to the Safety - Traffic Signal Modifications/Construction appropriation is recommended to offset this action.</p>			
White Road Pedestrian Safety Improvements	Transportation	\$300,000	
<p>This action increases the White Road Pedestrian Safety Improvements appropriation by \$300,000 (from \$1.3 million to \$1.6 million) to fund construction costs that came in higher than estimated. Bid and award of the construction contract is anticipated to occur in March 2020.</p>			
Willow-Keys Complete Streets Improvements	Transportation	\$1,000,000	
<p>This action establishes a Willow-Keys Complete Streets Improvements appropriation in the amount of \$1,000,000 to appropriate funding from the Active Transportation Program grant. This funding will fund the environmental study for this project. This project will construct a Class IV protected bike lane, sidewalks, curb-extensions, enhanced crosswalks, pedestrian-scale lighting, transit boarding improvements, and reconfigure complex intersections. A corresponding action to increase the estimate for Revenue from State of California to recognize the new grant revenue is recommended to offset this action.</p>			
Building and Structure Construction Tax Fund (429) TOTAL		\$13,275,000	\$13,275,000

Construction Excise Tax Fund (465)

Automated Vehicles Community Engagement Initiative	Transportation	\$235,000	
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This action increases the AV Vehicle Community Engagement Initiative appropriation by \$235,000 (from \$208,000 to \$443,000) to support the City's automated vehicle initiative. The additional funds represents the second payment of a Knight Foundation grant, which will be used primarily to fund temporary staffing in the Transportation Department to deliver a community engagement process related to automated vehicles. A corresponding action to increase the estimate for Revenue from Local Agencies is recommended to offset this action.

Bike/Pedestrian Development	Transportation	\$100,000	
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This action increases the Bike/Pedestrian Development appropriation by \$100,000 (from \$250,000 to \$350,000) for increased staff costs related to project development. A corresponding action to decrease the Ending Fund Balance is recommended to offset this action.

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Construction Excise Tax Fund (465)			
East San José Multimodal Transportation Improvement Plan	Transportation	\$10,000	
<p>This action increases the East San José Multimodal Transportation Improvement Plan appropriation by \$10,000 (from \$20,000 to \$30,000) to cover overhead costs that are ineligible to be funded by the grant. This grant funded project is anticipated to be completed by February 2020. A corresponding action to decrease the Ending Fund Balance is recommended to offset this action.</p>			
Ending Fund Balance Adjustment	Transportation	\$(361,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>			
Infrastructure Management System Software Update	Transportation	\$195,000	
<p>This action increases the Infrastructure Management System Software Update appropriation by \$195,000 (from \$37,000 to \$232,000) to support the migration of the Transportation Department's GIS data layers related to the upgrade of the City's infrastructure management system. The funding will provide for contractual services to move the GIS data and provide training for the new software. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>			
Other Revenue (Protected Intersection Improvements)	Transportation		\$1,527,000
<p>This action increases the estimate for Other Revenue by \$1,527,000 to recognize revenue received from various developer mitigation payments. The funding will be used to pay for mitigated improvements from the Santana Row Lot 9 development for future backbone technology communications; the installation of a new traffic signal at the intersection of 6th and Taylor Streets; and railroad crossing enhancements, a new rectangular rapid flashing beacon, and bike racks in the Japantown area. A corresponding action that establishes a Protected Intersection Improvements appropriation is recommended to offset this action.</p>			
Pavement Maintenance - VTA Measure B VRF	Transportation	\$1,090,000	
<p>This action increases the Pavement Maintenance - VTA Measure B VRF appropriation by \$1.1 million (from \$13,355,859 to \$14,455,859) to appropriate Measure B vehicle registration fee revenue received above the estimated amount. The funds will be used to seal and resurface streets throughout the City, repair potholes, and administer the pavement program. These funds will support the pavement activities scheduled to start in Summer 2020. A corresponding action to increase the estimate for Revenue from Local Agencies is recommended to offset this action.</p>			

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Construction Excise Tax Fund (465)			
Protected Intersection Improvements	Transportation	\$1,627,000	
<p>This action establishes a Protected Intersection Improvements appropriation in the amount of \$1,627,000 to fund mitigated improvements for the Santana Row Lot 9 development for future backbone technology communications (e.g.data collection, coordinated and adaptive signal operations, traffic monitoring cameras, end-user communications, etc.); the Japantown Corporation Yard Mixed-Use development for the installation of a new traffic signal at the intersection of 6th Street and Taylor Street in Japantown; and railroad crossing enhancements, a new flashing beacon, and bike racks in the Japantown area. Funding from the Flea Market Phase A development (\$200,000) protected intersection mitigation contributions and the General Purpose Parking Capital Fund (\$100,000) are included to fully fund the new traffic signal at 6th Street and Taylor Street. Corresponding actions to increase the estimate for Other Revenue (\$1,527,000) from developer payments and a transfer from the General Purpose Parking Capital Fund (\$100,000) are recommended to offset this action.</p>			
Regional Rail Planning	Transportation	\$56,000	
<p>This action increases the Regional Rail Planning appropriation by \$56,000 (from \$416,000 to \$472,000) for additional planning support to review and comment on the High Speed Rail environmental report, which is expected to be released by the California High Speed Rail Authority in March 2020. The City will have 45 days to formally submit comments on the report. This funding will provide contractual planning support to ensure a detailed review is completed within the response period.</p>			
Revenue from Local Agencies (Knight Foundation - Automated Vehicles Initiative)	Transportation		\$235,000
<p>This action increases the estimate for Revenue from Local Agencies by \$235,000 to recognize revenue from a Knight Foundation grant for the City's automated vehicles initiative. The Knight Foundation grant provides funding for a community engagement program related to automated vehicles. A corresponding increase to the AV Community Engagement Initiative appropriation is recommended to offset this action.</p>			
Revenue from Local Agencies (Pavement Maintenance - VTA Measure B VRF)	Transportation		\$1,090,000
<p>This action increases the estimate for Revenue from Local Agencies by \$1.1 million (from \$69,085,000 to \$70,175,000) to recognize Measure B vehicle registration fee revenue received in November/December 2019 that were above the estimated amount. A corresponding increase to the Pavement Maintenance - Measure B VRF appropriation is recommended to offset this action.</p>			
Transfers and Reimbursements (Transfer from the General Purpose Parking Capital Fund)	Transportation		\$100,000
<p>This action increases the estimate for Transfers and Reimbursements by \$100,000 to reflect a transfer from the General Purpose Parking Capital Fund for a new traffic signal at the intersection of 6th Street and Taylor Street in Japantown. The General Purpose Parking Capital Fund provides funding for improvements in the greater downtown area and will help fully fund the installation of the new signal. An increase to the Protected Intersection Improvements appropriation is recommended to offset this action.</p>			
Construction Excise Tax Fund (465) TOTAL		\$2,952,000	\$2,952,000

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Convention and Cultural Affairs Capital Fund (560)			
Center for Performing Arts - Carpet Replacement	Office of Economic Development	\$75,000	
This action increases the Center for Performing Arts - Carpet Replacement appropriation by \$75,000 (from \$240,000 to \$315,000) to support higher than anticipated project costs for the replacement of a larger area of carpeted flooring. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report.			
Convention Center Expansion Planning and Preliminary Engineering	Office of Economic Development	\$250,000	
This action establishes the Convention Center Expansion Planning and Preliminary Engineering appropriation in the amount of \$250,000 to support feasibility studies associated with the expansion of the San José McEnery Convention Center and development of the South Hall site. These funds will cover consulting services to inform the development and financing plans, and corresponding initial project scoping and feasibility study. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report.			
Cultural Facilities Rehabilitation/Repair - Electrical	Office of Economic Development	\$21,000	
This action increases the Cultural Facilities Rehabilitation/Repair - Electrical appropriation by \$21,000 (from \$5,028,000 to \$5,049,000) to complete upgrades to the Civic Auditorium concert audio system and front of house console, including a spare amplifier and additional equipment. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report.			
Cultural Facilities Rehabilitation/Repair - Mechanical	Office of Economic Development	\$190,000	
This action increases the Cultural Facilities Rehabilitation/Repair - Mechanical appropriation by \$190,000 (from \$2,125,000 to \$2,315,000) to install fail-safe systems on the roll-up loading doors to the San José McEnery Convention Center exhibit halls to prevent accelerate closure (\$180,000), and to replace the malfunctioning roll-up loading door at the Civic Auditorium loading dock (\$10,000). A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report.			
Cultural Facilities Rehabilitation/Repair - Miscellaneous	Office of Economic Development	\$45,000	
This action increases the Cultural Facilities Rehabilitation/Repair - Miscellaneous appropriation by \$45,000 (from \$732,000 to \$777,000) for the replacement of six banquet hot boxes that were incorrectly sized in the original order. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report.			
Cultural Facilities Rehabilitation/Repair - Structures	Office of Economic Development	\$300,000	
This action increases the Cultural Facilities Rehabilitation/Repair - Structures appropriation by \$300,000 (from \$620,000 to \$920,000) to develop a comprehensive set of technical drawings of the San José McEnery Convention Center, analyze roof structures for rigging systems and confirm live load capacity. A corresponding decrease to the Ending Fund Balance is recommended elsewhere in this report.			
Ending Fund Balance Adjustment	Office of Economic Development	\$(881,000)	
This action reduces the Ending Fund Balance to offset the actions recommended elsewhere in this report.			
Convention and Cultural Affairs Capital Fund (560) TOTAL			

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Council District 10 Construction and Conveyance Tax Fund (389)			
Ending Fund Balance Adjustment	Parks, Recreation and Neighborhood Services	\$228,000	
This action increases the Ending Fund Balance to offset the actions recommended in this report.			
Martial-Cottle Community Garden	Parks, Recreation and Neighborhood Services	\$17,000	
This action increases the Martial-Cottle Community Garden project by \$17,000 (from \$200,000 to \$217,000), to ensure sufficient funding is available to complete the project. The additional funding will support higher than anticipated construction inspection and professional services costs. Additional funding needed for the Martial-Cottle Community Garden project totals \$60,000, of which \$17,000 is recommended from the Council District 10 Construction and Conveyance Tax Fund (offset by a decrease to the Ending Fund Balance) and \$43,000 is recommended from the Park Trust Fund (offset by a decrease to the Future PDO/PIO Projects Reserve).			
Playa Del Rey Shade Structure	Parks, Recreation and Neighborhood Services	\$54,000	
This action increases the Playa Del Rey Shade Structure project by \$54,000 (from \$49,000 to \$103,000), as project costs are higher than initially estimated for the installation of a shade structure in an existing picnic area at the park. The additional funding recommended in this document will support installation costs, permit reviews, inspection costs, and engineering services. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.			
Revenue from Local Agencies (Sycamore Terrace Property)	Parks, Recreation and Neighborhood Services		\$299,000
This action establishes the Revenue from Local Agencies allocation totaling \$299,000 to recognize funding that was received from the Santa Clara Valley Open Space Authority (OSA). Grant funding was recently received to partially reimburse costs associated with the purchase of the Sycamore Terrace property (15520 Almaden Expressway), which was fronted from the Council District 10 C&C Tax Fund Ending Fund Balance. A corresponding increase to the Council District 10 C&C Tax Fund Ending Fund Balance is recommended in this report to offset this action.			
Council District 10 Construction and Conveyance Tax Fund (389) TOTAL		\$299,000	\$299,000

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Council District 4 Construction and Conveyance Tax Fund (381)			
Berryessa Community Center Improvements	Parks, Recreation and Neighborhood Services	\$100,000	
<p>This action establishes the Berryessa Community Center Improvements project totaling \$100,000. This project provides funding to repair or replace the boiler for one heating, ventilation, and air conditioning (HVAC) unit and replace two complete HVAC units at the Berryessa Community Center. A corresponding action to decrease the Berryessa Community Center Improvements Reserve is recommended in this report to offset this action.</p>			
Berryessa Community Center Improvements Reserve	Parks, Recreation and Neighborhood Services	\$(100,000)	
<p>This action decreases the Berryessa Community Center Improvements Reserve by \$100,000 (from \$243,000 to \$143,000). A corresponding recommendation is included in this report to allocate this funding to the Berryessa Community Center Improvements project.</p>			
Council District 4 Construction and Conveyance Tax Fund (381) TOTAL			
Council District 7 Construction and Conveyance Tax Fund (385)			
Ending Fund Balance Adjustment	Parks, Recreation and Neighborhood Services	\$(138,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>			
Jeneane Marie Circle Fencing	Parks, Recreation and Neighborhood Services	\$138,000	
<p>This action establishes the Jeneane Marie Circle Fencing project totaling \$138,000. Funding of \$102,000 is currently available in the General Fund for the installation of a wrought iron fence along Jeneane Marie Circle; however, the revised project cost is \$252,000. Therefore, this report includes recommendations to allocate additional funding of \$150,000 for the project - \$138,000 from the Council District 7 Construction and Conveyance Tax Fund (offset by a decrease to the Ending Fund Balance) and \$12,000 from the Park Trust Fund (offset by a decrease to the Future PDO/PIO Projects Reserve).</p>			
Council District 7 Construction and Conveyance Tax Fund (385) TOTAL			
Emma Prusch Fund (131)			
Emma Prusch Multi-Cultural Center Improvements	Parks, Recreation and Neighborhood Services	\$60,000	
<p>This action establishes the Emma Prusch Multi-Cultural Center Improvements project totaling \$60,000. This project provides funding to replace the damaged room partition in the Emma Prusch Multi-Cultural Center, which is a heavily used facility at Emma Prusch Park. A corresponding action is recommended in this report to decrease the Ending Fund Balance to offset this action.</p>			
Ending Fund Balance Adjustment	Parks, Recreation and Neighborhood Services	\$(60,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>			
Emma Prusch Fund (131) TOTAL			

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Fire Construction and Conveyance Tax Fund (392)			
Capital Program and Public Works Department Support Service Costs	Public Works	\$20,000	
<p>This action increases the Capital Program and Public Works Department Support Service Costs appropriation in the amount of \$20,000 (from \$9,000 to \$29,000) to reflect higher than anticipated direct labor and professional services costs incurred by the Public Works Department for project support, including the construction of the new Fire Station 37. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>			
Ending Fund Balance Adjustment	Fire	\$(20,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>			
Fire Construction and Conveyance Tax Fund (392) TOTAL			
General Purpose Parking Capital Fund (559)			
Ending Fund Balance Adjustment	Transportation	\$(510,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>			
Revenue Control & Meters Upgrades	Transportation	\$250,000	
<p>This action increases the Revenue Control & Meters Upgrades appropriation by \$250,000 (from \$1.33 million to \$1.58 million) for the upgrade of Smart Meters to 4G wireless communications technology. This upgrade will take place this fiscal year and is required as the transaction speed and memory demands placed on the City's meters continues to increase. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>			
Transfer to Building and Structure Construction Tax Fund	Transportation	\$160,000	
<p>This action establishes a Transfer to the Building and Structure Construction Tax Fund in the amount of \$160,000 to fund the purchase of a dynamic messaging sign that will be installed downtown. The overall project will occur in the Building and Structure Construction Tax Fund, and the General Purpose Parking Capital Fund will provide funding for the dynamic message sign portion of the project. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>			
Transfer to Construction Excise Tax Fund	Transportation	\$100,000	
<p>This action increases the Transfer to the Construction Excise Tax Fund in the amount of \$100,000 for the General Purpose Parking Capital Fund's contribution to a new traffic signal at the intersection of 6th Street and Taylor Street in Japantown. The General Purpose Parking Capital Fund provides funding for improvements in the greater downtown area and will supplement funds in the Construction Excise Tax Fund to install the traffic signal and make that intersection safer. A corresponding decrease to the Ending Fund Balance is recommended to offset this action.</p>			
General Purpose Parking Capital Fund (559) TOTAL			

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Lake Cunningham Fund (462)			
Ending Fund Balance Adjustment	Parks, Recreation and Neighborhood Services	\$(231,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.			
Lake Cunningham Park Restroom Renovation	Parks, Recreation and Neighborhood Services	\$75,000	
This action increases the Lake Cunningham Park Restroom Renovation project by \$75,000 (from \$250,000 to \$325,000), due to the most recent project estimates being higher than initially estimated. The Lake Cunningham Park Restroom Renovation project provides funding to construct partitions, paint the floors, repair the trim, replace fixtures, and repair the plumbing in the restroom. A corresponding action to decrease the Ending Fund Balance is recommended in this report to offset this action.			
Lake Cunningham Regional Park Infrastructure	Parks, Recreation and Neighborhood Services	\$156,000	
This action increases the Lake Cunningham Regional Park Infrastructure allocation by \$156,000 (from \$250,000 to \$406,000). The additional project funding will support the installation of a new shade structure, picnic tables, barbecue pits, rebuild the bike pump track, and install recreational games. A corresponding action to decrease the Ending Fund Balance is recommended in this report to offset this action.			
Lake Cunningham Fund (462) TOTAL		<hr/>	<hr/>
Library Construction and Conveyance Tax Fund (393)			
General Equipment and Furnishings	Library	\$100,000	
This action increases the General Equipment and Furnishings allocation by \$100,000 (from \$479,000 to \$579,000). The additional funding will support the renovation of the Children's Room at the Dr. Martin Luther King, Jr. Library to add a Wee Explore play space. Once the project is completed, the Children's Room play space will have custom structures and panels for hands-on learning and development of early literacy skills for children ages 0-5. The estimated project cost totals \$300,000, of which \$200,000 will be provided by the San Jose Sharks Foundation and the remaining \$100,000 will be provided by the Library Construction and Conveyance Tax Fund. A corresponding action is included in this report to shift funding from the Village Square Branch Library Improvement project, which is completed and therefore the funding is no longer needed.			
Village Square Branch Library Improvements	Library	\$(100,000)	
This action eliminates the Village Square Branch Library Improvements appropriation totaling \$100,000, as this project has already completed. A corresponding action is recommended in this report to shift this funding to the General Equipment and Furnishings allocation.			
Library Construction and Conveyance Tax Fund (393) TOTAL		<hr/>	<hr/>

