

General Fund Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
URGENT FISCAL/PROGRAM NEEDS				
<i>2016-2017 Police Department Overtime Reserve</i>	EARMARKED RESERVES		\$5,000,000	
<p>This action establishes a 2016-2017 Police Department Overtime Reserve in the amount of \$5.0 million. As of January 5, 2016, authorized sworn staffing levels totaled 1,109, of which 907 were filled. Although the Department is conducting regular police officer recruit academies to hire for sworn vacancies and continues to review strategies to improve the rate of sworn hiring and training, the Department is anticipated to begin 2016-2017 with approximately 170 sworn vacancies based on current attrition rates. Similar to past practice, it is anticipated that additional overtime funding will be needed to supplement 2016-2017 vacancy savings to continue backfilling for vacant patrol positions and maintain targeted enforcement of high crime activity through suppression cars. The funding will also be available to cover civilian staffing vacancies, as needed. This action is recommended to be funded by Police Department salary and benefit savings that are tracking to be available by year-end. A corresponding decrease to the Personal Services appropriation is recommended to offset this action elsewhere in this report.</p>				
<i>Economic Development Pre-Development Activities</i>	CITY-WIDE EXPENSES		\$50,000	
<p>This action increases the Economic Development Pre-Development Activities appropriation by \$50,000 (from \$128,000 to \$178,000) to fund land studies, environmental studies, and survey work in preparation for development of the land adjacent to Highway 237 (Buffer Lands). On November 19, 2013 the City Council adopted the San José/Santa Clara Water Pollution Control Plant Master Plan that included the possible future development of the Buffer Lands. The plan is now gaining momentum and staff are preparing to conduct feasibility studies, including the type of development, the cost of the development, and the return on investment of such development on that land. The Office of Economic Development is on track to complete all the projects planned for and included in this appropriation as part of the 2015-2016 Adopted Budget. Therefore, there is not enough pre-development funding to conduct the preliminary studies on the Buffer Lands in the current fiscal year. The sooner the work can begin, the more quickly it can be determined if the property has potential to generate additional revenues for the City.</p>				

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URGENT FISCAL/PROGRAM NEEDS				
<i>Expedited Purified Water Program</i>	CITY-WIDE EXPENSES		\$50,000	
<p>This action establishes an Expedited Purified Water Program appropriation in the amount of \$50,000 to provide funding for the City's collaboration with the Santa Clara Valley Water District, based on the City Council's approval of the Mayor's March Budget Message for Fiscal Year 2015-2016 that directed staff to take proactive steps to address our long-term water needs. This action will allow staff from the Environmental Services Department, City Attorney's Office, and Finance Department to continue with a Private Activity analysis to assess the use of wastewater effluent for a potential Expedited Purified Water Program, which would purify and reuse the effluent to ensure the City maintains a reliable drinking water supply. This effort is essential to ensure that the use of wastewater effluent for this program does not compromise existing debt or jeopardize the City's ability to secure cost-effective financing for capital improvements at the Water Pollution Control Plant.</p>				
<i>Non-Personal/Equipment (Business Circle Lighting and Security)</i>	ECONOMIC DEVELOPMENT		\$80,000	
<p>This action increases the Office of Economic Development Non-Personal/Equipment appropriation by \$80,000 to address elevated potential nuisance activity at Business Circle, located at the southwest corner of Stevens Creek Blvd. and S. Bascom Ave. Work is being done on the property following inquiries from the District Attorney's Office. Bollards have been installed on the City-owned alleyway to prevent vehicular access from the alleyway to Business Circle and old, unused phone booths have been removed. The increased funding is recommended to provide one-time reimbursements to resident businesses for the installation of lighting fixtures to illuminate the back alley (\$49,000) and to hire security to patrol the area, including the City-owned parcel on the southwest corner of Stevens Creek Blvd. and S. Bascom Ave., at night for the next six months (\$31,000). It should be noted that the City owns the alleyway and the vacant building and parcel on the corner. Staff has taken steps to sell this corner parcel for future condominium development; closing is anticipated to occur this spring.</p>				

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URGENT FISCAL/PROGRAM NEEDS				
<i>Non-Personal/Equipment (Reallocation from Personal Services for Police Staffing Efficiency Study)</i>	POLICE		\$200,000	
<p>This action increases the Police Department Non-Personal/Equipment appropriation by \$200,000 for a consultant agreement to perform a comprehensive staffing and deployment review. With an anticipated completion date of winter 2016-2017, this study will review the Police Department's patrol and investigations service models, sworn and community service officer staffing deployment models, potential alternative staffing models, and call prioritization methods. The purpose of this study will be to make recommendations on best practice service delivery models in order to gain staffing efficiencies, which would improve emergency response times, investigative services, and community policing efforts. Based on a recent Request for Information, the approximate cost of this study is expected to be \$200,000. Police Department Personal Services savings are available to offset this cost and a corresponding decrease to the Personal Services appropriation is recommended elsewhere in this report.</p>				
<i>Personal Services (Add 1.0 Senior Deputy City Attorney III)</i>	CITY ATTORNEY	1.00	\$83,000	
<p>This action adds 1.0 Senior Deputy City Attorney III position and increases the City Attorney's Office Personal Services appropriation by \$83,000 to provide ongoing legal services related to campaign guidance for candidates, election rules, and ethics issues, as well as legal support for demonstration projects with the private/non-profit sector and other civic innovation matters. On September 23, 2015, the Rules Committee accepted a report from the City Attorney that recommended a mid-year budget action be brought forward to request additional staffing for this new workload. The annualized cost for this ongoing position is estimated to be approximately \$215,000 and, if approved, will be incorporated in the Base Budget for 2016-2017.</p>				
<i>Personal Services (Reallocation to 2016-2017 Police Department Overtime Reserve and Non-Personal/Equipment for Police Staffing Efficiency Study)</i>	POLICE		(\$5,200,000)	
<p>This action decreases the Police Department Personal Services appropriation by \$5.2 million and reallocates \$5.0 million to establish a 2016-2017 Police Department Overtime Reserve and provide funding of \$200,000 for a Police Staffing Efficiency Study. There are sufficient vacancy savings to accommodate the reduction in the Personal Services appropriation with no impacts to current services levels. This action will offset increases to the Non-Personal/Equipment appropriation recommended elsewhere in this report.</p>				

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URGENT FISCAL/PROGRAM NEEDS

<i>Super Bowl 50 - Non-Personal/Equipment (CHP Escort Services)</i>	POLICE		\$86,000	
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This action increases the Police Department Non-Personal/Equipment appropriation by \$86,000 for anticipated services by the California Highway Patrol (CHP) on behalf of the City for Super Bowl 50 as described in a recent Information Memorandum to the City Council. San José is the official host site of the National Football Conference (NFC) Champion Team and Super Bowl Opening Night at the SAP Center on February 1, 2016. Part of San José's responsibilities as the host for the NFC Team is to provide escort and traffic control services for the following travel events: between Mineta San José International Airport and San Jose Marriott Hotel, between the host hotel and practice site each day, between the host hotel and Opening Night at the SAP Center, and between the host hotel and Levi's Stadium on game day. In order to meet these requirements, the CHP will perform these services on behalf of the City. The Super Bowl 50 events are expected to generate additional Transient Occupancy Tax (TOT) that will more than offset this cost. A corresponding increase to the TOT revenue estimate is recommended elsewhere in this report to offset this action.

