

MID-YEAR
BUDGET REVIEW

2015-2016


OFFICE OF THE CITY MANAGER
JANUARY 2016

2015-2016

MID-YEAR
BUDGET
REVIEW

TABLE OF CONTENTS

	TRANSMITTAL MEMORANDUM	1
I.	GENERAL FUND STATUS REPORT	I - 1
	A. STATUS OF GENERAL FUND REVENUES	I - 2
	B. STATUS OF GENERAL FUND EXPENDITURES	I - 20
II.	SELECTED SPECIAL/CAPITAL FUNDS STATUS REPORT	II - 1
III.	RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP ACTIONS	III - 1
IV.	APPENDIX	IV
	A. FINANCIAL RESULTS	1



2015-2016

MID-YEAR
BUDGET
REVIEW



TRANSMITTAL
MEMORANDUM



Memorandum

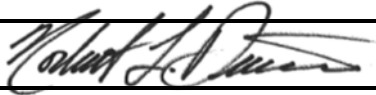
TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jennifer A. Maguire

**SUBJECT: 2015-2016 MID-YEAR
BUDGET REVIEW REPORT**

DATE: January 29, 2016

Approved



Date 1/29/16

RECOMMENDATIONS

- A. Approval of the 2015-2016 Mid-Year Budget Review Report.
- B. Adoption of related Appropriation Ordinance and Funding Sources Resolution amendments in various funds as detailed in Section III (Recommended Budget Adjustments and Clean-Up Actions) of the 2015-2016 Mid-Year Budget Review Report.
- C. Approval of 1.0 Senior Deputy City Attorney III position in the City Attorney's Office.

OUTCOME

The Mid-Year Budget Review Report provides an assessment of the City's budget condition in the current fiscal year as compared to the 2015-2016 Modified Budget based on actual performance during the first six months of 2015-2016. Based on this analysis, budget revisions are recommended to: address projected revenue and expenditure variances; account for new or adjusted grants, reimbursements, or fees; fund a very limited number of urgent fiscal/program needs in the General Fund and a limited number of new projects in special and capital funds; and better position the City for the 2016-2017 budget process.

EXECUTIVE SUMMARY

The 2015-2016 Adopted Operating Budget continued the City's efforts to address the highest priority community and organizational needs while maintaining budget stability. The combination of past budget balancing actions, steady increases in revenues from a stronger economy, and very careful management of expenses has resulted in a degree of budget stability experienced for the past three years. The budget held the line with a limited number of new investments in strategically important areas, provided for some service restorations and investments in infrastructure, avoided service cuts, and continued to provide incremental increases in employee compensation in order to remain competitive as an employer in this challenging labor marketplace.

Budget actions in 2015-2016 focused on investments that:

- Ensure public safety services are safe, effective, and efficient;
- Address broader public safety needs;
- Meet basic community and organizational needs;
- Expand opportunities for residents and enhance experiences of residents/visitors;
- Support innovation and strategic partnerships as well as increase transparency and community input; and
- Better position the City moving forward.

The Administration is closely monitoring the City's budget to ensure that current year revenues and expenditures are meeting expectations, which is necessary to maintain budget stability and avoid service disruptions in any given year. Through the first half of the year, City funds are generally performing within expected 2015-2016 budgeted levels. There are a very few isolated instances where current year performance is not meeting budgeted estimates. Budget actions are recommended in this document to address those problems without any service impacts.

Mid-Year Budget Review Highlights

General Fund

- Based on current collection trends and information, existing General Fund revenues are anticipated to end the year approximately \$15-\$20 million above budgeted levels, the majority of which represents the expected receipt of one-time Sales Tax and Property Tax revenues. Overall, General Fund expenditures are tracking below anticipated levels and are expected to generate overall savings by year-end. Both the ongoing portion of the excess revenues and additional expenditure savings are necessary to assist in meeting the 2015-2016 ending fund balance estimate that will be used as an ongoing funding source in the Five-Year General Fund Forecast and the 2016-2017 Proposed Operating Budget. The one-time revenues will be also available as a funding source for one-time needs identified in the 2016-2017 Proposed Budget.
- A series of Mid-Year Budget Review actions are recommended based on actual performance through December and projected activity through the remainder of the year. Major actions include the following:
 - Address a very limited number of urgent fiscal/program needs with a net cost of \$263,000. This includes adding \$83,000 to the City Attorney's Office to add 1.0 Senior Deputy City Attorney III, \$130,000 to the Office of Economic Development to fund a Business Circle Lighting and Security project (\$80,000) and pre-development activities (\$50,000), and \$50,000 for costs associated with the Expedited Purified Water Program. In the Police Department, salary and benefit savings are recommended to be reallocated to: 1) establish a \$5.0 million Police Department Overtime Reserve for 2016-2017 that would be used to backfill for vacant sworn positions and maintain targeted enforcement of high crime activity through suppression cars as well as cover civilian staffing

vacancies, as needed; and 2) fund a consultant agreement (\$200,000) to perform a Police staffing efficiency study. To support Super Bowl 50, the recognition of additional Transient Occupancy Tax revenue is recommended to offset California Highway Patrol (CHP) Escort Services (\$86,000) and Fire Department Overtime (\$50,000).

- Implement required technical/rebalancing with a net impact of \$543,000. Notable actions include: increased funding to address higher costs associated with the Business Cooperation Program (\$140,000), the City’s banking services (\$118,000) and elections commission (\$50,000); a decrease to the Transfers and Reimbursements estimate to reflect lower than anticipated late fee revenue from the Water Utility Fund (\$225,000); the establishment of a transfer to the Water Utility Fund as part of a reconciliation of late fees that had been transferred to the General Fund in 2014-2015 (\$22,000); and a decrease in Super Bowl expenses for turf painting (\$12,000). In addition, this document recommends the reallocation of funds from personal services vacancy savings in the Information Technology Department (\$1.0 million) to cover temporary staffing and contractual services for high priority projects; the shift of Homeless Rapid Rehousing funds to cover higher than anticipated Homeless Response Team costs related to El Niño (\$200,000); the use of Police Department personal services savings to cover additional Police Department employee parking lot perimeter fencing construction costs (\$43,000) and limited detention study costs (\$41,000); the use of Parks, Recreation, and Neighborhood Services Department personal services savings to fund higher park restroom contract (\$84,000) and water (\$350,000) costs; the reallocation of funding from the Fiscal Reform Plan Implementation Reserve to fund Alternate Pension Reform Settlement legal counsel (\$250,000) and actuarial (\$135,000) costs; funding from City Council Districts budgets to partially fund the San José End of Watch Police Memorial (\$18,000); and the allocation of additional Transient Occupancy Tax revenue in the Cultural Facilities Capital Maintenance Reserve (\$2.3 million).
- Implement grants/reimbursements/fees adjustments totaling \$6.9 million with a net-zero impact on the General Fund. The largest adjustments include actions to recognize and appropriate funding to support the following: Building Development Fee Program (\$1.5 million), City Council District 2 Participatory Budgeting from Calpine settlement funds (\$1.0 million), Planning Development Fee Program (\$900,000), Parks, Recreation and Neighborhood Services Department Fee Activities (\$700,000), and Department of Transportation Sidewalk Repairs (\$600,000).
- Implement a variety of clean-up actions that result in total net savings of \$806,000, including the following: recognize savings (\$758,000) from the portion of Management Pay for Performance Program costs that were not required to be distributed to departments; allocate funding for salary and vehicle allowance increases for the Mayor and City Council as recommended by the Salary Setting Commission and approved by the City Council on January 26, 2016 (\$133,000); recognize additional interest earnings from various capital and special funds (\$187,000), and an adjustment for the Planning Development Fee Program Reserve (\$6,000). Other actions that correct errors or align revenues and/or expenditures among appropriations for previously approved budget actions are also included.

Special/Capital Funds

- Most of the revenues and expenditures in the City's special and capital funds are generally performing within expected levels through December. Budget adjustments are recommended in several cases to adjust for revised revenue and cost estimates, to address critical current year funding needs, and to recognize various grants and reimbursements. Some of the major recommended adjustments are highlighted below.
- Recommendations are included to defer the final sale of General Obligation Bonds approved by San José voters for the Library (\$212 million authorized in 2000) and Neighborhood Security (\$159 million authorized in 2002). The amounts recommended for deferral to 2016-2017 include \$5.9 million in the Library Capital Program and \$3.3 million in the Public Safety Capital Program. In addition, this report includes a recommendation to increase the revenue estimate by \$1.3 million in the Public Safety Capital Program to recognize proceeds from a settlement associated with the design of the South San José Police Substation. This payment is partially offset by an increase to the South San José Police Substation appropriation by \$130,000 to provide funding for work conducted by a consultant related to the settlement of the Substation litigation.
- In the Integrated Waste Management Fund, several actions are recommended that would increase the ending fund balance by \$7.9 million. The largest source for this increase is the additional net revenue of \$7.2 million, consisting of higher Lien Related Charges (\$4.2 million) and Recycle Plus Collection Charges (\$3.4 million), offset by decreased grant revenues of \$400,000 related to lower than anticipated bids for the installation of a photovoltaic system at the San José Environmental Innovation Center (EIC). Correspondingly, recommended budget actions to adjust several expenditure appropriations will result in a net savings of approximately \$600,000, which are primarily driven by a reduction of \$800,000 due to the lower bids for the referenced photovoltaic system. The additional fund balance will be factored into the development of the 2016-2017 Proposed Budget.
- In the Transient Occupancy Tax (TOT) Fund, a recommendation is included to increase the revenue estimate by \$3.4 million (from \$22.1 million to \$25.5 million), reflecting growth of approximately 15% from 2014-2015 collection levels. The additional revenue will be placed into a reserve that will be allocated as part of the 2016-2017 budget process to Cultural Arts Development, to the Convention and Visitors' Bureau, and to the Convention and Cultural Affairs Fund. 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 \$810,000 in TOT revenue (\$1.35 million combined in the General Fund and TOT Fund) resulting from Super Bowl 50 is expected above the \$3.4 million cited above. Elsewhere in this report, the Administration recommends recognizing \$136,000 of the \$540,000 received in the General Fund 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.

Looking forward, the Administration is scheduled to release the 2017-2021 General Fund Five-Year Forecast on February 29, 2016, and the 2016-2017 Proposed Capital and Operating Budgets on April 22, 2016 and May 2, 2016, respectively. Analysis from this Mid-Year Budget Review will be factored into both the Forecast and Proposed Budgets, as appropriate.

BACKGROUND

The annual Adopted Budget is a financial plan predicated on the best information available at the time it is prepared. As with any budget, however, changing conditions create the need to modify the original plan. Through its budget policies, the City Council has designated mid-year as the appropriate time to perform a comprehensive review of the current year's budget, and the Mid-Year Budget Review as the appropriate vehicle for consideration of any revisions to the budget. This Mid-Year Budget Review Report complies with that policy. It contains a comprehensive review of the status of the City's 2015-2016 Operating and Capital Budgets.

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

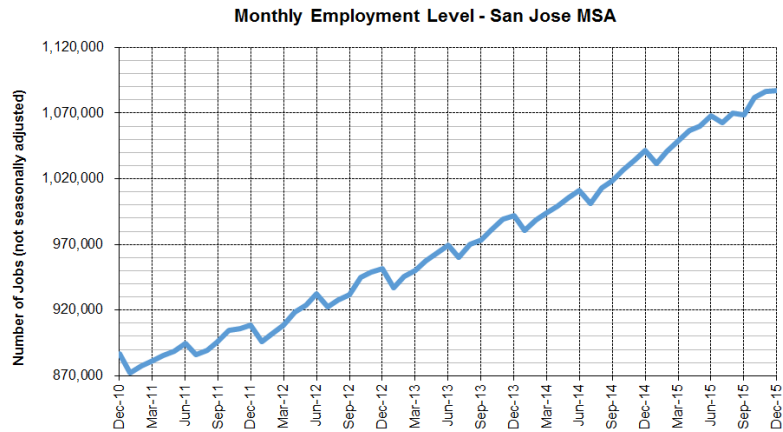
- **Transmittal Memorandum** – An overall summary of the contents of the Mid-Year Budget Review Report.
- **Section I: General Fund Status Report** – A review of the General Fund revenues and expenditures through Mid-Year.
- **Section II: Selected Special/Capital Funds Status Report** – A review of selected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

ANALYSIS

The Analysis section includes the following: an overview of the current economic environment; a discussion of General Fund performance through December; a summary of recommended General Fund budget adjustments included in the Mid-Year Budget Review Report; a status report on selected special and capital funds; and the status of a City Council referral related to a Housing Rehabilitation Program to incentivize landlords to participate in housing voucher or coupon programs.

ECONOMIC ENVIRONMENT

The Silicon Valley continues to show solid economic performance with a number of the economic indicators showing improvement from the same period a year ago. Most local economic indicators, including employment, local construction, and real estate activity measures, show sustained economic strength. National economic indicators, including consumer confidence, also demonstrate an economy that continues to grow at a moderate pace.



Unemployment Rate (Unadjusted)

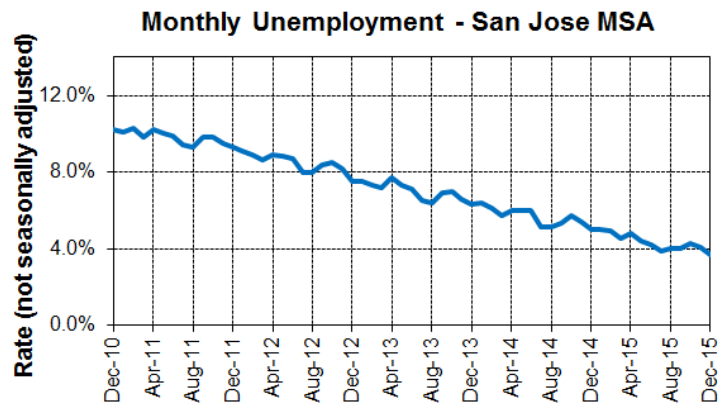
	Dec. 2014	Nov. 2015	Dec. 2015**
San José Metropolitan Statistical Area*	4.5%	3.9%	3.8%
State of California	6.8%	5.7%	5.8%
United States	5.4%	4.8%	4.8%

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

The December 2015 employment level in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (San José MSA) of 1.09 million was 4.4% above the December 2014 level of 1.04 million. Between December 2014 and December 2015, 46,100 job were added. This includes 17,200 jobs in professional and business services, marking its 68th consecutive monthly gain on a year-

over-year basis, as well as 8,600 jobs in private educational and health services, and 7,200 information jobs.¹

As noted in The Beacon Employment Report, for all of 2015, monthly job growth in California average 38,280 jobs per month. “This is right in-line with the state’s average monthly job gains from 2012 to 2014,” said Beacon Economics’ Founding Partner Christopher Thornberg.²



¹ State of California Employment Development Department Labor Market Information Division Press Release, January 22, 2016

² Beacon Economics, Employment Report, January 2016

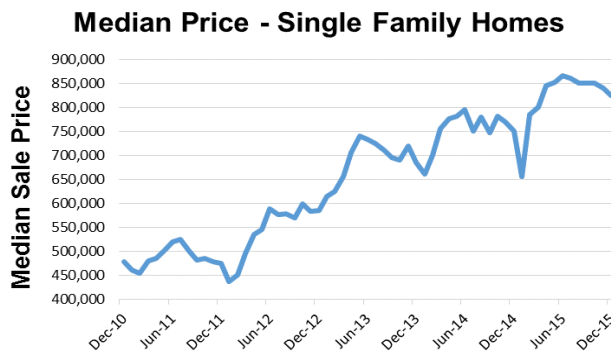
The unemployment rates at the local, State, and national levels remain low. In December 2015, the unemployment rate for the San José Metropolitan Statistical Area of 3.8% represents a slight decrease from the November 2015 rate of 3.9%, but is solidly below the 4.5% rate experienced a year ago. In this region, the December 2015 unemployment rate is less than the unadjusted unemployment rate for the State (5.8%) and the nation, which has a current unadjusted unemployment rate of 4.8%.

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

	July-Dec. 2014	July-Dec. 2015	% Increase/ (Decrease)
Residential	\$ 363.3	\$ 245.0	(32.6%)
Commercial	\$ 130.7	\$ 137.9	5.5%
Industrial	\$ 138.2	\$173.0	25.2%

Local construction activity remains relatively strong through December; however, it is tracking below prior year levels, driven primarily by a significant drop in the residential sector. Residential permits for new dwelling units through December totaled 1,028 versus 2,249 last year. Correspondingly, the valuation of new residential construction also decreased significantly (\$187.1 million in 2015-2016 vs. \$302.1 million in 2014-2015), paired with a smaller decrease for alteration activity (\$57.9 million in 2015-2016 vs \$61.2 million in 2014-2015). Combined residential valuation of \$245.0 million through December is 32.6% below the prior year level of \$363.3 million. Although residential activity is significantly lower than the prior year, it is anticipated activity will strengthen in the 3rd and 4th quarters of this fiscal year. In December, construction began on a new 315 unit apartment building on West San Carlos Street north of I-280 west of Highway 87.

Overall commercial valuation through December is above the 2014-2015 level (\$137.9 million in 2015-2016 vs \$130.7 million in 2014-2015). New commercial construction and alteration activity are both up compared to prior year levels. Industrial construction valuation through December is 25.2% above the 2014-2015 level (\$173.0 million in 2015-2016 vs. \$138.2 million 2014-2015). Notable industrial new construction in 2015-2016 includes three cold shell manufacturing buildings with a combined 563,000 square feet on Disk Drive north of Highway 237, and a 23,000 square foot assembly building at the Ebay campus on East Hamilton Avenue.



Performance in the housing market continues to be strong, with rising sale prices coupled with a high number of property transfers. The median single-family home price was \$825,000 in December 2015, an increase of 10.0% from the median home price of \$750,000 in December 2014. In addition, the December 2015 number of property transfers totaled 681, an increase of 11.1% when compared

to the 613 sales that occurred in December 2014. The number of listings of new single-family and multi-family dwellings on the market has increased approximately 7.3%, from 300 listings in December 2014 to 322 listings in December 2015.

The leading consumer confidence indicator, the Conference Board's *Consumer Confidence Survey*, reports that consumer confidence of 98.1 in January is up from December's 96.3 (in 1985 it was at 100). In general, consumers' expectations of overall economic conditions was relatively flat in January. Consumers were modestly more positive in their assessment of the job market, with the proportion claiming jobs are "hard to get" decreasing from 24.5% to 23.4% and those stating jobs are "plentiful" decreasing from 24.2% to 22.8% in the last month.³

According to Lynn Franco, Director of Economic Indicators at The Conference Board, "Consumer confidence improved slightly in January, following an increase in December. Consumers' assessment of current conditions held steady, while their expectations for the next six months improved moderately. For now, consumers do not foresee the volatility in financial markets as having a negative impact on the economy."⁴

The December 2015 UCLA Anderson Forecast anticipates that ongoing U.S. job growth and expected wage increases will drive consumption in 2016, leading to the first year of greater than 3.0% growth in real Gross Domestic Product (GDP) since 2005. For California, they forecast total employment growth of 2.6% for 2015, 2.1% for 2016, and 1.4% for 2017; wage growth is estimated to be 4.3% in 2015, 3.4% in 2016, and 3.2% in 2017. These estimates are partially driven by data showing increased port activity, large numbers of international airline travelers, a shallow upward trend in statewide sales taxes, and continued growth in residential construction.⁵

Economic conditions will continue to be closely monitored and factored into the 2017-2021 General Fund Five-Year Forecast, scheduled to be released on February 29, 2016, and the upcoming releases of both the Proposed Capital and Operating Budgets, scheduled to be released on April 22, 2016 and May 2, 2016, respectively.

GENERAL FUND PERFORMANCE

General Fund revenues and transfers through December totaled \$423.9 million, or 41.6% of the budgeted estimate. Based on current collection trends and information, existing revenues are tracking to end the year approximately \$15 - \$20 million above budgeted levels (variance of approximately 1.5% - 2.0% when excluding the Beginning Fund Balance), the majority of which represents the expected receipt of one-time Sales Tax and Property Tax revenues that will be factored into the 2016-2017 budget process. Through December, the majority of revenues tracked at or above budgeted collections, including: Property Tax, Sales Tax, Transient Occupancy Tax, Business Taxes, Revenue from Local and Federal Agencies and Other Revenue. Other categories are tracking close to the budgeted estimates, including Telephone Line Tax, Franchise Fees, Licenses and Permits, Revenue from the State of California, and Departmental Charges.

In this document, an overall net increase of \$9.3 million to the General Fund revenue estimates is recommended. This is primarily due to the recognition of grants, reimbursements, and/or fee

³ The Conference Board, Consumer Confidence Survey, January 26, 2016

⁴ Ibid.

⁵ UCLA Anderson Forecast December 2015.

related funds (\$6.9 million) as well as a small number of required technical/rebalancing actions to increase revenue estimates by a net \$2.1 million to bring estimates in line with revised projections for Transient Occupancy Tax (\$2.3 million) and the transfer from the Water Utility Fund due to a lower collection of late fees (-\$225,000). The revenue estimates for this year will continue to be updated and refined as part of the upcoming Five-Year Forecast and Proposed Budget process and will be reported through the release of the Bi-Monthly Financial Reports.