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Park Yards Construction and Conveyance Tax Fund (398)			
Capital Program and Public Works Department Support Service Costs	Public Works	\$25,000	
<p>This action establishes the Capital Program and Public Works Department Support Services Costs allocation totaling \$25,000 in the Park Yards Construction and Conveyance Tax Fund. This allocation provides funding for Public Works Department support services costs associated with Arcadia Softball Facility Maintenance Yard project. A corresponding action to decrease the Ending Fund Balance is recommended in this report to offset this action.</p>			
Ending Fund Balance Adjustment	Parks, Recreation and Neighborhood Services	\$(65,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>			
Happy Hollow Park and Zoo Yard Electric Security Gate	Parks, Recreation and Neighborhood Services	\$40,000	
<p>This action establishes the Happy Hollow Park and Zoo Maintenance Yard Electric Security Gate project totaling \$40,000. This project provides funding to replace the existing gate with an electric gate, as the existing gate does not functioning properly and can lead to security risks. A corresponding action to decrease the Ending Fund Balance is recommended in this report to offset this action.</p>			
Park Yards Construction and Conveyance Tax Fund (398) TOTAL			
Parks Central Construction and Conveyance Tax Fund (390)			
Capital Program and Public Works Department Support Service Costs	Public Works	\$516,000	
<p>This action shifts funding for the Capital Program and Public Works Department Support Service Costs (\$516,000) from the Park Trust Fund to the Central Construction and Conveyance Tax Fund due to funding constraints within the Park Trust Fund. Corresponding actions are included in this report to decrease the Ending Fund Balance in the Central Construction and Conveyance Tax Fund and increase the Future PDO/PIO Projects Reserve in the Park Trust Fund.</p>			
Ending Fund Balance Adjustment	Parks, Recreation and Neighborhood Services	\$(516,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>			
Parks Central Construction and Conveyance Tax Fund (390) TOTAL			

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Public Safety and Infrastructure Bond Fund - Municipal Improvements (498)			
Ending Fund Balance Adjustment	Public Works	\$(319,000)	
This action decreases the Ending Fund Balance to offset an action			
Transfer to the General Fund: Measure T Bond Reimbursement	Public Works	\$319,000	
This action establishes a Transfer to the General Fund in the amount of \$319,000. This action reimburses the General Fund for costs that were advanced for Measure T projects prior to bond issuance and have been determined to be eligible for payment out of the Public Safety and Infrastructure Bond Fund. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action. An increase in the General Fund Transfers and Reimbursements is also recommended elsewhere in this report.			
Public Safety and Infrastructure Bond Fund - Municipal Improvements (498) TOTAL			
Public Safety and Infrastructure Bond Fund - Parks (498)			
Ending Fund Balance Adjustment	Public Works	\$(60,000)	
This action decreases the Ending Fund Balance to offset an action recommended elsewhere in this report.			
Measure T - Community Center/Emergency Shelters	Public Works	\$60,000	
This action establishes the Measure T - Community Center/Emergency Center appropriation in the amount of \$60,000. Funding was not slated until 2020-2021, but staff anticipates moving forward with the project sooner to complete feasibility studies at a minimum of four community centers, some of which are emergency shelters. The current tentative sites identified are Camden Community Center, Roosevelt Community Center, Mayfair Community Center, and Bascom Community Center. Studies will include detailed assessments and development of scope of priority work not limited to architecture, structural, electrical, mechanical and plumbing. This allocation includes funding for the Public Works project management cost and consultant fees. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.			
Public Safety and Infrastructure Bond Fund - Parks (498) TOTAL			
San José-Santa Clara Treatment Plant Capital Fund (512)			
City Facilities Emergency Power Generation - Regional Wastewater Facility	Public Works	\$(100,000)	
This adjustment eliminates the City Facilities Emergency Power Generation - Regional Wastewater Facility appropriation. Funding was intended to be used to add backup energy generation for the Regional Wastewater Facility (RWF). Existing backup infrastructure at the RWF is deemed sufficient, however, rendering additional backup capacity unnecessary. This action is offset by an adjustment to the Ending Fund Balance recommended elsewhere in this report.			
Ending Fund Balance Adjustment	Public Works	\$100,000	
This adjustment increases the Ending Fund Balance to offset an action recommended elsewhere in this report.			
San José-Santa Clara Treatment Plant Capital Fund (512) TOTAL			

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Storm Sewer Capital Fund (469)			
2017 Flood - Bailey Ave Storm Drain Inlet Repair	Public Works	\$80,000	
<p>This adjustment increases the 2017 Flood - Bailey Ave Storm Drain Inlet Repair appropriation by \$80,000 (from \$550,000 to \$630,000). This action provides funding to account for construction delays, which have pushed activity into wet winter months, thus increasing the cost of the project. This action is offset by an adjustment to the Ending Fund Balance recommended elsewhere in this report.</p>			
Alviso Storm Pump Station	Public Works	\$400,000	
<p>This adjustment increases the Alviso Storm Pump Station appropriation by \$400,000 (from \$1.4 million to \$1.8 million). This action provides funding for expenses required by late-phase monitoring and management of the project by City staff and close-out of the Alviso Storm Pump Station project, including a punch list of civil, structural, and electrical items required for project completion. This action is offset by a decrease to the Ending Fund Balance recommended elsewhere in this report.</p>			
Ending Fund Balance Adjustment	Public Works	\$(580,000)	
<p>This action decreases the Ending Fund Balance by \$580,000 to offset actions recommended elsewhere in this report.</p>			
Storm Sewer Improvements	Public Works	\$100,000	
<p>This adjustment increases the Storm Sewer Improvements appropriation by \$100,000 (from \$825,000 to \$925,000). This action provides funding for the remediation of storm sewer flooding sites identified by Transportation and Public Works Department staff, and for the management and execution of contracts for existing project activities. Sites on East William Street, at Diamond Heights and Senter Road, on Hassler Parkway, and at Gardendale Drive and Hillsdale Avenue have been identified for remediation and improvement. This action is offset by a decrease to the Ending Fund Balance recommended elsewhere in this report.</p>			
Storm Sewer Capital Fund (469) TOTAL			

Subdivision Park Trust Fund (375)

Alma Community Center Kitchen Remediation	Parks, Recreation and Neighborhood Services	\$65,000
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This action establishes the Alma Community Center Kitchen Remediation project totaling \$65,000. This project provides funding for remediation work at the Alma Community Center Kitchen, including replacing water damaged drywall and replacing cabinetry. A corresponding decrease to the Future PDO/PIO Projects Reserve is recommended in this report to offset this action.

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Subdivision Park Trust Fund (375)			
Capital Program and Public Works Support Service Costs	Parks, Recreation and Neighborhood Services	\$(516,000)	
This action shifts funding for the Capital Program and Public Works Department Support Service Costs (\$516,000) from the Park Trust Fund to the Central Construction and Conveyance Tax Fund due to funding constraints within the Park Trust Fund. Corresponding actions are included in this report to increase the Future PDO/PIO Projects Reserve in the Park Trust Fund and decrease the Central Construction and Conveyance Tax Fund Ending Fund Balance.			
Future PDO/PIO Projects Reserve	Parks, Recreation and Neighborhood Services	\$346,000	
This action increases the Future PDO/PIO Projects Reserve to offset the actions recommended in this report.			
Infrastructure Backlog: RCS Reserve (Council District 3)	Parks, Recreation and Neighborhood Services	\$(200,000)	
This action eliminates the Infrastructure Backlog Reserve (Council District 3) totaling \$200,000. A corresponding recommendation is included in this report to allocate this funding to the Roosevelt Community Center Lighting Improvements project.			
Jeneane Marie Circle Fencing	Parks, Recreation and Neighborhood Services	\$12,000	
This action establishes the Jeneane Marie Circle Fencing project totaling \$12,000. Funding of \$102,000 is currently available in the General Fund for the installation of a wrought iron fence along Jeneane Marie Circle; however, the revised project cost is \$252,000. Therefore, this report includes recommendations to allocate additional funding of \$150,000 for the project - \$138,000 from the Council District 7 Construction and Conveyance Tax Fund (offset by a decrease to the Ending Fund Balance) and \$12,000 from the Park Trust Fund (offset by a decrease to the Future PDO/PIO Projects Reserve).			
Martial-Cottle Community Garden	Parks, Recreation and Neighborhood Services	\$43,000	
This action increases the Martial-Cottle Community Garden project by \$43,000 (from \$353,000 to \$396,000), to ensure sufficient funding is available to complete the project. The additional funding will support higher than anticipated construction inspection and professional services costs that are anticipated to be incurred in 2019-2020. Additional funding needed for the Martial-Cottle Community Garden project totals \$60,000, of which \$17,000 is recommended from the Council District 10 Construction and Conveyance Tax Fund (offset by a decrease to the Ending Fund Balance) and \$43,000 is recommended from the Park Trust Fund (offset by a decrease to the Future PDO/PIO Projects Reserve).			
Roosevelt Community Center Lighting Improvements	Parks, Recreation and Neighborhood Services	\$250,000	
This action establishes the Roosevelt Community Center Lighting Improvements project totaling \$250,000. This project provides funding for the replacement of lighting fixtures with new electric wiring at Roosevelt Community Center. A corresponding reduction to the Infrastructure Backlog Reserve (\$200,000) and the Future PDO/PIO Projects Reserve (\$50,000) are recommended elsewhere in this document to offset this action.			

**Capital Funds Recommended Budget Adjustments Summary
2019-2020 Mid-Year Budget Review**

<u>Action</u>	<u>Department</u>	<u>Use</u>	<u>Source</u>
Subdivision Park Trust Fund (375)			
Ryland Pool Improvements	Parks, Recreation and Neighborhood Services	\$295,000	
<p>This action establishes the Ryland Pool Improvements project totaling \$295,000. This project provides funding to repair the broken pumps, repair or replace unsafe walkways and benches, and install a heating, ventilation, and air conditioning (HVAC) system at Ryland Pool. A corresponding action to decrease the Ryland Pool Reserve is recommended in this report to offset this action.</p>			
Ryland Pool Reserve	Parks, Recreation and Neighborhood Services	\$(295,000)	
<p>This action eliminates the Ryland Pool Reserve totaling \$295,000. A corresponding recommendation is included in this report to allocate this funding to the Ryland Pool Improvements project.</p>			
Subdivision Park Trust Fund (375) TOTAL		_____	_____
Water Utility Capital Fund (500)			
Ending Fund Balance Adjustment	Environmental Services	\$168,000	
<p>This action increases the Ending Fund Balance to offset an action recommended elsewhere in this report.</p>			
North Coyote Valley Water System Reserve	Environmental Services	\$(168,000)	
<p>This action eliminates the North Coyote Valley Water System Reserve totaling \$168,000. This reserve was established to account for possible expenses relating to easement entitlements for water infrastructure in North Coyote Valley. With the acquisition of property by the City, this reserve is no longer needed. A corresponding increase to the Ending Fund Balance is recommended in this report to offset this action.</p>			
Water Utility Capital Fund (500) TOTAL		_____	_____

General Fund
Recommended Budget Adjustments and Clean-Up Actions
2019-2020 Mid-Year Budget Review

Department/Proposal		USE		SOURCE		NET COST	
		Personal Services	Non-Personal/Equipment	Total Use	Revenue	Beg Fund Balance	
DEPARTMENTAL EXPENSES							
City Attorney's Office							
Clean-Up Actions	Voluntary Furlough/Reduced Work Week Program	(\$2,002)	-	(\$2,002)	-	-	(\$2,002)
	Salary and Benefits Program	\$306,461	-	\$306,461	-	-	\$306,461
City Auditor's Office							
Clean-Up Actions	Voluntary Furlough/Reduced Work Week Program	(\$4,664)	-	(\$4,664)	-	-	(\$4,664)
City Clerk's Office							
Clean-Up Actions	Voluntary Furlough/Reduced Work Week Program	(\$7,592)	-	(\$7,592)	-	-	(\$7,592)
Office of the City Manager							
Required Technical-Rebalancing Actions	Non-Personal/Equipment (Reallocation to Personal Services for Office of Civic Innovation Staffing)	-	(\$550,000)	(\$550,000)	-	-	(\$550,000)
	Personal Services (Reallocation from Non-Personal/Equipment for Office of Civic Innovation Staffing)	\$550,000	-	\$550,000	-	-	\$550,000
Office of the City Manager							
Clean-Up Actions	Voluntary Furlough/Reduced Work Week Program	(\$25,489)	-	(\$25,489)	-	-	(\$25,489)
	Salary and Benefits Program	\$368,560	-	\$368,560	-	-	\$368,560
City Manager - Office of Economic Development							
Clean-Up Actions	Voluntary Furlough/Reduced Work Week Program	(\$3,798)	-	(\$3,798)	-	-	(\$3,798)
Environmental Services Department							
Clean-Up Actions	Voluntary Furlough/Reduced Work Week Program	(\$3,644)	-	(\$3,644)	-	-	(\$3,644)
Finance Department							
Required Technical-Rebalancing Actions	Non-Personal/Equipment (Building Performance Payment Processing)	-	\$30,000	\$30,000	-	-	\$30,000

General Fund
Recommended Budget Adjustments and Clean-Up Actions
2019-2020 Mid-Year Budget Review

Department/Proposal		USE		SOURCE		NET COST			
		Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance			
DEPARTMENTAL EXPENSES									
			Non-Personal/Equipment (Business Tax System Maintenance)	-	\$56,000	\$56,000	-	-	\$56,000
Finance Department			Tech Adjust: Personal Services (Reallocation to Non-Personal/Equipment for Temporary Staffing)	(\$138,000)	-	(\$138,000)	-	-	(\$138,000)
	Clean-Up Actions		Tech Adjust: Non-Personal/Equipment (Reallocation from Personal Services for Temporary Staffing)	-	\$138,000	\$138,000	-	-	\$138,000
			Voluntary Furlough/Reduced Work Week Program	(\$8,476)	-	(\$8,476)	-	-	(\$8,476)
			Salary and Benefits Program	\$223,576	-	\$223,576	-	-	\$223,576
Fire Department									
	Required Technical-Rebalancing Actions		Non-Personal/Equipment (Exhaust Systems Maintenance)	-	\$75,000	\$75,000	-	-	\$75,000
			Non-Personal/Equipment (SCBA Equipment)	-	\$99,802	\$99,802	-	-	\$99,802
Fire Department									
	Grants-Reimbursements-Fees		Non-Personal/Equipment/Revenue from Federal Government (SHSGP – Water Rescue Trailer Grant)	-	\$17,852	\$17,852	\$17,852	-	-
			Non-Personal/Equipment/Revenue from Federal Government (2018 SHSGP Grant - Water Rescue-Related Equipment)	-	(\$74,400)	(\$74,400)	(\$74,400)	-	-
Fire Department									
	Clean-Up Actions		Voluntary Furlough/Reduced Work Week Program	(\$9,852)	-	(\$9,852)	-	-	(\$9,852)
Human Resources Department									
	Required Technical-Rebalancing Actions		Non-Personal/Equipment (Talent Development Program)	-	(\$140,000)	(\$140,000)	-	-	(\$140,000)
			Personal Services (Talent Development Program)	\$140,000	-	\$140,000	-	-	\$140,000

General Fund
Recommended Budget Adjustments and Clean-Up Actions
2019-2020 Mid-Year Budget Review

Department/Proposal		USE		SOURCE		NET COST	
		Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance	
DEPARTMENTAL EXPENSES							
Human Resources Department	Personal Services (Self-Insured Medical Fund Staffing)	(\$49,000)	-	(\$49,000)	-	-	(\$49,000)
Clean-Up Actions	Voluntary Furlough/Reduced Work Week Program	(\$10,143)	-	(\$10,143)	-	-	(\$10,143)
	Salary and Benefits Program	\$1,128	-	\$1,128	-	-	\$1,128
Independent Police Auditor's Office							
Clean-Up Actions	Voluntary Furlough/Reduced Work Week Program	(\$4,460)	-	(\$4,460)	-	-	(\$4,460)
Information Technology Department							
Required Technical-Rebalancing Actions	Non-Personal/Equipment (PC and Windows Upgrade Project)	-	\$100,000	\$100,000	-	-	\$100,000
Information Technology Department							
Clean-Up Actions	Voluntary Furlough/Reduced Work Week Program	(\$11,824)	-	(\$11,824)	-	-	(\$11,824)
Library Department							
Required Technical-Rebalancing Actions	Non-Personal/Equipment (Janitorial Services)	-	\$68,000	\$68,000	-	-	\$68,000
Library Department							
Clean-Up Actions	Voluntary Furlough/Reduced Work Week Program	(\$37,456)	-	(\$37,456)	-	-	(\$37,456)
	Salary and Benefits Program	\$205,682	-	\$205,682	-	-	\$205,682
Mayor & City Council							
Grants-Reimbursements-Fees	Office of the Mayor/Other Revenue	-	\$25,000	\$25,000	\$25,000	-	-
	Council District 1/Other Revenue	-	\$4,948	\$4,948	\$4,948	-	-
	Council District 2/Other Revenue	-	\$8,500	\$8,500	\$8,500	-	-
	Council District 5/Other Revenue	-	\$21,250	\$21,250	\$21,250	-	-
	Council District 8/Other Revenue	-	\$16,300	\$16,300	\$16,300	-	-
	Council District 9/Other Revenue	-	\$11,075	\$11,075	\$11,075	-	-

General Fund
 Recommended Budget Adjustments and Clean-Up Actions
 2019-2020 Mid-Year Budget Review