<i>Super Bowl 50 - Personal Services (Overtime)</i>	FIRE		\$50,000	
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This action increases the Fire Department's Personal Services appropriation by \$50,000 for additional overtime costs associated with Super Bowl 50 as described in a recent Information Memorandum to the City Council. Additional staffing resources will be assigned to effectively address an anticipated increase in emergency and medical calls for service, especially in Downtown, as well as to be prepared for potential hazardous incidents. This includes the deployment of an additional engine company and two squad units for three days leading up to the Super Bowl as well as for Game Day. In addition, a dedicated Hazardous Incident Team will be assigned for two days during Game Week. The Super Bowl 50 events are expected to generate additional Transit Occupancy Tax (TOT) that will more than offset this cost. A corresponding increase to the TOT revenue estimate is recommended elsewhere in this report to offset this action.

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URGENT FISCAL/PROGRAM NEEDS				
<i>Super Bowl 50 - Transient Occupancy Tax</i>				\$136,000
<p>REVENUE ADJUSTMENTS</p> <p>This action recognizes additional Transient Occupancy Tax (TOT) revenue of \$136,000 to offset actions to increase Police Department and Fire Department appropriations for Police Department coverage of California Highway Patrol escort services for the NFL teams (\$86,000) and Fire Department overtime costs (\$50,000) for Super Bowl 50. TOT collections are already on pace to exceed the budgeted estimate of \$14.7 million by \$2.3 million. Per previous City Council direction, all TOT collections above the 2013-2014 base year are to be placed in a Cultural Facilities Maintenance Reserve and actions described elsewhere in this report follow this direction for the current year excess collections of \$2.3 million. However, due to the large number of visitors staying in San José hotels during Game Week, an additional minimum amount of \$540,000 (\$1.35 million combined in the General Fund and TOT Fund) in TOT revenue resulting from Super Bowl 50 is expected. Because the additional City costs related to Super Bowl 50 are attributable to the increased visitors during Game Week, the Administration recommends that \$136,000 of the TOT associated with that event be used to offset the Police and Fire costs described above.</p>				
TOTAL URGENT FISCAL/PROGRAM NEEDS		1.00	\$399,000	\$136,000

REQUIRED TECHNICAL/REBALANCING ACTIONS

<i>Banking Services</i>			\$118,000	
<p>CITY-WIDE EXPENSES</p> <p>This action increases the Banking Services appropriation by \$118,000 (from \$1.7 million to \$1.8 million), due primarily to higher than anticipated banking services costs associated with merchant card fees. When the 2015-2016 Adopted Budget was developed, expenses were forecasted to grow approximately 12% from 2014-2015 levels. However, due to a higher than projected number of customers using credit cards to pay the City for business transactions, combined with a new contract that slightly increased pricing per transaction, an 18% year over year growth in costs is now expected by year end. The additional recommended funding level allows for this new projected level of activity for the remainder of the year.</p>				

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REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Business Incentive - Business Cooperation Program</i>	CITY-WIDE EXPENSES		\$70,000	
<p>This action increases the Business Incentive - Business Cooperation Program appropriation by \$70,000 (from \$40,000 to \$110,000) to provide increased funding for the Use Tax Incentive Program. The program allows participating companies to receive a rebate of up to 30% on a portion of the Use Tax (a component of Sales Tax) they have designated with the California State Board of Equalization to be allocated to San José rather than distributed as part of the County and State pools for Sales and Use Tax. The program has recently acquired additional participants, which has resulted in the need for the increased appropriation and will be offset by an increase in Sales Tax revenue in 2015-2016. Adjustments to the Sales Tax revenue category will be brought forward at year-end based on the overall performance in that category, as appropriate.</p>				
<i>Business Incentive - Business Cooperation Program Administration</i>	CITY-WIDE EXPENSES		\$70,000	
<p>This action increases the Business Incentive - Business Cooperation Program Administration appropriation by \$70,000 (from \$40,000 to \$110,000) to fund the agreement with Municipal Revenue Advisors (MRA). MRA provides technical assistance to participating Business Cooperation Program companies in identifying eligible purchases and allocating Use Tax (a component of Sales Tax) to San José. For these administrative services, MRA is paid 20% of the net revenues received from the participating business. The program has recently acquired additional participants, which has resulted in the need for the increased appropriation. This cost will be offset by additional Sales Tax revenue in 2015-2016. Adjustments to the Sales Tax revenue category will be brought forward at year-end based on the overall performance in that category, as appropriate.</p>				
<i>Council District #01 (San José End of Watch Police Memorial)</i>	MAYOR & COUNCIL		(\$1,500)	
<p>This action decreases the Council District #01 appropriation by \$1,500 and recommends the funding be reallocated to the City-Wide Expenses appropriation for the San José End of Watch Police Memorial project in tribute to fallen peace officers in San José. A corresponding increase to the San José End of Watch Police Memorial appropriation is recommended to offset this action elsewhere in this report.</p>				
<i>Council District #02 (San José End of Watch Police Memorial)</i>	MAYOR & COUNCIL		(\$1,000)	
<p>This action decreases the Council District #02 appropriation by \$1,000 and recommends the funding be reallocated to the City-Wide Expenses appropriation for the San José End of Watch Police Memorial project in tribute to fallen peace officers in San José. A corresponding increase to the San José End of Watch Police Memorial appropriation is recommended to offset this action elsewhere in this report.</p>				

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REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Council District #03 (San José End of Watch Police Memorial)</i>	MAYOR & COUNCIL		(\$3,000)	
<p>This action decreases the Council District #03 appropriation by \$3,000 and recommends the funding be reallocated to the City-Wide Expenses appropriation for the San José End of Watch Police Memorial project in tribute to fallen peace officers in San José. A corresponding increase to the San José End of Watch Police Memorial appropriation is recommended to offset this action elsewhere in this report.</p>				
<i>Council District #04 (San José End of Watch Police Memorial)</i>	MAYOR & COUNCIL		(\$500)	
<p>This action decreases the Council District #04 appropriation by \$500 and recommends the funding be reallocated to the City-Wide Expenses appropriation for the San José End of Watch Police Memorial project in tribute to fallen peace officers in San José. A corresponding increase to the San José End of Watch Police Memorial appropriation is recommended to offset this action elsewhere in this report.</p>				
<i>Council District #05 (San José End of Watch Police Memorial)</i>	MAYOR & COUNCIL		(\$1,500)	
<p>This action decreases the Council District #05 appropriation by \$1,500 and recommends the funding be reallocated to the City-Wide Expenses appropriation for the San José End of Watch Police Memorial project in tribute to fallen peace officers in San José. A corresponding increase to the San José End of Watch Police Memorial appropriation is recommended to offset this action elsewhere in this report.</p>				
<i>Council District #06 (San José End of Watch Police Memorial)</i>	MAYOR & COUNCIL		(\$1,000)	
<p>This action decreases the Council District #06 appropriation by \$1,000 and recommends the funding be reallocated to the City-Wide Expenses appropriation for the San José End of Watch Police Memorial project in tribute to fallen peace officers in San José. A corresponding increase to the San José End of Watch Police Memorial appropriation is recommended to offset this action elsewhere in this report.</p>				
<i>Council District #07 (San José End of Watch Police Memorial)</i>	MAYOR & COUNCIL		(\$500)	
<p>This action decreases the Council District #07 appropriation by \$500 and recommends the funding be reallocated to the City-Wide Expenses appropriation for the San José End of Watch Police Memorial project in tribute to fallen peace officers in San José. A corresponding increase to the San José End of Watch Police Memorial appropriation is recommended to offset this action elsewhere in this report.</p>				

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REQUIRED TECHNICAL/REBALANCING ACTIONS

<i>Council District #08 (San José End of Watch Police Memorial)</i>	MAYOR & COUNCIL		(\$2,000)	
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This action decreases the Council District #08 appropriation by \$2,000 and recommends the funding be reallocated to the City-Wide Expenses appropriation for the San José End of Watch Police Memorial project in tribute to fallen peace officers in San José. A corresponding increase to the San José End of Watch Police Memorial appropriation is recommended to offset this action elsewhere in this report.