General Fund expenditures through December totaled \$527.0 million, or 39.6% of the total 2015-2016 Modified Budget. This represents an increase of \$44.2 million, or 9.2%, from the December 2014 level of \$482.8 million. Encumbrances totaling \$51.7 million were \$15.8 million (23.4%) below the December 2014 level of \$67.4 million. Expenditures and encumbrances through December of \$578.7 million constituted 43.5% of the total Modified Budget (including reserves) of \$1.3 billion; without reserves of \$131.9 million, expenditures and encumbrances constituted 48.3% of the total Modified Budget. Overall, General Fund expenditures are tracking somewhat below anticipated levels and are expected to end the year with savings. Both the ongoing excess revenues and additional expenditure savings are necessary to assist in meeting the 2015-2016 ending fund balance estimate that will be used as a funding source in the Five-Year General Fund Forecast and the 2016-2017 Proposed Budget.

There are a limited number of budget adjustments recommended to address urgent fiscal or program needs. Other technical/rebalancing actions, clean-up actions, and net-zero grants, reimbursements are also recommended in this report. As with revenues, General Fund expenditure adjustments result in a net increase of \$9.3 million.

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

RECOMMENDED GENERAL FUND BUDGET ADJUSTMENTS

As previously stated, the budget actions recommended in the Mid-Year Budget Review result in a net increase of \$9.3 million to General Fund revenues and expenditures. The recommended Mid-Year Budget Review actions accomplish the following: 1) fund a very limited number of urgent fiscal or program needs; 2) implement required technical/rebalancing adjustments; 3) recognize various revenue-supported grants, reimbursements, and fee adjustments; and 4) implement clean-up actions.

The chart on the following page summarizes these recommended adjustments.

**2015-2016 MID-YEAR BUDGET REVIEW
 RECOMMENDED GENERAL FUND BUDGET ACTIONS**

BUDGET CATEGORY	Use of Funds (\$ in Millions)	Source of Funds (\$ in Millions)
Urgent Fiscal/Program Needs		
City Attorney's Office (Add 1.0 Senior Deputy City Attorney III)	\$0.083	
Business Circle Lighting and Security (OED Non-Personal/Equipment)	0.080	
Economic Development Pre-Development Activities	0.050	
Expedited Purified Water Program	0.050	
Police Department (Staffing Efficiency Study/2016-2017 Overtime Reserve)	0.000	
Super Bowl 50 (CHP Escort/Fire Overtime)/Transient Occupancy Tax	0.136	\$0.136
Total Urgent Fiscal/Program Needs	\$0.399	\$0.136
Required Technical/Rebalancing Actions		
Business Incentive – Cooperation Program/Administration	\$0.140	
Banking Services	0.118	
Elections Commission	0.050	
Late Fee Recon./Transfers and Reimb. (Water Utility Fd – Late Fees)	0.022	(\$0.225)
Super Bowl 50 (Turf Painting)	(0.012)	
Cultural Facilities Capital Maint. Reserve/Transient Occupancy Tax	2.300	2.300
Other Net-Zero Expenditure Adjustments	0.000	
Total Required Technical/Rebalancing Actions	\$2.618	\$2.075
Grants/Reimbursements/Fees		
Various Grants/Reimbursements/Fee Adjustments	\$6.921	\$6.921
Clean-Up Actions		
Management Pay for Performance Program	(\$0.758)	
Salary Program (Mayor and Council)	0.133	
Transfers and Reimb. (Interest Earnings from Capital/Special Funds)		\$0.187
Benefits Program (Health Programs)	0.000	
Other Net Clean-Up Adjustments	0.006	
Various Net-Zero Adjustments	0.000	0.000
Total Clean-Up Actions	(\$0.619)	\$0.187
Total Recommended Adjustments	\$9.319	\$9.319

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

URGENT FISCAL/PROGRAM NEEDS

- **City Attorney's Office – Add 1.0 Senior Deputy City Attorney III (\$83,000):** 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 position is estimated at \$215,000 and, if approved, will be incorporated into the 2016-2017 Base Budget.

- ***Business Circle Lighting and Security (\$80,000):*** Adds funding of \$80,000 to address 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.
- ***Economic Development Pre-Development Activities (\$50,000):*** Adds Economic Development Pre-Development Activities funding of \$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) in accordance with the San José-Santa Clara Water Pollution Control Plant Master Plan adopted by the City Council on November 19, 2013. 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.
- ***Expedited Purified Water Program (\$50,000):*** Establishes an Expedited Purified Water Program budget of \$50,000 to fund 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 long-term water needs. This funding will allow staff from the Environmental Services Department, City Attorney's Office, and the 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.
- ***Police Department Net-Zero Shifts (Overtime Reserve/Staffing Efficiency Study) (\$0):*** The following net-zero shifts in Police Department funding are recommended:
 - *2016-2017 Police Department Overtime Reserve (\$5,000,000)/Police Department Personal Services (-\$5,000,000)* – Decreases the Police Department Personal Services appropriation by \$5.0 million and reallocates these funds to establish a 2016-2017 Police Department Overtime Reserve. Currently, the Department has over 200 vacancies, both

sworn and civilian staff. 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 and is tracking to have approximately \$9-10 million in current-year personal services savings by year-end. No service level impact is expected with this action.

- *Police Department Non-Personal/Equipment (Staffing Efficiency Study) (\$200,000)/Police Department Personal Services (-\$200,000)* – Adds \$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.
- ***Super Bowl 50 (CHP Escort Services/Fire Overtime) (\$136,000)/Transient Occupancy Tax (\$136,000):*** The following public safety services to support Super Bowl 50 are recommended, offset by an increase in the Transient Occupancy Tax revenue estimate:
 - *CHP Escort Services (\$86,000)* – 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.
 - *Fire Overtime (\$50,000)* – 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.

- *Transient Occupancy Tax (\$136,000)* – An increase to the Transient Occupancy Tax (TOT) revenue estimate of \$136,000 is recommended to offset the Police Department cost associated with coverage of CHP escort services for the NFL teams (\$86,000) and Fire Department overtime costs (\$50,000) for Super Bowl 50. 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, it is recommended that \$136,000 of the TOT revenue associated with that event be used to offset the Police and Fire costs described above.

REQUIRED TECHNICAL/REBALANCING ACTIONS

- ***Business Incentive - Business Cooperation Program (\$70,000) and Business Incentive - Business Cooperation Program Administration (\$70,000)***: Increases the Business Incentive - Business Cooperation Program budget by \$70,000 (from \$40,000 to \$110,000) and the Business Incentive - Business Cooperation Program Administration budget by \$70,000 (from \$40,000 to \$110,000) to account for additional participants in the Business Cooperation Program. This 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. Additional participants have recently been added to the program, which has resulted in the need to increase the allocations for the incentives to the businesses (20-30% of net revenues) and the administration of the program by Municipal Revenue Advisors (20% of net revenues). These costs 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.
- ***Banking Services (\$118,000)***: Increases the Banking Services budget by \$118,000 (from \$1.7 million to \$1.8 million), due primarily to higher than anticipated costs associated with merchant card fees. This reflects both a higher than projected number of customers using credit cards to pay the City for business transactions and a slight increase in pricing per transaction under a new contract.
- ***Elections Commission (\$50,000)***: Increases the Elections Commission budget 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.

- ***Transfer to the Water Utility Fund (Late Fee Reconciliation) (\$22,000):*** 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 missed in 2014-2015.
- ***Transfers and Reimbursements (Transfer from the Water Utility Fund – Late Fees) (\$225,000):*** Decreases the Transfer from the Water Utility Fund by \$225,000 to reflect a reduction in anticipated late fees in the Water Utility Fund (from \$275,000 to \$50,000). 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 2016, significantly reducing this revenue stream. Corresponding adjustments are also recommended in the Water Utility Fund.
- ***Super Bowl 50 - Turf Painting (-\$12,000):*** 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.
- ***Cultural Facilities Capital Maintenance Reserve (\$2,300,000)/Transient Occupancy Tax (\$2,300,000):*** Increases the Cultural Facilities Capital Maintenance Reserve and the estimate for Transient Occupancy Tax 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. 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. As discussed above, a separate action would recognize a portion of this additional revenue (\$136,000 of the \$540,000) to offset Police and Fire costs attributable to the increased visitors during game week as a separate action. 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.

- ***Other Net Expenditure Adjustments (\$0)***: Includes a number of net-zero adjustments to align already approved revenue estimates and expenditure budgets with the most current tracking information, or reallocate funding among appropriations based on updated needs.
 - *Homeless Rapid Rehousing (-\$200,000)/Homeless Response Team (\$200,000)*: Shifts \$200,000 from the Homeless Rapid Rehousing budget to the Homeless Response Team to address anticipated expenditures associated with additional encampment cleanups and case worker outreach to at-risk homeless populations during El Niño. The Homeless Rapid Rehousing appropriation has sufficient funding to accommodate this shift without impacting service delivery in 2015-2016.
 - *Information Technology Department Personal Services (-\$1,000,000)/Non-Personal/Equipment (\$1,000,000)*: Increases the Information Technology Department (IT) Non-Personal/Equipment and decreases the 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.
 - *Police Department Projects (\$84,000)/Police Personal Services (-\$84,000)*: Decrease the Police Department Personal Services budget 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.
 - *Police Personal Services (Shift \$8.0 million from Salaries and Benefits to Overtime)* - 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.
 - *San José End of Watch Police Memorial (Retitled from Police Memorial) (\$18,000)/Council District Budgets (-\$18,000)* - Increases the San José End of Watch Police Memorial appropriation by \$18,000 (from \$75,000 to \$93,000) and decreases Council District budgets 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 budget. Further increases to this project will be brought forward 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.

- *Parks, Recreation and Neighborhood Services Department Adjustments:* Increases the Non-Personal/Equipment budget by \$350,000 to offset higher than anticipated parks water costs (increase from \$3.4 million to \$3.8 million). While water usage is down approximately 27%, the approximate 40% increase in cost more than offsets the drop in usage. When the 2015-2016 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. An additional increase of \$84,000 is recommended to fund cost of living wage increases (2014-2015 and 2015-2016) and general contract increases for the park restrooms contract that were inadvertently not incorporated into the 2015-2016 Adopted Budget. These additions are recommended to be offset by a decrease to the Personal Services budget (\$434,000). There are sufficient vacancy savings to accommodate the reduction with no impacts to current service levels.
- *Fiscal Reform Plan Implementation Reserve (-\$385,000)/Fiscal Reform Plan Legal Counsel (\$250,000) and Actuarial Services (\$135,000):* Increases the City Manager's Office 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. The Fiscal Reform Plan Outside Legal Counsel budget is recommended to be increased 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 decrease to the Fiscal Reform Plan Implementation Reserve of \$385,000 is recommended to offset these actions.
- *Fire Department Personal Services (\$0):* Shifts funding of \$4.0 million in anticipated 2015-2016 vacancy savings from the salary and benefits line items to the overtime line item, increasing the total overtime from \$6.8 million to \$10.8 million in the Fire Department. This adjustment will bring the budget in line with projected overtime expenditures and ensure that sufficient funding is available to maintain 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).

GRANTS/REIMBURSEMENTS/FEEES

- A series of revenue-supported adjustments totaling \$6.9 million (with a net-zero impact on the General Fund) are recommended to reflect new or updated revenues and expenditures for grants, reimbursements, and/or fee activities. The largest grants, reimbursements, and fees support the following:
 - *Development Fee Programs* - Recognizes additional Building Fee (\$1.5 million) and Planning Fee (\$900,000) revenue. A portion of these increases are recommended to fund peak staffing with the remaining balance allocated to reserves.
 - *Other Grants and Reimbursements* - Recognize additional grants, reimbursement and fees and allocate those funds to support the following: Parks, Recreation and Neighborhood Services Department grants and reimbursements (\$1,068,000), Transportation Department reimbursements (\$1,000,000), City Clerk – Council District 2 Participatory Budgeting (\$1,000,000), Fire Department reimbursements (\$430,000), Police Department grants and reimbursements (\$388,000), Planning, Building, and Code Enforcement Department grants (\$179,000), Office of Economic Development grants (\$167,000), Library grants (\$154,000), Public Works Department reimbursements (\$45,000), and Mayor and City Council sponsorship revenue (\$90,000).

CLEAN-UP ACTIONS

- ***Management Pay for Performance Program (-\$758,000):*** Increase various department Personal Services appropriations for Management Pay for Performance Program (MPP) costs where departmental budgets are not tracking to generate sufficient vacancy savings to absorb these additional costs (\$427,000 all funds; \$188,000 General Fund; \$249,000 Development Fee Programs). To offset these augmentations, this report includes recommendations to partially decrease the Salaries and Benefits Reserve allocation in the General Fund that was set aside for the Management Pay for Performance Program in the 2015-2016 Adopted Budget and reduce the Ending Fund Balances in the Special Funds as appropriate. Of the remaining amount available for the MPP Program in the General Fund, \$625,000 is recommended as a funding source to offset other actions in this report, \$133,000 is recommended to offset recently approved Mayor and City Council salary and vehicle allowance increases, and the remaining balance of \$77,000 will be used to assist in meeting the 2015-2016 ending fund balance estimate used as an ongoing funding source in the Five-Year General Fund Forecast.
- ***Salary Program (\$133,000):*** As recommended by the Salary Setting Commission, and approved by the City Council on January 26, 2016, salary and vehicle allowance increases for the Mayor and City Council, retroactive to July 1, 2015, are included. A reduction to the Salaries and Benefits Reserve is recommended to offset these actions.

- ***Transfers and Reimbursements - Interest Earnings (\$187,000)***: Increases the transfer of interest earnings from various Capital and Special Funds to the General Fund based on actual collection trends.
- ***Benefits Program (Health Program) (\$0)***: Increases to various department Personal Services appropriations are recommended to accommodate lowest cost health plan rate increases (3.82%), effective January 1, 2016, where departmental budgets are not tracking to generate sufficient vacancy savings to absorb these additional costs (\$229,000 in all funds; \$194,000 in the General Fund). To offset these augmentations, decreases to the Salaries and Benefits Reserve (\$177,000) and Development Fee Program Reserves (\$17,000) in the General Fund and reductions to Ending Fund Balances in the Special Funds are recommended. Because health rates were forecasted to increase 8% but actually increased only 3.82% and dental rates were anticipated to grow 25% but were flat, remaining savings in the Salaries and Benefits Reserve will be used to assist in meeting the 2015-2016 ending fund balance estimate used as an ongoing funding source in the Five-Year General Fund Forecast.
- ***Other Net Clean-Up Adjustments (\$6,000)***: Technical adjustments are recommended to reflect adjustments to the Planning Development Fee Program (\$6,000).
- ***Various Net-Zero Adjustments (\$0)***: To implement a variety of clean-up actions, a number of technical and net-zero adjustments are recommended, including the reallocation of funding between departmental expenditures, City-Wide Expenses, and revenue categories.

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

A comprehensive review of the special and capital funds as well as all of the capital projects is conducted as part of the 2015-2016 Mid-Year Budget Review. The special and capital funds are generally tracking within estimated levels through December. Section II of this report contains the status of selected special and capital funds with issues of interest or variances.

Special Funds

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

- ***Airport Funds*** – Passenger activity levels at the Norman Y. Mineta San José Airport through the first six months of 2015-2016 showed an increase of 5.0% compared to the same period last fiscal year and exceeded the passenger growth projection of 2.0%. The Airport has announced new carriers and destinations to commence service in 2015-2016: Lufthansa German Airlines will offer five weekly flights to Frankfurt, Germany beginning in April 2016; British Airways will begin daily service to London Heathrow beginning May 2016; and Air Canada will begin service bringing twice-daily flights to Vancouver in May 2016. Along with the international destinations, domestic service announcements include Delta Airlines new twice-daily nonstop service to Las Vegas, Alaska Airlines non-stop service to Eugene, Oregon, and Southwest Airlines second flight to Dallas Love Field. Overall operating revenues through December 2015 totaled \$65.9 million, or 48.9% of the budgeted estimate, and are in line with expectations. While passenger activity and parking/rental car

revenue are exceeding estimates, other operating revenues are on target with budgeted levels. Airport expenditures are tracking below budgeted estimates at 44.4%, due to conservative spending.

- ***Convention and Cultural Facilities Fund*** – In accordance with the agreement with Team San Jose (TSJ) that manages the City’s Convention Center and other cultural facilities, revenues and expenditures generated by facility operations no longer flow through the Convention and Cultural Affairs Fund. Rather, the net operating subsidy to TSJ as well as TSJ incentive and management fees and other non-TSJ related expenses, such as capital investments and insurance costs, are reflected in the Convention and Cultural Affairs Fund. Through December, activity at Team San Jose remains strong with revenues of \$17.5 million compared to a target of \$12.9 million, and expenses of \$20.4 million compared to a target of \$17.5 million. If current trends continue, the operations subsidy provided to Team San Jose will end the year with savings of approximately \$1.3 million (30.4%) of the total \$4.3 million budgeted allocation. This report includes a recommendation to establish a Center for Performing Arts (CPA) Elevator Rehabilitation appropriation of \$250,000 to rehabilitate the elevator at the CPA, as recent mechanical troubles are significantly impacting the use of the facility.
- ***Integrated Waste Management Fund*** – Through December, revenues totaled \$108.6 million, or 87.2% of budget, and are expected to end the year approximately \$7.1 million above budgeted estimates. A majority of this increase is generated from the unanticipated placement of \$3.3 million in outstanding Single Family Dwelling (SFD) liens and \$900,000 in Recycle Plus (RP) Lien Administration Fees on the County’s Tax Roll as a one-time Special Assessment, which guarantees the revenue for the City. The other major factor contributing to the higher revenue is an additional \$3.4 million in unanticipated receipts for RP/SFD Garbage Collection Fees. However, due to lower than anticipated bids for the installation of a photovoltaic system at the San José Environmental Innovation Center (EIC), anticipated grant reimbursements from the federal Economic Development Administration are anticipated to be lower by \$400,000. In accordance with the lower than anticipated bids for the installation of a photovoltaic system at the EIC, a recommendation is included in this report to lower the project budget by \$800,000 to recognize these savings at the HHW Las Plumas Facility. The additional fund balance of \$7.9 million – resulting from the additional revenue, expenditure savings and other minor budget adjustments – will be factored into the development of the 2016-2017 Proposed Budget.
- ***Transient Occupancy Tax Fund*** – As described above, Transient Occupancy Tax (TOT) collections continue to be very strong. Collections received in the TOT Fund are on pace to reach \$25.5 million, an increase of \$3.4 million over the budget estimate of \$22.1 million. This reflects growth of approximately 15% over 2014-2015 collection levels. The additional revenue is recommended to be recognized as part of this report and placed into a reserve for allocation as part of the 2016-2017 budget process to Cultural Arts, to the Convention and Visitors’ Bureau, and to the Convention and Cultural Affairs Fund. The increase in TOT collections is driven by continued high levels of occupancy and increased average daily room rates. Through December, the average occupancy rate for the City’s 14 major hotels was 74.3%, a slight decrease from the 75.5% occupancy rate for the same period in 2014-2015;

however, room rates rose over the same period, from \$163.72 to \$182.24 (an 11.3% increase). The year-to-date average revenue-per-available room (RevPAR) metric of \$135.84 represents an increase of 9.7% from the prior year level.

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 \$810,000 in TOT revenue (\$1.35 million combined in the General Fund and TOT Fund) resulting from Super Bowl 50 is expected above the \$3.4 million cited above. Elsewhere in this report, the Administration recommends recognizing \$136,000 of the \$540,000 received in the General Fund 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.

Capital Funds

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

Construction-Related Revenues

Private sector construction activity constitutes a significant source of tax revenues that are reinvested back into the City's transportation system infrastructure. As described in the "Economic Environment" section of this message, overall development activity in 2015-2016 is generally meeting expectations. Following is a discussion of the performance for Building and Structure Construction Tax and Construction Excise Tax, the two largest construction-related revenue sources, follows. These taxes are also an indicator of future activity for several other categories, such as the storm and sanitary sewer system fees.

- ***Building and Structure Construction Tax*** – Through December, tax receipts totaled \$7.6 million, representing 54.6% of the annual budgeted estimate of \$14.0 million. While slightly below prior year collections through the same period, Building and Structure Construction Tax receipts are on pace to exceed the budgeted estimate by at least \$1.0 million. However, due to the volatile nature of construction-related taxes, no adjustments to the budget are recommended at this time. This category will continue to be closely monitored and any significant variations may be brought forward later in the fiscal year and taken into account for the development of the 2016-2017 Proposed Capital Budget and 2017-2021 Capital Improvement Program.
- ***Construction Excise Tax*** – Through December, tax receipts totaled \$9.4 million, or 49.3% of the budget, and are on pace to meet the 2015-2016 Adopted Budget estimate of \$19.0 million. Similar to the Building and Structure Construction Tax, this category is on pace to exceed the budgeted estimate by \$1.0 million and will be closely monitored during the upcoming 2016-2017 budget process.

- ***Construction and Conveyance Taxes*** – Nearly 99% of the total Construction and Conveyance (C&C) Taxes are comprised of conveyance receipts, a tax based on the value of property transfers. When the 2015-2016 Adopted Budget was developed, it was assumed that C&C Tax receipts would total \$35 million in 2014-2015 and remain steady in 2015-2016. Collection levels, however, exceeded expectations last fiscal year and are continuing to perform stronger than initially anticipated through the first half of 2015-2016. As a result, 2015-2016 C&C Tax receipts are expected to reach \$38 million. Though budget adjustments are not recommended as part of this report, the \$38 million estimate for 2015-2016 will be used in the development of the 2016-2017 Proposed Capital Budget and 2017-2021 Capital Improvement Program. This revenue will continue to be monitored to determine if changes to the estimate may be necessary at a later date.