Department/Proposal		USE		SOURCE		NET COST	
		Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance	
DEPARTMENTAL EXPENSES							
Mayor & City Council							
Clean-Up Actions	Salary and Benefits Program - Office of the Mayor	\$8,445	-	\$8,445	-	-	\$8,445
	Salary and Benefits Program - Council District #01	\$1,974	-	\$1,974	-	-	\$1,974
	Salary and Benefits Program - Council District #02	\$987	-	\$987	-	-	\$987
	Salary and Benefits Program - Council District #03	\$3,026	-	\$3,026	-	-	\$3,026
	Salary and Benefits Program - Council District #04	\$3,839	-	\$3,839	-	-	\$3,839
	Salary and Benefits Program - Council District #05	\$4,497	-	\$4,497	-	-	\$4,497
	Salary and Benefits Program - Council District #06	\$3,511	-	\$3,511	-	-	\$3,511
	Salary and Benefits Program - Council District #07	\$329	-	\$329	-	-	\$329
	Salary and Benefits Program - Council District #08	\$2,496	-	\$2,496	-	-	\$2,496
	Salary and Benefits Program - Council District #09	\$1,316	-	\$1,316	-	-	\$1,316
	Salary and Benefits Program - Council District #10	\$1,563	-	\$1,563	-	-	\$1,563
Parks, Recreation and Neighborhood Services Department							
Required Technical-Rebalancing Actions	Personal Services (Healthy Aging San José)	\$19,240	-	\$19,240	-	-	\$19,240
	Non-Personal/Equipment (Janitorial Services)	-	\$74,000	\$74,000	-	-	\$74,000
	Personal Services (Youth Reinvestment Grant)	\$40,000	-	\$40,000	-	-	\$40,000
Parks, Recreation and Neighborhood Services Department							
Grants-Reimbursements-Fees	Non-Personal/Equipment/Other Revenue (Gardner Family Health Network Scholarships)	-	\$40,000	\$40,000	\$40,000	-	-

General Fund
Recommended Budget Adjustments and Clean-Up Actions
2019-2020 Mid-Year Budget Review

Department/Proposal	USE		SOURCE		NET COST		
	Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance		
DEPARTMENTAL EXPENSES							
	Non-Personal/Equipment/Fees, Rates, and Charges (County of Santa Clara Social Services Agency)	-	(\$105,820)	(\$105,820)	(\$105,820)	-	-
Parks, Recreation and Neighborhood Services Department							
Clean-Up Actions	Voluntary Furlough/Reduced Work Week Program	(\$19,917)	-	(\$19,917)	-	-	(\$19,917)
	Salary and Benefits Program	\$24,851	-	\$24,851	-	-	\$24,851
Planning, Building and Code Enforcement Department							
Clean-Up Actions	Voluntary Furlough/Reduced Work Week Program	(\$33,842)	-	(\$33,842)	-	-	(\$33,842)
Police Department							
Clean-Up Actions	Voluntary Furlough/Reduced Work Week Program	(\$21,236)	-	(\$21,236)	-	-	(\$21,236)
	Salary and Benefits Program	\$1,169,257	-	\$1,169,257	-	-	\$1,169,257
Public Works Department							
Required Technical-Rebalancing Actions	Non-Personal/Equipment (Janitorial Services)	-	\$450,000	\$450,000	-	-	\$450,000
Public Works Department							
Grants-Reimbursements-Fees	Non-Personal/Equipment/Other Revenue (Fleet Telematics)	-	\$750,000	\$750,000	\$750,000	-	-
Public Works Department							
Clean-Up Actions	Voluntary Furlough/Reduced Work Week Program	(\$2,919)	-	(\$2,919)	-	-	(\$2,919)
	Salary and Benefits Program	\$212,275	-	\$212,275	-	-	\$212,275
Transportation Department							
Grants-Reimbursements-Fees	Non-Personal/Equipment/Fees, Rates, and Charges (Micromobility/Scooters)	-	\$100,000	\$100,000	\$100,000	-	-
Transportation Department							
Clean-Up Actions	Voluntary Furlough/Reduced Work Week Program	(\$28,728)	-	(\$28,728)	-	-	(\$28,728)
DEPARTMENTAL EXPENSES TOTAL		\$2,869,971	\$1,215,507	\$4,085,478	\$814,705	-	\$3,270,773

General Fund
Recommended Budget Adjustments and Clean-Up Actions
2019-2020 Mid-Year Budget Review

Department/Proposal	USE		SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance
CITY-WIDE EXPENSES					
Required Technical-Rebalancing					
Actions					
	Storm Fees	- \$90,000	\$90,000	-	- \$90,000
	Accessory Dwelling Unit Amnesty Program	- \$293,000	\$293,000	-	- \$293,000
	Workers' Compensation Claims - Police	- \$200,000	\$200,000	-	- \$200,000
	Workers' Compensation Claims – Fire	- (\$200,000)	(\$200,000)	-	- (\$200,000)
Grants-Reimbursements-Fees					
	Creating Connections/Other Revenue	- \$140,000	\$140,000	\$140,000	- -
	Library Grants/Revenue from State of California (CLLS Adult Literacy Grant)	- \$72,672	\$72,672	\$72,672	- -
	Library Grants/Revenue from State of California (CREI- LSTA Grant)	- \$5,000	\$5,000	\$5,000	- -
	Sidewalk Repairs/Other Revenue	- \$150,000	\$150,000	\$150,000	- -
	Library Grants/Other Revenue (PLP Innovation and Technology Opportunity Grant)	- \$12,460	\$12,460	\$12,460	- -
	Library Grants/Other Revenue (Yiddish Book Center Grant)	- \$500	\$500	\$500	- -
	Northern California Regional Intelligence Center - Police 2019/Revenue from State of California	\$121,000 -	\$121,000	\$121,000	- -
	Emergency Street Tree Services/Other Revenue	- \$100,000	\$100,000	\$100,000	- -

General Fund
Recommended Budget Adjustments and Clean-Up Actions
2019-2020 Mid-Year Budget Review

Department/Proposal	USE		SOURCE		NET COST		
	Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance		
CITY-WIDE EXPENSES							
	2016 County Victim Services Program/Revenue from State of California	-	\$75,436	\$75,436	\$75,436	-	-
	ICAC State Grant 2018-2020/Revenue from State of California	-	\$950,000	\$950,000	\$950,000	-	-
	County of Santa Clara Probation Department for Teen Programming/Revenue from Local Agencies	\$75,000	\$25,000	\$100,000	\$100,000	-	-
	Fire Inspection Improvement	-	\$250,000	\$250,000	-	-	\$250,000
	CITY-WIDE EXPENSES TOTAL	\$196,000	\$2,164,068	\$2,360,068	\$1,727,068	-	\$633,000
CAPITAL PROJECT EXPENSES							
Required Technical-Rebalancing Actions	Closed Landfill Compliance	-	\$150,000	\$150,000	-	-	\$150,000
Grants-Reimbursements-Fees	Fire Training Center Relocation/Revenue from the State of California	-	\$3,000,000	\$3,000,000	\$3,000,000	-	-
	CAPITAL PROJECT EXPENSES TOTAL	-	\$3,150,000	\$3,150,000	\$3,000,000	-	\$150,000
EARMARKED RESERVES							
Required Technical-Rebalancing Actions	2019-2020 Ending Fund Balance Reserve	-	\$10,000,000	\$10,000,000	-	-	\$10,000,000
Grants-Reimbursements-Fees	Emergency Operations Center FF&E Reserve/Revenue from the State of California	-	\$2,500,000	\$2,500,000	\$2,500,000	-	-
	Fire Development Fee Program Reserve	-	(\$250,000)	(\$250,000)	-	-	(\$250,000)
Clean-Up Actions	Salary and Benefits Program - Salaries and Benefits Reserve	-	(\$3,448,684)	(\$3,448,684)	-	-	(\$3,448,684)

General Fund
 Recommended Budget Adjustments and Clean-Up Actions
 2019-2020 Mid-Year Budget Review

Department/Proposal	USE		SOURCE		NET COST		
	Personal Services	Non-Personal/ Equipment	Total Use	Revenue	Beg Fund Balance		
EARMARKED RESERVES							
	Voluntary Furlough/Reduced Work Week Program - Salaries and Benefits Reserve	-	\$200,000	\$200,000	-	-	\$200,000
	Salary and Benefits Program - Building Development Fee Program Reserve	-	\$328,428	\$328,428	-	-	\$328,428
	Salary and Benefits Program - Planning Development Fee Program Reserve	-	\$61,220	\$61,220	-	-	\$61,220
	Salary and Benefits Program - Citywide Planning Fee Reserve	-	\$18,324	\$18,324	-	-	\$18,324
	Salary and Benefits Program - Public Works Development Fee Program Reserve	-	\$148,540	\$148,540	-	-	\$148,540
	Salary and Benefits Program - Public Works Development Fee Program - Small Cell Permitting Reserve	-	\$29,112	\$29,112	-	-	\$29,112
	Salary and Benefits Program - Fire Development Fee Program Reserve	-	\$119,287	\$119,287	-	-	\$119,287
	EARMARKED RESERVES TOTAL	-	\$9,706,227	\$9,706,227	\$2,500,000	-	\$7,206,227
REVENUE ADJUSTMENTS							
Required Technical-Rebalancing Actions	Transient Occupancy Tax	-	-	-	(\$2,500,000)	-	\$2,500,000
	Revenue from Local Agencies (BHSD Grant for Therapeutics)	-	-	-	(\$309,000)	-	\$309,000
	Property Tax	-	-	-	\$10,000,000	-	(\$10,000,000)
	Other Revenue (Sale of Properties)	-	-	-	\$3,750,000	-	(\$3,750,000)

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2019-2020 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Airport Customer Facility And Transportation Fee Fund (519)								
Budget Adjustments								
Airport Department Customer Facility Charge (CFC)								
Audit	-	-	\$3,000	-	\$3,000	-	-	\$3,000
Operations Contingency	-	-	(\$3,000)	-	(\$3,000)	-	-	(\$3,000)
Budget Adjustments Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Airport Customer Facility And Transportation Fee Fund (519) TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Airport Maintenance And Operation Fund (523)								
Clean-Up and Rebudget Actions								
Airport Department Salary and Benefits Program - Operations Contingency	-	-	(\$538,206)	-	(\$538,206)	-	-	(\$538,206)
Salary and Benefits Program	\$524,448	-	-	-	\$524,448	-	-	\$524,448
City Attorney's Office Salary and Benefits Program	\$13,758	-	-	-	\$13,758	-	-	\$13,758
Clean-Up and Rebudget Actions TOTAL	\$538,206	\$0	(\$538,206)	\$0	\$0	\$0	\$0	\$0
Airport Maintenance And Operation Fund (523) TOTAL	\$538,206	\$0	(\$538,206)	\$0	\$0	\$0	\$0	\$0
Benefits Funds - Benefit Fund (160)								
Clean-Up and Rebudget Actions								
Human Resources Department Salary and Benefits Program	\$14,975	-	-	(\$14,975)	-	-	-	-
Clean-Up and Rebudget Actions TOTAL	\$14,975	\$0	\$0	(\$14,975)	\$0	\$0	\$0	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2019-2020 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Budget Adjustments								
Human Resources Department								
401(a) Defined Contribution Retirement Plan/Transfers and Reimbursements	-	-	\$45,000	-	\$45,000	\$45,000	-	-
Non-Personal/Equipment (Affordable Care Act)	-	\$25,000	-	-	\$25,000	-	-	\$25,000
Ending Fund Balance Adjustment PTC 457/Transfers and Reimbursements	-	-	-	(\$25,000)	(\$25,000)	-	-	(\$25,000)
	-	-	\$72,000	-	\$72,000	\$72,000	-	-
Budget Adjustments Total	\$0	\$25,000	\$117,000	(\$25,000)	\$117,000	\$117,000	\$0	\$0
Benefits Funds - Benefit Fund (160) TOTAL	\$14,975	\$25,000	\$117,000	(\$39,975)	\$117,000	\$117,000	\$0	\$0
Benefits Funds - Dental Insurance Fund (155)								
Clean-Up and Rebudget Actions								
Human Resources Department								
Salary and Benefits Program	\$3,331	-	-	(\$3,331)	-	-	-	-
Clean-Up and Rebudget Actions TOTAL	\$3,331	\$0	\$0	(\$3,331)	\$0	\$0	\$0	\$0
Budget Adjustments								
Human Resources Department								
Delta HMO Plan	-	-	\$10,000	-	\$10,000	-	-	\$10,000
Ending Fund Balance Adjustment	-	-	-	(\$10,000)	(\$10,000)	-	-	(\$10,000)
Budget Adjustments Total	\$0	\$0	\$10,000	(\$10,000)	\$0	\$0	\$0	\$0
Benefits Funds - Dental Insurance Fund (155) TOTAL	\$3,331	\$0	\$10,000	(\$13,331)	\$0	\$0	\$0	\$0
Benefits Funds - Life Insurance Fund (156)								
Clean-Up and Rebudget Actions								
Human Resources Department								
Salary and Benefits Program	\$1,542	-	-	(\$1,542)	-	-	-	-
Clean-Up and Rebudget Actions TOTAL	\$1,542	\$0	\$0	(\$1,542)	\$0	\$0	\$0	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2019-2020 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Budget Adjustments									
Human Resources									
Department									
	Insurance Premiums/Fees, Rates, and Charges	-	-	\$20,000	-	\$20,000	\$20,000	-	-
	Budget Adjustments Total	\$0	\$0	\$20,000	\$0	\$20,000	\$20,000	\$0	\$0
	Benefits Funds - Life Insurance Fund (156) TOTAL	\$1,542	\$0	\$20,000	(\$1,542)	\$20,000	\$20,000	\$0	\$0
Benefits Funds - Self-Insured Medical Fund (158)									
Clean-Up and Rebudget Actions									
Human Resources									
Department									
	Salary and Benefits Program	\$1,349	-	-	(\$1,349)	-	-	-	-
	Clean-Up and Rebudget Actions TOTAL	\$1,349	\$0	\$0	(\$1,349)	\$0	\$0	\$0	\$0
Budget Adjustments									
Human Resources									
Department									
	Transfers and Reimbursements (Stop-Loss Insurance Reimbursement)	-	-	-	-	-	\$922,000	-	(\$922,000)
	Ending Fund Balance Adjustment	-	-	-	\$873,000	\$873,000	-	-	\$873,000
	Personal Services (Self-Insured Medical Fund Staffing)	\$49,000	-	-	-	\$49,000	-	-	\$49,000
	Budget Adjustments Total	\$49,000	\$0	\$0	\$873,000	\$922,000	\$922,000	\$0	\$0
	Benefits Funds - Self-Insured Medical Fund (158) TOTAL	\$50,349	\$0	\$0	\$871,651	\$922,000	\$922,000	\$0	\$0
Business Improvement District Fund (351)									
Clean-Up and Rebudget Actions									
City Manager - Office of Economic Development									
	Fund Balance Reconciliation (Hotel Business Improvement District)	-	-	-	\$18,047	\$18,047	-	\$18,047	-
	Clean-Up and Rebudget Actions TOTAL	\$0	\$0	\$0	\$18,047	\$18,047	\$0	\$18,047	\$0
	Business Improvement District Fund (351) TOTAL	\$0	\$0	\$0	\$18,047	\$18,047	\$0	\$18,047	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2019-2020 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Convention and Cultural Affairs Fund (536)								
Clean-Up and Rebudget Actions								
City Manager - Office of Economic Development	Ending Fund Balance/Transfers and Reimbursements (Fund Balance Reconciliation)	-	-	-	(\$51,679)	(\$51,679)	(\$51,679)	-
Clean-Up and Rebudget Actions TOTAL		\$0	\$0	\$0	(\$51,679)	(\$51,679)	(\$51,679)	\$0
Budget Adjustments								
City Manager - Office of Economic Development	Transfers and Reimbursements (Transfer from Transient Occupancy Tax Fund)	-	-	-	-	-	(\$1,875,000)	\$1,875,000
	Ending Fund Balance Adjustment	-	-	-	(\$1,875,000)	(\$1,875,000)	-	(\$1,875,000)
Budget Adjustments Total		\$0	\$0	\$0	(\$1,875,000)	(\$1,875,000)	(\$1,875,000)	\$0
Convention and Cultural Affairs Fund (536) TOTAL		\$0	\$0	\$0	(\$1,926,679)	(\$1,926,679)	(\$1,926,679)	\$0
Convention Center Facilities District Revenue Fund (791)								
Clean-Up and Rebudget Actions								
Finance Department	Fund Balance Reconciliation	-	-	-	\$117,636	\$117,636	-	\$117,636
Clean-Up and Rebudget Actions TOTAL		\$0	\$0	\$0	\$117,636	\$117,636	\$0	\$117,636

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2019-2020 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Budget Adjustments								
Finance Department								
Convention Center Facilities District Special Tax	-	-	-	-	-	(\$730,000)	-	\$730,000
Ending Fund Balance Adjustment	-	-	-	(\$730,000)	(\$730,000)	-	-	(\$730,000)
Budget Adjustments Total	\$0	\$0	\$0	(\$730,000)	(\$730,000)	(\$730,000)	\$0	\$0
Convention Center Facilities District Revenue Fund (791) TOTAL	\$0	\$0	\$0	(\$612,364)	(\$612,364)	(\$730,000)	\$117,636	\$0
General Purpose Parking Fund (533)								
Budget Adjustments								
Police Department								
Police Garage Security Services	-	-	\$175,000	-	\$175,000	-	-	\$175,000
Transportation Department								
Ending Fund Balance Adjustment	-	-	-	(\$175,000)	(\$175,000)	-	-	(\$175,000)
Budget Adjustments Total	\$0	\$0	\$175,000	(\$175,000)	\$0	\$0	\$0	\$0
General Purpose Parking Fund (533) TOTAL	\$0	\$0	\$175,000	(\$175,000)	\$0	\$0	\$0	\$0
Gift Trust Fund (139)								
Clean-Up and Rebudget Actions								
Finance Department								
Fund Balance Reconciliation	-	-	-	\$20,114	\$20,114	-	\$20,114	-
Clean-Up and Rebudget Actions TOTAL	\$0	\$0	\$0	\$20,114	\$20,114	\$0	\$20,114	\$0
Budget Adjustments								
Library Department								
Library - General Gifts/Other Revenue	-	-	\$132,495	-	\$132,495	\$132,495	-	-
Budget Adjustments Total	\$0	\$0	\$132,495	\$0	\$132,495	\$132,495	\$0	\$0
Gift Trust Fund (139) TOTAL	\$0	\$0	\$132,495	\$20,114	\$152,609	\$132,495	\$20,114	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2019-2020 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Home Investment Partnership Program Trust Fund (445)									
Clean-Up and Rebudget Actions									
City Attorney's									
Office	Salary and Benefits Program	\$1,893	-	-	-	\$1,893	-	-	\$1,893
Housing Department	Salary and Benefits Program	-	-	-	(\$1,893)	(\$1,893)	-	-	(\$1,893)
Clean-Up and Rebudget Actions TOTAL		\$1,893	\$0	\$0	(\$1,893)	\$0	\$0	\$0	\$0
Home Investment Partnership Program Trust Fund (445) TOTAL		\$1,893	\$0	\$0	(\$1,893)	\$0	\$0	\$0	\$0
Housing Trust Fund (440)									
Clean-Up and Rebudget Actions									
Housing Department	Salary and Benefits Program	\$11,814	-	-	(\$11,814)	-	-	-	-
Clean-Up and Rebudget Actions TOTAL		\$11,814	\$0	\$0	(\$11,814)	\$0	\$0	\$0	\$0
Housing Trust Fund (440) TOTAL		\$11,814	\$0	\$0	(\$11,814)	\$0	\$0	\$0	\$0
Inclusionary Fee Fund (451)									
Budget Adjustments									
Housing Department	Non-Personal/Equipment (Inclusionary Housing Program)	-	\$75,000	-	-	\$75,000	-	-	\$75,000
Planning, Building and Code Enforcement Department	Ending Fund Balance Adjustment	-	-	-	(\$125,000)	(\$125,000)	-	-	(\$125,000)
Planning, Building and Code Enforcement Department	Personal Services (Planning Review)	\$50,000	-	-	-	\$50,000	-	-	\$50,000
Budget Adjustments Total		\$50,000	\$75,000	\$0	(\$125,000)	\$0	\$0	\$0	\$0
Inclusionary Fee Fund (451) TOTAL		\$50,000	\$75,000	\$0	(\$125,000)	\$0	\$0	\$0	\$0