<i>Council District #09 (San José End of Watch Police Memorial)</i>	MAYOR & COUNCIL		(\$5,000)	
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This action decreases the Council District #09 appropriation by \$5,000 and recommends the funding be reallocated to the City-Wide Expenses appropriation for the San José End of Watch Police Memorial project in tribute to fallen peace officers in San José. A corresponding increase to the San José End of Watch Police Memorial appropriation is recommended to offset this action elsewhere in this report.

<i>Council District #10 (San José End of Watch Police Memorial)</i>	MAYOR & COUNCIL		(\$2,000)	
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This action decreases the Council District #10 appropriation by \$2,000 and recommends the funding be reallocated to the City-Wide Expenses appropriation for the San José End of Watch Police Memorial project in tribute to fallen peace officers in San José. A corresponding increase to the San José End of Watch Police Memorial appropriation is recommended to offset this action elsewhere in this report.

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REQUIRED TECHNICAL/REBALANCING ACTIONS

Cultural Facilities Capital Maintenance Reserve

EARMARKED
RESERVES

\$2,300,000

This action increases the Cultural Facilities Capital Maintenance Reserve in the amount of \$2.3 million. Per City Council direction approved as part of the Mayor's March Budget Message for Fiscal Year 2014-2015, the growth in Transient Occupancy Tax (TOT) revenues above the established 2013-2014 base level, is to be allocated for capital maintenance of the City's cultural facilities. Based on current collection trends and anticipated activity through the end of the fiscal year, TOT receipts in the General Fund are expected to exceed the budgeted estimates by \$2.3 million. Per City Council direction as described above, this amount is recommended for allocation to the Cultural Facilities Capital Maintenance Reserve. A corresponding increase to the estimate for TOT revenue is recommended elsewhere in this report. It is important to note that due to the large number of visitors staying in San José hotels during Game Week, an additional minimum amount of \$540,000 (\$1.35 million combined in the General Fund and TOT Fund) resulting from Super Bowl 50 is expected above the \$2.3 million cited in this recommendation. Elsewhere in this report, the Administration recommends recognizing \$136,000 of the \$540,000 to offset Police and Fire costs attributable to the increased visitors during game week. TOT receipts will continue to be monitored over the coming months and additional adjustments will be brought forward later in the fiscal year, once the positive revenue benefits from Super Bowl 50 are fully realized.

Earned Revenue - Transient Occupancy Tax

REVENUE
ADJUSTMENTS

\$2,300,000

This action increases the Transient Occupancy Tax (TOT) revenue estimate by \$2.3 million, from \$14.7 million to \$17.0 million, to reflect the continued strong growth of the hotel industry. Year-to-date TOT collections continue to track well above the prior year and current budgeted levels. This increase would allow for revenue growth of approximately 15% from the 2014-2015 collection levels, compared to a budgeted estimate that currently matches 2014-2015 actuals. Per City Council direction approved as part of the Mayor's March Budget Message for Fiscal Year 2014-2015, the growth in Transient Occupancy Tax (TOT) revenues above the established 2013-2014 base level is to be allocated for capital maintenance of the City's cultural facilities. In accordance with this direction, \$2.3 million is recommended for allocation to the Cultural Facilities Capital Maintenance Reserve. A corresponding increase is recommended in the Transient Occupancy Tax Fund, which receives 60% of this tax. It is important to note that due to the large number of visitors staying in San José hotels during Game Week, an additional minimum amount of \$540,000 (\$1.35 million combined in the General Fund and TOT Fund) resulting from Super Bowl 50 is expected above the \$2.3 million cited in this recommendation. Elsewhere in this report, the Administration recommends recognizing \$136,000 of the \$540,000 to offset Police and Fire costs attributable to the increased visitors during game week. TOT receipts will continue to be monitored over the coming months and additional adjustments will be brought forward later in the fiscal year, once the positive revenue benefits from Super Bowl 50 are fully realized.

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REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Elections Commission</i>				
	CITY-WIDE EXPENSES		\$50,000	
<p>This action increases the Elections Commission appropriation by \$50,000 (from \$70,000 to \$120,000) for the independent and neutral evaluator selected by the San José Ethics Commission, to review and investigate complaints that are filed with the Commission alleging violations of the Ethics Ordinance in Title 12 of the Municipal Code. With investigations related to complaints from the previous special election continuing into this year, funding is needed for the additional investigation work completed by the evaluator, and to provide resources for the upcoming June election. Section 12.04.080 of the Municipal Code states that the City Council shall appropriate the funds necessary for the evaluator.</p>				
<i>Fiscal Reform Plan Implementation Reserve (Outside Legal Counsel and Actuarial Services)</i>				
	EARMARKED RESERVES		(\$385,000)	
<p>This action decreases the Fiscal Reform Plan Implementation Reserve of \$787,000 by \$385,000 to fund outside legal services and actuarial services. Additional funding of \$250,000 for legal services is necessary to implement the Quo Warranto/Ballot Measure Implementation Plan outlined in the Alternative Pension Reform Settlement Framework agreements with the City's employee groups. Funding of \$135,000 for actuarial services is also necessary to provide analysis outlined in the Alternative Pension Reform Settlement Framework agreements with the City's employee groups. This action offsets increases to the Fiscal Reform Plan Outside Legal Counsel and City Manager's Non-Personal/Equipment appropriations recommended elsewhere in this report.</p>				
<i>Fiscal Reform Plan Outside Legal Counsel</i>				
	CITY-WIDE EXPENSES		\$250,000	
<p>This action increases the Fiscal Reform Plan Outside Legal Counsel appropriation by \$250,000 for outside legal services needed to assist with the Quo Warranto/Ballot Measure Implementation Plan outlined in the Alternative Pension Reform Settlement Framework agreements with the City's employee groups. A corresponding decrease to the Fiscal Reform Plan Implementation Reserve is recommended elsewhere in this report.</p>				

