

Special/Capital Funds Recommended Budget Adjustments Summary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Special/Capital Funds Recommended Budget Adjustments Summary

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

Special/Capital Funds Recommended Budget Adjustments Summary

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

Special/Capital Funds Recommended Budget Adjustments Summary

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

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

Special/Capital Funds Recommended Budget Adjustments Summary

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

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

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

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

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

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

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

Special/Capital Funds Recommended Budget Adjustments Summary

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

Special/Capital Funds Recommended Budget Adjustments Summary

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

Special/Capital Funds Recommended Budget Adjustments Summary

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

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

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

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

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