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2019-2020 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Integrated Waste Management Fund (423)									
Clean-Up and Rebudget Actions									
City Attorney's Office	Salary and Benefits Program	\$1,581	-	-	-	\$1,581	-	-	\$1,581
Environmental Services Department	Voluntary Furlough/Reduced Work Week Program	(\$7,368)	-	-	\$7,368	-	-	-	-
	Salary and Benefits Program	-	-	-	(\$3,213)	(\$3,213)	-	-	(\$3,213)
Public Works Department	Salary and Benefits Program	\$1,632	-	-	-	\$1,632	-	-	\$1,632
Clean-Up and Rebudget Actions TOTAL		(\$4,155)	\$0	\$0	\$4,155	\$0	\$0	\$0	\$0
Budget Adjustments									
Environmental Services Department	Household Hazardous Waste Las Plumas Facility	-	-	(\$74,000)	-	(\$74,000)	-	-	(\$74,000)
	Environmental Innovation Center Reserve	-	-	-	\$74,000	\$74,000	-	-	\$74,000
	Workers' Compensation Claims	-	-	\$30,000	-	\$30,000	-	-	\$30,000
	Ending Fund Balance Adjustment	-	-	-	(\$30,000)	(\$30,000)	-	-	(\$30,000)
Budget Adjustments Total		\$0	\$0	(\$44,000)	\$44,000	\$0	\$0	\$0	\$0
Integrated Waste Management Fund (423) TOTAL		(\$4,155)	\$0	(\$44,000)	\$48,155	\$0	\$0	\$0	\$0
Library Parcel Tax Fund (418)									
Clean-Up and Rebudget Actions									
Library Department	Voluntary Furlough/Reduced Work Week Program	(\$2,256)	-	-	\$2,256	-	-	-	-
	Salary and Benefits Program	\$45,056	-	-	(\$45,056)	-	-	-	-
Clean-Up and Rebudget Actions TOTAL		\$42,800	\$0	\$0	(\$42,800)	\$0	\$0	\$0	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2019-2020 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Budget Adjustments									
Library Department	Non-Personal/Equipment (Janitorial Services)	-	\$17,000	-	-	\$17,000	-	-	\$17,000
	Ending Fund Balance Adjustment	-	-	-	(\$17,000)	(\$17,000)	-	-	(\$17,000)
	Budget Adjustments Total	\$0	\$17,000	\$0	(\$17,000)	\$0	\$0	\$0	\$0
	Library Parcel Tax Fund (418)								
	TOTAL	\$42,800	\$17,000	\$0	(\$59,800)	\$0	\$0	\$0	\$0
Low And Moderate Income Housing Asset Fund (346)									
Clean-Up and Rebudget Actions									
City Attorney's Office	Salary and Benefits Program	\$11,474	-	-	-	\$11,474	-	-	\$11,474
Housing Department	Voluntary Furlough/Reduced Work Week Program	(\$9,016)	-	-	\$9,016	-	-	-	-
	Salary and Benefits Program	\$100,510	-	-	(\$111,984)	(\$11,474)	-	-	(\$11,474)
	Clean-Up and Rebudget Actions TOTAL	\$102,968	\$0	\$0	(\$102,968)	\$0	\$0	\$0	\$0
Budget Adjustments									
City Attorney's Office	Non-Personal/Equipment (Outside Litigation Costs Related to Housing)	-	\$300,000	-	-	\$300,000	-	-	\$300,000
Housing Department	Revenue from Use of Money/Property and Other Revenue (SERAF Loan Repayment)	-	-	-	-	-	\$21,693,533	-	(\$21,693,533)
	Non-Personal/Equipment (Relocation Services Master Agreement)	-	\$100,000	-	-	\$100,000	-	-	\$100,000
	Non-Personal/Equipment (Municipal Advisory Services)	-	\$150,000	-	-	\$150,000	-	-	\$150,000

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2019-2020 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Housing Predevelopment Activity	-	-	\$100,000	-	\$100,000	-	-	\$100,000
Non-Personal/Equipment (Affordable Housing Web Portal)	-	\$68,000	-	-	\$68,000	-	-	\$68,000
Housing Project Reserve	-	-	-	\$15,945,000	\$15,945,000	-	-	\$15,945,000
Affordable Housing Web Portal Reserve	-	-	-	(\$68,000)	(\$68,000)	-	-	(\$68,000)
Ending Fund Balance Adjustment	-	-	-	\$5,098,533	\$5,098,533	-	-	\$5,098,533
Budget Adjustments Total	\$0	\$618,000	\$100,000	\$20,975,533	\$21,693,533	\$21,693,533	\$0	\$0
Low And Moderate Income Housing Asset Fund (346)								
TOTAL	\$102,968	\$618,000	\$100,000	\$20,872,565	\$21,693,533	\$21,693,533	\$0	\$0
Multi-Source Housing Fund (448)								
Clean-Up and Rebudget Actions								
City Attorney's Office	Salary and Benefits Program	\$14,321	-	-	\$14,321	-	-	\$14,321
Housing Department	Voluntary Furlough/Reduced Work Week Program	(\$5,988)	-	\$5,988	-	-	-	-
	Salary and Benefits Program	-	-	(\$14,321)	(\$14,321)	-	-	(\$14,321)
	Clean-Up and Rebudget Actions TOTAL	\$8,333	\$0	\$0	(\$8,333)	\$0	\$0	\$0
Budget Adjustments								
Housing Department	Recovery Act - Neighborhood Stabilization Program 2/Revenue from the Use of Money/Property	-	-	\$80,000	-	\$80,000	-	-
	Housing Loans and Grants/Revenue from the Use of Money/Property	-	-	\$200,000	-	\$200,000	-	-

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2019-2020 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Homeless Rapid Rehousing	-	-	\$925,000	-	\$925,000	-	-	\$925,000
City Housing Authority Reserve	-	-	-	(\$925,000)	(\$925,000)	-	-	(\$925,000)
Budget Adjustments Total	\$0	\$0	\$1,205,000	(\$925,000)	\$280,000	\$280,000	\$0	\$0
Multi-Source Housing Fund (448) TOTAL	\$8,333	\$0	\$1,205,000	(\$933,333)	\$280,000	\$280,000	\$0	\$0

Municipal Golf Course Fund (518)

Budget Adjustments

Finance Department

Rancho del Pueblo Debt Service	-	-	\$69,000	-	\$69,000	-	-	\$69,000
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Parks, Recreation and Neighborhood Services Department

Ending Fund Balance Adjustment	-	-	-	(\$69,000)	(\$69,000)	-	-	(\$69,000)
Budget Adjustments Total	\$0	\$0	\$69,000	(\$69,000)	\$0	\$0	\$0	\$0
Municipal Golf Course Fund (518) TOTAL	\$0	\$0	\$69,000	(\$69,000)	\$0	\$0	\$0	\$0

Public Works Program Support Fund (150)

Clean-Up and Rebudget Actions

Public Works Department

Voluntary Furlough/Reduced Work Week Program	(\$5,073)	-	-	\$5,073	-	-	-	-
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Clean-Up and Rebudget Actions TOTAL	(\$5,073)	\$0	\$0	\$5,073	\$0	\$0	\$0	\$0
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Budget Adjustments

Information

Technology Department

Non-Personal/Equipment (PC and Windows Upgrade Project)	-	\$60,000	-	-	\$60,000	-	-	\$60,000
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Public Works Department

Ending Fund Balance Adjustment	-	-	-	(\$60,000)	(\$60,000)	-	-	(\$60,000)
Budget Adjustments Total	\$0	\$60,000	\$0	(\$60,000)	\$0	\$0	\$0	\$0
Public Works Program Support Fund (150) TOTAL	(\$5,073)	\$60,000	\$0	(\$54,927)	\$0	\$0	\$0	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2019-2020 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Rental Stabilization Program Fee Fund (450)									
Budget Adjustments									
Housing									
Department	Non-Personal/Equipment (FUSE Corps Fellowship Program)	-	\$100,000	-	-	\$100,000	-	-	\$100,000
	Non-Personal/Equipment (Rent Stabilization Program Hearing Officers)	-	\$80,000	-	-	\$80,000	-	-	\$80,000
	Ending Fund Balance Adjustment	-	-	-	(\$180,000)	(\$180,000)	-	-	(\$180,000)
	Budget Adjustments Total	\$0	\$180,000	\$0	(\$180,000)	\$0	\$0	\$0	\$0
	Rental Stabilization Program Fee Fund (450) TOTAL	\$0	\$180,000	\$0	(\$180,000)	\$0	\$0	\$0	\$0
San José Clean Energy Operating Fund (501)									
Clean-Up and Rebudget Actions									
City Attorney's Office	Salary and Benefits Program	\$8,816	-	-	-	\$8,816	-	-	\$8,816
Community Energy Department	Salary and Benefits Program	-	-	-	(\$8,816)	(\$8,816)	-	-	(\$8,816)
	Clean-Up and Rebudget Actions TOTAL	\$8,816	\$0	\$0	(\$8,816)	\$0	\$0	\$0	\$0
	San José Clean Energy Operating Fund (501) TOTAL	\$8,816	\$0	\$0	(\$8,816)	\$0	\$0	\$0	\$0
San José-Santa Clara Treatment Plant Operating Fund (513)									
Clean-Up and Rebudget Actions									
Environmental Services Department	Voluntary Furlough/Reduced Work Week Program	(\$53,730)	-	-	\$53,730	-	-	-	-
	Salary and Benefits Program	-	-	-	(\$2,218)	(\$2,218)	-	-	(\$2,218)

Special Funds
Recommended Budget Adjustments and Clean-Up/Rebudget Actions
2019-2020 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Human Resources Department									
	Salary and Benefits Program	\$2,218	-	-	-	\$2,218	-	-	\$2,218
	Clean-Up and Rebudget Actions								
	TOTAL	(\$51,512)	\$0	\$0	\$51,512	\$0	\$0	\$0	\$0
San José-Santa Clara Treatment Plant Operating Fund (513)									
	TOTAL	(\$51,512)	\$0	\$0	\$51,512	\$0	\$0	\$0	\$0
Sewage Treatment Plant Connection Fee Fund (539)									
Clean-Up and Rebudget Actions									
Environmental Services Department									
	Fund Balance Reconciliation	-	-	-	\$1	\$1	-	\$1	-
	Clean-Up and Rebudget Actions								
	TOTAL	\$0	\$0	\$0	\$1	\$1	\$0	\$1	\$0
	Sewage Treatment Plant Connection Fee Fund (539)								
	TOTAL	\$0	\$0	\$0	\$1	\$1	\$0	\$1	\$0
Sewer Service And Use Charge Fund (541)									
Clean-Up and Rebudget Actions									
City Attorney's Office									
	Salary and Benefits Program	\$10,641	-	-	-	\$10,641	-	-	\$10,641
Environmental Services Department									
	Voluntary Furlough/Reduced Work Week Program	-	-	-	\$3,865	\$3,865	-	-	\$3,865
Finance Department									
	Salary and Benefits Program	\$21,880	-	-	(\$36,398)	(\$14,518)	-	-	(\$14,518)
Transportation Department									
	Salary and Benefits Program	\$3,878	-	-	-	\$3,878	-	-	\$3,878
	Voluntary Furlough/Reduced Work Week Program	(\$3,866)	-	-	-	(\$3,866)	-	-	(\$3,866)
	Clean-Up and Rebudget Actions								
	TOTAL	\$32,533	\$0	\$0	(\$32,533)	\$0	\$0	\$0	\$0
	Sewer Service And Use Charge Fund (541) TOTAL	\$32,533	\$0	\$0	(\$32,533)	\$0	\$0	\$0	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2019-2020 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
South Bay Water Recycling Operating Fund (570)								
Clean-Up and Rebudget Actions								
Environmental Services Department								
Fund Balance Reconciliation	-	-	-	(\$1)	(\$1)	-	(\$1)	-
Voluntary Furlough/Reduced Work Week Program	(\$3,674)	-	-	\$3,674	-	-	-	-
Clean-Up and Rebudget Actions TOTAL	(\$3,674)	\$0	\$0	\$3,673	(\$1)	\$0	(\$1)	\$0
South Bay Water Recycling Operating Fund (570) TOTAL	(\$3,674)	\$0	\$0	\$3,673	(\$1)	\$0	(\$1)	\$0
Storm Sewer Operating Fund (446)								
Clean-Up and Rebudget Actions								
Environmental Services Department								
Voluntary Furlough/Reduced Work Week Program	(\$27,212)	-	-	\$27,212	-	-	-	-
Salary and Benefits Program	-	-	-	(\$63,674)	(\$63,674)	-	-	(\$63,674)
Public Works Department	Salary and Benefits Program	\$15,856	-	-	\$15,856	-	-	\$15,856
Transportation Department	Salary and Benefits Program	\$47,818	-	-	\$47,818	-	-	\$47,818
Clean-Up and Rebudget Actions TOTAL	\$36,462	\$0	\$0	(\$36,462)	\$0	\$0	\$0	\$0
Storm Sewer Operating Fund (446) TOTAL	\$36,462	\$0	\$0	(\$36,462)	\$0	\$0	\$0	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2019-2020 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Supplemental Law Enforcement Services Fund (414)								
Budget Adjustments								
Police Department								
SLES Grant 2016-2018/Revenue from the Use of Money/Property	-	-	\$1,297	-	\$1,297	\$1,297	-	-
SLES Grant 2019-2021/Revenue from State of California	-	-	\$209,130	-	\$209,130	\$209,130	-	-
Budget Adjustments Total	\$0	\$0	\$210,427	\$0	\$210,427	\$210,427	\$0	\$0
Supplemental Law Enforcement Services Fund (414) TOTAL	\$0	\$0	\$210,427	\$0	\$210,427	\$210,427	\$0	\$0
Transient Occupancy Tax Fund (461)								
Clean-Up and Rebudget Actions								
City Manager - Office of Economic Development								
Fund Balance Reconciliation	-	-	-	-	-	-	(\$103,357)	\$103,357
Cultural Grants (Fund Balance Reconciliation)	-	-	(\$25,839)	-	(\$25,839)	-	-	(\$25,839)
San José Convention and Visitors Bureau (Fund Balance Reconciliation)	-	-	(\$25,839)	-	(\$25,839)	-	-	(\$25,839)
Transfer to the Convention and Cultural Affairs Fund (Fund Balance Reconciliation)	-	-	(\$51,679)	-	(\$51,679)	-	-	(\$51,679)
Clean-Up and Rebudget Actions TOTAL	\$0	\$0	(\$103,357)	\$0	(\$103,357)	\$0	(\$103,357)	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2019-2020 Mid-Year Budget Review

Department/Proposal	Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Budget Adjustments								
City Manager - Office of Economic Development								
Transient Occupancy Tax	-	-	-	-	-	(\$3,750,000)	-	\$3,750,000
Cultural Grants	-	-	(\$937,500)	-	(\$937,500)	-	-	(\$937,500)
San José Convention and Visitors Bureau	-	-	(\$937,500)	-	(\$937,500)	-	-	(\$937,500)
Transfer to the Convention and Cultural Affairs Fund	-	-	(\$1,875,000)	-	(\$1,875,000)	-	-	(\$1,875,000)
Budget Adjustments Total	\$0	\$0	(\$3,750,000)	\$0	(\$3,750,000)	(\$3,750,000)	\$0	\$0
Transient Occupancy Tax Fund (461) TOTAL	\$0	\$0	(\$3,853,357)	\$0	(\$3,853,357)	(\$3,750,000)	(\$103,357)	\$0
Vehicle Maintenance And Operations Fund (552)								
Clean-Up and Rebudget Actions								
Public Works Department	Voluntary Furlough/Reduced Work Week Program	(\$3,129)	-	-	\$3,129	-	-	-
Clean-Up and Rebudget Actions TOTAL		(\$3,129)	\$0	\$0	\$3,129	\$0	\$0	\$0
Vehicle Maintenance And Operations Fund (552) TOTAL		(\$3,129)	\$0	\$0	\$3,129	\$0	\$0	\$0

Special Funds
 Recommended Budget Adjustments and Clean-Up/Rebudget Actions
 2019-2020 Mid-Year Budget Review