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REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Homeless Rapid Rehousing (Reallocation to City-Wide Expenses Homeless Response Team)</i>	CITY-WIDE EXPENSES		(\$200,000)	
<p>This action decreases the Homeless Rapid Rehousing appropriation by \$200,000 (from \$2.9 million to \$2.7 million) to offset anticipated expenditures associated with additional encampment cleanups and case worker outreach to at risk homeless populations during El Niño. The Homeless Rapid Rehousing appropriation was initially established in 2013-2014 to engage transitionally homeless individuals from targeted encampments with a history of sustained San José residency and provide them with supportive services and rental subsidies in order to assist them in their transition from homelessness to permanent housing. The \$200,000 is recommended to be reallocated to the Homeless Response Team appropriation as there has been lower than anticipated use of housing coupons due to the limited number of affordable housing units and the high cost of market rate housing in the Silicon Valley. The balance remaining is anticipated to be adequate to house the targeted number of 100 homeless persons for the remainder of the fiscal year. An increase to the Homeless Response Team appropriation in the amount of \$200,000 to offset this action is recommended elsewhere in this report.</p>				
<i>Homeless Response Team (Reallocation from City-Wide Expenses Homeless Rapid Rehousing)</i>	CITY-WIDE EXPENSES		\$200,000	
<p>This action increases the Homeless Response Team appropriation by \$200,000 (from \$1.8 million to \$2.0 million) to offset anticipated expenditures associated with additional encampment cleanups and case worker outreach to at risk homeless populations during El Niño. The Homeless Response Team appropriation was initially established in 2013-2014 to address the needs of our homeless residents by funding property and waste clean-ups, security services, property storage, encampment deterrents, and outreach workers to distribute materials and supplies as well as provide transportation to shelter or housing for the encampment residents. A decrease to the Homeless Rapid Rehousing appropriation in the amount of \$200,000 to offset this action is recommended elsewhere in this report with no service level impacts anticipated.</p>				
<i>Non-Personal/Equipment (Actuarial Services)</i>	CITY MANAGER		\$135,000	
<p>This action increases the City Manager's Non-Personal/Equipment appropriation by \$135,000 to fund actuarial services related to the Alternative Pension Reform Settlement Framework. Funding will provide actuarial analysis needed to complete the implementation of the alternate pension reform settlement framework agreement in coordination with the retirement boards' actuary. Funding will also provide for additional actuarial analysis which may be needed for labor negotiation items and matters related to the Federated and Police and Fire Retirement Systems. A corresponding decrease to the Fiscal Reform Reserve is recommended to offset this action elsewhere in this report.</p>				

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REQUIRED TECHNICAL/REBALANCING ACTIONS

Non-Personal/Equipment (Reallocation from Personal Services for Limited Detention Study)

POLICE

\$41,000

This action increases the Police Department Non-Personal/Equipment appropriation by \$41,000 to complete a Limited Detentions/Bias Base Policy study. As part of the 2014-2015 Mid-Year Budget Review, funding of \$125,000 was allocated to fund a consultant agreement to perform a professional review of data on limited detentions collected by the Police Department. These funds were rebudgeted to 2015-2016 and a Request for Proposal was completed during the summer; however, the proposals received were higher than the original project allocation and estimate. An additional \$41,000 is needed to fully fund this study. The Independent Police Auditor's Year End Report for 2011 included a recommendation to adopt a curb-sitting policy that requires Police Officers to document in the Computer Aided Dispatch (CAD) system or in an incident report when officers curb-sit individuals. Curb-sitting is considered a limited detention by the Police Department, and in December 2013, the Police Department revised its Duty Manual to begin documenting the limited detentions during self-initiated pedestrian and self-initiated vehicle stops. The Police Department gathered data for one year and has selected an outside consultant to analyze and interpret that data and conduct focus groups in a timely manner. This study will put into context the data on limited detentions, help explain the police detention techniques, provide transparency on this issue, and will assist the Police Department in reviewing and revising its current policy if needed to ensure that members of the public are treated in a consistent and fair manner. Once completed, the results will be presented to Department members, City leaders, the Independent Police Auditor, the Chief's Community Advisory Board, and the community. Police Department Personal Services savings are available to offset this cost and a corresponding decrease to the Personal Services appropriation is recommended elsewhere in this report.

Non-Personal/Equipment (Reallocation from Personal Services for Park Restrooms Contract)

PARKS, REC, &
NEIGH SVCS

\$84,000

This action increases the Non-Personal/Equipment appropriation by \$84,000 (from \$591,000 to \$675,000) to fund cost of living wage increases for the past two years (2014-2015 and 2015-2016) and general contract increases for park restroom maintenance that were inadvertently not incorporated into the 2015-2016 Adopted Budget. The Department was able to absorb the increase last year, but is tracking not to be able to do so again this year, therefore, additional funding is needed. A corresponding decrease to the Personal Services appropriation is recommended to offset this action elsewhere in this report.

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REQUIRED TECHNICAL/REBALANCING ACTIONS

Non-Personal/Equipment (Reallocation from Personal Services for Temporary Staffing/Contractual Services)

INFORMATION
TECHNOLOGY

\$1,000,000

This action increases the Information Technology Department (IT) Non-Personal/Equipment appropriation by \$1.0 million. IT is experiencing a 37% vacancy rate in technical classifications with overall Personal Services savings of \$1.5 - \$2.0 million expected by year-end. This funding reallocates a portion of the savings to the IT Non-Personal/Equipment appropriation to enable the department to continue to use temporary staffing agencies and outside vendors to address immediate critical projects while the department continues to make progress on its recruiting efforts. This additional Non-Personal/Equipment funding will ensure IT has the resources to implement the Customer Relationship Management/Supplier Relationship Management (CRM/SRM) system, one of the department's top priorities; to better manage and maintain network operations, security and server consolidation; and to address end-of-life operating systems and browsers to mitigate compatibility and security issues. During the second half of this year, while these projects are underway, recruiting and hiring of the critically needed technical classifications will remain a major focus of the department. A corresponding decrease to the Personal Services appropriation is recommended to offset this action elsewhere in this report.

Non-Personal/Equipment (Reallocation from Personal Services for Water Costs)

PARKS, REC, &
NEIGH SVCS

\$350,000

This action increases the Non-Personal/Equipment appropriation by \$350,000 primarily to offset higher than anticipated parks water costs (increase from \$3.4 million to \$3.8 million) due to the increase in the average cost per CCF (or hundred cubic feet) for water. While water usage is down approximately 27.0%, the approximate 40.0% increase in the average cost per CCF more than offsets the drop in usage. When the Adopted Budget was developed, it was assumed that the decrease in water usage would roughly offset anticipated rate increases, but the exact rate increases were unknown at that time. A corresponding decrease to the Personal Services appropriation is recommended to offset this action elsewhere in this report.

General Fund Recommended Budget Adjustments Summary 2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
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REQUIRED TECHNICAL/REBALANCING ACTIONS

<i>Personal Services (Reallocation to Non-Personal/Equipment for Limited Detention Study and Police Administration Building Fencing - Employee Parking Lot Perimeter)</i>	POLICE		(\$84,000)	
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This action decreases the Police Department Personal Services appropriation by \$84,000 to provide additional funding to address increased project costs for the Police Administration Building employee parking lot perimeter fencing (\$43,000) and for a consultant agreement to analyze and interpret the data collected from the Police Department on limited detentions that are documented when officers curb-sit individuals (\$41,000). There are sufficient vacancy savings to accommodate the reduction in the Personal Services appropriation with no impacts to current services levels. This action will offset increases to the Police Administration Building Fencing - Employee Parking Lot Perimeter and Police Department Non-Personal/Equipment appropriations recommended elsewhere in this report.

<i>Personal Services (Reallocation to Non-Personal/Equipment for Park Restrooms Contract and Water Costs)</i>	PARKS, REC, & NEIGH SVCS		(\$434,000)	
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This action decreases the Parks, Recreation and Neighborhood Services Personal Services appropriation by \$434,000 to provide funding for higher than anticipated parks water costs and increases in the contract for park restroom maintenance. There are sufficient vacancy savings to accommodate the reduction in the Personal Services appropriation with no impacts to current service levels. This action will offset increases to the Non-Personal/Equipment appropriation recommended elsewhere in this report.