Major Capital Program Expenditure Revisions

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

- ***Airport Capital Program*** – Recommendations are included to recognize \$6.8 million in additional Federal Aviation Administration grant funds, reallocate funding from an existing project to fund local share of matching funds, and provide funds for existing and new projects.
- ***Library Capital Program*** – A recommendation is included to increase the Transfer to the Branch Libraries Bond Projects Fund by \$1.4 million (from \$700,000 to \$2.1 million) from the Library C&C Tax Fund to accelerate payment of past expenditures that are ineligible for reimbursement from the bond trustee and partially offset the deferral of bond sale proceeds. In addition, as a result of the deferral of the bond sale proceeds in the Branch Libraries Bond Projects Fund from 2015-2016 to 2016-2017, the following actions are included: a decrease of \$5.9 million in bond sale proceeds, offset by decreases to Alviso Branch Reconfiguration (\$150,000), Bond Project Services Consultant (\$5,000), Branch Efficiency Projects (\$1.2 million), Library Bond Projects Contingency Reserve (\$2.5 million), Materials Handling Technology (\$400,000), and Miscellaneous Post Construction Costs (\$223,000).
- ***Public Safety Capital Program*** – A recommendation is included to decrease the revenue estimate for bond sale proceeds by \$3.3 million as a result of the deferral of the bond sale from 2015-2016 to 2016-2017. In addition, an increase in the revenue estimate of \$1.3 million is included to recognize funds received for a settlement associated with the design of the South San José Police Substation. This payment is partially offset by an increase to the South San José Police Substation appropriation by \$130,000 to provide funding for work conducted by a consultant related to the settlement of the litigation. As a result of all these actions, a net decrease of \$2.1 million to the Fire Station 37 (Willow Glen) Reserve is included. Funding to the reserve will be replenished as part of the 2016-2017 Proposed Capital Budget, which will include the bond sale in 2016-2017.
- ***Parks and Community Facilities Development Capital Program*** – A recommendation is included in this report to establish funding of \$300,000 for the Baypointe Park project in the

Subdivision Park Trust Fund to remove materials currently on the site and construct new amenities, including walking paths, gathering spaces, and activity areas. Additional funding of \$250,000 is included in the Council District 6 Construction and Conveyance (C&C) Tax Fund for the River Glen Neighborhood Center Replacement project for higher than initially anticipated design, construction, and inspection costs. Funding is also recommended to be allocated in the Subdivision Park Trust Fund for the Downtown Parks Activation project (\$150,000), which are the matching funds for the Knight Foundation grant to design and install new park uses to create dynamic and active public spaces at Plaza de César Chavez and St. James Park. This project will include purchasing and installing new outdoor patio furniture, decorative lighting, and stage prototyping. Finally, a recommendation is included in this report to decrease funding of \$85,000 in the Parks City-Wide C&C Tax Fund for the Super Bowl 50 – Strategic Capital Replacement and Maintenance Needs allocation. The 2014-2015 Annual Report included an allocation of \$150,000 to replace the existing turf at Plaza de César Chavez, which receives a heavy amount of foot traffic during Christmas in the Park. In previous years, the turf was re-seeded once Christmas in the Park concludes, however, this year there will not be enough time for the turf to be restored before visitors arrive for Super Bowl 50. However, when Christmas in the Park completed, it was determined that the entire turf did not need to be replaced, only certain sections, which resulted in project savings of \$85,000.

- ***Traffic Capital Program*** – Resulting from several issues such as staffing challenges, reallocating staffing resources to higher priority projects, delays in receiving Caltrans authorization, project scope changes and other delays that will result in several construction awards being delayed from 2015-2016 to summer 2016, later next fiscal year, or reprogrammed as part of the 2017-2021 Proposed Capital Improvement Program, this report includes recommendations that modify the timing of the Traffic Capital Program as approved in the 2015-2016 Adopted Capital Budget. Many of the projects recommended for deferral are grant funded and focused on improvements of pedestrian and bicycle facilities, including The Alameda “Beautiful Way” Phase 2, East San José Bike/Pedestrian Transit Connection, St. John Bike/Pedestrian Improvements, St. John Multimodal Improvements Phase 1, Park Avenue Multimodal Improvements, and several other bike/pedestrian improvement projects. In total, \$14.6 million in grant revenue is recommended to be reprogrammed into 2016-2017, along with \$12.6 million in expenditures. The timing and delivery of these projects and others in the Traffic Capital Program will be closely evaluated in the upcoming development of the 2016-2017 Proposed Capital Budget and 2017-2021 Capital Improvement Program. Other budget adjustment recommendations include the recognition and appropriation of \$766,144 to the Pavement Maintenance – Measure B project to reflect additional revenues received to seal and resurface streets in the City; additional funding of \$300,000 for the Downing Avenue Pedestrian and Bicycle Improvements project as a result of higher than anticipated staffing and construction costs; additional funding of \$226,000 for the Traffic Forecasting and Analysis appropriation to provide contractual services funding that was inadvertently omitted in the development of the 2015-2016 Adopted Capital Budget; an increase to the Transportation Demand Management project (\$400,000) to accelerate the project; and an increase to the Walk n’ Roll San José Phase 1 project (\$95,000) to fund the revised scope of the project due to a grant reimbursement issue.

COUNCIL REFERRALS

Housing Rehabilitation Program – On December 15, 2015, the City Council added the development of a housing rehabilitation program for landlords who participate in housing voucher or coupon programs targeting homeless to the Council priority list. Staff was directed to report back during the 2015-2016 Mid-Year Budget Review regarding the progress and program specifics for this initiative. Because the Housing Department has just recently hired a temporary staff person to develop this program, this information will not be available to be brought forward to the City Council until March.

PUBLIC OUTREACH/INTEREST

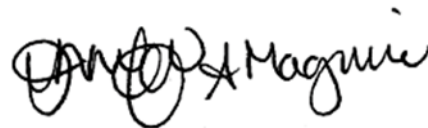
This report is posted on the City's website for the February 9, 2016 City Council meeting.

CONCLUSION

Through December, the City's over 100 operating and capital funds are generally performing within expected levels. The 2015-2016 Adopted Budget was built on the assumption that continued economic growth would be experienced in 2015-2016, and actual collection trends support this assumption.

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

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

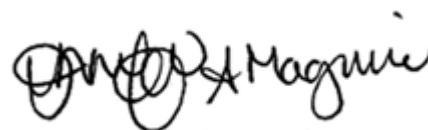


Jennifer A. Maguire
Senior Deputy City Manager/
Budget Director

Certification of Funds

I hereby certify that there will be available for appropriation in the designated funds and in the amounts as listed below in fiscal year 2015-2016 monies in excess of those heretofore appropriated therefrom:

Airport Capital Improvement Fund	6,776,000
Airport Maintenance and Operation Fund	499,168
Benefit Fund	325,000
Construction and Conveyance Tax Fund: Parks Purposes Central Fund	103,000
Construction and Conveyance Tax Fund: Communications Purposes	5,000
Construction and Conveyance Tax Fund: Fire Protection Purposes	20,000
Construction and Conveyance Tax Fund: Library Purposes	28,000
Construction and Conveyance Tax Fund: Park Yards Purposes	3,000
Construction and Conveyance Tax Fund: Service Yards Purposes	6,000
Convention Center Facilities District Revenue Fund	2,260,000
Economic Development Administration Loan Fund	75,693
Edward Byrne Memorial Justice Assistance Grant Trust Fund	328
Emergency Reserve Fund	4,000
Federal Drug Forfeiture Fund	14,380
General Fund	9,318,771
General Purpose Parking Fund	555,000
Gift Trust Fund	1,480
Home Investment Partnership Program Trust Fund	3,458,623
Integrated Waste Management Fund	7,200,000
Low and Moderate Income Housing Asset Fund	3,098,822
Major Collectors and Arterials Fund	167,000
Multi-Source Housing Fund	2,546,728
Residential Construction Tax Fund	5,000
San José/Santa Clara Treatment Plant Capital Fund	1
Storm Drainage Fee Fund	1,000
Storm Sewer Capital Fund	311,429
Subdivision Park Trust Fund	8,097,823
Supplemental Law Enforcement Services Fund	233,212
Transient Occupancy Tax Fund	3,440,000
Vehicle Maintenance and Operations Fund	12,000
Water Utility Capital Fund	30,000



Jennifer A. Maguire
Senior Deputy City Manager/
Budget Director

2015-2016

MID-YEAR
BUDGET
REVIEW

SECTION
I

GENERAL FUND
STATUS REPORT

**2015-2016
MID-YEAR BUDGET REVIEW**

I. GENERAL FUND STATUS REPORT

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

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

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

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

OVERVIEW

General Fund revenues and transfers through December totaled \$423.9 million, or 41.6% of the budgeted estimate. Based on current collection trends and information, existing revenues are anticipated to end the year approximately \$15 - \$20 million above budgeted levels (variance of approximately 1.5% - 2.0% when excluding the Beginning Fund Balance), the majority of which represents the expected receipt of one-time Sales Tax and Property Tax revenues.

The following table details actual 2015-2016 General Fund revenue collections through December as compared with budgeted revenue estimates and 2014-2015 actual collections for the same period a year ago. It also details any proposed changes to each category:

2015-2016 General Fund Revenue Status through December (\$ in Thousands)

Category	Budget Estimate	Y.T.D Actual	% of Estimate	2014-2015 % of Actual	Proposed Changes
<i>General Revenue</i>					
Property Tax	\$ 255,210	\$ 70,258	27.5%	28.4%	\$ -
Sales Tax	190,260	32,474	17.1%	18.0%	-
Telephone Tax	21,000	7,975	38.0%	37.8%	-
Transient Occupancy Tax	14,700	6,576	44.7%	44.6%	2,436
Franchise Fees	47,582	18,938	39.8%	40.4%	-
Utility Tax	93,825	32,786	34.9%	35.8%	-
Business Taxes	44,425	24,509	55.2%	51.8%	-
Licenses and Permits	48,721	29,880	61.3%	62.9%	1,500
Fines, Forfeitures, and Penalties	15,356	3,062	19.9%	21.1%	-
Use of Money and Property	4,208	2,222	52.8%	62.5%	-
Revenue from Local Agencies	16,168	4,230	26.2%	10.6%	279
Revenue from the State of California	11,781	969	8.2%	8.3%	533
Revenue from Federal Government	12,708	6,325	49.8%	59.5%	152
Departmental Charges	40,924	22,171	54.2%	53.2%	1,761
Other Revenue	126,836	111,285	87.7%	72.0%	2,695
Sub-Total General Revenue	943,704	373,660	39.6%	38.4%	9,356
<i>Transfers and Reimbursements</i>					
Overhead Reimbursements	37,431	28,937	77.3%	77.2%	-
Transfers	21,280	15,696	73.8%	82.4%	(38)
Reimbursements for Services	17,657	5,648	32.0%	30.6%	-
Sub-Total Transfers and Reimbursements	76,368	50,281	65.8%	67.1%	(38)
TOTALS	\$ 1,020,072	\$ 423,941	41.6%	40.4%	\$ 9,318

**2015-2016
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND REVENUES

OVERVIEW

Through December, the majority of revenues tracked at or above budgeted collections, including: Property Tax, Sales Tax, Transient Occupancy Tax, Business Taxes, Revenue from Local and Federal Agencies, and Other Revenue. These positive variances are partially offset by lower collections in a limited number of categories, including Licenses and Permits; Fines, Forfeitures, and Penalties; Revenue from the State of California; and Departmental Charges.

Recommended Adjustments

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

- Implement required technical and rebalancing actions to increase revenue estimates in limited areas to bring estimates in line with revised projections. Major actions include:
 - Increase the Transient Occupancy Tax (TOT) revenue estimate by \$2.3 million to reflect the continued strong growth of the hotel industry.
 - Decrease the estimate for Transfers and Reimbursements by \$225,000 to reflect a reduction in anticipated late fees in the Water Utility Fund.
- Recognize grant, reimbursement, and/or fee related funds (\$6.9 million).
 - The largest items in this category include reimbursement from Calpine for a \$1.0 million payment in lieu of construction and operation of two air monitoring stations in South San José, Parks, Recreation and Neighborhood Services fee activities (\$700,000), the State of California to reimburse for Strike Teams deployed to assist with fires in Lake, Colusa, Yuba, Trinity, Humboldt, Butte, and Fresno counties (\$425,000), Sidewalk Repairs (\$600,000) and Emergency Street Tree Services (\$400,000) funded by property owners. Offsetting increases to the corresponding expenditures are also recommended.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

OVERVIEW

In total, adjustments recommended in this document result in a net addition of \$9.3 million to the General Fund revenue estimates. Additional detail on these recommended adjustments can be found in Section III of this document. The following discussion highlights major General Fund activities through December in various revenue categories.

PROPERTY TAX

Revenue Status				
2015-2016		2014-2015		2015-2016
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$255,210,000	\$70,257,785	27.5%	28.4%	\$0

The Property Tax category consists of Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax (retroactive collections back to the point of sale for reassessments of value due to property resale), Airplane In-Lieu Tax, and Homeowners Property Tax Relief. Overall, ongoing Property Tax revenues are projected to meet or slightly exceed the budgeted estimate based on the most recent estimates from the County Assessor's Office.

The 2015-2016 Adopted Budget **Secured Property Tax** estimate of \$233.7 million includes \$231.7 million from regular Property Tax receipts and \$2.0 million from the distribution of excess 2014-2015 Education Revenue Augmentation Fund (ERAF) funds. For the regular Property Tax receipts, the estimate was based on the assumption that regular collections would increase approximately 6.0% in 2015-2016. The most recent estimate from the County of Santa Clara, which includes estimated tax roll corrections of \$40.0 million County-wide, is tracking at the 2015-2016 Adopted Budget estimate. This figure will be adjusted during the year based on actual experience. Because tax roll adjustments will continue to occur until the end of May 2016, the Budget Office will continue to work with the County to monitor actual performance and estimate year-end collections.

Based on preliminary information that was received by the County in May 2015, the Adopted Budget also assumed \$2.0 million from 2014-2015 excess ERAF funds. Beginning in 1992, agencies have been required to reallocate a portion of property tax receipts to the ERAF, which offsets the State's General Fund contributions to school districts under Proposition 98. However, once there are sufficient funds in ERAF to fulfill obligations, the remainder is to be returned to the taxing entities that contributed to it. In 2014-2015, the City received \$6 million from excess funds in 2013-2014. Information regarding the payment this fiscal year is expected to be received from the County in March 2016 and could total last

**2015-2016
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND REVENUES

PROPERTY TAX

year's level. The Administration will continue to monitor the distribution of ERAF receipts and may adjust the budget once further information is provided by the County.

The 2015-2016 **Unsecured Property Taxes** budget estimate is \$13.01 million, which is 0.6% above the prior year collection level. Receipts through December of \$12.4 million typically reflect approximately 90% of the annual revenue for this category (which is received in October). However, actual receipts include an August payment in the amount of \$897,000 that accounts for the final reconciliation of the 2014-2015 fiscal year. Based on historical collection patterns, it is anticipated that collections will exceed the budgeted estimate by approximately \$1.9 million primarily due to the additional true-up payment.

SB 813 Property Tax receipts (retroactive collections back to the point of sale for reassessments of value due to property resales) totaled \$642,000 through December, which is significantly lower than prior year levels of \$1.7 million. A portion of this variance, however, was due to the timing differences, as the payment of \$520,000 for November 2015 that would have typically been reflected in December 2015 was not booked until January 2016. Factoring out that timing difference, receipts are still tracking below the prior year and may fall below 2015-2016 Adopted Budget estimate of \$5.1 million and the 2014-2015 actual collection level of \$6.3 million. Based on preliminary information received from the County, it is estimated that collections may be \$1.3 million below the estimate. This figure may be adjusted during the year based on actual experience as necessary once additional information is known.

Aircraft Property Tax receipts through December totaled \$2.5 million, reflecting growth of 5.7% from the prior year. This collection level exceeds the 2015-2016 Adopted Budget estimate of \$2.40 million, which required growth of approximately 2.8%. Typically, collections through October reflect 95% of the annual revenue for this category. Based on this collection trend and the latest estimate from the County of Santa Clara, it is estimated that revenues will exceed the budgeted estimate by approximately \$170,000.

Based on the latest estimate from the County, the **Homeowners Property Tax Relief** revenue is projected to meet the 2015-2016 Adopted Budget estimate of \$1.03 million.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

SALES TAX

Revenue Status				
2015-2016		2014-2015		2015-2016
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$190,260,000	\$32,474,322	17.1%	18.0%	\$0

The Sales Tax category consists of General Sales Tax and Proposition 172 Sales Tax. Overall, revenues are tracking above budgeted estimates and it is anticipated that collections will exceed the budgeted estimate of \$190.3 million due to the wind down of the “Triple Flip.”¹

The 2015-2016 Adopted Budget estimate for **General Sales Tax** of \$184.1 million requires growth of 5.4% from the 2014-2015 year-end figure of \$174.7 million. Collections in 2015-2016 will be impacted by prior year accrual adjustments, one-time payments, and the Triple Flip payment from the State. Information on actual receipts for the first quarter of General Sales Tax for the current year was received in December and represented activity for July through September 2015. The first quarter 2015-2016 General Sales Tax revenues were up 2.9% from the same quarter in the prior year. When comparing San José’s cash receipts to those of other jurisdictions, San José’s growth of 2.9% was slightly higher than the growth level of the State as a whole (up 2.4%); and above Northern California (1.8%), San Francisco Bay Area (2.0%), and Santa Clara County (2.6%).

In 2015-2016, the wind down of the “Triple Flip” sales tax adjustments is anticipated. On August 5, 2015, the Department of Finance notified the California State Board of Equalization and the public that the State’s Triple Flip “unwinding” process will be initiated with the defeasance of the Economic Recovery Bonds. It is estimated that the final true-up payment associated with the Triple Flip wind down will be made in August 2016 and will be accrued to 2015-2016. Based on information from the City’s Sales Tax consultant, MuniServices, anticipated adjustments associated with the 2015-2016 Triple Flip payment (including the 2014-2015 true-up payment to be received in January 2016 and the final true-up payment anticipated in August 2016), revenues are currently projected to exceed the budgeted estimate of \$184.1 million by approximately \$10.0 - \$13.0 million. Adjustments based on these one-time payments, as well as any others based upon actual 2015-2016 performance, will be brought forward later in 2015-2016 and will provide a one-time funding source for the 2016-2017 budget process.

¹ As part of the Proposition 57 State fiscal recovery funding mechanism (passed by the voters in March 2004), one-quarter cent of the City’s one cent Bradley Burns sales tax has been temporarily suspended and replaced dollar-for-dollar with property tax revenue. This action, which went into effect on July 1, 2004, remains in effect until the State’s bond obligations have been satisfied.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

SALES TAX

The City's Sales Tax consultant, MuniServices, provides economic performance data to the City, which is considered to be a more accurate measure of the actual sales tax activity in San José for a particular period. This growth analysis measures sales tax receipts, excluding State and county pools, and adjusts for anomalies, payments to prior periods, and late payments. On an economic basis, growth of 4.4% was realized in the most recent quarter. The chart below outlines the various sectors of sales tax and the percentage of the total receipts received.

**Sales Tax Revenue Economic Performance
July – September 2015**

Economic Sector	% of Total Revenue	% Change July – Sept 2014 to July – Sept. 2015
Transportation	24.3%	+5.7%
General Retail	24.0%	+0.5%
Business-to-Business	23.0%	+9.0%
Food Products	16.0%	+7.1%
Construction	11.9%	-3.0%
Miscellaneous	0.8%	+42.9%
Total	100.0%	+4.4%

Information on the second quarter collections (October-December sales activity) for this fiscal year will not be received until March 2016.

Through December, the **Proposition 172 Sales Tax** receipts of \$2.9 million are tracking 14.6% above the prior year level of \$2.5 million through the same period. The 2015-2016 budgeted estimate of \$6.2 million requires growth of 7.9% from the 2014-2015 collection level of \$5.7 million. Based on 2014-2015 actual performance and current collection trends, it is anticipated that collections will meet or exceed the budgeted estimate this year.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

TRANSIENT OCCUPANCY TAX

Revenue Status				
2015-2016		2014-2015		2015-2016
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$14,700,000	\$6,576,342	44.7%	44.6%	\$2,436,000

The current 2015-2016 budget estimate for the General Fund **Transient Occupancy Tax** (TOT) allocation (40% of the total tax) is \$14.7 million, which was built assuming growth of approximately 5% from the 2014-2015 estimated collection level of \$14.0 million. Actual receipts in 2014-2015, however, were even stronger than anticipated and ended the year at the 2015-2016 budgeted estimate of \$14.7 million, and the hotel industry’s solid growth trend continues. Year-to-date receipts through December of \$6.6 million are 14.4% above the prior year. Based on TOT’s continued strong performance, TOT collections are on pace to exceed the 2015-2016 budgeted estimate by \$2.3 million, or approximately 15.0% and end the year at \$17.0 million. This report includes a recommendation to increase the budgeted estimate by \$2,436,000, from \$14.7 million to \$17.1 million. Of this amount, \$2.3 million reflects the year-to-date trend of the local hotel industry and \$136,000 reflects the initial amount attributable to increased TOT revenues from Super Bowl 50 Game Week as described below. Per City Council direction approved as part of the Mayor's March Budget Message for Fiscal Year 2014-2015, the growth in TOT revenues above the established 2013-2014 base level is to be allocated for capital maintenance of the City's cultural facilities. 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 in General Fund TOT revenue (\$1.35 million combined in the General Fund and TOT Fund) resulting from Super Bowl 50 is expected in addition to the \$2.3 million cited above. 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. Additional details can be found in Section III of this report.