Department/Proposal		Personal Services	Non-Personal Equipment	Use Other	Ending Fund Balance	Total Use	Source Revenue	Beg Fund Balance	Net Cost
Water Utility Fund (515)									
Clean-Up and Rebudget Actions									
City Attorney's Office	Salary and Benefits Program	\$2,503	-	-	-	\$2,503	-	-	\$2,503
Environmental Services Department	Voluntary Furlough/Reduced Work Week Program	(\$6,399)	-	-	\$6,399	-	-	-	-
	Salary and Benefits Program	-	-	-	(\$4,920)	(\$4,920)	-	-	(\$4,920)
Finance Department	Salary and Benefits Program	\$2,417	-	-	-	\$2,417	-	-	\$2,417
Clean-Up and Rebudget Actions TOTAL		(\$1,479)	\$0	\$0	\$1,479	\$0	\$0	\$0	\$0
Water Utility Fund (515) TOTAL		(\$1,479)	\$0	\$0	\$1,479	\$0	\$0	\$0	\$0
Workforce Development Fund (290)									
Budget Adjustments									
City Attorney's Office	Administrative Costs (City Attorney's Office Staffing)	-	-	(\$115,728)	-	(\$115,728)	-	-	(\$115,728)
City Manager - Office of Economic Development	Administrative Costs	-	-	\$115,728	-	\$115,728	-	-	\$115,728
	Adult Workers	-	-	\$600,000	-	\$600,000	-	-	\$600,000
	Dislocated Workers	-	-	(\$600,000)	-	(\$600,000)	-	-	(\$600,000)
Budget Adjustments Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Workforce Development Fund (290) TOTAL		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2019-2020 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Airport Capital Improvement Fund (520)						
Airfield Electrical Circuit Rehabilitation	\$2,941,000		\$2,941,000			\$2,941,000
Airfield Preventive Pavement Maintenance	\$323,000		\$323,000			\$323,000
Perimeter Security Projects	\$(1,513,000)		\$(1,513,000)			\$(1,513,000)
Revenue from Federal Government (Airfield Electrical Circuit Rehabilitation)				\$2,941,000		\$(2,941,000)
Revenue from Federal Government (Airfield Preventive Pavement Maintenance)				\$323,000		\$(323,000)
Revenue from Federal Government (Perimeter Security Projects)				\$(1,513,000)		\$1,513,000
Revenue from Federal Government (Zero Emissions Buses)				\$2,701,000		\$(2,701,000)
Zero Emissions Buses	\$2,701,000		\$2,701,000			\$2,701,000
Budget Adjustments TOTAL	\$4,452,000		\$4,452,000	\$4,452,000		
Airport Capital Improvement Fund (520) TOTAL	\$4,452,000		\$4,452,000	\$4,452,000		
Airport Renewal and Replacement Fund (527)						
Advanced Planning	\$409,000		\$409,000			\$409,000
Airfield Electrical Circuit Rehabilitation	\$745,000		\$745,000			\$745,000
Airfield Preventive Pavement Maintenance	\$(323,000)		\$(323,000)			\$(323,000)
Ending Fund Balance Adjustment		\$(5,887,000)	\$(5,887,000)			\$(5,887,000)

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2019-2020 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Airport Renewal and Replacement Fund (527)						
Network Replacement	\$400,000		\$400,000			\$400,000
Perimeter Security Projects	\$520,000		\$520,000			\$520,000
Project Management Application	\$350,000		\$350,000			\$350,000
Project Management Support	\$85,000		\$85,000			\$85,000
Terminal Building Modifications	\$1,000,000		\$1,000,000			\$1,000,000
Zero Emissions Buses	\$2,701,000		\$2,701,000			\$2,701,000
Budget Adjustments TOTAL	\$5,887,000	\$(5,887,000)				
Airport Renewal and Replacement Fund (527)						
TOTAL	\$5,887,000	\$(5,887,000)				
Building and Structure Construction Tax Fund (429)						
Ending Fund Balance Adjustment (Rebudgets)		\$(82,000)	\$(82,000)			\$(82,000)
Fund Balance Reconciliation					\$13,175	\$(13,175)
Fund Balance Reconciliation		\$13,175	\$13,175			\$13,175
Rebudget: Public Art Allocation	\$82,000		\$82,000			\$82,000
Clean-Up and Rebudget Actions TOTAL	\$82,000	\$(68,825)	\$13,175		\$13,175	
Audible Pedestrian Signals Safety Improvements	\$200,000		\$200,000			\$200,000
Balbach Street Transportation Improvements	\$200,000		\$200,000			\$200,000
Building and Structure Construction Tax				\$9,000,000		\$(9,000,000)
Ending Fund Balance Adjustment		\$4,754,273	\$4,754,273			\$4,754,273

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2019-2020 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Building and Structure Construction Tax Fund (429)						
Guardrail Design and Rehabilitation	\$100,000		\$100,000			\$100,000
Monterey Road Safety Improvements	\$500,000		\$500,000			\$500,000
North San José Area Development Policy Review	\$400,000		\$400,000			\$400,000
North San José New Development Reserve	\$(400,000)		\$(400,000)			\$(400,000)
Other Revenue (Route 101/Blossom Hill Road and Route 87/Narvaez Avenue)				\$2,315,000		\$(2,315,000)
Regional Rail Planning	\$75,000		\$75,000			\$75,000
Revenue from State of California (AHSC - Balbach Street Transportation Improvements)				\$200,000		\$(200,000)
Revenue from State of California (AHSC - Roosevelt Park Transportation Improvements)				\$200,000		\$(200,000)
Revenue from State of California (ATP - Willow-Keyes Complete Streets Improvements)				\$1,000,000		\$(1,000,000)
Revenue from the Federal Government (HSIP - Monterey Road Safety Improvements)				\$400,000		\$(400,000)
Roosevelt Park Transportation Improvements	\$200,000		\$200,000			\$200,000
Route 101/Blossom Hill Road Interchange	\$2,275,000		\$2,275,000			\$2,275,000
Route 101/Oakland/Mabury New Development Reserve	\$2,456,727		\$2,456,727			\$2,456,727
Route 87/Narvaez Avenue Interchange Improvements	\$40,000		\$40,000			\$40,000
Safety - Traffic Signal Modifications/Construction	\$660,000		\$660,000			\$660,000
San José Regional Transportation Hub	\$500,000		\$500,000			\$500,000
Senter Road Multimodal Safety Study	\$14,000		\$14,000			\$14,000
Transfers and Reimbursements (Transfer from the General Purpose Parking Capital Fund)				\$160,000		\$(160,000)

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2019-2020 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Building and Structure Construction Tax Fund (429)						
White Road Pedestrian Safety Improvements	\$300,000		\$300,000			\$300,000
Willow-Keys Complete Streets Improvements	\$1,000,000		\$1,000,000			\$1,000,000
Budget Adjustments TOTAL	\$8,520,727	\$4,754,273	\$13,275,000	\$13,275,000		
Building and Structure Construction Tax Fund (429) TOTAL	\$8,602,727	\$4,685,448	\$13,288,175	\$13,275,000	\$13,175	
Construction Excise Tax Fund (465)						
Ending Fund Balance Adjustment (Rebudgets)		\$(39,000)	\$(39,000)			\$(39,000)
Fund Balance Reconciliation					\$1,265	\$(1,265)
Fund Balance Reconciliation		\$1,265	\$1,265			\$1,265
Rebudget: ITS: Operations and Management	\$39,000		\$39,000			\$39,000
Clean-Up and Rebudget Actions TOTAL	\$39,000	\$(37,735)	\$1,265		\$1,265	
Automated Vehicles Community Engagement Initiative	\$235,000		\$235,000			\$235,000
Bike/Pedestrian Development	\$100,000		\$100,000			\$100,000
East San José Multimodal Transportation Improvement Plan	\$10,000		\$10,000			\$10,000
Ending Fund Balance Adjustment		\$(361,000)	\$(361,000)			\$(361,000)
Infrastructure Management System Software Update	\$195,000		\$195,000			\$195,000
Other Revenue (Protected Intersection Improvements)				\$1,527,000		\$(1,527,000)
Pavement Maintenance - VTA Measure B VRF	\$1,090,000		\$1,090,000			\$1,090,000

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2019-2020 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Construction Excise Tax Fund (465)						
Protected Intersection Improvements	\$1,627,000		\$1,627,000			\$1,627,000
Regional Rail Planning	\$56,000		\$56,000			\$56,000
Revenue from Local Agencies (Knight Foundation - Automated Vehicles Initiative)				\$235,000		\$(235,000)
Revenue from Local Agencies (Pavement Maintenance - VTA Measure B VRF)				\$1,090,000		\$(1,090,000)
Transfers and Reimbursements (Transfer from the General Purpose Parking Capital Fund)				\$100,000		\$(100,000)
Budget Adjustments TOTAL	\$3,313,000	\$(361,000)	\$2,952,000	\$2,952,000		
Construction Excise Tax Fund (465) TOTAL	\$3,352,000	\$(398,735)	\$2,953,265	\$2,952,000	\$1,265	
Convention and Cultural Affairs Capital Fund (560)						
Center for Performing Arts - Carpet Replacement	\$75,000		\$75,000			\$75,000
Convention Center Expansion Planning and Preliminary Engineering	\$250,000		\$250,000			\$250,000
Cultural Facilities Rehabilitation/Repair - Electrical	\$21,000		\$21,000			\$21,000
Cultural Facilities Rehabilitation/Repair - Mechanical	\$190,000		\$190,000			\$190,000
Cultural Facilities Rehabilitation/Repair - Miscellaneous	\$45,000		\$45,000			\$45,000
Cultural Facilities Rehabilitation/Repair - Structures	\$300,000		\$300,000			\$300,000
Ending Fund Balance Adjustment		\$(881,000)	\$(881,000)			\$(881,000)
Budget Adjustments TOTAL	\$881,000	\$(881,000)				
Convention and Cultural Affairs Capital Fund (560) TOTAL	\$881,000	\$(881,000)				

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2019-2020 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Council District 10 Construction and Conveyance Tax Fund (389)						
Ending Fund Balance Adjustment		\$228,000	\$228,000			\$228,000
Martial-Cottle Community Garden	\$17,000		\$17,000			\$17,000
Playa Del Rey Shade Structure	\$54,000		\$54,000			\$54,000
Revenue from Local Agencies (Sycamore Terrace Property)				\$299,000		\$(299,000)
Budget Adjustments TOTAL	\$71,000	\$228,000	\$299,000	\$299,000		
Council District 10 Construction and Conveyance Tax Fund (389) TOTAL	\$71,000	\$228,000	\$299,000	\$299,000		
Council District 4 Construction and Conveyance Tax Fund (381)						
Berryessa Community Center Improvements	\$100,000		\$100,000			\$100,000
Berryessa Community Center Improvements Reserve	\$(100,000)		\$(100,000)			\$(100,000)
Budget Adjustments TOTAL						
Council District 4 Construction and Conveyance Tax Fund (381) TOTAL						

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2019-2020 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Council District 7 Construction and Conveyance Tax Fund (385)						
Ending Fund Balance Adjustment		\$(138,000)	\$(138,000)			\$(138,000)
Jeneane Marie Circle Fencing	\$138,000		\$138,000			\$138,000
Budget Adjustments TOTAL	\$138,000	\$(138,000)				
Council District 7 Construction and Conveyance Tax Fund (385) TOTAL						
	\$138,000	\$(138,000)				
Emma Prusch Fund (131)						
Emma Prusch Multi-Cultural Center Improvements	\$60,000		\$60,000			\$60,000
Ending Fund Balance Adjustment		\$(60,000)	\$(60,000)			\$(60,000)
Budget Adjustments TOTAL	\$60,000	\$(60,000)				
Emma Prusch Fund (131) TOTAL						
	\$60,000	\$(60,000)				
Fire Construction and Conveyance Tax Fund (392)						
Capital Program and Public Works Department Support Service Costs	\$20,000		\$20,000			\$20,000
Ending Fund Balance Adjustment		\$(20,000)	\$(20,000)			\$(20,000)
Budget Adjustments TOTAL	\$20,000	\$(20,000)				
Fire Construction and Conveyance Tax Fund (392) TOTAL						
	\$20,000	\$(20,000)				

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2019-2020 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
General Purpose Parking Capital Fund (559)						
Ending Fund Balance Adjustment		\$(510,000)	\$(510,000)			\$(510,000)
Revenue Control & Meters Upgrades	\$250,000		\$250,000			\$250,000
Transfer to Building and Structure Construction Tax Fund	\$160,000		\$160,000			\$160,000
Transfer to Construction Excise Tax Fund	\$100,000		\$100,000			\$100,000
Budget Adjustments TOTAL	\$510,000	\$(510,000)				
General Purpose Parking Capital Fund (559) TOTAL						
	\$510,000	\$(510,000)				
Lake Cunningham Fund (462)						
Ending Fund Balance Adjustment		\$(231,000)	\$(231,000)			\$(231,000)
Lake Cunningham Park Restroom Renovation	\$75,000		\$75,000			\$75,000
Lake Cunningham Regional Park Infrastructure	\$156,000		\$156,000			\$156,000
Budget Adjustments TOTAL	\$231,000	\$(231,000)				
Lake Cunningham Fund (462) TOTAL						
	\$231,000	\$(231,000)				

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2019-2020 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Library Construction and Conveyance Tax Fund (393)						
General Equipment and Furnishings	\$100,000		\$100,000			\$100,000
Village Square Branch Library Improvements	\$(100,000)		\$(100,000)			\$(100,000)
Budget Adjustments TOTAL						
Library Construction and Conveyance Tax Fund (393) TOTAL						
Major Facilities Fund (502)						
Fund Balance Reconciliation					\$(1)	\$1
Fund Balance Reconciliation		\$(1)	\$(1)			\$(1)
Clean-Up and Rebudget Actions TOTAL		\$(1)	\$(1)		\$(1)	
Major Facilities Fund (502) TOTAL		\$(1)	\$(1)		\$(1)	
Park Yards Construction and Conveyance Tax Fund (398)						
Capital Program and Public Works Department Support Service Costs	\$25,000		\$25,000			\$25,000

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2019-2020 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Park Yards Construction and Conveyance Tax Fund (398)						
Ending Fund Balance Adjustment		\$(65,000)	\$(65,000)			\$(65,000)
Happy Hollow Park and Zoo Yard Electric Security Gate	\$40,000		\$40,000			\$40,000
Budget Adjustments TOTAL	\$65,000	\$(65,000)				
Park Yards Construction and Conveyance Tax Fund (398) TOTAL						
	\$65,000	\$(65,000)				
Parks Central Construction and Conveyance Tax Fund (390)						
Capital Program and Public Works Department Support Service Costs	\$516,000		\$516,000			\$516,000
Ending Fund Balance Adjustment		\$(516,000)	\$(516,000)			\$(516,000)
Budget Adjustments TOTAL	\$516,000	\$(516,000)				
Parks Central Construction and Conveyance Tax Fund (390) TOTAL						
	\$516,000	\$(516,000)				
Public Safety and Infrastructure Bond Fund - Municipal Improvements (498)						
Ending Fund Balance Adjustment		\$(319,000)	\$(319,000)			\$(319,000)
Transfer to the General Fund: Measure T Bond Reimbursement	\$319,000		\$319,000			\$319,000
Budget Adjustments TOTAL	\$319,000	\$(319,000)				
Public Safety and Infrastructure Bond Fund - Municipal Improvements (498) TOTAL						
	\$319,000	\$(319,000)				

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2019-2020 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Public Safety and Infrastructure Bond Fund - Parks (498)						
Ending Fund Balance Adjustment		\$(60,000)	\$(60,000)			\$(60,000)
Measure T - Community Center/Emergency Shelters	\$60,000		\$60,000			\$60,000
Budget Adjustments TOTAL	\$60,000	\$(60,000)				
Public Safety and Infrastructure Bond Fund - Parks (498) TOTAL						
	\$60,000	\$(60,000)				
San José-Santa Clara Treatment Plant Capital Fund (512)						
City Facilities Emergency Power Generation - Regional Wastewater Facility	\$(100,000)		\$(100,000)			\$(100,000)
Ending Fund Balance Adjustment		\$100,000	\$100,000			\$100,000
Budget Adjustments TOTAL	\$(100,000)	\$100,000				
San José-Santa Clara Treatment Plant Capital Fund (512) TOTAL						
	\$(100,000)	\$100,000				

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2019-2020 Mid-Year Budget Review


Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Storm Drainage Fee Fund (413)						
Fund Balance Reconciliation					\$1	\$(1)
Fund Balance Reconciliation		\$1	\$1			\$1
Clean-Up and Rebudget Actions TOTAL		\$1	\$1		\$1	
Storm Drainage Fee Fund (413) TOTAL		\$1	\$1		\$1	
Storm Sewer Capital Fund (469)						
2017 Flood - Bailey Ave Storm Drain Inlet Repair	\$80,000		\$80,000			\$80,000
Alviso Storm Pump Station	\$400,000		\$400,000			\$400,000
Ending Fund Balance Adjustment		\$(580,000)	\$(580,000)			\$(580,000)
Storm Sewer Improvements	\$100,000		\$100,000			\$100,000
Budget Adjustments TOTAL	\$580,000	\$(580,000)				
Storm Sewer Capital Fund (469) TOTAL	\$580,000	\$(580,000)				
Subdivision Park Trust Fund (375)						
Fund Balance Reconciliation					\$21	\$(21)
Fund Balance Reconciliation		\$21	\$21			\$21
Fund Balance Reconciliation - Future PDO/PIO Projects Reserve	\$21		\$21			\$21

Capital Funds Recommended Budget Adjustments and Clean-Up Actions
2019-2020 Mid-Year Budget Review