General Fund Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
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REQUIRED TECHNICAL/REBALANCING ACTIONS

<i>Personal Services (Reallocation to Non-Personal/Equipment for Temporary Staffing/Contractual Services)</i>	INFORMATION TECHNOLOGY		(\$1,000,000)	
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This action decreases the Information Technology Department (IT) Personal Services appropriation by \$1.0 million. IT is experiencing a 37% vacancy rate in technical classifications with overall Personal Services savings of \$1.5 - \$2.0 million expected by year-end. This funding reallocates a portion of the savings to the IT Non-Personal/Equipment appropriation to enable the department to continue to use temporary staffing agencies and outside vendors to address immediate critical projects while the department continues to make progress on its recruiting efforts. This additional Non-Personal/Equipment funding will ensure IT has the resources to implement the Customer Relationship Management/Supplier Relationship Management (CRM/SRM) system, one of the department's top priorities; to better manage and maintain network operations, security and server consolidation; and to address end-of-life operating systems and browsers to mitigate compatibility and security issues. During the second half of this year, while these projects are underway, recruiting and hiring of the critically needed technical classifications will remain a major focus of the department. A corresponding increase to the Non-Personal/Equipment appropriation is recommended to offset this action elsewhere in this report.

<i>Personal Services (Shift \$4.0 million from Salaries and Benefits to Overtime)</i>	FIRE			
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This action reallocates \$4.0 million in anticipated 2015-2016 vacancy savings from the salary and benefits line items to the overtime line item, bringing the total overtime from \$6.8 million to \$10.8 million in the Fire Department Personal Services appropriation. This adjustment will bring the budget in line with projected overtime expenditures and ensure that sufficient funding is available to maintain current minimum staffing levels. Overtime has been used to backfill vacancies and absences in line duty positions (vacation, strike team deployments, modified duty, sick leave, disability, and other absences). A separate budget action is recommended elsewhere in this report to recognize and allocate Strike Team reimbursement revenue to the Fire Department's Personal Services appropriation for overtime expenditures used to support those deployments.

General Fund Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Personal Services (Shift \$8.0 million from Salaries and Benefits to Overtime)</i>	POLICE			
<p>This action reallocates \$8.0 million in anticipated 2015-2016 vacancy savings from the salary and benefits line items to the overtime line item, bringing the total overtime from \$27.3 million to \$35.3 million in the Police Department Personal Services appropriation. This adjustment will bring the overtime budget in line with projected expenditures. Similar to past practice, it is anticipated that this additional overtime funding will primarily be used to continue to backfill for vacant sworn and civilian positions, and will continue the targeted enforcement and alleviation of high crime activity, such as human trafficking, graffiti, gang suppression, and high profile investigations. It should be noted that an additional increase to the department's overtime line item of \$151,000 is recommended elsewhere in this report related to a reimbursement from the National Football League for police security services at the team hotel.</p>				
<i>Police Administration Building Fencing - Employee Parking Lot Perimeter</i>	CAPITAL PROJECTS		\$43,000	
<p>This action increases the Police Administration Building Fencing - Employee Parking Lot Perimeter appropriation by \$43,000 (from \$300,000 to \$343,000) to address higher than anticipated project costs, which will include additional lighting to improve employee safety. Police Department Personal Services savings are available to offset this cost with no service level impacts and a corresponding decrease to the Personal Services appropriation is recommended elsewhere in this report to offset this action.</p>				
<i>San José End of Watch Police Memorial (Retitled from Police Memorial)</i>	CITY-WIDE EXPENSES		\$18,000	
<p>This action increases the San José End of Watch Police Memorial appropriation by \$18,000 (from \$75,000 to \$93,000) to reflect funding reallocated from each City Council District to support the San José End of Watch Police Memorial to memorialize San José Police Department officers who have made the ultimate sacrifice serving the residents of the San José. An initial contribution of \$75,000 was allocated from the Mayor's Office as part of the 2015-2016 Adopted Budget, as approved by City Council, to establish the San José End of Watch Police Memorial appropriation. Further increases to this project will be appropriated at a later date to recognize fundraising efforts from the Police Officers Association and the Police Foundation. An information memorandum on the San José End of Watch Police Memorial project was released on December 17, 2015. A status update on the project is expected to be brought back to the City Council in spring 2016. In addition, this action retitles the Police Memorial appropriation to San José End of Watch Police Memorial. A corresponding decrease to each City Council District to offset this action is recommended elsewhere in this report.</p>				

General Fund Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED TECHNICAL/REBALANCING ACTIONS				
<i>Super Bowl 50 - Non-Personal/Equipment (Turf Painting)</i>	TRANSPORTATION		(\$12,000)	
<p>This action decreases the Transportation Department Non-Personal/Equipment appropriation by \$12,000 because the planned turf painting, which had been budgeted as part of the 2014-2015 Annual Report actions, no longer needs to take place in preparation for events and visitors in the Downtown area for Super Bowl 50. Winter rainfall levels have been sufficient to provide green grass along South Almaden Boulevard and Park Avenue through the weekend of the Super Bowl.</p>				
<i>Transfer to the Water Utility Fund (Late Fee Reconciliation)</i>	TRANSFERS		\$21,604	
<p>This action establishes a Transfer to the Water Utility Fund in the amount of \$21,604 to reimburse the fund for excess late fee revenues transferred to the General Fund in 2014-2015. Late Fee revenues in the Water Utility Fund are an unrestricted source of income for the City, and are therefore transferred each year to the General Fund. The 2014-2015 Late Fee revenues in the Water Utility Fund were \$253,396, while the Transfer to the General Fund remained at the budgeted level of \$275,000. This transfer is generally reconciled prior to the fiscal year-end close; however, this reconciliation was inadvertently not made in 2014-2015.</p>				
<i>Transfers and Reimbursements (Transfer from the Water Utility Fund - Late Fees)</i>	REVENUE ADJUSTMENTS			(\$225,000)
<p>This action decreases the estimate for Transfers and Reimbursements by \$225,000 (from \$275,000 to \$50,000) to reflect a reduction in anticipated late fees in the Water Utility Fund. Late Fee revenues in the Water Utility Fund are an unrestricted source of income for the City, and are therefore transferred each year to the General Fund. Due to a suspension of Water Utility System Late Fees for the first two months of 2015-2016, combined with technical problems associated with the utility's new Customer Information System billing software, no late fees are expected to be collected until March, significantly reducing this revenue stream. Actions are recommended in the Special/Capital Funds Recommended Budget Adjustments Summary section of this report to make the corresponding adjustments to the Water Utility Fund.</p>				
TOTAL REQUIRED			\$2,617,604	\$2,075,000
TECHNICAL/REBALANCING ACTIONS				