Through December, the average hotel occupancy rate at the 14 major hotels was 74.3%, a slight decrease from the 75.5% occupancy rate for the same period in 2014-2015, while room rates have risen from \$163.72 to \$182.24 (11.3%). The year-to-date average revenue-per-available room (RevPAR) metric of \$135.84 represents an increase of 9.7% from the prior year level.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

FRANCHISE FEES

Revenue Status				
2015-2016		2014-2015		2015-2016
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$47,582,232	\$18,937,634	39.8%	40.4%	\$0

Franchise Fees are collected in the Electric, Gas, Cable, Tow, Commercial Solid Waste, Water, and Nitrogen Gas Pipeline categories. Through December, Franchise Fee receipts of \$18.9 million were 1.6% above last year's collection level of \$18.6 million. The 2015-2016 budgeted estimate assumes an increase of approximately 1.4% from the prior year. Based on current collection trends, overall, Utility Tax receipts are tracking to meet budgeted estimates.

Electric and Gas Franchise Fees provided by Pacific Gas & Electric (PG&E) are based on the revenues of that company in a calendar year (revenues in 2015-2016 are based on calendar year 2015). Actual collections currently reflect formula driven advance amounts; true receipts will not be known until April 2016. Based on current Electricity and Gas Utility Tax receipts for calendar year 2015, it is anticipated that receipts will meet or exceed the 2015-2016 Adopted Budget estimates of \$20.2 million and \$4.8 million respectively.

Commercial Solid Waste Fees of \$4.75 million through December are slightly above prior year levels of \$4.67 million. Collections are expected to reach the 2015-2016 Adopted Budget estimate of \$11.4 million, which reflects the revised methodology of a flat rate for assessing this fee. The revised methodology became effective July 1, 2012.

Cable Franchise Fees of \$2.6 million through December are tracking above prior year levels of \$2.4 million. Based on current collection trends and actual 2014-2015 receipts of \$10.0 million, revenues are anticipated to meet or exceed the current budgeted estimate of \$9.9 million.

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

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

UTILITY TAX

Revenue Status				
2015-2016		2014-2015		2015-2016
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$93,825,000	\$32,786,418	34.9%	35.8%	\$0

Utility Tax contains the following categories: Electric, Gas, Water and Telephone. Collections through December of \$32.8 million were tracking 4.7% below the prior year level of \$34.4 million. The majority of this decline, however, was due to differences in the timing of payments and prior year accruals. The 2015-2016 budgeted estimate assumes an increase of approximately 2.5% from the prior year. Based on current collection trends, overall, Utility Tax receipts are tracking slightly below budgeted estimates, but may meet the budget by year-end. Below is a more detailed discussion of the revenue performance in each category.

Through December, **Electric Utility Tax** receipts of \$17.6 million were 3.9% above the prior year level of \$16.9 million and reflect activities through November 2015. Collections are on pace to exceed the 3.6% growth necessary to meet the 2015-2016 Adopted Budget estimate of \$43.8 million.

Gas Utility Tax receipts through December of \$1.8 million were 9.7% below prior year collections of \$1.9 million. However, once adjusted for timing differences in payments and slight variances in accrual levels, receipts are tracking to meet or exceed the estimated budget. Gas Utility Tax receipts are subject to significant fluctuations from the impact of weather conditions and/or rate changes. Collections will continue to be monitored closely since approximately two-thirds of the revenue in this category is typically collected in the second half of the year.

Water Utility Tax collections of \$3.6 million through December are 29.2% below the prior year level of \$5.1 million, however, once adjusted for accruals and timing differences in payments, receipts are tracking to meet or exceed the estimated budget of \$11.6 million by year end; however, this category may experience significant fluctuations due to the impacts of the drought in the earlier months of the fiscal year.

Telephone Utility Tax receipts of \$9.9 million through December are tracking 5.7% below the prior year level of \$10.5 million. The budgeted estimate of \$29.6 million requires growth of 1.8% from prior year collections. As collections are tracking well below the originally anticipated growth rates and prior year collections, receipts may fall below budgeted levels by \$1 million to \$2 million if trends continue. It is important to note that this category is expected to benefit from a change in collections for local prepaid cards. The State Board of Equalization (BOE) confirmed that it has completed processing the agreement

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

UTILITY TAX

for the administration of the Local Prepaid Mobile Telephony Services Collection Act for the City of San José. The BOE will commence collection of the City's Utility Tax on prepaid cards at the rate of 4.5% starting January 1, 2016. Payments will be made to the City at the end of each allocation quarter with the first payment expected in August 2016. While it is not yet known how much additional revenue will be generated from this source, this change will have a positive impact on receipts.

BUSINESS TAXES

Revenue Status				
2015-2016		2014-2015		2015-2016
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$44,425,000	\$24,509,371	55.2%	51.8%	\$0

Business Taxes include the following major groups of revenue: Cardroom Business Tax, General Business Tax, Marijuana Business Tax, and Disposal Facility Tax. Overall, this category is tracking to exceed the modified budget of \$44.4 million.

Cardroom Business Tax collections reflect the gross receipts tax collected from the two cardrooms located in San José. Collections of \$7.4 million through December are 6.6% above the prior year level of \$6.9 million. Based on current collection trends and actual receipts in 2014-2015 of \$17.0 million, it is anticipated that revenues may exceed the budgeted estimate of \$17.0 million by \$800,000 to \$1.0 million in 2015-2016.

General Business Tax receipts of \$8.4 million are 1.9% below the prior year level of \$8.6 million. The 2015-2016 Adopted Budget estimate of \$11.0 million, however, allows for a drop of 7.2% from the 2015-2016 actuals of \$11.9 million. Much of the decrease experienced in the current year is due to staff assigned to the new Business Tax System implementation team and a vacant position in the Business Tax collecting unit; both of which have impacted the delinquent collection efforts. While collections in 2015-2016 are expected to be slightly lower than those received in 2014-2015, they should meet or exceed the budgeted estimate.

Marijuana Business Tax collections of \$3.8 million are 94.7% above the prior year level of \$1.9 million. Collections were lower in 2014-2015 due to the closure of collective locations adjacent to residential and other sensitive use areas. However, revenues have rebounded as patrons from closed businesses purchase

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

BUSINESS TAXES

their medication from businesses that remain open. The implementation of compliance audits and assessments have also contributed to the revenue increase. Collections are currently expected to exceed the budgeted estimate of \$4.5 million by approximately \$1.0 million to \$2.0 million.

Disposal Facility Tax (DFT) receipts through December of \$4.8 million are tracking 2.1% above the prior year level of \$4.7 million and reflect 40.6% of the budgeted estimate of \$11.9 million. Based on current tracking, revenues are anticipated to exceed budgeted levels by \$275,000, due primarily to an increase in waste from elevated construction activity and new waste sources.

LICENSES AND PERMITS

Revenue Status				
2015-2016		2014-2015		2015-2016
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$48,721,223	\$29,879,968	61.3%	62.9%	\$1,500,000

Licenses and Permits include the following major groups of revenue: Building Permits, Fire Permits and Miscellaneous Other Licenses and Permits. Through December, revenues of \$29.9 million are tracking 8.9% above the prior year level of \$27.4 million, and, overall, revenues are estimated to meet or exceed budgeted levels due to higher collections in the development fee programs, partially offset by lower receipts in the Other Licenses and Permits category.

Building Permits revenues of \$14.6 million through December are tracking 8.4% above the 2014-2015 collection level of \$13.5 million for the same period. The 2015-2016 budgeted revenue estimate of \$26.0 million allows for a drop of 5.2% from the prior year actuals in this category; however, this has not been the case as revenues in residential and non-residential plan check, non-residential plumbing permits, non-residential mechanical permits, non-residential electrical permits, permit processing fees, record retention fees, and compliance report fees are tracking above estimated levels. Both commercial and industrial activity levels are higher than the same period last year; however, residential permit activity is significantly lower than the same period last year. Development permits to date have consisted mostly of commercial and industrial alterations and multi-family residential units. It is anticipated that Building Permit revenues will exceed the Adopted Budget estimate by at least \$1.5 million as a result of continued strong development activity. Included in this document are recommendations to recognize the additional

**2015-2016
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND REVENUES

LICENSES AND PERMITS

estimated revenues of \$1.5 million with a corresponding increase to the Building Development Fee Program Reserve. This action would increase the Reserve from \$21.1 million to \$22.6 million.

Fire Permits collections through December of \$6.2 million are tracking 6.8% above the 2014-2015 collection level of \$5.8 million for the same period. The 2015-2016 budgeted revenue estimate of \$10.6 million requires growth of \$200,000 (2.2%) from the prior year's collection level. It is anticipated that Fire Permit revenues will exceed the Adopted Budget estimate by \$200,000 higher than prior year's collection level. This category consists of development and non-development related permits.

Development related receipts of \$3.3 million through December are tracking above 2014-2015 collection levels of \$3.0 million (10.1%) for the same period, while the budgeted estimate of \$6.4 million allows for an increase in revenue of 3.5% from the prior year's collections of \$6.2 million. If current collection trends continue, it is anticipated that development-related receipts will achieve, and may exceed, the budgeted estimate by year-end.

Non-development revenues of \$3.0 million primarily represent the first three major billing cycles for non-development fire permits for this fiscal year. With the remaining billing cycle, revenues are anticipated to meet the budgeted estimate of \$4.2 million by year-end.

Miscellaneous Other Licenses and Permits – Revenues of \$9.0 million are tracking 11.3% above prior year levels of \$8.1 million, but are tracking to end approximately \$1.0 million below the budget estimate. The 2015-2016 budget estimate requires growth of 25.0% from the prior year actual collections, primarily reflecting the inclusion of Medical Marijuana Collective Annual Operating Fees (\$1.9 million). The 2015-2016 Medical Marijuana Collective Annual Operating Fee Adopted Budget estimate of \$1.9 million anticipated the inclusion of 20 collectives for the entire fiscal year. However, the Medical Marijuana Collective Annual Operating Fee did not go into effect until the beginning of January 2016. For this reason, revenue collections are expected to end the year at \$765,000, falling below the budgeted estimate by approximately \$1.1 million. Payments are made quarterly to cover the annual fee for the calendar year, and only two quarterly payments will be collected in 2015-2016. It is estimated that \$95,600 will be collected per collective, as at this time 16 collectives have been approved.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

REVENUE FROM LOCAL AGENCIES

Revenue Status				
2015-2016		2014-2015		2015-2016
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$16,168,162	\$4,229,614	26.2%	10.6%	\$279,368

Funding in this category is provided by many local agencies. The largest sources include reimbursement from the Successor Agency to the Redevelopment Agency of the City of San José, a public entity, reimbursement from the Central Fire District for fire services provided by the City to County properties, and Senior Nutrition reimbursement. Revenues are generally performing close to budgeted levels through December, however, it is anticipated that they will exceed budgeted levels by year end as a result of higher than anticipated reimbursements from the Central Fire District and the City’s Paramedic Program. A recommended increase of \$279,000 to the budgeted revenue estimate is included in this report and discussed in further detail in Section III of this report.

The largest revenue estimate in the Revenue from Local Agencies category is generally a reimbursement from the Successor Agency to the Redevelopment Agency for the payment of the Convention Center Debt Service. When the 2015-2016 Adopted Budget was developed, it was assumed that SARA would reimburse the City for the Convention Center Debt Service payment that is budgeted in the General Fund of \$15.28 million. However, as part of the 2014-2015 Annual Report actions approved by the City Council in October 2015, the reimbursement was reduced by \$9.8 million to \$5.48 million as a result of Senate Bill 107 that disallowed the reimbursement mechanism used to pay this obligation. The General Fund has been advancing funds to SARA since 2012-2013 to pay debt service on certain City-backed debt, including the Convention Center payment. A reimbursement agreement was established between the City and SARA to reimburse the General Fund within the same fiscal year the advance was made for fiscal years 2012-2013 through 2014-2015, using redevelopment funds for the follow period. Due to the passage of Senate Bill 107 on September 22, 2015, which amended redevelopment dissolution law, the mechanism allowing SARA to reimburse the City on an intra-year basis was disallowed. As such the City did not receive reimbursement for the 2015-2016 loan from the General Fund of approximately \$9.8 million in August 2015 to cover the Convention Center debt payment. The loan will not be repaid until there is sufficient property tax revenue to pay all other enforceable obligations, since obligations to the City are subordinate to all other enforceable obligations. Based on continued moderate tax increment growth, repayment is expected in 10 to 15 years. Using the current level of annual distributions from the Redevelopment Property Tax Trust Fund (RPTTF) and the continued ability to reserve RPTTF each year for debt service, it is anticipated SARA will be able to pay all of its debt service going forward without an advance from the City.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

REVENUE FROM LOCAL AGENCIES

This category includes reimbursements for the City’s Paramedic Program from the County of Santa Clara. The 2015-2016 budgeted estimate is currently \$450,000, however, it is anticipated that approximately \$850,000 will be received. The City receives payments from the Central Fire District for fire services provided to District residents by the San José Fire Department and payments from the County for the Paramedic Program. Beginning in 2013-2014, the County began withholding payments for the first responder advanced life support program (Paramedic Program) because the City had not met the response time performance standards set forth in the agreement with the County. In 2014, the City and County continued to negotiate regarding this issue and executed a Second Amendment to the 911 Emergency Medical Services (EMS) Provider Agreement in December 2014 that expired December 2015. Under this agreement, additional Annex B, Category A funds totaling approximately \$450,000 are expected to be received in 2015-2016 and \$2.0 million was received in 2014-2015 to account for back payment from April 2013 through 2014-2015. If an agreement is extended through the remainder of the year (a third amendment is expected to be brought forward for City Council consideration in late February), additional funds of approximately \$400,000 may be received in 2015-2016. It should be noted that the direct incremental cost to the City to provide the paramedic program totals over \$5.0 million annually.

Minimal budget adjustments are recommended in this report to recognize grant and reimbursement revenues and allocate funding. Section III of this document provides a description of these actions.

DEPARTMENTAL CHARGES

Revenue Status					
	2015-2016		2014-2015	2015-2016	
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>	
	\$40,923,558	\$22,171,440	54.2%	53.2%	\$1,761,100

Contained in this revenue category are the various Fees and Charges levied to recover costs of services by several City departments. The mid-year status of collections in over 150 different fee types in this category was reviewed.

**2015-2016
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND REVENUES

DEPARTMENTAL CHARGES

Total revenues of \$22.2 million are tracking \$1.5 million above the prior year of \$20.7 million (7.2%) and are tracking to end the year above the budgeted estimate by approximately \$1.0 million, due primarily to higher than estimated receipts in the Planning Development Fee Program and the PRNS Fee Program, partially offset by lower than estimated receipts in Transportation Fees and Miscellaneous Other Revenue.

Development-related revenues are currently tracking above the prior year collection levels, and are expected to meet or exceed the budgeted estimates if trends continue. Below are highlights of the current status of the development-related fee programs:

Public Works – Public Works revenues through December of \$4.9 million is 8.0% above the prior year level of \$4.5 million. Based on activity through December, revenues related to Engineering such as Residential, Non-Residential, and Private are performing at lower than estimated levels. However, these are offset by higher than estimated collections in other areas, such as Utility Reimbursement-USA Non-Residential, Grading Permits, and Geologic Fees Categories. At this time, collections are projected to meet the 2015-2016 budgeted revenue estimate of \$9.8 million, which requires growth of 5.2% from the prior year.

Planning, Building and Code Enforcement (PBCE) – Through December, Planning Fee revenues of \$3.0 million are 38.7% above the prior year collection level of \$2.2 million. The adopted Planning Fee revenue estimate of \$3.6 million allows for a drop of 27.1% from prior year actuals. However, this has not been the case as overall revenue collections are tracking above estimated levels, with strong performance in all revenue categories except Sale of Publications, Preliminary Review, Residential General Plan Amendments, and Annexations. It is anticipated that Planning Fee revenues will exceed the Adopted Budget estimate by \$900,000 as a result of increased development activity. Budget actions are recommended to recognize additional revenue of \$900,000 with a corresponding increase to the Planning Development Fee Program Earmarked Reserve. This action would increase the Reserve from \$1.7 million to \$2.6 million.

Other Fees – In the non-development fee areas, the PRNS departmental charges are projected to exceed the budgeted estimate of \$17.8 million by at least \$700,000. The Transportation Department is currently tracking below estimated levels due to lower receipts in Minor and Major Development Signal Design Fees. Library fees are also tracking to end the year approximately \$360,000 below the budgeted estimate of \$1.3 million. In addition, other miscellaneous Departmental Charges are tracking below the budgeted estimate due to lower Solid Waste Fees (\$150,000), and lower Animal Care Services Fees (\$125,000).

An action to increase the PRNS budgeted revenue estimate by \$700,000 to account for increased participation levels in recreation classes offered is recommended, bringing the budgeted level to \$18.5 million. An associated increase to the PRNS Fee Activities appropriation is recommended to provide for additional staff and vendor hours needed to support the increased class participation levels.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

OTHER REVENUE

Revenue Status				
2015-2016		2014-2015		2015-2016
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$126,835,861	\$111,285,038	87.7%	72.0%	\$2,694,790

The Other Revenue category contains a number of unrelated revenue sources. Other Revenue collections through December totaled \$111.3 million compared to prior year levels of \$112.7 million. Collections in this category are expected to end the year above or within the budgeted estimate, including the various adjustments recommended in the report that are described in more detail in Section III.

Following is a discussion of the other major sub-categories in the Other Revenue category:

Beginning in 2010-2011, the City has been required to issue **Tax and Revenue Anticipation Notes (TRANS)** annually for cash flow purposes due to the pre-payment of the City’s retirement contributions. In 2015-2016, \$100 million was required to be issued, which is the same amount that was issued in 2013-2014 and 2014-2015.

In the current year, the City has received \$5.8 million in **SAP Center Rental, Parking, and Naming** revenue in accordance with the terms of a new agreement, which is consistent with the budgeted estimate of \$5.8 million.

SB 90 Reimbursements totaled \$1.1 million through December compared to the 2015-2016 Adopted Budget estimate of \$300,000. An upward adjustment may be brought forward at year-end depending on the final SB 90 reimbursements and the overall performance of the Other Revenue category.

Through December, revenue from the **Sale of Surplus Property** totaled \$28,200 compared to \$1.4 million in the prior year. Per information from the Office of Economic Development, it is expected that the revenue estimate of \$1.4 million should be met by year-end.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND REVENUES

TRANSFERS AND REIMBURSEMENTS

Revenue Status				
2015-2016		2014-2015		2015-2016
<u>Budget Estimate</u>	<u>YTD Actual</u>	<u>% of Estimate</u>	<u>% of Actual</u>	<u>Proposed Changes</u>
\$76,368,497	\$50,280,617	65.8%	67.1%	(\$38,000)

The following are sources of revenue in this category: reimbursements to the General Fund for Overhead costs, revenue received as Transfers from other City funds, and Reimbursements for services rendered. Collections of \$50.3 million through December are tracking above prior year levels of \$46.2 million primarily due to higher than budgeted transfers partially offset by reimbursements for services. Overall, collections are currently tracking close to the budgeted estimate.

Overhead Reimbursements associated with special funds are currently budgeted at \$26.6 million and capital funds are budgeted at \$10.8 million for a total category revenue estimate of \$37.4 million. Through December, overhead collections of \$28.9 million were tracking 1.5% below prior year levels of \$29.4 million. This reflects lower receipts in capital funds due to the delay of various projects. Overhead reimbursements associated with special funds are expected to end the year close to the budgeted estimate; however, the overhead associated with capital funds may fall slightly below the budgeted estimate due to position vacancies in various capital programs.

Transfers includes \$21.3 million in various transfers from other funds. Through December, transfers of \$15.7 million were tracking 79.9% above prior year levels of \$8.7 million. It is estimated that receipts may end the year above budgeted levels primarily due to an anticipated increase in the budgeted transfer from the Construction and Conveyance Tax Fund based on actual performance in that fund. In addition, interest earnings in select funds are currently tracking to exceed budgeted estimate, therefore an increase of \$187,000 is recommended in this document. Revenues will continue to be monitored and adjustments brought forward by year-end as appropriate.

The budget estimate for **Reimbursement for Services** is \$17.7 million, of which \$16.9 million is expected to be generated from the three **Gas Tax Funds**. Currently, Gas Tax revenues of \$5.5 million are down from the prior year levels of \$7.9 million by 30.4%, due to timing of differences in payments. Actual payments through December total \$8.3 million, and are tracking 4.1% above the prior year levels of \$7.9 million. The State Department of Finance released year-end projections in January 2016, that estimated Gas Tax revenues of \$17.7 million for San José, which is 4.9% above the Adopted Budget estimate of \$16.9 million. The Administration will bring forward any adjustments at year-end depending on the overall performance of the Transfers and Reimbursement category.

**2015-2016
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND REVENUES

CONCLUSION

A comprehensive review of all General Fund revenue accounts was performed based on activity through the first six months of the year. Based on current collection trends, existing revenues are generally performing within budgeted expectations and are projected to end the year with approximately \$15 - \$20 million in additional revenues. This positive variance represents approximately 1.5% - 2.0% of the budget. The additional revenue is mostly one-time in nature as it is primarily anticipated from Sales Tax as a result of the wind down of the “triple flip” and Property Tax due to a potentially higher ERAF payment. Additional revenue is also expected to be generated from several other categories, including Transient Occupancy Tax, Business Taxes, Revenue from Local Agencies, and Other Revenue.

In total, a net increase of \$9.3 million to the General Fund revenue estimates is recommended in this document. This increase primarily reflects a \$6.9 million increase as a result of net-zero Grants Reimbursements and Fees adjustments as well as a net increase of \$2.4 million in general revenue activity.