Department/Proposal

	USE			SOURCE		NET COST
	Expense	Ending Fund Balance	Total Use	Revenue	Beg Fund Balance	
Subdivision Park Trust Fund (375)						
Fund Balance Reconciliation - Future PDO/PIO Projects Reserve		\$(21)	\$(21)			\$(21)
Clean-Up and Rebudget Actions TOTAL	\$21		\$21		\$21	
Alma Community Center Kitchen Remediation	\$65,000		\$65,000			\$65,000
Capital Program and Public Works Support Service Costs	\$(516,000)		\$(516,000)			\$(516,000)
Future PDO/PIO Projects Reserve	\$346,000		\$346,000			\$346,000
Infrastructure Backlog: RCS Reserve (Council District 3)	\$(200,000)		\$(200,000)			\$(200,000)
Jeneane Marie Circle Fencing	\$12,000		\$12,000			\$12,000
Martial-Cottle Community Garden	\$43,000		\$43,000			\$43,000
Roosevelt Community Center Lighting Improvements	\$250,000		\$250,000			\$250,000
Ryland Pool Improvements	\$295,000		\$295,000			\$295,000
Ryland Pool Reserve	\$(295,000)		\$(295,000)			\$(295,000)
Budget Adjustments TOTAL						
Subdivision Park Trust Fund (375) TOTAL	\$21		\$21		\$21	
Water Utility Capital Fund (500)						
Ending Fund Balance Adjustment		\$168,000	\$168,000			\$168,000
North Coyote Valley Water System Reserve	\$(168,000)		\$(168,000)			\$(168,000)
Budget Adjustments TOTAL	\$(168,000)	\$168,000				
Water Utility Capital Fund (500) TOTAL	\$(168,000)	\$168,000				



2019-2020

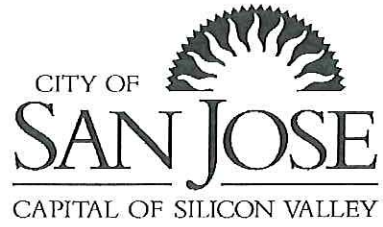
MID-YEAR
BUDGET
REVIEW



SECTION
IV

APPENDIX





FINANCE DEPARTMENT

Monthly Financial Report

Financial Results for the Month Ended December 31, 2019

Fiscal Year 2019-2020

(UNAUDITED)

Finance Department, City of San José
Monthly Financial Report
Financial Results for the Month Ended December 31, 2019
Fiscal Year 2019-2020
(UNAUDITED)

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Finance Department, City of San José
Monthly Financial Report
Financial Results for the Month Ended December 31, 2019
Fiscal Year 2019-2020
(UNAUDITED)

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Other Funds (Cont'd)

Capital Project Funds

Source and Use of Funds..... 16

Other Fund Types

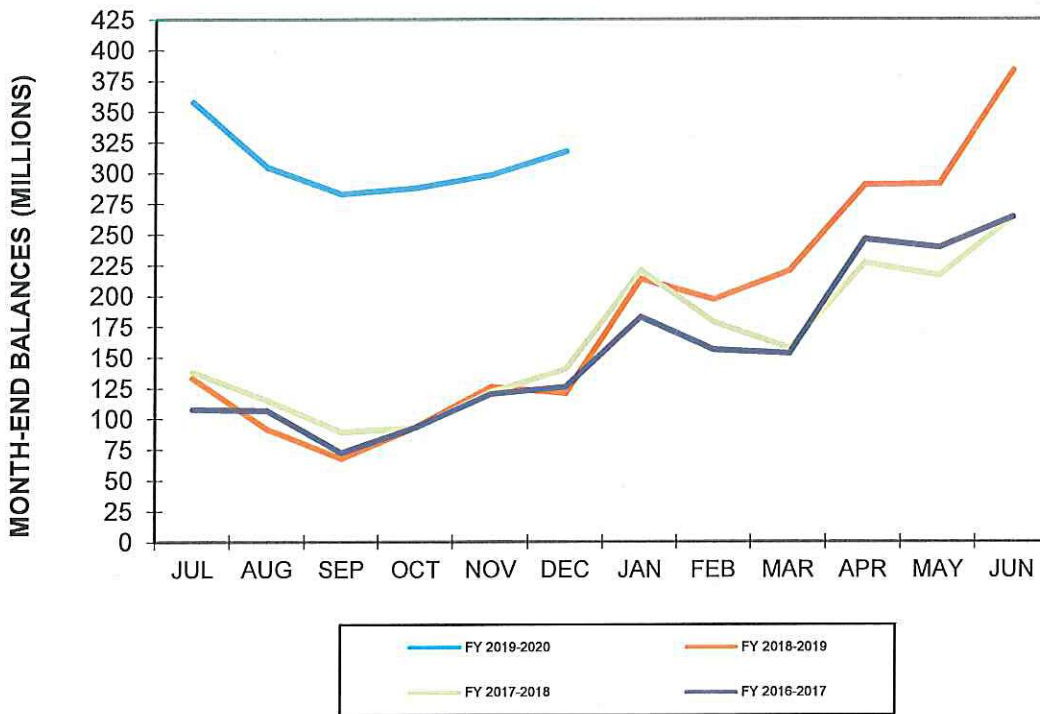
Source and Use of Funds..... 17

Submitted by:



JULIA H. COOPER
Director, Finance Department

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



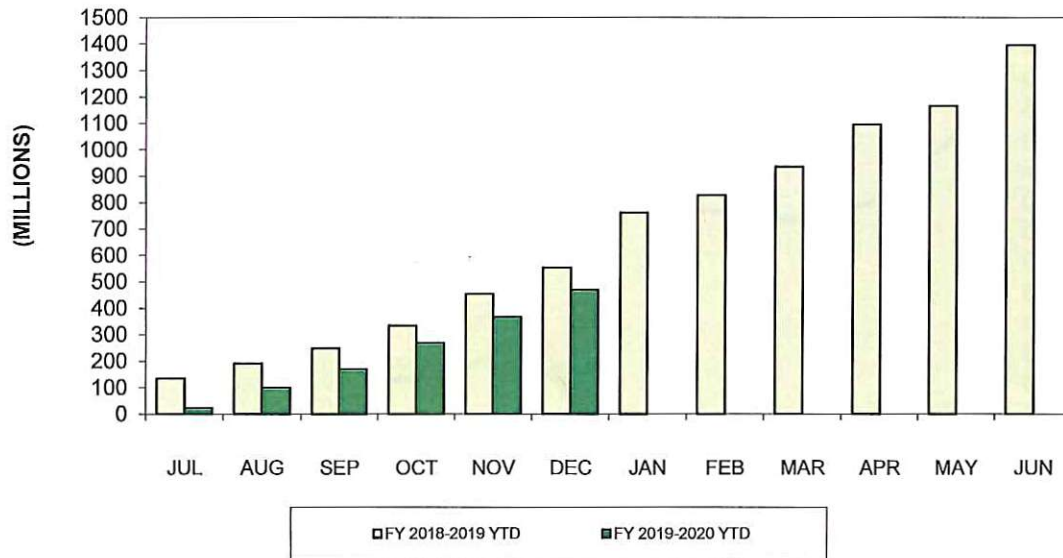
GENERAL FUND MONTHLY CASH BALANCES

MONTH	FY 2019-2020	FY 2018-2019	FY 2017-2018	FY 2016-2017
JULY (1)	\$ 358,057,314	\$ 133,276,057	\$ 138,576,379	\$ 108,012,647
AUGUST	304,849,235	91,972,139	115,540,880	107,081,005
SEPTEMBER	283,092,234	67,970,290	89,537,017	72,718,873
OCTOBER	288,196,905	93,654,030	93,031,593	93,456,157
NOVEMBER	299,006,136	126,316,418	122,022,698	120,485,944
DECEMBER	317,868,572	121,024,958	140,886,445	126,203,310
JANUARY (2)	-	214,000,120	220,937,707	183,072,948
FEBRUARY	-	197,277,698	178,836,751	156,320,836
MARCH	-	220,734,066	157,759,493	153,282,389
APRIL (2)	-	290,493,766	227,063,040	246,281,183
MAY	-	291,171,986	216,439,757	239,467,743
JUNE	-	383,572,703	263,800,843	264,266,135

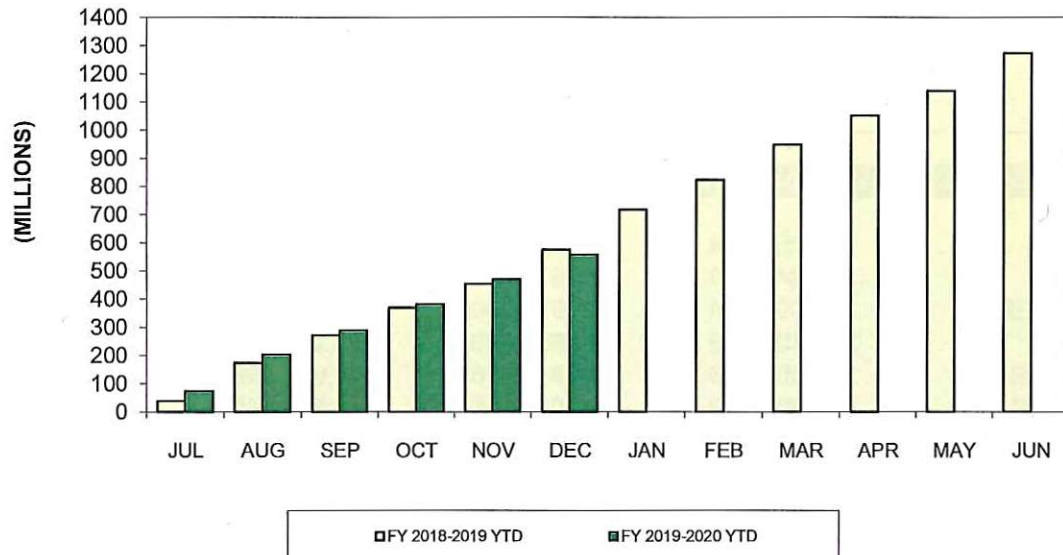
(1) The General Fund cash balance decreases each July and August mainly due to the Council's direction to annually pre-fund the employer share of retirement contributions in a lump-sum to achieve budgetary savings to the City. Effective July 2019, the City discontinued pre-funding of retirement contributions.

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

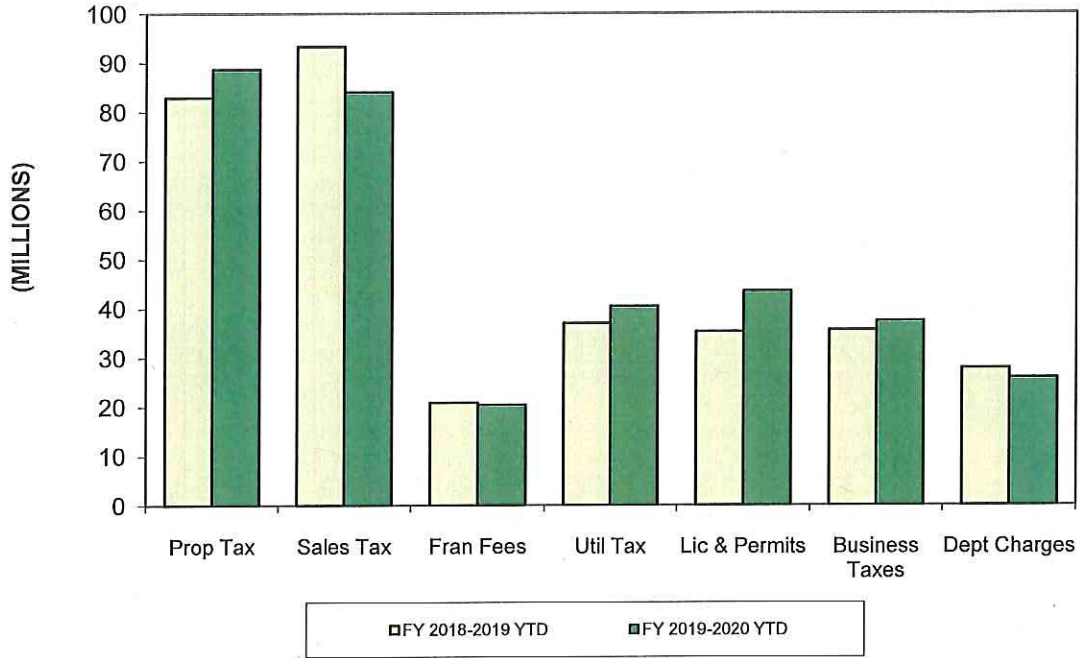
GENERAL FUND
Comparison of YTD Revenues vs. Prior YTD Revenues
Actual



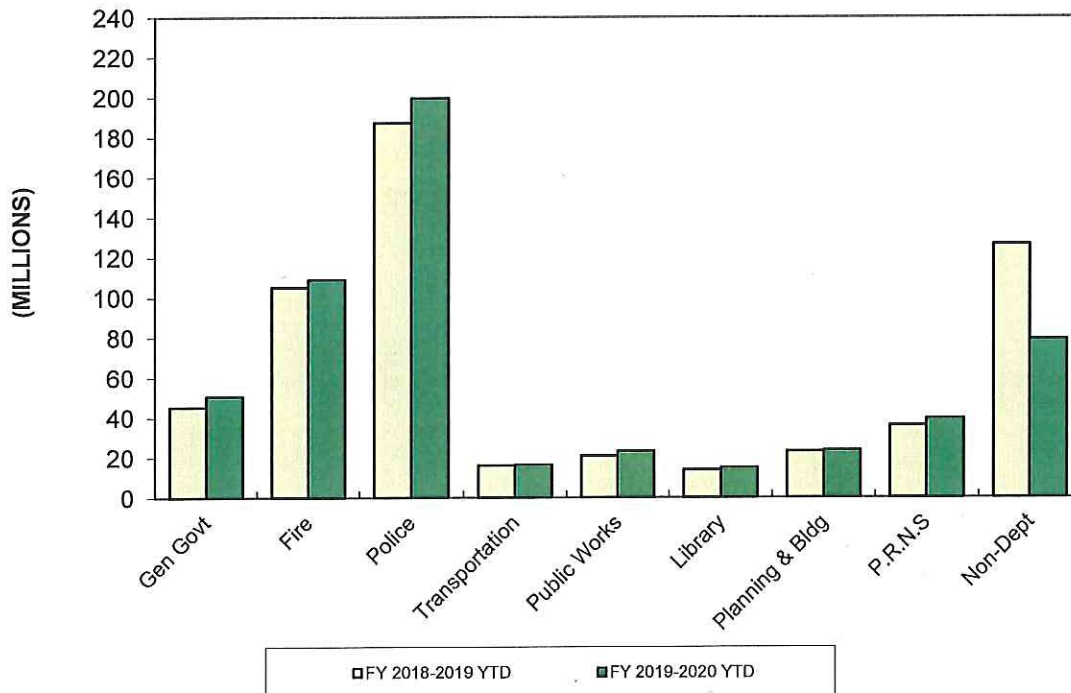
GENERAL FUND
Comparison of YTD Expenditures vs. Prior YTD Expenditures
Actual



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 December 31, 2019
(UNAUDITED)
(\$000's)

	ADOPTED FY 2019-2020 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2019-2020 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	-	-	46,434	46,434	46,434	100.00%	38,466	101.04%	38,071	7,968	20.71%
Available Balance	289,425	75,388	-	364,813	364,813	100.00%	249,290	99.73%	249,953	115,523	46.34%
Total Fund Balance	289,425	75,388	46,434	411,247	411,247	100.00%	287,756	99.91%	288,024	123,491	42.92%
General Revenues											
Property Tax	354,000	-	-	354,000	88,642	25.04%	82,917	25.11%	330,199	5,725	6.90%
Sales Tax	258,300	-	-	258,300	84,016	32.53%	93,264	35.39%	263,530	(9,248)	-9.92%
Telephone Line Tax	20,000	-	-	20,000	7,631	38.16%	8,103	37.53%	21,593	(472)	-5.83%
Transient Occupancy Tax	22,500	-	-	22,500	7,364	32.73%	7,564	36.83%	20,536	(200)	-2.64%
Franchise Fees	48,641	-	-	48,641	20,399	41.94%	20,893	43.17%	48,397	(494)	-2.36%
Utility Tax	99,645	-	-	99,645	40,454	40.60%	36,956	37.23%	99,253	3,498	9.47%
Business Taxes	72,200	-	-	72,200	37,449	51.87%	35,597	47.52%	74,903	1,852	5.20%
Licenses and Permits	62,010	-	-	62,010	43,485	70.13%	35,282	54.03%	65,295	8,203	23.25%
Fines, Forfeits and Penalties	16,213	-	-	16,213	7,854	48.44%	6,594	37.89%	17,402	1,260	19.11%
Use of Money and Property	13,144	-	-	13,144	6,870	52.27%	3,903	38.75%	10,072	2,967	76.02%
Revenue from Local Agencies	14,830	2,669	-	17,499	7,245	41.40%	5,230	31.35%	16,685	2,015	38.53%
Revenue from State of CA	12,951	2,456	-	15,417	7,802	50.61%	36	0.24%	15,102	7,766	21572.22%
Revenue from Federal Government	4,769	498	-	5,267	359	6.82%	930	29.94%	3,106	(571)	-61.40%
Fees, Rates and Charges	58,952	150	-	59,102	25,881	43.79%	27,867	50.03%	55,703	(1,986)	-7.13%
Other Revenues	23,502	8,145	-	31,647	21,481	67.88%	173,709	70.22%	247,368	(152,228)	-87.63%
Total General Revenues	1,081,667	13,918	-	1,095,585	406,932	37.14%	538,845	41.80%	1,289,144	(131,913)	-24.48%
Transfers & Reimbursements											
Overhead Reimbursements	53,016	-	-	53,016	42,722	80.58%	8,692	16.33%	53,237	34,030	391.51%
Transfers from Other Funds	23,411	380	-	23,791	4,533	19.05%	1,727	4.89%	35,295	2,806	162.48%
Reimbursements for Services	24,150	-	-	24,150	14,488	59.99%	4,484	26.07%	17,200	10,004	223.10%
Total Transfers & Reimbursements	100,577	380	-	100,957	61,743	61.16%	14,903	14.10%	105,732	46,840	314.30%
Total Sources	1,471,669	89,686	46,434	1,607,789	879,922	54.73%	841,504	50.00%	1,682,900	38,418	4.57%

(*) - 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.