General Fund Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEEES				
<i>Building Development Fee Program - Non-Personal/Equipment (Peak Staffing)</i>	PLANNING, BLDG, & CODE ENF		\$250,000	
<p>This action increases the Planning, Building and Code Enforcement Department's Building Development Fee Program - Non-Personal/Equipment appropriation by \$250,000 to augment funding for peak staffing agreements, funded by the Building Development Fee Program Reserve. The additional funding will provide for the continued use of 10 part-time peak staffing contracted employees for plan review and one full-time contracted employee for building inspection services through the end of the fiscal year. In 2011-2012, the Administration met with associated bargaining units and discussed initiating the use of temporary contractual staffing to cover workloads attributed to City staff vacancies and high volumes of development activity. Due to the continued high level of development activity combined with vacancies, the 2014-2015 Annual Report included \$750,000 for peak staffing services above the 2015-2016 Adopted Budget level of \$500,000 to provide for the continued use of peak staffing contracted employees for plan review and building inspection services, if necessary, through February 2016. This additional funding will increase resources for peak staffing from \$1.25 million to \$1.5 million through June 2016. While the Department continues its ongoing recruitment efforts, the peak staffing engineer and inspector positions will be used temporarily to maintain plan review target goals and improve inspection target goals until vacancies are filled. A corresponding decrease to the Building Development Fee Program Reserve is recommended to offset this action elsewhere in this report.</p>				
<i>Building Development Fee Program Reserve</i>	EARMARKED RESERVES		(\$250,000)	
<p>This action decreases the Building Development Fee Program Reserve to offset the action recommended in this report.</p>				
<i>Building Development Fee Program Reserve/Licenses and Permits (Building Permits)</i>	EARMARKED RESERVES		\$1,500,000	\$1,500,000
<p>This action increases the estimate for Licenses and Permits by \$1.5 million (from \$26.0 million to \$27.5 million) based on current collection trends for building permit revenue. This adjustment will bring the budget slightly above the 2014-2015 actual collection level of \$27.4 million and reflects higher than anticipated development activity in both commercial and industrial areas through the same period last year, partially offset by lower residential permit activity. Development permits to date have consisted mostly of multi-family units for residential construction, alterations for the majority of commercial activity, and both new construction and alterations for industrial activity with large new projects for three shell manufacturing buildings in North San José and the start of construction on a new assembly building at the eBay campus on East Hamilton Avenue. A corresponding increase to the Building Development Fee Program Reserve will ensure this funding is preserved for program works-in-progress.</p>				

General Fund Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Building Public Will for the Arts (Packard Foundation)/Other Revenue</i>	CITY-WIDE EXPENSES		\$41,500	\$41,500
<p>This action increases the Building Public Will for the Arts appropriation and corresponding estimate for Other Revenue by \$41,500 to recognize the grant awarded to the City of San José by the David and Lucille Packard Foundation for the term of September 30, 2015 through October 30, 2016. The Building Public Will program is a national initiative, designed to use research-based findings to create communications strategies to build public will in a way that creates sustainability for the arts and culture as a recognized, valued, and expected part of everyday life. The Office of Economic Development anticipates that this grant will be fully spent or encumbered in 2015-2016.</p>				
<i>City Council District #02 Participatory Budgeting - Calpine Settlement/Other Revenue</i>	CITY-WIDE EXPENSES		\$1,000,000	\$1,000,000
<p>This action establishes a \$1.0 million City-Wide appropriation for the City Council District #02 Participatory Budget Process and increases the estimate for Other Revenue by \$1.0 million. On October 20, 2015 City Council delegated authority to the City Manager to begin negotiations related to required air monitoring stations in the 2001 Cooperation Agreement with Calpine Metcalf Energy for payment in lieu of construction and operation of two air monitoring stations in South San José. Payment from the negotiations were to be earmarked for community projects. Negotiations were recently completed between the City and CPN Delta Inc. and Metcalf Energy Center, LLC (collectively "Calpine") for a \$1.0 million payment to the City. These funds will be allocated to a City Council District #02 Participatory Budget Process that will engage the community, bounded by the area south of Bernal, north of Bailey, east of Santa Teresa Foothills, and west of Highway 101, to determine the best use of the settlement funds.</p>				
<i>Council District #02 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$3,795	\$3,795
<p>This action increases the Council District #2 appropriation to reflect sponsorship funding received for the Indian Flag Raising Event (\$500) and the Village Festival (\$3,295).</p>				
<i>Council District #07 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$1,000	\$1,000
<p>This action increases the Council District #7 appropriation to reflect sponsorship funding received for the Bay Area Hmong New Year Celebration.</p>				
<i>Council District #08 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$12,213	\$12,213
<p>This action increases the Council District #8 appropriation to reflect sponsorship funding received for the Senior Health Fair and Walk Event (\$100), Day In the Park Event (\$10,800), and Summer Movie Night Event (\$1,313).</p>				

General Fund Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Council District #09 Special Event Sponsorship/Other Revenue</i>	MAYOR & COUNCIL		\$23,550	\$23,550
This action increases the Council District #9 appropriation to reflect sponsorship funding received for the Cambrian Festival Event.				
<i>Emergency Street Tree Services/Other Revenue</i>	CITY-WIDE EXPENSES		\$400,000	\$400,000
This action increases the Emergency Street Tree Services appropriation and corresponding estimate for Other Revenue by \$400,000 (from \$200,000 to \$600,000). The additional funding will provide for contractor maintenance of street trees which are the responsibility of adjacent property owners. In preparation for a wet winter, the City has encouraged property owners to identify potentially hazardous tree conditions on their property, and a substantial amount of work is anticipated to be issued to contractors for tree services. Any contractual tree maintenance performed by the City is invoiced back to the property owner for reimbursement.				
<i>Fire Development Fee Program - Personal Services</i>	FIRE		\$200,000	
This action increases the Fire Development Fee Program - Personal Services appropriation by \$200,000 to fund three temporary Associate Engineer positions and provide additional overtime funding. These resources will help current staff with peak workload plan check activities and to meet processing performance goals. These positions will also assist at express plan check counters and meet walk-in customer service needs. A corresponding decrease to the Fire Development Fee Program Reserve is recommended to offset this action elsewhere in this report.				
<i>Fire Development Fee Program Reserve</i>	EARMARKED RESERVES		(\$200,000)	
This action decreases the Fire Development Fee Program Reserve by \$200,000. This action will offset increases to the Fire Development Fee Program - Personal Services appropriation recommended elsewhere in this report.				
<i>Library Grants (California Library Literacy Services)/Revenue from State of California</i>	LIBRARY		\$71,702	\$71,702
This action increases the Library Grants appropriation and corresponding estimate for Revenue from State of California by \$71,702 to support the Adult Literacy and Families for Literacy programs funded with the California Library Literacy Services grant. These programs help adults increase their basic literacy skills as well as address the literacy needs of their young children. This funding will be used for supplies, materials, and a professional to teach the workshops.				