The revenue estimates for this year will continue to be updated and used as a starting point in the development of the 2017-2021 General Fund Forecast, due to be released in late February, as well as the 2016-2017 Proposed Budget, due to be released on May 1, 2016. As always, staff will continue to closely monitor the City’s current year financial status and report to the City Council any significant developments through the Bi-Monthly Financial Reports. The January/February Bi-Monthly Financial Report will be brought to the Public Safety, Finance and Strategic Support Committee in April.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND EXPENDITURES

OVERVIEW

General Fund expenditures through December totaled \$527.0 million, or 39.6% of the total 2015-2016 Modified Budget. This represents an increase of \$44.2 million, or 9.2%, from the December 2015 level of \$482.8 million. Encumbrances totaling \$51.7 million were \$7.9 million (13.3%) below the December 2015 level of \$59.6 million. Expenditures and encumbrances through December of \$578.7 million constituted 43.5% of the total Modified Budget (including reserves) of \$1.3 billion; without reserves of \$131.9 million, expenditures and encumbrances constituted 48.3% of the total Modified Budget. The following chart displays the year-to-date expenditures (excluding encumbrances) compared to the prior year, by category.

2015-2016 General Fund Expenditures through December (\$ in Thousands)

Category	Current Budget	YTD Actual	% of Budget	Prior Year % of Budget
Departmental Expenditures				
Personal Services	\$ 711,816	\$ 333,041	46.8%	46.0%
Non-Personal/Equipment	116,068	40,395	34.8%	35.2%
Other Departmental	20,121	8,622	42.9%	44.1%
<i>Subtotal Departmental Expenditures</i>	<u>848,005</u>	<u>382,058</u>	<u>45.1%</u>	<u>44.5%</u>
Non-Departmental Expenditures				
City-Wide Expenses	\$ 254,532	\$ 105,044	41.3%	31.2%
Capital Contributions	68,351	12,759	18.7%	3.1%
Transfers	27,128	27,128	100.0%	100.0%
Reserves*	131,900	40	0.0%	0.0%
<i>Subtotal Non-Departmental</i>	<u>481,911</u>	<u>144,971</u>	<u>30.1%</u>	<u>23.8%</u>
Total	\$ 1,329,916	\$ 527,029	39.6%	36.1%

* In December 2015, expenditures of \$40,000 and an encumbrance of \$500 were incorrectly charged to Reserves. Expenditures cannot be charged directly to a reserve, therefore adjustments have been made to reallocate these charges to their correct appropriations.

Overall, General Fund expenditures are tracking below anticipated levels and are expected to end the year with savings to assist in meeting the 2015-2016 ending fund balance estimate that will be used as a funding source in the Five-Year General Fund Forecast and the 2016-2017 Proposed Budget.

**2015-2016
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND EXPENDITURES

OVERVIEW

Recommended Adjustments

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

- Address a limited number of urgent fiscal/program needs, including: the establishment of a \$5.0 million Police Department Overtime Reserve for 2016-2017, funded by Police Department salary and benefit savings; funding for a Police Staffing Efficiency Study (\$200,000); funding for anticipated escort services provided by the California Highway Patrol for Super Bowl 50 (\$86,000); addition of 1.0 Senior Deputy City Attorney III position (\$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 section and civic innovation matters; funding for the Business Circle Lighting and Security Project (\$80,000) to address potential unsafe conditions at Business Circle, located at the southwest corner of Stevens Creek Blvd. and S. Bascom Ave.; funding for Economic Development Pre-Development Activities (\$50,000); funding for an Expedited Purified Water Program (\$50,000) to continue with a Private Activity analysis to assess the use of wastewater effluent for a potential Expedited Purified Water Program; and funding for additional Fire Department overtime costs associated with Super Bowl 50 (\$50,000).
- Implement required technical and rebalancing actions including, but not limited to:
 - Increasing the Transient Occupancy Tax (TOT) revenue estimate by \$2.3 million to reflect the continued strong growth of the hotel industry, offset by increasing the Cultural Facilities Capital Maintenance Reserve in the amount of \$2.3 million per previous City Council direction;
 - Reallocating funding from the Information Technology (IT) Department Personal Services appropriation to the IT Non-Personal/Equipment appropriation in the amount of \$1.0 million to use temporary staffing agencies and outside vendors to address immediate critical projects while recruiting efforts are underway to fill vacant positions;
 - Reallocating funding from the Parks, Recreation and Neighborhood Services (PRNS) Personal Services appropriation to the PRNS Non-Personal/Equipment appropriation in the amount of \$434,000 to provide funding for higher than anticipated parks water costs and increases in the contract for park restroom maintenance; and
 - Addressing updated cost estimates, funding needs, and technical adjustments, including additional funding for Fiscal Reform Plan Outside Legal Counsel (\$250,000), for Actuarial Services (\$135,000), for Banking Services (\$118,000), and others discussed in further detail below.

**2015-2016
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND EXPENDITURES

OVERVIEW

- Appropriate additional grant, reimbursement, and/or fee related funds (\$7.3 million) including but not limited to:
 - Establishing a City Council District #2 Participatory Budget Process appropriation in the amount of \$1.0 million as a result of a settlement with Calpine. The community, bounded by the area south of Bernal, north of Bailey, east of Santa Teresa Foothills, and west of Highway 101, will be engaged to determine the best use of the funds;
 - Increasing the Parks, Recreation, and Neighborhood Services Department Fee Activities appropriation in the amount of \$700,000, offset by fee revenue, due to increased activity from the preschool program, the Recreation of City Kids (R.O.C.K) program, which is after school programming for kids provided at school sites, and camps;
 - Increasing the Sidewalk Repairs appropriation by \$600,000, offset by property owner reimbursements, to allow contractor repairs to continue at the current pace until the end of the fiscal year; and
 - Increasing the Emergency Street Tree Services appropriation by \$400,000, offset by property owner reimbursements, for contractor maintenance of street trees which are the responsibility of adjacent property owners; and
 - Others discussed in further detail below.
- Implement clean-up actions, such as adjustments that increase Personal Services appropriations, where needed, to reflect a 3.82% increase in the City's lowest cost health plan rate (\$194,000); increase in Personal Services appropriations, where needed, to reflect Management Pay for Performance Program increases (\$437,000), offset by the Salaries and Benefits Reserve; decreases to Personal Services appropriations to reflect the reconciliation of Retirement Contributions (\$1.5 million) that are recommended to be placed in a Retiree Healthcare Solutions Reserve; and a decrease to the Salaries and Benefits Reserve (\$1.2 million) to offset other actions in this report.

In total, adjustments recommended in this document result in a net increase of \$9.3 million to General Fund expenditures. Additional information on these adjustments can be found in *Section III. Recommended Budget Adjustments and Clean-Up Actions* of this document. The following discussion highlights major General Fund expenditure activities through December.

DEPARTMENTAL EXPENDITURES

Departmental expenditures include personal services (salaries, overtime, retirement, health, and other fringe benefit costs), non-personal/equipment, and other departmental expenses. Personal services costs represent the largest single General Fund expense category for the City. These costs accounted for 63.2% of the General Fund expenditures to date.

**2015-2016
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND EXPENDITURES

DEPARTMENTAL EXPENDITURES

Through December, personal services expenditures for all City departments totaled 46.8% of the current Modified Budget, which is slightly below expectations (48.1%) at this point of the year. This expenditure level was slightly above the 46.0% expended through December last year. Overall, Personal Services expenditures are tracking to end the year with savings. As of January 5, 2016, the City had 678 vacancies city-wide (all funds) compared to 593 vacancies in the prior year, representing a vacancy factor of over 10%. Of the vacant positions, 428 are budgeted in the General Fund compared to 367 in the prior year.

Although some of these vacancies are backfilled with temporary staffing resources, vacancy savings have been accumulating throughout the organization. As described in Section III of this document, a number of reallocations of personal services savings to Non-Personal/Equipment appropriations are recommended to reflect the use of temporary staffing or contractual services until vacancies are filled. In addition, budget actions are recommended to reallocate salary and benefit savings to overtime for the Police and Fire Departments and to establish a 2016-2017 Police Department Overtime Reserve.

Non-Personal/Equipment expenditures of \$40.4 million are also tracking slightly below anticipated levels with 34.8% expended through December, slightly below prior year levels of 35.2% in December 2014. In addition to expenditures, \$24.5 million was encumbered, bringing the total amount of funding committed to \$64.9 million, or 55.9% of the \$116.1 million budget. Overall, these expenditures are expected to remain within budget for all departments with some savings generated by year-end. As a result of the high vacancy levels, as discussed above, many departments have needed to backfill with temporary staffing or contractual services to continue service delivery. As described in Section III of this document, the reallocation of personal services savings to Non-Personal/Equipment appropriations is recommended for the Finance, Information Technology, Parks, Recreation, and Neighborhood Services Departments, and the City Attorney's Office, to ensure sufficient funding for the backfilling of vacant positions with temporary staffing or contractual services to maintain service delivery levels.

The Other Departmental category includes the budget for the Mayor and City Council, Library Grants, and Parks, Recreation and Neighborhood Services Fee Activities. Other Departmental expenditures totaled \$8.6 million (42.9%) of the \$20.1 million budget through December, above prior year levels of \$7.9 million (44.1%) in December 2014. In addition to expenditures, \$200,000 was encumbered, bringing the total amount of funding committed to \$8.8 million, or 43.9% of the Modified Budget.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND EXPENDITURES

DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

Expenditure Status (\$ in thousands)			
<u>Department</u>	<u>2015-2016 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
Fire	\$191,975	\$93,651	\$83,197

On an overall basis, Fire Department expenditures are tracking slightly above estimated levels. Through December, Personal Services expenditures of \$89.6 million are tracking at 49.2%, which is 1.1% above the par level of 48.1%. This higher expenditure level is primarily due to higher than anticipated overtime costs and an accounting error in the treatment of retirement costs for the prior year retroactive pay for Fire sworn personnel. Once the adjustment is made to correct the accounting issue, the Fire Department's personal services expenditures appear to be tracking slightly below estimated levels. However, taking into consideration the anticipated recruit academies in the latter half of the fiscal year, overall personal services costs are actually still tracking slightly higher than budgeted due to increased overtime, partially offset by vacancy savings. The Fire Department's Non-Personal/Equipment budget of \$9.9 million was 59.5% expended or encumbered through December; however, non-personal/equipment expenditures are expected to end the year with some savings as encumbrances will be spent down during the remainder of the year.

Through December, overtime expenditures of \$6.2 million are tracking significantly above anticipated levels with 91.0% expended. Higher overtime expenditures were incurred to backfill for sworn vacancies, to staff strike teams that were deployed to wildland fires, and to staff Engine 34 that was activated due to repairs at Fire Station 16. The Department has requested and will receive reimbursements from the State of California for costs associated with strike team deployments, and actions are being brought forward in this report to recognize and allocate these funds during 2015-2016 (\$424,731). An additional \$77,000 for overtime reimbursement from other agencies is included in this report for the Department's participation in various training activities. Including these reimbursements, however, the Department's overtime budget continues to track above budgeted levels. To bring the overtime budget in line with projected expenditures, this report recommends reallocating \$4.0 million from salary and benefits savings to the overtime budget from (\$6.8 million to \$10.8 million). Additionally, overtime cost control measures, including the budgeted and City Council approved browning out up to two companies, have been implemented to help this issue as in recent years. The Budget Office along with the Fire Department will continue to monitor overtime activity and will bring forward any necessary budget adjustments as part of the Year-End Review to ensure the department remains within its budget.

Overall, the average vacancy rate of 3.6% is 0.3% lower than the vacancy rate at this time last year; however, vacancies continue to exceed the budgeted rate of 2.8%. There are currently 25 recruits in the September 2015 Firefighter Recruit Academy. These recruits are expected to begin filling line positions by January 30, 2016. Paramedic accreditation of September 2015 Firefighters should also result in a reduction of overtime usage. A second Firefighter/Paramedic Recruit Academy in February 2016 will

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND EXPENDITURES

DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

train an additional 25 recruits, which will fill remaining sworn vacancies and bring the budgeted vacancy rate in line for the second half of the year.

Personal services expenditures in the Development Fee Program of \$2.5 million tracked higher than estimated levels with 50.4% expended. This is the result of using temporary resources to meet peak workload demand and turnaround time commitments. Actions are recommended in this report to increase this appropriation and reduce the Fire Development Fee Program Reserve by \$200,000. The Budget Office along with the Fire Department will continue to monitor spending activity to ensure the department remains within its Personal Services appropriation.

In accordance with the City Council’s approval of a March 2010 report on annual vacancy and absence rates, the Fire Department has committed to limiting administrative assignments for sworn administrative personnel for overtime control purposes. As of the end of December, the Fire Department has 33 sworn personnel on administrative assignments, which is consistent with the current authorized level.

Expenditure Status (\$ in thousands)

<u>Department</u>	2015-2016 <u>Budget</u>	YTD <u>Actual</u>	Prior YTD <u>Actual</u>
Police	\$346,971	\$155,940	\$147,508

On an overall basis, the Police Department’s expenditures are tracking below estimated levels. Personal services expenditures of \$146.6 million tracked below anticipated levels (46.2% compared to the par of 48.1%), despite overtime expenditures of \$15.5 million through December tracking higher than anticipated levels, with 57.5% expended of the current \$27.3 million budget. To bring the overtime budget in line with projected expenditures, this report recommends reallocating \$8.0 million from salary and benefits savings to the overtime budget (from \$27.3 million to \$35.3 million).

Based on current trends, personal services expenditures are tracking to end the year with savings of approximately \$9.5-\$10.0 million, which represents approximately 3% of the personal services budget. Of this amount, \$5.0 million is recommended to be set aside in a Police Department Overtime Reserve for use in 2016-2017 as has been the practice in recent years. Although the Police Department is conducting regular police officer recruit academies to hire for sworn vacancies and continues to review strategies to improve the rate of sworn hiring and training, the Department is anticipated to begin 2016-2017 with approximately 170 sworn vacancies based on current attrition rates. The recommended overtime reserve will supplement 2016-2017 vacancy savings to continue backfilling for vacant patrol positions and maintain targeted enforcement of high crime activity through suppression cars, conduct high profile investigations, as well as cover for civilian vacancies. Budget actions are also recommended in this report to reallocate salary and benefit savings to address other departmental needs, including a Police Staffing

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND EXPENDITURES

DISCUSSION OF SELECTED GENERAL FUND DEPARTMENTS

Efficiency Study (\$200,000), and an increase to address higher costs related to the Police Administration Building Fencing – Employee Parking Lot Perimeter project (\$43,000) and a study on limited detentions (\$41,000).

Overtime consists of overtime expenditures and compensatory time. The compensatory time balance at the end of January 2016 was 198,030 hours for sworn personnel. This represents an increase of 21,076, or 11.9%, compared to the January 2015 balance of 176,954.

The chart below outlines current authorized sworn staffing levels and the number of street-ready sworn positions available at work:

	2014-2015 (as of 1/08/15)	2015-2016 (as of 1/26/16)
Authorized Sworn Staffing	1,109	1,109
Vacancies	(118)	(193)
Filled Sworn Staffing	991	916
Recruits/Field Training Officer	(42)	(45)
Street-Ready Sworn Positions Available	949	871
Disability/Modified Duty/Other Leaves	(67)	(54)
Street-Ready Sworn Positions Working	882	817

In order to fill the vacant sworn positions and put more Police Officers back on patrol, the Department will conduct three Police Recruit Academies in 2015-2016 with one that began in October 2015. Each academy has the capacity to host up to 45 recruits. The October 2015 Academy currently has 9 recruits, with the next academy beginning in February 2016 with 10 recruits, and a third academy anticipated in June 2016.

A total of \$14.1 million (48.0%) of the Department’s Non-Personal/Equipment budget was expended or encumbered through December. Excluding the remaining balances for centrally-determined details, including electricity, gas, and vehicle operation and replacement, the Department has approximately \$7.9 million, or 48.5% of the non-centrally-determined appropriation available for the remainder of the fiscal year.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF GENERAL FUND EXPENDITURES

NON-DEPARTMENTAL EXPENDITURES

With a Modified Budget of \$481.9 million, Non-Departmental Expenditures include City-Wide Expenses, Capital Contributions, Transfers, and Reserves.

Through December, City-Wide Expenses totaled \$105.0 million, or 41.3% of the Modified Budget of \$254.5 million. When expenditures and encumbrances of \$21.9 million are combined, the total amount of funding committed (\$127.0 million) was 49.9% of the budget. In total, City-Wide expenditures are tracking to end the year within or slightly below budgeted levels.

2015-2016 City-Wide Expenses
Expenditures by City Service Area
(\$ in Thousands)

City Service Area	Current Budget	YTD Actual	% of Budget	Prior Year Actual	Prior Year % of Budget
Community & Economic Development	\$ 35,265	\$ 16,272	46.1%	\$ 17,247	50.2%
Environmental & Utility Services	3,033	533	17.6%	970	41.0%
Neighborhood Services	12,401	5,603	45.2%	2,950	29.9%
Public Safety	21,977	8,582	39.0%	9,118	44.9%
Transportation & Aviation Services	6,059	2,791	46.1%	2,616	41.8%
Strategic Support	175,797	71,263	40.5%	59,660	26.6%
TOTAL	\$ 254,532	\$ 105,044	41.3%	\$ 92,561	31.2%

The expenditure tracking for City-Wide Expenses can vary significantly depending on payment schedules and the timing of projects. For example, in 2015-2016, expenditures through December reflect the partial payment of the \$100 million Tax and Revenue Anticipation Notes (TRANS) of \$50.2 million. In some instances, the appropriations will not be fully expended by year-end because of the multi-year nature of some larger projects. As needed, recommendations will be brought forward at the end of the year to rebudget any savings to 2016-2017 to complete projects in progress.

Adjustments to City-Wide Expenses appropriations are recommended in this report to align the budget with the year-end expenditure projections, additional details on these actions can be found in *Section III. Recommended Budget Adjustments and Clean-Up Actions* of this 2015-2016 Mid-Year Budget Review. Key actions recommended to increase funding in this report include:

**2015-2016
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND EXPENDITURES

NON-DEPARTMENTAL EXPENDITURES

- Establishing a City Council District 2 Participatory Budget Process appropriation to fund a community engagement process to determine the best use of a \$1 million settlement payment from Calpine. On October 20, 2015, the City Council delegated authority to the City Manager to begin negotiations and implementation activities related to required air monitoring stations in the 2001 Cooperation Agreement with Calpine Metcalf Energy. The negotiations resulted in a payment of \$1.0 million in lieu of the construction and operation of two air monitoring stations; these funds are to be earmarked for community projects in the area bounded by the area south of Bernal, north of Bailey, east of Santa Teresa Foothills, and west of Highway 101.
- Increasing the Sidewalk Repairs appropriation, offset by reimbursement revenue from property owners, in the amount of \$600,000. Additional funding is necessary to keep pace with the requests for repair work by the City contractor.
- Increasing the Emergency Street Tree Services appropriation, offset by reimbursements from property owners, in the amount of \$400,000. In response to the current storm season, the City has encouraged property owners to identify potentially hazardous tree conditions; this additional funding enables the City to meet the anticipated increased demand for street tree maintenance services.
- Increasing the Fiscal Reform Plan Outside Legal Counsel appropriation by \$250,000 to fund the 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.

In total, adjustments recommended in this report result in a net increase of \$3.2 million to City-Wide Expenses. Additional information on these adjustments can be found in Section III of this report.

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

- In July 2015, the City issued \$100.0 million in Tax Revenue Anticipation Notes (TRANs) for cash flow purposes. The \$100.4 million **Tax and Revenue Anticipation Notes** appropriation is used for the repayment of these TRANs, including issuance, principal, and interest costs; \$50.2 million or approximately 50% of the budget was expended through December as anticipated. This appropriation constitutes the largest allocation in the Strategic Support CSA.
- **Workers' Compensation Claims** appropriations totaling \$20.5 million are budgeted in four of the six CSAs with total expenditures of \$9.4 million through December 2015, or approximately 46% of the Modified Budget. This is slightly higher than last year's expenses through December, after correcting for timing differences, of \$8.9 million, or 45% of budgeted levels.

**2015-2016
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND EXPENDITURES

NON-DEPARTMENTAL EXPENDITURES

Workers' Compensation claim payments are tracking to remain within the 2015-2016 Adopted Budget of \$20.5 million, although some adjustments will need to be made to specific departmental City-Wide appropriations to redistribute funding based on projected needs. The Police Department's appropriation is anticipated to have approximately \$2.3 million of savings from its \$9.4 million budget, while several departments are projected to exceed their current Workers' Compensation Claims appropriations, including Fire Department (by \$800,000), the Department of Transportation (by \$525,000), and the Parks, Recreation and Neighborhood Services Department (by \$350,000). A portion of the savings from the Police Department Workers' Compensation Claims appropriation is recommended to be redistributed to the Workers' Compensation Claims appropriations for the Fire, Transportation, and Parks, Recreation, and Neighborhood Services Departments to cover their projected overages.