Note: Figures may not total due to rounding.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE MONTHS ENDED December 31, 2019
(UNAUDITED)
(\$000's)

	ADOPTED FY 2019-2020 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2019-2020 BUDGET	YEAR-TO-DATE		CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL (1)(*)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END ACTUAL (1)(*)	CUR YTD LESS PRIOR YTD ACTUAL (1)	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
					ACTUAL (*)	ENCUMBR						
General Government												
Mayor and Council	17,746	424	60	18,230	6,231	193	34.18%	5,632	47.39%	11,884	599	10.64%
City Attorney	16,917	1,500	1,177	19,594	8,020	1,373	40.93%	7,338	44.94%	16,330	682	9.29%
City Auditor	2,576	-	14	2,590	1,046	3	40.39%	1,217	50.67%	2,402	(171)	-14.05%
City Clerk	2,642	-	31	2,673	1,003	116	37.52%	1,105	46.12%	2,396	(102)	-9.23%
City Manager	23,825	(265)	1,192	24,752	8,804	1,879	35.57%	8,075	43.75%	18,457	729	9.03%
Finance	19,814	49	525	20,388	8,211	643	40.27%	7,543	46.12%	16,354	668	8.86%
Information Technology	28,879	1,899	1,996	32,774	9,584	3,058	29.24%	7,354	38.51%	19,094	2,230	30.32%
Human Resources	11,839	-	66	11,905	4,626	2,671	38.86%	4,085	41.19%	9,918	541	13.24%
Independent Police Auditor	1,454	-	2	1,456	540	2	37.09%	641	51.94%	1,234	(101)	-15.76%
Office of Economic Development	6,617	147	792	7,556	2,521	840	33.36%	2,312	45.30%	5,104	209	9.04%
Total General Government	132,309	3,754	5,855	141,918	50,586	10,778	35.64%	45,302	43.91%	103,173	5,284	11.66%
Public Safety												
Fire	242,011	587	855	243,453	108,965	1,759	44.76%	104,990	46.98%	223,466	3,975	3.79%
Police	446,811	3,562	1,948	452,321	199,494	6,196	44.10%	187,228	45.75%	409,233	12,266	6.55%
Total Public Safety	688,822	4,149	2,803	695,774	308,459	7,955	44.33%	292,218	46.19%	632,699	16,241	5.56%
Capital Maintenance												
Transportation	38,425	(119)	215	38,521	16,353	2,066	42.45%	16,016	45.59%	35,129	337	2.10%
Public Works	50,116	237	905	51,258	23,111	1,670	45.09%	20,910	46.05%	45,412	2,201	10.53%
Total Capital Maintenance	88,541	118	1,120	89,779	39,464	3,736	43.96%	36,926	45.85%	80,541	2,538	6.87%
Community Service												
Housing	589	135	71	795	94	199	11.82%	(21)	-4.47%	470	115	-547.62%
Library	36,536	485	195	37,216	14,882	4,107	39.99%	13,777	41.64%	33,084	1,105	8.02%
Planning, Bldg & Code Enf.	62,152	5	1,842	63,999	23,518	1,664	36.75%	23,053	47.37%	48,667	465	2.02%
Parks, Rec & Neigh Svcs	91,688	971	914	93,573	39,431	5,370	42.14%	36,113	45.48%	79,408	3,318	9.19%
Environmental Services	4,208	(137)	60	4,131	1,618	692	39.17%	1,375	45.54%	3,019	243	17.67%
Total Community Services	195,173	1,459	3,082	199,714	79,543	12,032	39.83%	74,287	45.12%	154,648	5,246	7.06%
Total Dept. Expenditures	1,104,845	9,480	12,860	1,127,185	478,052	34,501	42.41%	448,743	45.74%	981,061	29,309	6.53%

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Note: Figures may not total due to rounding.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE MONTHS ENDED December 31, 2019
(UNAUDITED)
(\$000's)

	ADOPTED FY 2019-2020 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2019-2020 BUDGET	YEAR-TO-DATE		CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL (1)(*)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END ACTUAL (1)(*)	CUR YTD LESS PRIOR YTD ACTUAL (1)	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
					ACTUAL (*)	ENCUMBR						
Non-Dept Expenditures												
City-wide Expenditures:												
Econ & Neighborhood Develop.	26,803	1,870	6,142	34,815	9,240	10,945	26.54%	7,819	60.38%	12,949	1,421	18.17%
Environmental & Utility Services	2,576	390	79	3,045	1,054	160	34.61%	1,164	52.98%	2,197	(110)	-9.45%
Public Safety	22,845	1,066	459	24,370	8,448	817	34.67%	11,032	57.75%	19,104	(2,584)	-23.42%
Recreation & Cultural Services	11,105	727	558	12,390	3,434	2,572	27.72%	3,936	38.77%	10,151	(502)	-12.75%
Transportation Services	3,716	36	1	3,753	1,215	-	32.37%	1,087	36.23%	3,000	128	11.78%
Strategic Support	46,210	5,532	4,092	55,834	9,857	4,290	17.65%	96,757	53.38%	181,271	(86,900)	-89.81%
Total City-wide Expenditures	113,255	9,621	11,331	134,207	33,248	18,784	24.77%	121,795	53.26%	228,672	(88,547)	-72.70%
Other Non-Dept Expenditures:												
Capital Improvements	49,225	16,797	22,243	88,265	8,023	23,208	9.09%	3,010	20.95%	14,366	5,013	166.54%
Transfers to Other Funds	37,707	2,760	-	40,467	37,708	-	93.18%	1,650	3.45%	47,831	36,058	2185.33%
Total Non-Dept Expenditures	200,187	29,178	33,574	262,939	78,979	41,992	30.04%	126,455	43.47%	290,869	(47,476)	-37.54%
Reserves												
Contingency Reserve	38,500	1,500	-	40,000	-	-	0.00%	-	0.00%	-	-	0.00%
Earmarked Reserves	128,137	48,062	-	176,199	-	-	0.00%	-	0.00%	-	-	0.00%
Total Reserves	186,637	49,562	-	216,199	-	-	0.00%	-	0.00%	-	-	0.00%
Total Uses	1,471,669	88,220	46,434	1,606,323	557,031	76,493	34.68%	575,198	45.22%	1,271,930	(18,167)	-3.16%

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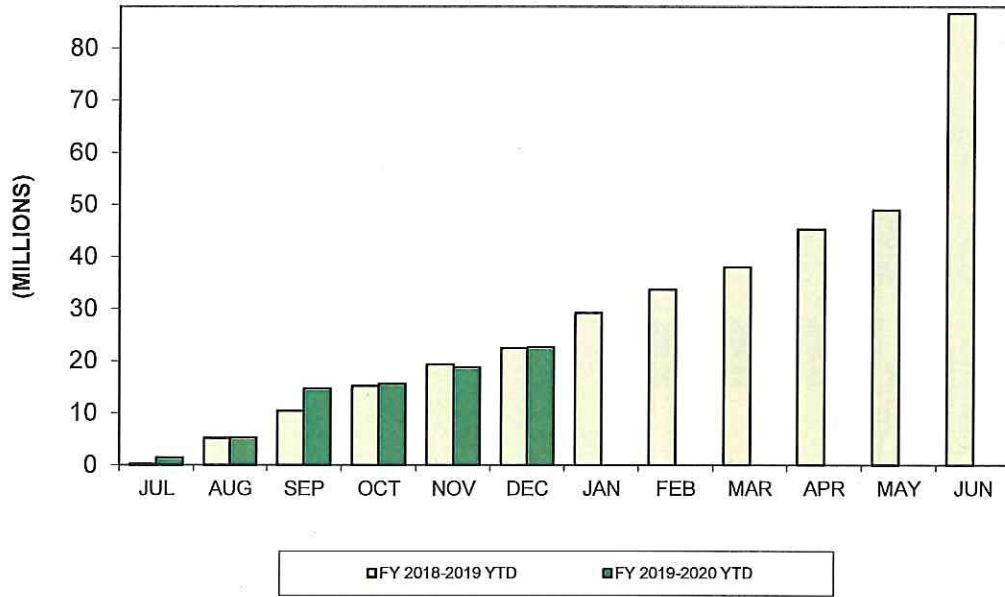
CITY OF SAN JOSE
 GENERAL FUND SOURCE AND USE OF FUNDS
 FOR THE MONTHS ENDED December 31, 2019
 SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES
 (UNAUDITED)
 (\$ 000's)

ADOPTE FY 2019-2020 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2019-2020 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
912	-	-	912	645	70.72%	732	54.06%	1,354	(87)	-11.89%
17,575	-	-	17,575	5,360	30.50%	8,301	54.10%	15,344	(2,941)	-35.43%
2,243	-	-	2,243	1,680	74.90%	1,037	56.42%	1,838	643	62.01%
303	-	-	303	115	37.95%	158	48.92%	323	(43)	-27.22%
7,793	-	-	7,793	3,803	48.80%	3,650	46.66%	7,822	153	4.19%
23,336	150	-	23,486	10,278	43.76%	11,417	52.19%	21,877	(1,139)	-9.98%
6,790	-	-	6,790	4,000	58.91%	2,572	36.00%	7,145	1,428	55.52%
58,952	150	-	59,102	25,881	43.79%	27,867	50.03%	55,703	(1,986)	-7.13%

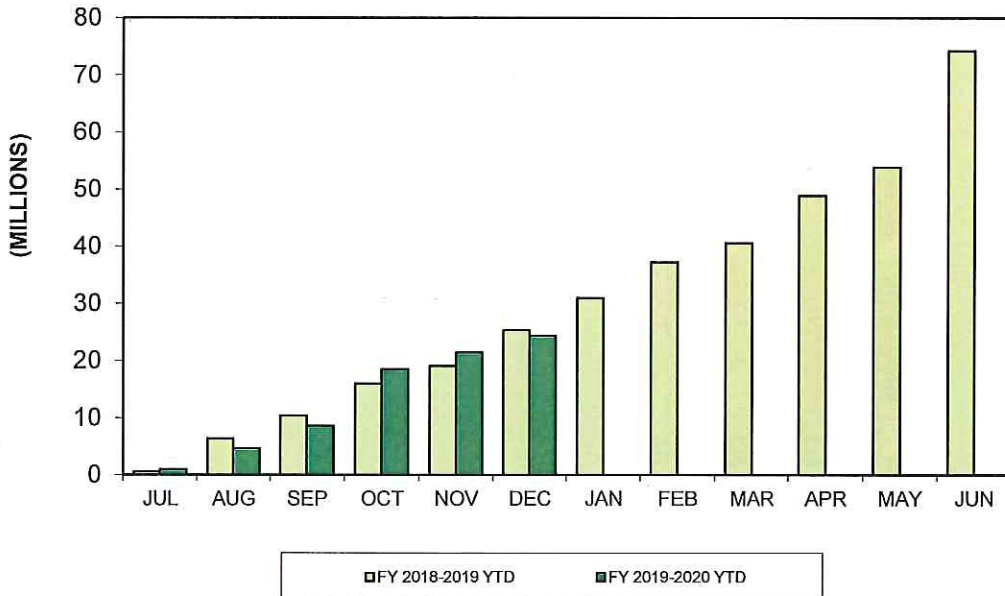
(*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis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

Note: Figures may not total due to rounding.

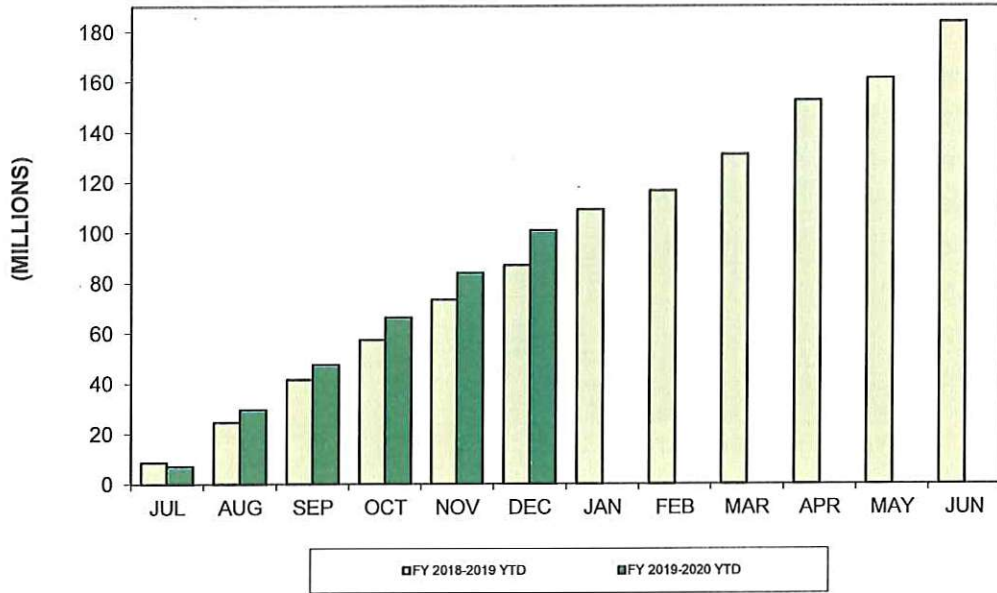
CONSTRUCTION & CONVEYANCE TAX FUNDS 377-378 & 380-398
Comparison of YTD Revenues vs. Prior YTD Revenues



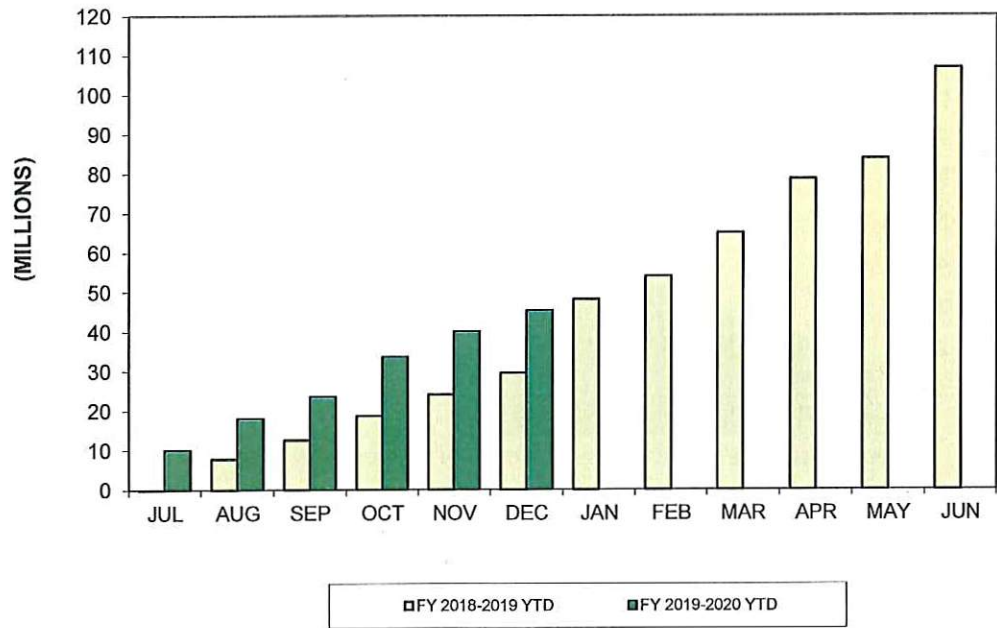
CONSTRUCTION & CONVEYANCE TAX FUNDS 377-378 & 380-398
Comparison of YTD Expenditures vs. Prior YTD Expenditures



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

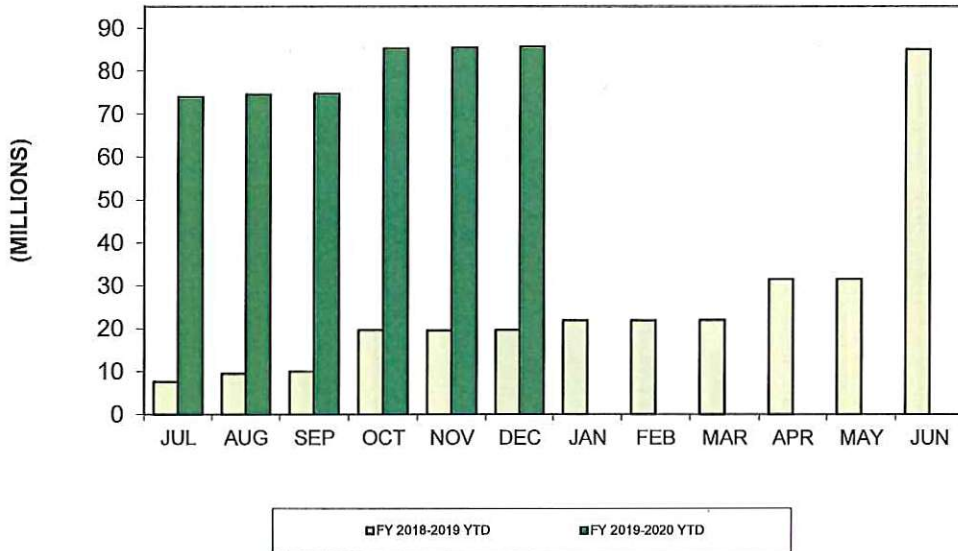


AIRPORT MAINTENANCE & OPERATION FUND 523
Comparison of YTD Expenditures vs. Prior YTD Expenditures

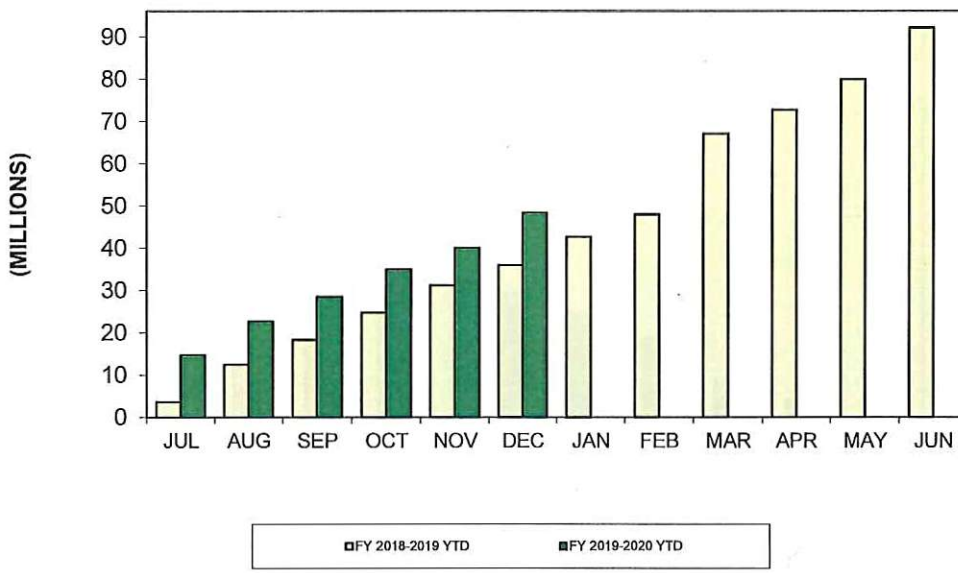


Note: The graphs above include the Airport Revenue Fund (521) and Airport Maintenance & Operation Fund (523) only.