General Fund Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Library Grants (Curiosity Creates Project)/Other Revenue</i>	LIBRARY		\$7,500	\$7,500
<p>This action increases the Library Grants appropriation and corresponding estimate for Other Revenue by \$7,500 to support the Curiosity Creates Project, whereby creative programs serve 6 to 14 year olds and incorporate one or more of the seven critical components of creativity, as outlined by the Center for Childhood Creativity. The Library's program is called IDEAs in Motion (Inventors, Designers, Engineers, and Architects). This funding from the Association for Library Services to Children will be used for materials, books, and promotion of programs.</p>				
<i>Library Grants (San José Public Library Works)/Other Revenue</i>	LIBRARY		\$75,000	\$75,000
<p>This action increases the Library Grants appropriation and corresponding estimate for Other Revenue by \$75,000 to promote economic opportunity by supporting the creation of San José Public Library Works, a workforce development and employment training center at the Dr. Martin Luther King, Jr. Library. This funding from the Knight Foundation will be used for facilities, such as a glass wall, doors, retractable wall, and enhanced lighting.</p>				
<i>National Forum Capacity-Building Grant OJJDP 2012-2016/Revenue from Federal Government</i>	CITY-WIDE EXPENSES		\$191,478	\$191,478
<p>This action increases the National Forum Capacity-Building Grant OJJDP 2012-2016 appropriation to the Parks, Recreation and Neighborhood Services Department and corresponding estimate for Revenue from Federal Government by \$191,478. The Office of Juvenile Justice and Delinquency Prevention (OJJDP) has awarded multiple grants since 2012-2013. The original agreement supported efforts by the Mayor's Gang Prevention Task Force (MGPTF) to address youth and gang violence through partnerships, sharing common challenges, data-driven strategies, and comprehensive planning efforts. This agreement for \$225,138 – of which \$191,478 will be allocated in 2015-2016 and \$33,660 in 2016-2017 – extends the efforts well underway by the MGPTF, with a focus on improving systems related to trauma and substance abuse. This funding will be used for personnel, travel, supplies, consultants, and training.</p>				
<i>Non-Personal/Equipment (Custodial Services for USPTO)/Other Revenue</i>	PUBLIC WORKS		\$45,000	\$45,000
<p>This action increases the Public Works Department Non-Personal/Equipment appropriation and corresponding estimate for Other Revenue by \$45,000 to accommodate the United States Patent Trade Office's (USPTO) use of the City's custodial services contract with GCA Services Group (GCA) until the end of March 2016 for their leased space. Due to unexpected delays in the federal award process, the USPTO was unable to secure its agreement with GCA. The USPTO has agreed to fully reimburse the City for all custodial related costs.</p>				

General Fund Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEEES				
<i>Non-Personal/Equipment (Knight Foundation)/Other Revenue</i>	ECONOMIC DEVELOPMENT		\$125,000	\$125,000
<p>This action increases the Office of Economic Development Non-Personal/Equipment appropriation and corresponding estimate for Other Revenue by \$125,000 to recognize grant funding from the Knight Foundation. This funding will support the development of a branding and marketing campaign aimed to build San José's identity as a desirable urban location within the San Francisco Bay Area. The campaign's goal is to create a positive and attractive image of the City that appeals to target audiences as a desirable place to live and work.</p>				
<i>Non-Personal/Equipment (Local Enforcement Agency Grant)/Revenue from State of California</i>	PLANNING, BLDG, & CODE ENF		\$26,725	\$26,725
<p>This action increases the Planning, Building and Code Enforcement Department's Non-Personal/Equipment appropriation and corresponding estimate for Revenue from State of California by \$26,725 for the Local Enforcement Agency (LEA) grant that was awarded in October 2015. The goal of the LEA is to protect public health, safety, and the environment with regard to the effects of solid waste at recycling, waste handling facilities, and illegal dumping sites. This grant provides funding for software maintenance, staff training, continuing education, professional memberships, and other costs associated with permitting, inspecting, and enforcement of permitted Solid Waste Facilities.</p>				
<i>Non-Personal/Equipment (VivaCalleSJ)/Departmental Charges</i>	PARKS, REC, & NEIGH SVCS		\$9,100	\$9,100
<p>This action increases the Parks, Recreation and Neighborhood Services Non-Personal/Equipment appropriation and corresponding estimate for Departmental Charges by \$9,100 for VivaCalleSJ, a free recreational program that closed miles of scenic San José streets and brought people and the community together to walk, bike, skate, play, and explore the City in October 2015. Various organizations and vendors rented booths and canopies for the VivaCalleSJ event. This funding was used for renting canopies, tables, and chairs for the booths used by the vendors.</p>				

General Fund Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Non-Personal/Equipment (VivaCalleSJ)/Other Revenue</i>	PARKS, REC, & NEIGH SVCS		\$5,000	\$5,000
<p>This action increases the Non-Personal/Equipment appropriation and corresponding estimate for Other Revenue by \$5,000 in support of VivaCalleSJ, a free recreational program that closed miles of scenic San José streets and brought people and the community together to walk, bike, skate, play, and explore the City in October 2015. This action reflects the net impact of 1) an increase of \$5,000 for funding from The Health Trust for event expenses such as temporary staffing, security, permits, canopies, and vendors; 2) a decrease of \$5,000 for police costs paid directly by Youth Connection; and 3) a reallocation of funding (\$5,000) that was previously allocated in the Gift Trust Fund from Kaiser Permanente. Corresponding actions in the Gift Trust Fund are recommended in the Special/Capital Funds Recommended Budget Adjustments Summary section of this report.</p>				
<i>Northern California Regional Intelligence Center SUASI - Police/Revenue from Federal Government</i>	CITY-WIDE EXPENSES		\$242,308	\$242,308
<p>This action increases the Northern California Regional Intelligence Center SUASI - Police appropriation and corresponding estimate for Revenue from Federal Government by \$242,308 to recognize Police Department grant funding from the Bay Area Urban Security Initiative (UASI). These funds will be used for salary, benefits, overtime, and travel costs for one Police Lieutenant position as a member of the Northern California Regional Intelligence Center (NCRIC). The NCRIC is a regional task force which handles terrorist and criminal activity that threatens the Bay Area as a whole.</p>				
<i>Office of the Mayor (Participatory Budget Process)/Other Revenue</i>	MAYOR & COUNCIL		\$50,000	\$50,000
<p>This action increases the Office of the Mayor appropriation and corresponding estimate for Other Revenue in the amount of \$50,000 to recognize grant funding from the Knight Foundation. This funding will be used to develop www.d3decides.com as part of Council District 3's 2015-2016 participatory budget process, as well as other innovative technologies for the 2016-2017 Proposed Budget civic engagement process.</p>				
<i>PRNS Fee Activities/Departmental Charges</i>	PARKS, REC, & NEIGH SVCS		\$700,000	\$700,000
<p>This action increases the Parks, Recreation and Neighborhood Services Department (PRNS) Fee Activities appropriation and corresponding estimate for Departmental Charges by \$700,000. Through the first six months of the year, PRNS Fee Activities are tracking to exceed the budgeted revenue estimate by \$700,000, due to increased activity from the preschool program, the Recreation of City Kids (R.O.C.K.) program, which is after school programming for kids provided at school sites, and camps. The increase in the Fee Activities appropriation will provide for programming costs, such as additional instructors and supplies.</p>				

General Fund Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Personal Services (California Taskforce 3 National Urban Search and Rescue Team)/Revenue from Federal Government</i>	FIRE		\$14,604	\$14,604
<p>This action increases the Fire Department Personal Services appropriation and corresponding estimate for Revenue from Federal Government by \$14,604 to support Task Force 3 training activities. California Task Force 3 was established in September 1991 to provide lifesaving extrication of victims trapped by structural collapse during earthquakes, hurricanes, tornados, floods, acts of terrorism, and other disasters. The award of \$14,604 reimburses the Department for training exercises that took place from July 2015 through November 2015.</p>				
<i>Personal Services (Fire Strike Team)/Revenue from State of California</i>	FIRE		\$424,731	\$424,731
<p>This action increases the Fire Department Personal Services appropriation and corresponding estimate for Revenue from State of California by \$424,731 to reimburse for Strike Teams deployed to assist with fires in Lake, Colusa, Yuba, Trinity, Humboldt, Butte, and Fresno counties. Strike Team reimbursements include costs associated with the backfill need of the department while teams are deployed, as well as the associated apparatus costs.</p>				
<i>Personal Services (Operation Lazy Eye)/Revenue from Federal Government</i>	POLICE		(\$5,000)	(\$5,000)
<p>This action decreases the Police Department Personal Services appropriation and corresponding estimate for Revenue from Federal Government by \$5,000. The Department entered into an agreement with the Federal Government to be reimbursed for overtime expenses incurred while working on the Organized Crime Drug Enforcement Task Force (OCDETF) Program (aka Operation Lazy Eye), which investigates illegal activities in San José. The original allocation was recognized and appropriated as part of the 2014-2015 Annual Report on October 20, 2015. However, due to the lack of task force activity, OCDETF has opted to de-obligate funding.</p>				
<i>Personal Services (Special Operations Training)/Revenue from Local Agencies</i>	FIRE		\$12,000	\$12,000
<p>This action increases the Fire Department Personal Services appropriation and corresponding estimate for Revenue from Local Agencies by \$12,000 to support various Urban Search and Rescue (USAR) specialized training activities. The award of \$12,000 from the Santa Clara County Homeland Security Training and Exercise grant reimburses the Department for training activities for small boat rescue, which were conducted and completed in August 2015.</p>				