- In the Strategic Support CSA, the **General Liability Claims** appropriation totals \$13.2 million, of which approximately 29% is expended or encumbered through December 2015 as compared to 36% expended or encumbered through December 2014. While there is expected to be sufficient funding to address estimated claims in 2015-2016, an adjustment to the 2016-2017 budget for these claims will be required, given a large recent award against the City of \$11.3 million. While the General Liability/Workers' Compensation Claims Reserve of \$15.0 million would be available in the short term to address this large claim, this reserve would need to be replenished if used. Therefore, an alternative strategy to using this reserve will be pursued.
- Also in the Strategic Support CSA, **Sick Leave Payments Upon Retirement** expenditures of \$1.7 million through December reflect 34.3% of the total 2015-2016 budget of \$5.0 million. Year-to-date expenditures for these payouts are higher than in recent years and timing of payments can be difficult to predict from year to year. Given the majority of expenditures in this appropriation typically occur in the second half of the year, this appropriation will be closely monitored. If additional funding is required, a recommendation to reallocate funds from the Sick Leave Payments Upon Retirement Reserve, will be brought forward as part of the year-end budget adjustment memorandum for City Council consideration.
- In the Community and Economic Development CSA, the **Homeless Rapid Rehousing** and **Homeless Response Team** appropriations have expended or encumbered 35.9% and 72.0% of their respective budgets. These two appropriations provide funding for critical resources to address the City's ongoing efforts related to homelessness. This report includes an action to reallocate \$200,000 from the Homeless Rapid Rehousing appropriation to the Homeless Response Team appropriation to provide funding for anticipated expenditures associated with additional encampment cleanups and case worker outreach to at risk homeless populations during El Niño.

**2015-2016
MID-YEAR BUDGET REVIEW**

STATUS OF GENERAL FUND EXPENDITURES

NON-DEPARTMENTAL EXPENDITURES

- In the Neighborhood Services CSA, the **San José BEST and Safe Summer Initiative Programs** appropriation has year-to-date expenditures of \$2.3 million with an additional \$1.7 million encumbered, reflecting 59.2% of the total budget of \$6.7 million committed. This appropriation supports gang prevention and intervention efforts across the City.
- In Strategic Support CSA, there are two large system upgrade projects underway, including the **Human Resources/Payroll/Budget System Upgrade** project and the **Business Tax System Replacement** project. These system upgrade projects are well underway, and have expended or encumbered 75.4% and 68.4% of their respective budgets.

Through December, **General Fund Capital** expenditures totaled \$12.8 million and encumbrances totaled \$5.3 million, bringing the amount committed to \$18.0 million, or 26.4% of the \$68.4 million budget. Overall, General Fund Capital expenditures are expected to end the year close to budgeted levels with a projected savings of \$293,000 in the South San José Police Substation project. This report includes an action to increase the Police Administration Building Fencing – Employee Parking Lot Perimeter appropriation by \$43,000 to address higher than anticipated project costs.

Transfers of \$27.1 million are 100.0% expended through December as anticipated. All of the transfers from the General Fund are processed at the beginning of the year and have been completed. A recommended increase to the transfer to the Water Utility Fund of \$21,604 is included in this report to reimburse the fund for excess late fee revenues transferred to the General Fund in 2014-2015.

Expenditures of \$40,000 and an encumbrance of \$500 were incorrectly charged against the **Reserves** budget of \$97.4 million. Expenditures cannot be charged directly to a reserve, therefore adjustments have been made to reallocate these charges to their correct appropriations. Several budget actions are recommended in this report that impact General Fund Reserves. The major actions are described below.

- Establish a **Police Department Overtime Reserve** (\$5.0 million) that would be funded from Police Department salary and benefits savings. As discussed in this report, the Police Department is expected to begin 2016-2017 with approximately 170 sworn vacancies based on current attrition rates. Overtime funding will be needed in 2016-2017 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 for civilian staffing vacancies as needed. The establishment of this reserve will provide the necessary overtime funding to continue to address these and other Police needs in 2016-2017.

**2015-2016
MID-YEAR BUDGET REVIEW**


STATUS OF GENERAL FUND EXPENDITURES

NON-DEPARTMENTAL EXPENDITURES

- A total decrease of \$385,000 to the Fiscal Reform Plan Implementation Reserve is recommended to reflect:
 - An increase to 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; and
 - An increase to the City Manager's Non-Personal/Equipment appropriation by \$135,000 to fund actuarial services to assist with analysis related to the Alternative Pension Reform Settlement Framework. Funding will provide actuary support for implementation issues with the retirement boards' actuary and other issues related to the Federated and Police and Fire retirement plans.

No budget action is recommended for the Contingency Reserve, which currently totals \$34.5 million and complies with the City Council policy to set aside 3% of expenditures.

PAGE IS INTENTIONALLY LEFT BLANK



2015-2016

MID-YEAR
BUDGET
REVIEW



SECTION
II

**SELECTED SPECIAL/
CAPITAL FUNDS
STATUS REPORT**



**2015-2016
MID-YEAR BUDGET REVIEW**

II. SELECTED SPECIAL/CAPITAL FUNDS STATUS REPORT

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

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

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

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Revenues – Airport Revenue Fund</i>	134,943,164	65,937,532	48.9%
<i>Expenditures – Airport Maintenance and Operation Fund</i>	81,615,613	36,271,890	44.4%

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

FUND STATUS

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

Through December, revenue performance at the Airport totaled \$65.9 million or 48.9% of the estimated budget and is slightly above the December benchmark. All revenue categories are tracking at or above estimated levels, with the exception of landing fees which are tracking slightly lower due to air service support credits. Through December 2015, passenger levels are 5.0% greater than the same period last fiscal year and compared to a 2.0% estimate for passenger growth. The parking and roadway revenue category is directly impacted by the passenger levels, and reflects increased activity in daily and hourly parking lots and ground transportation trips resulting in revenue 7.0% above anticipated levels. Airfield revenues are also exceeding budgeted levels due to higher than anticipated in-flight kitchen revenues. Total general and non-aviation revenues, consisting of fees associated with hangars, land and building rentals, petroleum program, general aviation, interest earnings and other non-aviation (miscellaneous) revenues, are tracking above budgeted levels, due primarily to higher than anticipated interest earnings. Overall, Airport revenues are tracking to meet or exceed budget estimates by year-end.

**2015-2016
MID-YEAR BUDGET REVIEW**

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

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

FUND STATUS

Expenditures – Operating expenditures, appropriated in the Airport Maintenance and Operation Fund, include Personal Services, Non-Personal/Equipment, Police and Fire, direct support, and overhead reimbursements. Overall expenditures tracking below budget estimates at 44.4% spent. Through December 2015, Airport Department Personal Services and Non-Personal/Equipment expenditures are tracking at 38.3% of budgeted levels.

Airport Personal Services expenditures are tracking at 44.4% of budget compared to the benchmark of 48.1%. Savings are due to vacancies in most divisions of the department. At the close of December, the Department had 25 vacancies or 13.4% of budgeted positions. Recruitment for several Airport positions is currently underway. Overtime expenditures of \$156,000, or 46.0%, are tracking within budget, but are anticipated to track higher primarily due to minimum staffing requirements for Airport Operations and staffing hours needed for Super Bowl 50. These expenditures will be closely monitored for the remainder of the fiscal year.

Non-Personal/Equipment expenditures are 33.9% expended and, including encumbrances, are 66.7% committed through December. The Department's efforts to efficiently operate and maintain the facilities while continuing to be fiscally responsible have resulted in effective cost controls. It is anticipated that through conservative spending and close monitoring, the Non-Personal/Equipment appropriation will end the year at or below budgeted levels.

Interdepartmental expenditures (charges for staff and services located in other City departments including the Police and Fire Departments) total \$8.9 million through December 2015, which is in line with the budget. Increased funding added in October 2015 for additional Aircraft Rescue and Fire Fighting (ARFF) firefighters and associated training were a direct result of the Airport's index change, due to larger aircraft now landing at the Airport.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

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

FUND STATUS

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Unrestricted Ending Fund Balance – Airport Revenue Fund</i>	70,163,892	N/A	N/A
<i>Unrestricted Ending Fund Balance – Airport Maintenance and Operation Fund</i>	32,660,365	N/A	N/A

Ending Fund Balance – This report includes technical adjustments to the Ending Fund Balances in the Airline Agreement Reserve and in the Workers’ Compensation Claims Reserve due to fund balance reconciliation adjustments. After accounting for these actions and an increase to the Retiree Healthcare Contributions Reserve, the revised Ending Fund Balance for the Airport Revenue Fund is \$69.7 million, and the revised ending fund balance for the Airport Maintenance and Operation Fund is \$33.3 million.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Revenues</i>	29,282,000	8,825,625	30.1%
<i>Expenditures</i>	49,715,626	5,161,236	10.4%

FUND STATUS

Revenues – Tax revenue in the Building and Structure Construction Tax Fund, which is a major funding source for the Traffic Capital Program, is tracking above anticipated levels. Through December, Building and Structure Construction Tax receipts totaled \$7.7 million, which is 54.6% of the budgeted estimate of \$14.0 million and reflects higher than anticipated development activity in commercial and industrial areas offset by lower residential permit activity. If collections continue at the current pace, it is anticipated that tax receipts will exceed the budgeted estimate by at least \$1.0 million. Federal and State grants are the other major revenue sources in the Building and Structure Construction Tax Fund and are tracking below estimated levels. Variances in collections are due to timing differences for grant-supported projects.

Included in this report is a recommendation to increase the Earned Revenue estimate for the Traffic Signal Controller Fee Collection by \$18,000 to recognize fee collections from developers received during the year. However, there are a number of issues that will affect project schedules this year that will delay the receipt of grant reimbursements such as staffing challenges, project scope changes, delays in receiving Caltrans authorization, delays in awarding contracts, delays in the construction phase, and additional staff time required for the design phase. As a result, several projects will be delayed from 2015-2016 to summer 2016, later next fiscal year, or will be reprogrammed as part of the 2017-2021 Proposed Capital Improvement Program, with the receipt of grant revenues realigned accordingly. Therefore, this report includes recommendations to decrease the estimates for revenues that will not be received, but were anticipated when developing the 2015-2016 Adopted Capital Budget, for the following grants:

- The Alameda “Beautiful Way” Phase 2 (\$3.5 million);
- Park Avenue Multimodal Improvements (\$985,000);
- Ocala Avenue Pedestrian Improvements (\$780,000);
- St. John Street Multimodal Improvements Phase I (\$750,000);
- Park Avenue Bicycle Lane Improvements (\$655,000);
- St. John Bike/Pedestrian Improvements (\$600,000);
- Transportation Incident Management Center (\$525,000); and
- Downing Avenue Pedestrian and Bicycle Improvements (\$275,000).

**2015-2016
MID-YEAR BUDGET REVIEW**

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

FUND STATUS

As stated previously, it is anticipated that the grant funding for these projects will be reallocated to 2016-2017 as part of the 2016-2017 Proposed Capital Budget and 2017-2021 Capital Improvement Program. The corresponding expenditure adjustments for these actions are discussed below, and further detail regarding these recommendations can be found in Section III of this report, Recommended Budget Adjustments and Clean-up Actions.

Expenditures – Overall, expenditures through December in the Building and Structure Construction Tax Fund are tracking below expected levels. However, any remaining balance at year-end is anticipated to be reallocated to 2016-2017 as part of the 2016-2017 Proposed Capital Budget. This report includes several expenditure adjustments summarized below. Further detail regarding these recommendations can be found in Section III of this report, Recommended Budget Adjustments and Clean-up Actions.

Included in this report are recommendations to increase the Downing Avenue Pedestrian Bicycle Improvements project by \$300,000, due to increased construction costs, and increase the Safety – Traffic Signal Modifications/Construction project by \$18,000, as result of an unanticipated increase in Traffic Signal Controller Fee Collections from a developer.

To align with revised project schedules discussed in the revenue section above, corresponding decreases to the following projects are also recommended in this report:

- The Alameda “Beautiful Way” Phase 2 (\$2.5 million);
- St. John Street Multimodal Improvements Phase 1 (\$1.4 million);
- Park Avenue Multimodal Improvements (\$1.2 million);
- St. John Bike/Pedestrian Improvements (\$900,000); and
- Park Avenue Bicycle Lane Improvements (\$700,000).

As noted earlier, these projects will be delayed from 2015-2016 to summer 2016, later next fiscal year, or will be reprogrammed as part of the 2017-2021 Proposed Capital Improvement Program.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

BUILDING AND STRUCTURE CONSTRUCTION TAX FUND

FUND STATUS

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Unrestricted Ending Fund Balance</i>	2,432,971	N/A	N/A

Ending Fund Balance – A recommendation to decrease the Ending Fund Balance by \$1.7 million is included in this report as a net result of the actions described above. In addition, a technical adjustment is recommended to decrease the Ending Fund Balance by \$140,000 as a result of a reconciliation of the fund to the final audited 2014-2015 Comprehensive Annual Financial Report. After accounting for all these actions, the revised Ending Fund Balance will be \$632,000. It is important to note that while there is a net reduction in the fund balance due primarily to the timing of grant reimbursements associated with several projects in 2015-2016, there should be an increase to the fund balance in 2016-2017 when the grant funds are received. Further details on the adjustments can be found in Section III of this report, Recommended Budget Adjustments and Clean-up Actions.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Revenues</i>	65,650,103	18,067,318	27.5%
<i>Expenditures</i>	107,546,633	16,346,250	15.2%

FUND STATUS

Revenues – A total of 17 Construction and Conveyance (C&C) Tax Funds are budgeted throughout the Capital Budget. A majority of these funds (13) support the Parks and Community Facilities Development Capital Program, with the remaining four funds supporting the Public Safety Capital Program, Library Capital Program, Service Yards Capital Program, and Communications Capital Program. Revenues in the C&C Tax Funds are comprised of C&C Tax receipts, sale of surplus property, transfer revenue, grant funding, and other miscellaneous revenue. Through December 2015, revenue in the C&C Tax Funds totaled \$18.1 million, which is 27.5% of the 2015-2016 Modified Budget of \$65.7 million. Year-to-date revenues are tracking below budgeted levels primarily due to the Modified Budget including revenue for the sale of the Central Service Yard (\$17.5 million) and transfers between funds (\$10.7 million) that have not yet occurred, but are anticipated to occur by year-end. However, C&C Tax collections, which is the biggest source of revenue for these funds, are tracking higher than budgeted through the first half of the fiscal year. In addition, due to interest earnings received through December 2015 in the C&C Tax Funds being higher than anticipated, an increase to the Earned Revenue estimate of \$165,000 (across six C&C Tax Funds) is recommended. A corresponding action to transfer this revenue to the General Fund is also recommended in this report.

Through December, C&C Tax revenues totaled \$17.6 million, or 50.4% of the budgeted estimate of \$35.0 million. The 2015-2016 Adopted Capital Budget was developed with the assumption that C&C Tax receipts would total \$35.0 million in 2014-2015 and stay steady in 2015-2016. In the last quarter of 2014-2015, however, tax receipts had an extremely strong performance, which resulted in the 2014-2015 receipts totaling \$41.2 million. Due to the unanticipated high collections in 2014-2015, the 2015-2016 C&C Tax estimate of \$35.0 million, allows for a 17.7% decline in tax revenue from the 2014-2015 actual tax collection. Receipts through December 2015 of \$17.6 million, however, are up 12.6% from the prior year and Conveyance receipts received in January 2016, show additional growth (42.8%) when compared to January 2015 receipts. Therefore, a revised 2015-2016 C&C Tax estimate of \$38.0 million is now anticipated. Though budget adjustments are not recommended as part of this report, the \$38.0 million estimate for 2015-2016 will be used in the development of the 2016-2017 Proposed Capital Budget and 2017-2021 Capital Improvement Program. This revenue will continue to be monitored to determine if additional changes to the estimate may be necessary at a later date.

**2015-2016
MID-YEAR BUDGET REVIEW**

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

FUND STATUS

Over 96% of the total C&C Taxes are comprised of conveyance receipts, a tax based on the value of property transfers (sales). Continuing the recent trend, the local real estate market continues to see rising sale prices coupled with a high number of property transfers. The median single-family home price totaled \$825,000 in December 2015, which is an increase of 10.0% from the \$750,000 median single-family home price in December 2014. In addition, the December 2015 number of property transfers totaled 681, an increase of 11.1% when compared to the 613 sales that occurred in December 2014. The number of listings of new single-family and multi-family dwellings has also increased (7.3%), from 300 listings in December 2014 to 322 listings in December 2015. In addition, the amount of time to sell these homes for July through December 2015 (27 days) is slightly below the average days for July through December 2014 (28 days).

Expenditures – Overall, expenditures in the various C&C Tax Funds are tracking within expected levels and are anticipated to end the year within budgeted levels. Through December, expenditures totaled \$16.3 million, 15.2% of the 2015-2016 Modified Budget (\$107.5 million). This report, however, recommends expenditure adjustments to the following projects:

- Transfer to the Branch Libraries Bond Projects Fund (\$1.4 million – Library C&C Tax Fund);
- River Glen Neighborhood Center Replacement (\$250,000 – Council District 6 C&C Tax Fund);
- Capital Project Management (\$200,000 – Public Safety C&C Tax Fund);
- Transfer to the General Fund – Interest Earnings (\$165,000 – Parks Central C&C Tax Fund, Public Safety C&C Tax Fund, Library C&C Tax Fund, Service Yards C&C Tax Fund, Communications C&C Tax Fund, and Park Yards C&C Tax Fund);
- Unanticipated or Critical Repairs (\$50,000 – Parks Central C&C Tax Fund);
- Fire Data System (\$30,000 – Public Safety C&C Tax Fund);
- Mobile Test Equipment (\$8,000 – Public Safety C&C Tax Fund); and
- Super Bowl 50 – Strategic Capital Replacement and Maintenance Needs (-\$85,000 – Parks City-Wide C&C Tax Fund).

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

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION AND CONVEYANCE TAX FUNDS

FUND STATUS

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Unrestricted Ending Fund Balances</i>	26,879,888	N/A	N/A

Ending Fund Balance – This report includes recommendations to decrease the Ending Fund Balances by \$1.9 million as a net result of the actions previously discussed and detailed in Section III of this report, Recommended Budget Adjustments and Clean-up Actions. In addition, a technical adjustment is recommended in this report to decrease the Ending Fund Balance in the Parks City-Wide C&C Tax Fund by \$329,000 to account for actions that occurred in June 2015, but were not captured in the 2014-2015 Annual Report. After accounting for all of these actions, the revised Ending Fund Balances for the C&C Tax Funds will be \$24.7 million.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Revenues</i>	66,467,000	26,323,773	39.6%
<i>Expenditures</i>	139,937,187	31,381,066	22.4%

FUND STATUS

Revenues – Construction Excise Tax receipts are the single largest source of revenue in the Traffic Capital Program. Through December, Construction Excise Tax receipts totaled \$9.4 million, or 49.3% of the budgeted estimate of \$19.0 million, reflecting higher than anticipated development activity in commercial areas offset by lower residential permit activity. If collections continue at the current pace, it is anticipated that tax receipts will exceed the budgeted estimate by approximately \$1.0 million. Federal and State grants are the other major revenue sources in the Construction Excise Tax Fund and are tracking below estimated levels. Variances in collections are due to timing differences for grant-supported projects.

Included in this report is a recommendation to increase the Earned Revenue estimate for pavement maintenance by \$766,144 to recognize additional Measure B vehicle registration fee revenues received. Also included in this report are recommendations to increase the Earned Revenue estimates for Route 101/Oakland/Mabury Traffic Impact Fees (\$349,130), North San José Traffic Impact Fees (\$252,940), North San José Deficiency Plan Improvements Fees (\$163,000), and Evergreen Traffic Impact Fees (\$71,778) to recognize fee collections from developers received during the year. However, there are a number of issues that will affect project schedules this year that will delay the receipt of grant reimbursements such as staffing challenges, reallocating staffing resources to higher priority projects, correcting the distribution of project funding to reflect anticipated schedules, delays in receiving Caltrans authorization, project scope changes, delays in awarding contracts, delays in the construction phase, and additional staff time required for the design phase. As a result, several projects will be delayed from 2015-2016 to summer 2016, later next fiscal year, or will be reprogrammed as part of the 2017-2021 Proposed Capital Improvement Program, with the receipt of grant revenues realigned accordingly. Therefore, this report includes recommendations to decrease the estimates for revenues that will not be received, but were anticipated when developing the 2015-2016 Adopted Capital Budget, for the following grants:

**2015-2016
MID-YEAR BUDGET REVIEW**

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND

FUND STATUS

- East San José Bike/Pedestrian Transit Connection (OBAG) (\$2.0 million);
- Bicycle and Pedestrian Facilities (\$1.2 million);
- Safe Routes to School Program (OBAG) (\$1.0 million);
- Pedestrian Oriented Traffic Signals (OBAG) (\$1.0 million);
- Bikeways Program (OBAG) (\$650,000);
- Walk n' Roll San José Phase 2 (\$400,000);
- Transportation Demand Management (\$200,000); and
- Safe Access San José (\$100,000).

As stated previously, it is anticipated that the grant funding for these projects will be reallocated to 2016-2017 as part of the 2016-2017 Proposed Capital Budget and 2017-2021 Capital Improvement Program. The corresponding expenditure adjustments for these actions are discussed below, and further detail regarding these recommendations can be found in Section III of this report, Recommended Budget Adjustments and Clean-up Actions.

Expenditures – Overall, expenditures through December in the Construction Excise Tax Fund are tracking below expected levels. However, any remaining balance at year-end is anticipated to be reallocated to 2016-2017 as part of the 2016-2017 Proposed Capital Budget. This report includes several expenditure adjustments summarized below. Further detail regarding these recommendations can be found in Section III of this report, Recommended Budget Adjustments and Clean-up Actions.