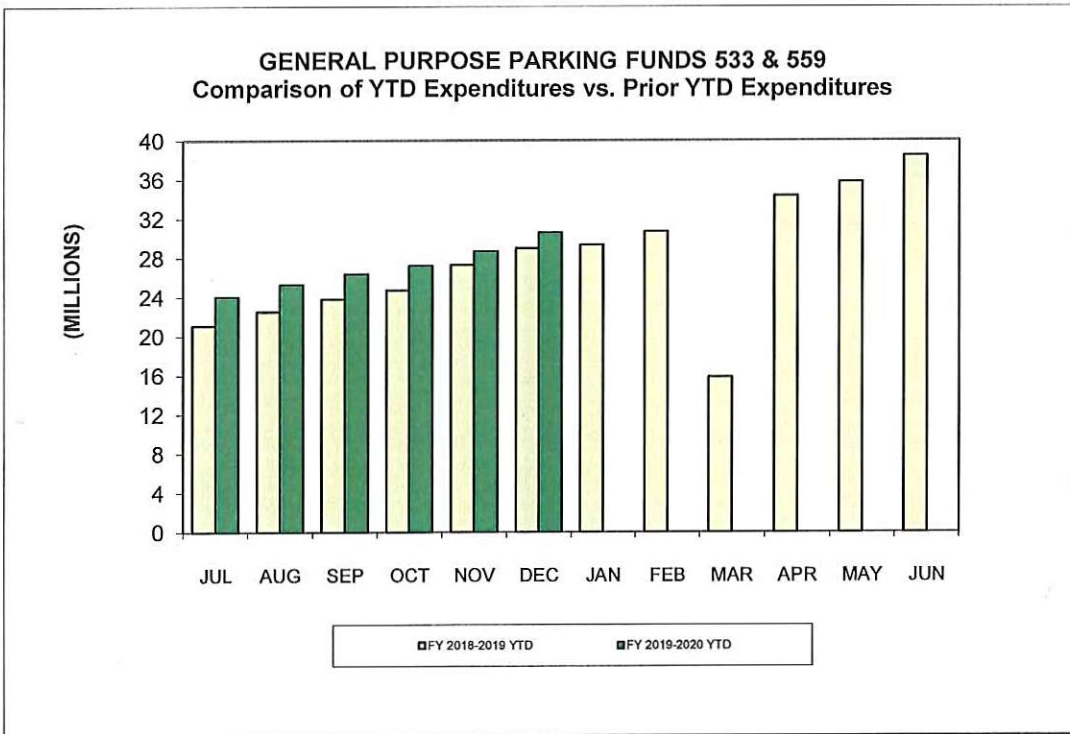
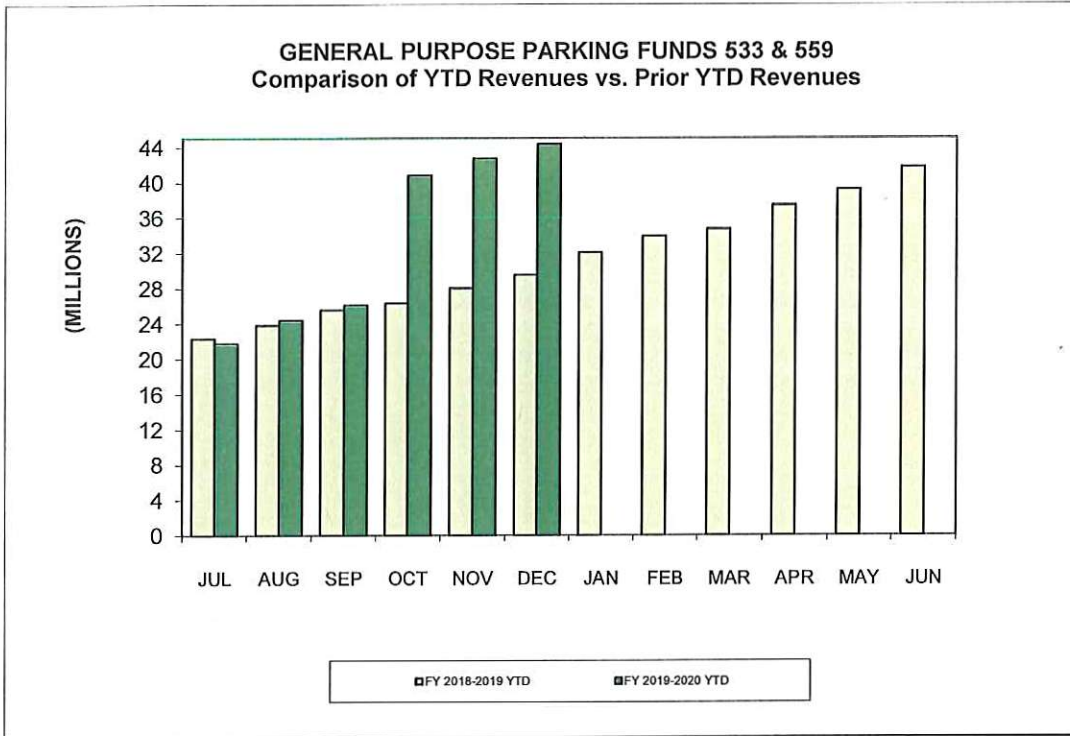
WPCP OPERATION FUND 513
Comparison of YTD Revenues vs. Prior YTD Revenues



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

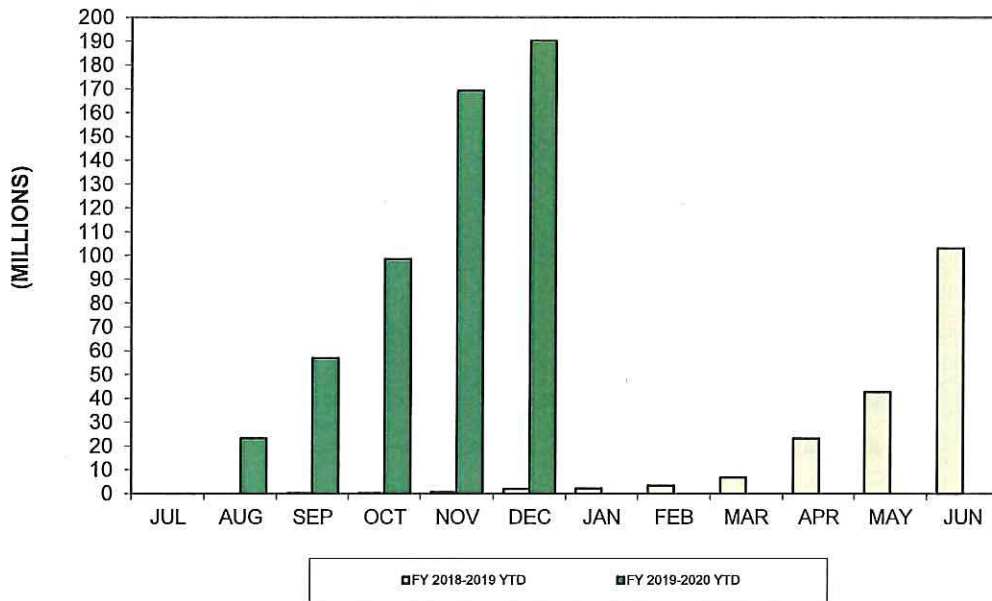


Note: Increase in revenues is due to \$64 million transferred in from Sewer Service & Use Charge Fund (541) in July 2019. An additional \$6 million and \$10 million were collected in the first and second quarter, respectively.

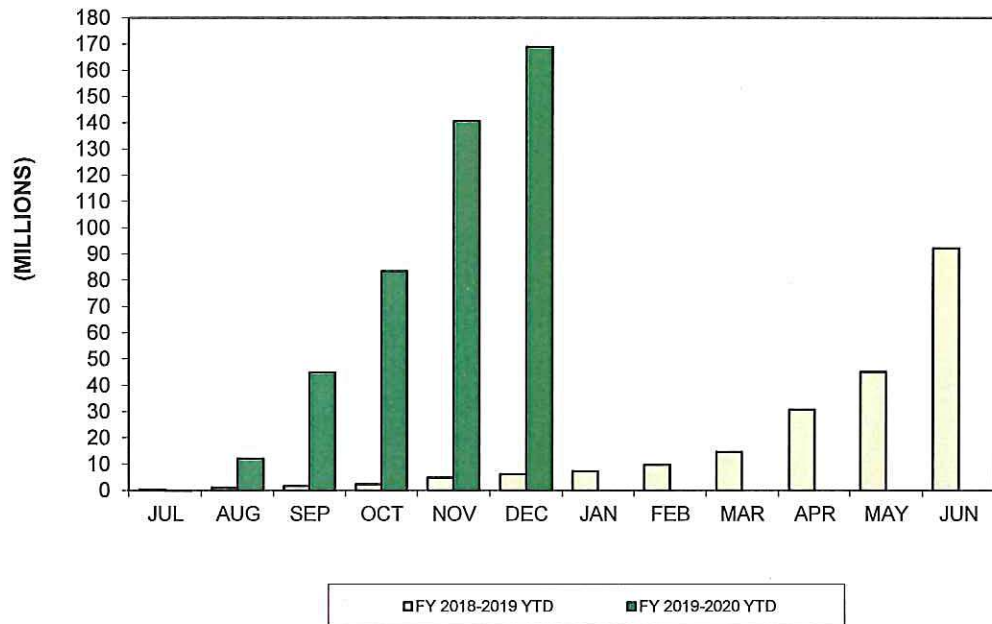


Note: The increase in revenue is due to the \$12.8 million reimbursement from the Successor Agency to the Redevelopment Agency of the City of San Jose.

CLEAN ENERGY FUND 501
Comparison of YTD Revenues vs. Prior YTD Revenues



CLEAN ENERGY FUND 501
Comparison of YTD Expenditures vs. Prior YTD Expenditures



Note: The Clean Energy Fund is the newest enterprise fund established in FY2017-2018 to account for revenues from the sale of electricity and the costs associated with the Clean Energy Program. The power sales revenue started in November 2018.

CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED December 31, 2019
(UNAUDITED)
(\$000's)

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2019-2020	BUDGET		FY 2019-2020	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
Construction/Conveyance Tax							
Prior Year Encumbrance	-	-	7,453	7,453	7,453	-	11,227
Beginning Fund Balance	67,739	16,782	-	84,521	84,521	-	77,351
Revenues	62,194	(91)	-	62,103	22,585	-	22,411
Total Sources	129,933	16,691	7,453	154,077	114,559	-	110,989
Total Uses	129,933	25,100	7,453	162,486	24,284	7,669	25,298
Airport							
Prior Year Encumbrance	-	-	16,045	16,045	16,045	-	22,856
Beginning Fund Balance	274,091	2,994	-	277,085	277,085	-	282,444
Revenues	627,804	11,717	-	639,521	274,027	-	223,737
Total Sources	901,895	14,711	16,045	932,651	567,157	-	529,037
Total Uses	901,895	14,711	16,045	932,651	213,883	36,963	167,784
Waste Water Treatment							
Prior Year Encumbrance	-	-	214,068	214,068	214,068	-	281,580
Beginning Fund Balance	192,982	24,506	-	217,488	217,488	-	125,623
Revenues	657,305	-	-	657,305	361,060	-	222,033
Total Sources	850,287	24,506	214,068	1,088,861	792,616	-	629,236
Total Uses	850,287	24,506	214,068	1,088,861	264,546	236,837	138,713
Parking							
Prior Year Encumbrance	-	-	9,808	9,808	9,808	-	3,513
Beginning Fund Balance	28,094	1,402	-	29,496	29,496	-	33,487
Revenues	55,299	-	-	55,299	44,329	-	29,509
Total Sources	83,393	1,402	9,808	94,603	83,633	-	66,509
Total Uses	83,393	1,402	9,808	94,603	30,557	12,363	26,978
Municipal Water							
Prior Year Encumbrance	-	-	2,367	2,367	2,367	-	2,767
Beginning Fund Balance	25,994	4,646	-	30,640	30,640	-	26,503
Revenues	56,912	-	-	56,912	27,090	-	27,564
Total Sources	82,906	4,646	2,367	89,919	60,097	-	56,834
Total Uses	82,906	4,646	2,367	89,919	25,323	5,093	25,481

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED December 31, 2019
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2019-2020	BUDGET		FY 2019-2020	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Community Energy							
Prior Year Encumbrance	-	-	4,549	4,549	4,549	-	49
Beginning Fund Balance	14,401	(716)	-	13,685	13,685	-	(252)
Revenues	327,526	5,000	-	332,526	190,103	-	1,845
Total Sources	341,927	4,284	4,549	350,760	208,337	-	1,642
Total Uses	341,927	4,284	4,549	350,760	168,931	77,197	6,138
Gas Tax							
Revenues	16,300	-	-	16,300	7,161	-	5,598
Total Sources	16,300	-	-	16,300	7,161	-	5,598
Total Uses	16,300	-	-	16,300	5,772	-	4,347
Building and Structures							
Prior Year Encumbrance	-	-	4,950	4,950	4,950	-	9,097
Beginning Fund Balance	43,732	12,236	-	55,968	55,968	-	42,162
Revenues	32,027	6,268	-	38,295	30,249	-	11,397
Total Sources	75,759	18,504	4,950	99,213	91,167	-	62,656
Total Uses	75,759	18,548	4,950	99,257	8,308	5,364	7,757
Residential Construction							
Beginning Fund Balance	1,553	783	-	2,336	2,336	-	2,048
Revenues	236	-	-	236	147	-	195
Total Sources	1,789	783	-	2,572	2,483	-	2,243
Total Uses	1,789	783	-	2,572	29	-	19
Transient Occupancy Tax							
Prior Year Encumbrance	-	-	667	667	667	-	832
Beginning Fund Balance	5,994	3,104	-	9,098	9,098	-	7,763
Revenues	33,871	-	-	33,871	11,079	-	11,422
Total Sources	39,865	3,104	667	43,636	20,844	-	20,017
Total Uses	39,865	3,104	667	43,636	28,039	6,163	12,544
Conventions, Arts & Entertainment							
Prior Year Encumbrance	-	-	109	109	109	-	322
Beginning Fund Balance	12,184	3,533	-	15,717	15,717	-	15,675
Revenues	29,973	(250)	-	29,723	33,036	-	15,062
Total Sources	42,157	3,283	109	45,549	48,862	-	31,059
Total Uses	42,157	3,283	109	45,549	20,484	1,428	19,981

Note: Figures may not total due to rounding.

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED December 31, 2019
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2019-2020	BUDGET		FY 2019-2020	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Golf							
Beginning Fund Balance	654	58	-	712	712	-	638
Revenues	8,848	2,300	-	11,148	8,702	-	247
Total Sources	9,502	2,358	-	11,860	9,414	-	885
Total Uses	9,502	2,358	-	11,860	2,017	-	2,125
Other Funds							
Prior Year Encumbrance	-	-	37,118	37,118	37,118	-	39,042
Beginning Fund Balance	381,515	57,498	-	439,013	439,013	-	394,173
Revenues	460,761	7,546	-	468,307	338,366	-	253,047
Total Sources	842,276	65,044	37,118	944,438	814,497	-	686,262
Total Uses	842,276	65,075	37,118	944,469	239,163	154,177	162,829

Note: Figures may not total due to rounding.

CITY OF SAN JOSE
CAPITAL PROJECT FUNDS
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED December 31, 2019
(UNAUDITED)
(\$000's)

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2019-2020 BUDGET	BUDGET AMENDMENTS		FY 2019-2020 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
Construction Excise							
Prior Year Encumbrance	-	-	79,768	79,768	79,768	-	44,091
Beginning Fund Balance	64,542	(16,779)	-	47,763	47,763	-	82,760
Revenues	343,508	55,143	-	398,651	36,620	-	30,184
Total Sources	408,050	38,364	79,768	526,182	164,151	-	157,035
Total Uses	408,050	38,457	79,768	526,275	102,087	38,905	43,754
Other							
Prior Year Encumbrance	-	-	1,398	1,398	1,398	-	7,939
Beginning Fund Balance	21,799	1,040	-	22,839	22,839	-	20,309
Revenues	9,275	-	-	9,275	179	-	276
Total Sources	31,074	1,040	1,398	33,512	24,416	-	28,524
Total Uses	31,074	1,040	1,398	33,512	20,039	1,847	3,453

Note: Figures may not total due to rounding.

CITY OF SAN JOSE
OTHER FUND TYPES
SOURCE AND USE OF FUNDS
FOR THE MONTHS ENDED December 31, 2019
(UNAUDITED)
(\$000's)

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2019-2020 BUDGET	BUDGET AMENDMENTS		FY 2019-2020 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
Trust and Agency							
Prior Year Encumbrance	-	-	67	67	67	-	171
Beginning Fund Balance	5,638	4,985	-	10,623	10,623	-	8,923
Revenues	4,213	146	-	4,359	4,463	-	2,196
Total Sources	<u>9,851</u>	<u>5,131</u>	<u>67</u>	<u>15,049</u>	<u>15,153</u>	<u>-</u>	<u>11,290</u>
Total Uses	<u>9,851</u>	<u>5,131</u>	<u>67</u>	<u>15,049</u>	<u>2,869</u>	<u>203</u>	<u>948</u>

Note: Figures may not total due to rounding.