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Personal Services (Viva Parks)/Revenue from Local Agencies</i>	PARKS, REC, & NEIGH SVCS		\$12,138	\$12,138
<p>This action increases the Parks, Recreation and Neighborhood Services Personal Services appropriation and corresponding estimate for Revenue from Local Agencies by \$12,138 to activate parks in East San José with programming for families and/or at-risk youth. With this funding, the Department held events in summer/early fall 2015 at the Emma Prusch Farm, Hillview, Mayfair, and Roosevelt Parks. This funding was used for a temporary Recreation Program Specialist and Recreation Leader.</p>				
<i>Personal Services and Non-Personal/Equipment (St. James Park and Plaza de Cesar Chavez Activation)/Other Revenue</i>	PARKS, REC, & NEIGH SVCS		\$150,000	\$150,000
<p>This action increases the Parks, Recreation and Neighborhood Services (PRNS) Personal Services and Non-Personal/Equipment appropriations and corresponding estimate for Other Revenue by \$150,000 to research and test new park uses and designs in support of long-term public space improvements. This funding from the Knight Foundation will be used to create dynamic and active public spaces at Plaza de Cesar Chavez and St. James Park; \$78,000 will be used for a temporary Recreation Program Specialist and \$72,000 for supplies, materials, and contractual services. In addition, a local match requirement, as described in the Subdivision Park Trust Fund in the Special/Capital Funds Recommended Budget Adjustments Summary section of this report, will provide funding for capital costs associated with this effort.</p>				
<i>Personal Services and Non-Personal/Equipment/Revenue from Local Agencies (Santa Clara County Homeland Security Training and Exercise Grant Advisory Group - September 2015 Urban Shield)</i>	FIRE		(\$21,573)	(\$21,573)
<p>This action reflects the net result of an increase to the Fire Department Personal Services appropriation (\$49,989), a decrease to the Non-Personal/Equipment appropriation (\$71,562), and a decrease to the Revenue from Local Agencies estimate of \$21,573, based on the final accounting for the September 2015 Urban Shield exercises. In the 2014-2015 Annual Report, funding of \$150,000 from the Alameda County Sheriff's Office was allocated to the Fire Department's Non-Personal/Equipment appropriation to reimburse costs associated with this comprehensive, full-service regional preparedness exercise. The recommended budget actions align the budget to the actual City costs of \$128,427. The decrease of \$21,573 to the estimate for Revenue from Local Agencies reflects the unexpended portion of the original estimate of \$150,000.</p>				

General Fund Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEEES				
<i>Planning Development Fee Program - Non-Personal/Equipment (Environmental Review)/Departmental Charges (Planning Fees)</i>	PLANNING, BLDG, & CODE ENF		\$152,000	\$152,000
<p>This action increases the Planning, Building and Code Enforcement Department's Planning Development Fee Program - Non-Personal/Equipment appropriation and corresponding estimate for Departmental Charges (Planning Fees) by \$152,000 for a consultant to conduct an odor emissions analysis of the Newby Island Sanitary Landfill. The landfill operator has applied for a land-use permit with the City of San José to increase the capacity and height of the landfill as allowed under the previously approved planned development zoning, which would effectively extend the estimated closure date of the landfill. In litigation filed by the City of Milpitas against the City of San José, Milpitas claims the environmental review for the proposed expansion overlooked odor problems. As part of the development permit review, the City of San José Planning Commission has requested an independent odor study to determine if odor emissions constitute a nuisance and, if so, what recommendations for conditions should be placed on the project to address the nuisance. The cost of the consultant study will be reimbursed by the landfill operator.</p>				
<i>Planning Development Fee Program - Non-Personal/Equipment (Peak Staffing)</i>	PLANNING, BLDG, & CODE ENF		\$70,000	
<p>This action increases the Planning, Building and Code Enforcement Department's Planning Development Fee Program - Non-Personal/Equipment appropriation by \$70,000 to augment funding for peak staffing agreements, funded by the Planning Development Fee Program Reserve. Because there continues to be a high demand for development review services due to increased activity, additional funding is needed to provide for the continued use of two peak staffing contracted employees to meet target goals through the end of the fiscal year. In 2011-2012, the Administration met with associated bargaining units and discussed initiating the use of temporary contractual staffing to cover workloads attributed to City staff vacancies and high volumes of development activity. The additional funding will increase resources for peak staffing from \$140,000 to \$210,000 through June 2016. A corresponding decrease to the Planning Development Fee Program Reserve is recommended to offset this action elsewhere in this report.</p>				
<i>Planning Development Fee Program Reserve</i>	EARMARKED RESERVES		(\$70,000)	
<p>This action decreases the Planning Development Fee Program Reserve to offset the action recommended in this report.</p>				

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<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
GRANTS/REIMBURSEMENTS/FEES				
<i>Planning Development Fee Program Reserve/Departmental Charges (Planning Fees)</i>	EARMARKED RESERVES		\$900,000	\$900,000
<p>This action increases the estimate for Departmental Charges by \$900,000 (from \$3.6 million to \$4.5 million) based on current collection trends for planning fees. Revenues are projected to exceed budgeted levels due to higher than anticipated development activity. A corresponding increase to the Planning Development Fee Program Reserve will ensure this funding is preserved for program works-in-progress.</p>				
<i>Sidewalk Repairs/Other Revenue</i>	CITY-WIDE EXPENSES		\$600,000	\$600,000
<p>This action increases the Sidewalk Repairs appropriation and corresponding estimate for Other Revenue by \$600,000 (from \$1.5 million to \$2.1 million). The additional funding will allow contractor repairs to continue at the current pace until the end of the fiscal year. Sidewalk repairs are the responsibility of the property owner and any contractual repair work performed by the City is invoiced back to the property owner for reimbursement.</p>				
<i>Super Bowl 50 - Personal Services (Overtime)/Other Revenue (National Football League)</i>	POLICE		\$151,000	\$151,000
<p>This action increases the Police Department Personal Services appropriation and corresponding estimate for Other Revenue by \$151,000 for Super Bowl 50. San José is the official host site of the National Football Conference (NFC) champion team. The National Football League (NFL) will reimburse the City for police security services on overtime in the amount of \$151,000 provided at the team hotel.</p>				
TOTAL GRANTS/REIMBURSEMENTS/FEES			\$6,920,771	\$6,920,771

General Fund Recommended Budget Adjustments Totals

<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
1.00	\$9,937,375	\$9,131,771