Included in this report is a recommendation to increase the Pavement Maintenance Measure – B appropriation by \$766,144 to allocate revenue received over the budgeted estimate. Also included in this report are recommendations to increase the Transportation Demand Management project by \$400,000 to accelerate the award of a consultant agreement, increase the Traffic Forecasting and Analysis project by \$226,000 to ensure sufficient funding for an engineering services consultant, and increase the Walk n' Roll San José Phase 1 project by \$95,000 to fund the revised scope of the project due to a grant reimbursement issue. In addition, recommendations are included to increase the Route 101/Oakland/Mabury Traffic Impact Fees Reserve (\$349,130), the North San José Traffic Impact Fees Reserve (\$252,940), the North San José Deficiency Plan Improvements appropriation (\$163,000), and the Evergreen Traffic Impact Fees Reserve (\$71,778) as a result of unanticipated fees collected from developers.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONSTRUCTION EXCISE TAX FUND

FUND STATUS

To align with revised project and grant reimbursement schedules discussed in the revenue section above, corresponding decreases to the following projects are also recommended in this report:

- East San José Bike/Pedestrian Transit Connection (OBAG) (\$2.0 million);
- Bicycle and Pedestrian Facilities (\$1.2 million);
- Bikeways Program (OBAG) (\$1.2 million);
- Safe Routes to School Program (OBAG) (\$800,000);
- Walk n’ Roll San José Phase 2 (\$500,000); and
- Safe Access San José (\$200,000).

As noted earlier, these projects will be delayed from 2015-2016 to summer 2016, later next fiscal year, or will be reprogrammed as part of the 2017-2021 Proposed Capital Improvement Program.

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Unrestricted Ending Fund Balance</i>	6,387,003	N/A	N/A

Ending Fund Balance – A recommendation to decrease the Ending Fund Balance by \$1.4 million is included in this report as a net result of the actions described above. In addition, technical adjustments are recommended to increase the Ending Fund Balance by a net \$410 as a result of a reconciliation of the fund to the final audited 2014-2015 Comprehensive Annual Financial Report. After accounting for all these actions, the revised Ending Fund Balance will be \$5.0 million. It is important to note that while there is a net reduction in the fund balance due primarily to the timing of grant reimbursements associated with several projects in 2015-2016, there should be an increase to the fund balance in 2016-2017 when the grant funds are received. Further details on the adjustments can be found in Section III of this report, Recommended Budget Adjustments and Clean-up Actions.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONVENTION AND CULTURAL AFFAIRS FUND

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Revenues</i>	13,321,299	6,430,514	48.3%
<i>Expenditures</i>	14,231,993	5,446,516	38.3%

FUND STATUS

In accordance with the agreement with Team San Jose (TSJ) that manages the City’s Convention Center and other cultural facilities, revenues and expenditures generated by facility operations no longer flow through the Convention and Cultural Affairs Fund. Rather, the net operating subsidy to TSJ as well as TSJ incentive and management fees and other non-TSJ related expenses, such as capital investments and insurance costs, are reflected in the Convention and Cultural Affairs Fund.

Revenues – The Convention and Cultural Affairs Fund is funded almost entirely from revenues received through transfers from the Transient Occupancy Tax (TOT) Fund. Through December, \$6.35 (48.3%) of the 2015-2016 adjusted TOT transfer of \$13.1 million was received. The full TOT transfer is expected to be received by year-end. Other revenues collected in this fund account for ticket sale receipts from Broadway San José shows that will be used for the American Musical Theater’s loan repayment to the General Fund and some interest payments. For the first half of the fiscal year, total revenues of \$6.43 million are tracking at 48.3% of the total budgeted revenue estimate of \$13.3 million.

While not reflected in the Convention and Cultural Affairs Fund, TSJ has provided financial reports reviewed by the City showing operations revenues through December of \$17.5 million, compared to the December target of \$12.9 million. The higher than anticipated revenue performance is primarily due to the increase in food and beverage and contract labor revenues driven by a greater than expected number of contracted events in the facilities managed by TSJ. Because performance in these areas is one of the determinants of the operating subsidy to TSJ, the increased activity levels could reduce the amount of Convention Facilities Operations expenditure (the operating subsidy) if current trends continue.

Expenditures – Through December, expenditures of \$5.4 million were tracking at 38.3% of the budget (with encumbrances, expenditure commitments totaled \$6.8 million or almost 48.0% of the budget). The largest expenditure allocations to date were paid or encumbered by TSJ and are related to the Convention Facilities Operations costs (\$3.0 million), to TSJ for the management of the City’s Convention and Cultural Facilities (\$1.0 million), and for a variety of rehabilitation and repair projects (\$680,000) at the facilities managed by TSJ.

Expenditure data reflected in TSJ’s financial reports show total operating expenses through December of \$20.4 million, compared to the December target of \$17.5 million. As mentioned above, the higher than

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

CONVENTION AND CULTURAL AFFAIRS FUND

FUND STATUS

anticipated expenditures are primarily the result of the increase in food and beverage and personnel/labor costs associated with an increased number of events. Expenditure activity is also a determinant of the operating subsidy to TSJ and, when combined with the revenue figures, may increase or decrease the amount of Convention Facilities Operations expenditure (the operating subsidy) in any given year. If current trends continue, the Convention Facilities Operations appropriation will end the year with savings of approximately \$1.3 million (30.4%) of the total \$4.3 million budgeted allocation.

This report includes several budget adjustment recommendations to: establish a Center for Performing Arts Elevator Rehabilitation appropriation in the amount of \$250,000; increase the Rehabilitation/Repair – Mechanical appropriation by \$100,000 (from \$390,000 to \$490,000) to fund additional food and beverage equipment; and increase the Rehabilitation/Repair – Miscellaneous appropriation by \$50,500 (from \$100,000 to \$150,500) to fund the purchase of metal detectors requested by concert promoters of large events. Finally, an increase to the Convention Facilities Industry Advisor appropriation in the amount of \$20,000 (from \$100,000 to \$120,000) to conduct additional market research on the feasibility of attracting a headquarters hotel to San José; and a technical adjustment to restore \$1,078 to the Civic Auditorium/Center for the Performing Arts Marketing and Capital Improvement appropriation are also recommended.

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Unrestricted Ending Fund Balance</i>	2,932,455	N/A	N/A

Ending Fund Balance – A recommendation to decrease the Ending Fund Balance by \$422,000, from \$2.9 million to \$2.5 million, is included in this report as a result of anticipated expenses related to the new Center for Performing Arts Elevator Rehabilitation appropriation (\$250,000), Rehabilitation/Repair – Mechanical appropriation (\$100,000), Rehabilitation/Repair – Miscellaneous appropriation (\$50,500), Convention Facilities Industry Advisor appropriation (\$20,000), and a technical adjustment (\$1,078) to the Civic Auditorium/Center for the Performing Arts Marketing and Capital Improvement appropriation as described above.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Revenues</i>	124,441,907	108,567,710	87.2%
<i>Expenditures</i>	130,602,613	42,801,485	32.8%

FUND STATUS

Revenues – Revenues in the Integrated Waste Management Fund include payments received from residential solid waste generators under the Recycle Plus Integrated Waste Management Program (Recycle Plus Collection Charges) (\$114.7 million); AB 939 fees (\$3.4 million); Recycle Plus Negotiated Savings (\$2.7 million); an Economic Development Administration (EDA) Grant (\$1.5 million); payments received from the Construction and Demolition Diversion Deposit (CDDD) Program (\$740,000) that are identified as ineligible deposits for refund; Las Plumas Tenant Utility Reimbursements (\$510,000); Lien-Related Charges (\$318,000); SB 332 Beverage Container Recycling payments (\$250,000); miscellaneous revenue (\$238,000); NMTC Leverage Loan Interest (\$98,000); interest earnings (\$52,000); and Franchise Applications (\$500).

Through December, revenues totaled \$108.6 million, or 87.2% of budget, and were generated primarily from the following: Recycle Plus Collection Charges (\$100.7 million); Lien-Related Charges (\$4.4 million); AB 939 fees (\$1.4 million); and Recycle Plus Negotiated Savings (\$1.3 million). Revenues through December for Recycle Plus (RP) Collection Charges are due primarily to the placement of \$88.9 million on the Santa Clara County Secured Property Tax Roll for the majority of Single-Family Dwelling (SFD) accounts, as well as the collection of \$11.8 million from Multi-Family Dwelling (MFD) accounts, which continue to be billed through the City.

Overall, revenues are expected to end the year approximately \$7.2 million above currently budgeted estimates. A majority of this increase comes from the unanticipated placement of \$3.3 million in outstanding SFD liens and \$900,000 in RP Lien Administration Fees on the County’s Tax Roll as a one-time Special Assessment, which guarantees the revenue for the City. Also contributing to the higher revenue is an additional \$3.4 million in unanticipated receipts for RP/SFD Garbage Collection Fees. However, due to lower than anticipated bids for the installation of a photovoltaic system at the San José Environmental Innovation Center (EIC), anticipated grant reimbursements from the EDA are anticipated to be lower by \$400,000. Corresponding actions are recommended in this report to recognize this net \$7.2 million additional revenue.

Expenditures – Through December, \$42.8 million, or 32.8% of the budget, was expended, and an additional \$76.5 million, or 60.7%, was encumbered. The year-to-date expenditures and encumbrances

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

INTEGRATED WASTE MANAGEMENT FUND

FUND STATUS

of \$119.3 million are attributed primarily to the Recycle Plus contracts for Single-Family Dwelling (\$51.6 million), Yard Trimmings/Street Sweeping (\$22.6 million), and Multi-Family Dwelling (\$19.0 million). Additional expenditures include IDC Disposal Agreement (\$7.1 million), Single Family Dwelling Processing (\$4.9 million), Environmental Services Department (ESD) Personal Services (\$3.3 million), ESD Non-Personal/Equipment (\$1.8 million), and General Fund Overhead (\$1.8 million) appropriations.

Overall, savings of approximately \$3.1 million are projected by the end of the year in various appropriations, with the largest estimated savings in ESD Non-Personal/Expenditures (\$1.3 million), Household Hazardous Waste (HHW) Las Plumas Facility (\$800,000), and ESD Personal Services (\$700,000). The anticipated Personal Services savings are due primarily to vacancies in the department. Also, due to lower than anticipated bids for the installation of a photovoltaic system at the EIC, a recommendation is included in this report to lower the project budget by \$800,000 to recognize these savings at the HHW Las Plumas Facility.

In addition to the recommendations referenced above, this report includes recommendations to increase the Information Technology Department Personal Services (PS) appropriation by \$130,000 (from \$1.6 million to \$1.7 million), due to the need to retain staff for several months longer than anticipated for work at the call center; increase the Workers' Compensation Claims appropriation by \$68,000 (from \$40,000 to \$108,000), due to higher than anticipated claims; and increase the Planning, Building and Code Enforcement PS appropriation by \$20,000 (from \$148,000 to \$168,000), due to higher than anticipated costs.

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Unrestricted Ending Fund Balance</i>	234,741	N/A	N/A

Ending Fund Balance – A recommendation to increase the Unrestricted Ending Fund Balance by \$7.9 million (from \$235,000 to \$8.2 million) is included in this report and reflects the net result of the following: increased revenue related to the Lien-Related Charges (\$4.2 million) and Recycle Plus Collection Charges (\$3.4 million); decreased revenue related to the EDA Grant (\$400,000); decreased expenses related to the HHW Las Plumas Facility (\$800,000); increases to a couple of departmental Personal Services (\$150,000) appropriations; and an increase to the Workers' Compensation Claims appropriation (\$68,000), as described above. This additional fund balance will be factored into the development of the 2016-2017 Proposed Budget.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT CAPITAL FUND

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Revenues</i>	81,452,000	33,514,943	41.1%
<i>Expenditures</i>	235,695,472	21,254,083	9.0%

FUND STATUS

Revenues – Budgeted revenue for the San Jose-Santa Clara Treatment Plant Capital Fund consists of transfers from the City of San José Sewer Service and Use Charge (SSUC) Fund (\$31.7 million) and the Sewage Treatment Plant Connection Fee Fund (\$3.1 million); Commercial Paper (CP) Proceeds (\$30.0 million); contributions from the City of Santa Clara and other Tributary Agencies (\$14.7 million); interest earnings (\$1.3 million); Calpine Metcalf Energy Center Facilities Repayments (\$389,000); and a U.S. Bureau of Reclamation (USBR) Grant (\$250,000). Through December, \$33.5 million, or 41.1%, has been received, and based on the current spending plan, it is anticipated that revenues may end the year higher than the budgeted estimate, due primarily to higher than anticipated receipts for the USBR Grant (\$4.8 million), partially offset by a decrease in revenue from Santa Clara and the Tributary Agencies (\$576,000) and the Transfer from the SSUC Fund (\$980,000) for CP debt service repayment.

The 2015-2016 Adopted Capital Budget was developed on the assumption that Santa Clara and the Tributary Agencies would require CP financing in the amount of \$30.0 million for 2015-2016 Capital Improvement Program projects, with their share of CP facility costs being \$576,000 and San José’s share of CP facility costs as \$980,000. The CP Facility will not be established in 2015-2016 until San José, Santa Clara, and the Tributary Agencies mutually agree to terms that would enable the City to provide short-term financing. As a result, it is anticipated that while CP Proceeds will come in below the budgeted estimate by \$30.0 million, contributions from Santa Clara and the Tributary Agencies will instead be received at a level \$30.0 million higher than the budgeted estimate. It is further anticipated that adjustments to the 2015-2016 budgeted estimates will be made at a future date once billing estimates are known with greater certainty.

Expenditures – Expenditures in this fund represent the costs of improvements and rehabilitation of the San José-Santa Clara Water Pollution Control Plant. Through December, \$21.3 million, or 9.0%, of the budget was expended and an additional \$55.5 million, or 23.5%, was encumbered.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT CAPITAL FUND

FUND STATUS

A large portion of the budget is currently anticipated to be expended or encumbered on projects and related expenses by the end of the year. However, due to longer than anticipated timelines for procurement and design as well as staff vacancies, it is currently estimated that \$9.4 million will be rebudgeted to 2016-2017 as part of the 2016-2017 Proposed Capital Budget and 2017-2021 Proposed Capital Improvement Program (CIP) process, and an additional \$4.8 million may be rebudgeted as part of the 2015-2016 Year-End Budget Review process, pending additional information that will be known at those times. The largest projects that are currently anticipated to be rebudgeted include the Plant Instrument Air System Upgrade (\$3.4 million), New Headworks (\$1.7 million), and Headworks Improvements (\$1.1 million).

Staff anticipate continuing to make significant progress on large efforts in 2015-2016, such as the Digester and Thickener Facilities Upgrade (\$98.4 million), Energy Generation Improvements (\$32.9 million), and Iron Salt Feed Station (\$7.3 million).

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Unrestricted Ending Fund Balance</i>	46,469,803	N/A	N/A

Fund Balance – No adjustment to the Ending Fund Balance in the San Jose-Santa Clara Treatment Plant Capital Fund is recommended at this time.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT OPERATING FUND

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Revenues</i>	87,554,705	19,120,234	21.8%
<i>Expenditures</i>	102,340,888	44,811,812	43.8%

FUND STATUS

Revenues – Revenue for the San José-Santa Clara Treatment Plant Operating Fund consists primarily of transfers from the Sewer Service and Use Charge Fund, contributions from participating tributary agencies, recycled water sales, and interest earnings. Through December, revenues totaled \$19.1 million, or 21.8% of the budgeted estimate. The largest source of revenue in this fund, the transfer from the Sewer Service and Use Charge Fund (\$47.5 million), has not yet been received. This transfer occurs in two installments on or around February 1 and June 1. Contributions from Santa Clara and other agencies, however, are estimated to come in lower than budgeted levels by \$2.8 million. These contributions are made in four installments based on the amounts provided in the Proposed Budget. However, after the Comprehensive Annual Financial Report is released and prior year actuals are determined, the amounts owed by the agencies are adjusted accordingly. As a result of the final reconciliation for 2014-2015, lower than expected expenditures last year are causing this year’s agency reimbursement revenue to fall below budgeted levels. Revenues from recycled water are estimated to be approximately \$400,000 lower than budgeted levels of \$8.2 million, due primarily to fewer sales than anticipated. Weather conditions are resulting in a decreased demand for recycled water; however, this revenue stream is currently volatile, and the estimate can easily change depending on the length of the storm season this year. Overall, revenues are tracking to come in lower than the budgeted estimate by approximately \$3.3 million.

Expenditures – Expenditures in this fund represent the costs required for the operation and maintenance of the San José-Santa Clara Water Pollution Control Plant, including the South Bay Water Recycling System and associated regulatory activities. Through December, \$44.8 million, or 43.8% of the budget, has been expended, and an additional \$13.6 million, or 13.3%, has been encumbered. Spending is lower than expected in several appropriations, with the largest savings expected in the Environmental Services Department (ESD) Personal Services, ESD Non-Personal/Equipment, Workers’ Compensation Claims, and Public Works and Finance Departments Personal Services appropriations. It is estimated that the ESD Personal Services appropriation (\$52.2 million) may have approximately \$3.5 million in savings by year-end, due to vacancies; the ESD Non-Personal/Equipment appropriation may have \$3.0 million in savings by year-end, due primarily to less than anticipated maintenance costs and lower energy prices; the Workers’ Compensation appropriation (\$645,000) is estimated to have \$280,000 in savings; and the Public Works (\$209,000) and Finance (\$495,000) Departments Personal Services appropriations are estimated to have \$175,000 and \$160,000 in savings, respectively. The Human Resources Department Personal

**2015-2016
MID-YEAR BUDGET REVIEW**

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT OPERATING FUND

FUND STATUS

Services appropriation, however, is tracking to slightly exceed the budget of \$265,000 by \$20,000 due to higher than anticipated staffing costs in 2015-2016. A budget action is recommended to increase this appropriation, offset by personal services savings in ESD.

Included in this report are several recommendations that would provide funding support related to negotiations on amendments to the Water Pollution Control Plant (WPCP) Master Agreement for Wastewater Treatment Between City of San Jose, City of Santa Clara and Tributary Agencies (Master Agreement). The WPCP is jointly owned by the cities of San José and Santa Clara and provides wastewater treatment to the City of Milpitas, West Valley Sanitation District, Cupertino Sanitary District, Burbank Sanitation District, and County Sanitation District 2-3, collectively known as the Tributary Agencies. The Master Agreement was originally executed in March 1983 with a term ending in 2031, and defines each participant's contractual rights. Staff are currently working on amendments to the Master Agreement to incorporate operating reserve contributions and revise the term of the agreement to facilitate short-term and long-term borrowing on behalf of the Tributary Agencies.

In October 2015, staff from the Tributary Agencies provided red-lined Master Agreements to jointly request specific, substantive changes to the existing Master Agreement, beyond those discussed over the past year related to securing financing. These changes will need careful evaluation and consideration by the two owners, as they could materially change the rights and obligations of the owners. At the December 1, 2015 City Council meeting, the City Council directed staff to coordinate with the City of Santa Clara to evaluate the scope of the proposed amendments to the existing Master Agreement with the Tributary Agencies, and return to the City Council with recommendations on whether to proceed with negotiations, and a process and budget to negotiate amendments as part of the 2015-2016 Mid-Year Budget Review.

After careful consideration by staff, it has been determined that negotiating these substantive amendments would require the following resources that are beyond current City levels, and which are included in this report as recommended actions: an external financial consultant to help with performing financial analysis to review possible impacts related to proposed changes to the Master Agreement (\$100,000); external consultant support with experience in wastewater treatment and contract negotiations to successfully move negotiations forward to achieve an amended Master Agreement (\$100,000); in-house legal services from the City Attorney's Office (\$6,700); and the assistance of outside counsel (\$100,000). The projected cost for these additional resources, totaling \$306,700, would be shared between San José and Santa Clara, the co-owners, except the Tributary Agencies would pay for their share of the cost for the financial consultant services to the extent that they benefit from the services. These recommendations will enable staff to have the necessary funds for the additional support, should the agencies agree to negotiate additional changes to the Master Agreements. The reallocation of existing budgeted resources within the San José-Santa Clara Treatment Plant Operating Fund is recommended to offset these additional costs.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SAN JOSE-SANTA CLARA TREATMENT PLANT OPERATING FUND

FUND STATUS

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Unrestricted Ending Fund Balance</i>	4,467,822	N/A	N/A

Ending Fund Balance – Based on activity through December, the combination of lower expected revenues and lower expenditures is currently projected to generate approximately \$3.5 million in additional Ending Fund Balance by year-end. Actions recommended in this report related to negotiations to amend the Master Agreement and increase the Human Resources Personal Services appropriation will have no net effect on Ending Fund Balance, as departmental savings have been identified to offset these costs.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SEWER SERVICE AND USE CHARGE CAPITAL IMPROVEMENT FUND

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Revenues</i>	33,760,000	10,740,051	31.8%
<i>Expenditures</i>	107,353,582	8,526,861	7.9%

FUND STATUS

Revenues – Budgeted revenue for this fund in the Sanitary Sewer Capital Program consists of transfers from the Sewer Service and Use Charge Fund (\$32.0 million), reimbursements from the West Valley Sanitation District (WVSD) for joint projects (\$1.5 million), and interest earnings (\$260,000). Transfers from the Sewer Service and Use Charge Fund take place in three installments over the year and the remaining two transfers will take place as scheduled in the second half of the fiscal year. Interest earnings have been tracking high through December, and it is anticipated that receipts will end the year approximately \$187,000 above the budgeted estimate. However, due to the anticipated rebudget to 2016-2017 of the 60” Brick Interceptor, Phase VIA and VIB project, as described below, it is also anticipated that reimbursements from WVSD for this joint project will be lower than the budgeted estimate by \$1.4 million.

Expenditures – Expenditures in this fund represent the costs of improvements and rehabilitation of the Sanitary Sewer System. Through December, \$8.5 million, or 7.9% of the budget, was expended and an additional \$18.2 million, or 17.0%, was encumbered. Staff anticipate expending approximately \$74.4 million, or 69.3%, on projects in 2015-2016, focusing on large capacity enhancement efforts such as the Monterey-Riverside Relief Sanitary Sewer Improvements, Cast Iron Pipe – Remove and Replace, Bollinger Road – Moorpark Avenue – Williams Road Sanitary Sewer Improvements, and a number of neighborhood sewer improvement projects that will reduce sanitary sewer overflows and/or repair severely deteriorated sewers.

However, it is expected that approximately \$32.9 million, or 30.7% of the budget, will not be expended by year-end, and the majority of these funds will be recommended for rebudget into 2016-2017 as part of the 2016-2017 Proposed Capital Budget and 2017-2021 Proposed Capital Improvement Program (CIP). Among these projects are Flow Monitoring Program (Master Planning), Master Planning Updates, and Capital Avenue Sanitary Sewer Improvements. The 60” Brick Interceptor, Phase VIA and VIB rehabilitation project comprises the largest portion that is anticipated to be unexpended (\$29.0 million) this year due to the complexity of the design work that will be included in this project. The construction contract award for this project will likely be delayed to 2016-2017, which will provide additional time for

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

SEWER SERVICE AND USE CHARGE CAPITAL IMPROVEMENT FUND

FUND STATUS

staff to refine the scope of this project. Also anticipated is the reallocation of \$2.4 million from the Rehabilitation of Sanitary Sewer Pump Stations for the Montague Pump Station to a reserve in 2016-2017. The upgrade of the Montague Pump Station is necessary to accommodate anticipated future development in the area; however, due to real estate-related uncertainties, construction is currently delayed. It is further anticipated that funding for the Story Road Sanitary Sewer Improvements (\$220,000) will be redistributed to the Ending Fund Balance, as this project is not a priority at this time for the program.

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Unrestricted Ending Fund Balance</i>	10,201,400	N/A	N/A

Ending Fund Balance – A decrease of \$170,803 to both the 2015-2016 Beginning Fund Balance and 2015-2016 Unrestricted Ending Fund Balance is recommended in this report to reflect a fund balance adjustment that occurred after the production of the 2014-2015 Annual Report.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

STORM SEWER CAPITAL FUND

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Revenues</i>	12,829,000	6,076,673	47.4%
<i>Expenditures</i>	34,018,698	1,891,906	5.6%

FUND STATUS

Revenues – The budgeted revenue estimate for this fund in the Storm Sewer Capital Program consists of a transfer from the Storm Sewer Operating Fund (\$9.0 million), the California Proposition 84 Stormwater Grant (\$3.8 million), and interest earnings (\$54,000). Through December, revenues totaled \$6.1 million, or 47.4% of the budgeted estimate. Due to project delays with the Martha Gardens Green Alley, Ocala Avenue Green Street Project, Park Avenue Green Street Pilot, and Chynoweth Avenue Green Street projects, reimbursements from the California Proposition 84 Stormwater Grant of \$658,000 are now estimated to be received in the second part of 2015-2016, while \$3.1 million is anticipated to be received in 2016-2017 due to anticipated rebudgets.

Expenditures – Expenditures in this fund represent the costs of improvements and rehabilitation of the Storm Sewer System. Through December, \$1.9 million, or 5.6% of the budget, was expended, and an additional \$4.9 million, or 14.5%, was encumbered. It is currently estimated that approximately \$20.5 million, or 60%, will be expended or encumbered on projects and related expenses by the end of the year, including the recently awarded Large Trash Capture Devices project, which accounts for \$6.9 million, or 34% of this year-end estimate.

It is anticipated that approximately \$13.5 million, or 40% of the budget, will not be expended by year-end, and is anticipated to be rebudgeted to 2016-2017 due to various project delays, including those for the Alviso Storm Pump Station (\$8.9 million), Chynoweth Avenue Green Street project (\$1.1 million), Park Avenue Green Street Pilot (\$900,000), Storm Sewer Master Plan – City-wide (\$800,000), and Ocala Avenue Green Street Project (\$500,000). While it was originally assumed that the Alviso Storm Pump Station could begin in 2015-2016, due to permitting requirements from regulatory agencies, construction cannot proceed until permit approval is obtained, which can take approximately nine months from the time the permitting paperwork is submitted to the agencies.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

STORM SEWER CAPITAL FUND

FUND STATUS

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Unrestricted Ending Fund Balance</i>	4,505,668	N/A	N/A

Ending Fund Balance – An increase of \$311,429 to both the 2015-2016 Beginning Fund Balance and 2015-2016 Unrestricted Ending Fund Balance is recommended in this report to reflect a fund balance adjustment that occurred after the production of the 2014-2015 Annual Report.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

TRANSIENT OCCUPANCY TAX FUND

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Revenues</i>	22,088,000	9,903,675	44.8%
<i>Expenditures</i>	29,733,461	11,713,612	39.4%

FUND STATUS

Revenues – Through December 2015, revenues recorded in the Transient Occupancy Tax (TOT) Fund of \$9.9 million are tracking above the prior year’s collections of \$8.9 million through December 2014, and are projected to exceed this year’s budgeted estimate. When the 2015-2016 Adopted Budget was developed, TOT growth of 5% over the estimated 2014-2015 receipts was assumed. However, because collections ended 2014-2015 stronger than anticipated, no growth is needed in 2015-2016 to meet the budgeted estimate. Through December, TOT receipts of \$9.9 million are tracking 14.4% above the prior year’s collection (\$8.6 million). The TOT Fund has also received \$39,000 in other revenue, including interest and special event permits. Based on current collection trends and the hotel industry’s continued strong performance, TOT growth of approximately 15% is anticipated this year, and an upward adjustment to the revenue estimate of \$3.4 million (from \$22.1 million to \$25.5 million) is recommended to reflect this growth. This \$3.4 million of additional revenue is further recommended to be placed in a reserve for future distribution in 2016-2017, as described below.

The increase in TOT receipts is due to continued high levels of hotel occupancy, and increased average daily room rates. Through December, the average hotel occupancy rate at the 14 major hotels was 74.3%, a slight decrease from the 75.5% occupancy rate for the same period in 2014-2015; however, room rates rose over the same period, from \$163.72 to \$182.24 (an 11.3% increase). The year-to-date average revenue-per-available room (RevPAR) metric of \$135.84 represents an increase of 9.7% from the prior year level.

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 \$810,000 in TOT revenue (\$1.35 million combined in the General Fund and TOT Fund) resulting from Super Bowl 50 is expected above the \$3.4 million cited above. Elsewhere in this report, the Administration recommends recognizing \$136,000 of the \$540,000 received in the General Fund 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. Additional details can be found in Section III of this report, Recommended Budget Adjustments and Clean-up Actions.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

TRANSIENT OCCUPANCY TAX FUND

FUND STATUS

Expenditures – Expenditures through December are tracking within budgeted levels. By ordinance, the TOT Fund tax revenue is distributed into three categories (San José Convention and Visitors Bureau, Cultural Development, and Convention Facilities Operation Subsidy through a transfer to the Convention and Cultural Affairs Fund). The allocations to the three recipient organizations are based on a fixed percentage of TOT receipts, guided by the formula outlined in the Municipal Code. As is the practice in this fund when there is higher TOT revenue estimated during the year, the additional funding is recommended to be placed into the Reserve for Future Distribution to be allocated in 2016-2017 to the three recipient organizations as follows: \$1,720,000 for the Convention and Cultural Affairs Fund, \$860,000 for the Convention and Visitors Bureau, and \$860,000 for Cultural Development. Placing the additional funding in reserve, rather than increasing the 2015-2016 recipient appropriations, will allow for further monitoring of the tax collections to ensure all funding is received as projected by year-end.

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Unrestricted Ending Fund Balance</i>	1,461,380	N/A	N/A

Ending Fund Balance – No adjustment to the Ending Fund Balance in the Transient Occupancy Tax Fund is recommended at this time.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY FUND

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Revenues</i>	40,299,470	19,272,125	47.8%
<i>Expenditures</i>	44,261,926	18,551,125	41.9%

FUND STATUS

Revenues – Revenue for the Water Utility Fund consists of Potable Water Sales, Recycled Water Sales, miscellaneous revenues, and interest income. Through December, revenues totaled \$19.3 million, or 47.8% of the budgeted estimate. The largest (and most volatile) of these revenues is from the sale of potable water within the Municipal Water System service area. Year-to-date, potable water sales have totaled \$16.5 million, or 46.7% of the budgeted estimate of \$35.3 million. However, revenues are projected to fall short of the budgeted estimate by approximately \$3.1 million at year-end, due primarily to continued conservation and decreased water sales projected during spring 2016 as a result of increased storm activity. Recycled water sales are tracking to end the year approximately at budgeted levels (\$4.6 million); however, this may change as the season progresses, and the extent of the increased storm activity and its effect on water conservation as a whole is known.

Late Fees are also recorded in this fund and transferred to the General Fund as an unrestricted source of funds. A recommendation is included in this document to reduce the Late Fees estimate by \$225,000 (from \$275,000 to \$50,000) and the associated transfer to the General Fund, as late fees have not been received this year and are not expected to start being collected until March 2016 as a result of the implementation of the new billing system and technical problems associated with the new billing software. A transfer from the General Fund to the Water Utility Fund of \$21,604 is also recommended to reimburse the fund for excess late fee revenues transferred to the General Fund in 2014-2015.

Expenditures – Expenditures in this fund represent costs of the operation, improvement, and maintenance of the Municipal Water System, including transfers to the Water Utility Capital Fund, as necessary for ongoing capital improvements. Through December, \$18.6 million, or 41.9% of the budget, has been expended, and an additional \$2.1 million, or 4.7%, has been encumbered. Spending is lower than anticipated in several appropriations, with the largest savings expected in the Environmental Services Department (ESD) Non-Personal/Equipment appropriation. The largest cost in this appropriation is for the purchase of potable water, which accounts for \$22.7 million, or 51.3% of the modified expenditure budget. Because of continued water conservation, purchases of potable water are tracking to end the year approximately \$3.3 million lower than those used in the development of the 2015-2016 Adopted Budget and the adjustments in the 2014-2015 Annual Report.

2015-2016 MID-YEAR BUDGET REVIEW

STATUS OF SELECTED SPECIAL AND CAPITAL FUNDS

WATER UTILITY FUND

FUND STATUS

Included in this report are a recommended increase of \$200,000 to the ESD Personal Services appropriation (bringing the total to \$4.9 million) and the establishment of a \$160,000 City Attorney’s Office (CAO) Personal Services appropriation. Additional funding is required for ESD due to the need for additional overtime funding for operations that can no longer be absorbed by vacancy savings and a true-up of the budget as a result of actual retirement costs, while CAO funding will provide for legal services associated with the Municipal Water System.

An action is also recommended in this report to increase the Transfer to the Water Utility Capital Fund by \$1.5 million. In the 2014-2015 Annual Report, the Unrestricted Ending Fund Balance (EFB) increased by approximately \$1.5 million, due in large part to higher potable water revenues and lower potable water sales during 2014-2015. Included in that report was a discussion of options on how best to address this higher than anticipated fund balance, such as lowering the commercial paper loan associated with the replacement of water meters, to mitigate any potable water rate increases that might have occurred at mid-year, or to serve as a cushion against higher water conservation. However, no mid-year rate adjustment occurred, and an analysis of potential potable water consumption has shown that \$1.5 million in Unrestricted EFB can be transferred to the Water Utility Capital Fund without adverse effect on the Water Utility Fund, thereby decreasing the commercial paper loan amount necessary to fund the Meter Replacement project.

	2015-2016 Current Modified	2015-2016 YTD Actual	2015-2016 % of Budget
<i>Unrestricted Ending Fund Balance</i>	2,009,173	N/A	N/A

Ending Fund Balance – A recommendation to decrease the Unrestricted Ending Fund Balance by \$1.8 million is included in this report to offset several actions being recommended, including: an increase in the Transfer to the Water Utility Capital Fund (\$1.5 million); anticipated expenses related to the ESD Personal Services (\$200,000) and CAO Personal Services (\$160,000) appropriations, as described above; slightly offset by a Transfer from the General Fund to reimburse the Water Utility Fund as part of a 2014-2015 Late Fee reconciliation (\$21,604). Further information on these actions can be found in Section III, Special/Capital Funds Recommended Budget Adjustments Summary. Additionally recommended in this report is a decrease to both the 2015-2016 Beginning Fund Balance and 2015-2016 Unrestricted Ending Fund Balance to reflect a minor fund balance adjustment that occurred after the production of the 2014-2015 Annual Report.

2015-2016

MID-YEAR
BUDGET
REVIEW

SECTION
III

RECOMMENDED
BUDGET ADJUSTMENTS AND
CLEAN-UP ACTIONS

**2015-2016
MID-YEAR BUDGET REVIEW**

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

RECOMMENDED BUDGET ADJUSTMENTS

This section of the Mid-Year Budget Review describes recommended budget adjustments and is broken down by General Fund and Special/Capital Funds. This section consists of the following types of changes with further information found on the following pages:

General Fund

Urgent Fiscal/Program Needs – These actions recommend additional funding to address a very limited number of urgent fiscal/program needs. These adjustments are being brought forward for City Council consideration as part of this report, rather than later through the annual budget process, to comply with actions recently authorized by the City Council or because the Administration has deemed the need can or should not wait until later in the year.

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

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

Special/Capital Funds

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

**2015-2016
MID-YEAR BUDGET REVIEW**

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

RECOMMENDED CLEAN-UP ACTIONS

General Fund & Special/Capital Funds

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

Fund Balance Reconciliations – Beginning Fund Balances in each budgeted fund are adjusted each year as part of the Annual Report process based on unaudited Comprehensive Annual Financial Report (CAFR) statements. In very limited cases, however, additional actions are required at the Mid-Year Budget Review to further revise Beginning Fund Balances based on a reconciliation to the final audited 2014-2015 CAFR. In addition, this category also includes an adjustment to increase the Beginning Fund Balance and Ending Fund Balance in the Subdivision Park Trust Fund by \$8.1 million to account for actions that were not captured in the 2014-2015 Annual Report.

Salary Program – As recommended by the Salary Setting Commission and approved by the City Council on January 26, 2016, salary and vehicle allowance increases for the Mayor and City Council, retroactive to July 1, 2015, are included in this section. A reduction to the Salaries and Benefits Reserve (Management Pay for Performance Program savings) is recommended to offset these actions.

Management Pay for Performance Program – Actions are recommended in this report to increase various department Personal Services appropriations for Management Pay for Performance (MPP) Program costs where departmental budgets are not tracking to generate sufficient vacancy savings to absorb these additional costs (\$427,000 all funds; \$188,000 General Fund; \$249,000 Development Fee Programs). To offset these augmentations, this report includes recommendations to partially decrease the Salaries and Benefits Reserve allocation in the General Fund that was set aside for the Management Pay for Performance Program in the 2015-2016 Adopted Budget and reduce the Ending Fund Balances in the Special Funds as appropriate. Of the remaining amount available for the MPP Program in the General Fund, \$625,000 is recommended as a funding source to offset other actions in this report, \$133,000 is recommended to offset recently approved Mayor and City Council salary and vehicle allowance increases, and the remaining balance of \$77,000 will be used to assist in meeting the 2015-2016 ending fund balance estimate used as an ongoing funding source in the Five-Year General Fund Forecast.

Benefits Program – Actions are recommended in this report to increase various department Personal Services appropriations to accommodate lowest cost health plan rate increases (3.82%), effective January 1, 2016, where departmental budgets are not tracking to generate sufficient vacancy savings to absorb these additional costs (\$229,000 in all funds; \$194,000 in the General Fund). To offset these augmentations, decreases to the Salaries and Benefits Reserve (\$177,000) and Development Fee Program Reserves (\$17,000) in the General Fund and reductions to Ending Fund Balances in the Special

**2015-2016
MID-YEAR BUDGET REVIEW**

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

RECOMMENDED CLEAN-UP ACTIONS

General Fund & Special/Capital Funds

Funds are recommended. It should be noted that the Salaries and Benefits Reserve allocation (\$1.6 million) in the General Fund that was set aside during the development of the 2015-2016 Adopted Budget forecasted an 8% increase to the lowest cost health plan rates based on national and City trend information received from the City's Human Resources Department benefits consultant. A 2.5% increase to dental rates was forecasted based on actuarial information from the Human Resources Department and an evaluation of funding levels in the Dental Insurance Fund. Actual costs resulted in a 3.82% increase in health and no increase to dental rates. Remaining savings in the Salaries and Benefits Reserve will assist in meeting the 2015-2016 ending fund balance estimate used as an ongoing funding source in the Five-Year General Fund Forecast.

Retirement Contributions Reconciliation – When the 2015-2016 Adopted Budget was developed, it was assumed that the City's retiree healthcare contribution rates for employees in the Federated City Employees' Retirement System (including Unit 99) costs would continue to ramp up to the full annual required contribution rates, as previously agreed to with the Federated unions. In December 2015, however, agreements were reached with all employee groups representing employees in the Federated City Employees' Retirement System (including Unit 99) to extend current retiree healthcare contribution rates until the implementation of an alternative pension reform settlement, or June 19, 2016, whichever comes first. Therefore, decreases to department Personal Services appropriations across all funds are recommended as a result of this action. One-time savings (\$2.1 million in all funds; \$1.2 million in the General Fund) are recommended to be allocated to Retiree Healthcare Solutions Reserves across many funds in the City, as appropriate and consistent with past City Council approval, for future retiree healthcare costs. In addition, approximately \$250,000 of savings are included to be returned to the Development Fee Programs as these savings were assumed during the development of the fee programs in the 2015-2016 Adopted Budget.

Technical Adjustments – These actions correct errors or align revenues and/or expenditures among appropriations and funds for previously approved budget actions:

- **Net-Zero Funding Transfers/Reallocations** – These actions include net-zero transfers between appropriations, funds and revenue categories, and the redistribution of funding allocations. This category may also include minor adjustments for funding needs that total less than \$5,000.
- **Interest Earnings** – These actions increase several revenue estimates for interest earnings anticipated to be received in various Capital and Special Funds in 2015-2016. Offsetting adjustments to increase the corresponding transfer of these interest earnings to the General Fund are also included in this report.

**2015-2016
MID-YEAR BUDGET REVIEW**

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

RECOMMENDED CLEAN-UP ACTIONS

General Fund & Special/Capital Funds

- Technical Corrections – These actions revise project appropriations in the 2015-2016 budget to correct inadvertent rebudget or allocation errors, offset by Ending Fund Balance or corresponding project appropriation 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>
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>				

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>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>				

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>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>				

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>Super Bowl 50 - Non-Personal/Equipment (CHP Escort Services)</i>	POLICE		\$86,000	
--	--------	--	----------	--

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	
--	------	--	----------	--

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.

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>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>				

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>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>				

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>Council District #03 (San José End of Watch Police Memorial)</i>	MAYOR & COUNCIL		(\$3,000)	
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.				
<i>Council District #04 (San José End of Watch Police Memorial)</i>	MAYOR & COUNCIL		(\$500)	
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.				
<i>Council District #05 (San José End of Watch Police Memorial)</i>	MAYOR & COUNCIL		(\$1,500)	
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.				
<i>Council District #06 (San José End of Watch Police Memorial)</i>	MAYOR & COUNCIL		(\$1,000)	
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.				
<i>Council District #07 (San José End of Watch Police Memorial)</i>	MAYOR & COUNCIL		(\$500)	
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.				

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>Council District #08 (San José End of Watch Police Memorial)</i>	MAYOR & COUNCIL		(\$2,000)	
--	-----------------	--	-----------	--

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)	
--	-----------------	--	-----------	--

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)	
--	-----------------	--	-----------	--

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.

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

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.

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>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>				

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>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>				

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>Non-Personal/Equipment (Reallocation from Personal Services for Limited Detention Study)</i>	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.

<i>Non-Personal/Equipment (Reallocation from Personal Services for Park Restrooms Contract)</i>	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.

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

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>
---------------	-------------------	------------------	-------------------------------	---------------------------

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)	
---	--------	--	------------	--

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)	
---	-----------------------------	--	-------------	--

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>
---------------	-------------------	------------------	---------------------------	-----------------------

REQUIRED TECHNICAL/REBALANCING ACTIONS

<i>Personal Services (Reallocation to Non-Personal/Equipment for Temporary Staffing/Contractual Services)</i>	INFORMATION TECHNOLOGY		(\$1,000,000)	
---	------------------------	--	---------------	--

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.

Personal Services (Shift \$4.0 million from Salaries and Benefits to Overtime)

FIRE

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/FEES				
<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>				

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 (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>				

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>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

Special/Capital Funds Recommended Budget Adjustments Summary 2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT CAPITAL IMPVT FUND (520)				
<p><i>Airport Rescue and Fire Fighting (ARFF) Vehicle/Earned Revenue</i></p> <p>This action advances funding for the purchase of an ARFF truck and increases the estimate for Earned Revenue by \$858,000. Federal Aviation Administration's (FAA) focus for allocation of Airport Improvement Project (AIP) grant funds in 2016 is on safety projects. FAA grant funding has been identified as available in the current year to fund the purchase of a replacement Fire truck for Airport Station 20. The replacement of the ARFF vehicle is a priority for the Airport. Grant funding will allow the Airport to advance the purchase of this vehicle from 2016-2017 to 2015-2016. A corresponding action in the Airport Revenue Bond Improvement Fund is recommended elsewhere in this report to fund the local share amount of \$207,000.</p>	Airport Capital Program		\$858,000	\$858,000
<p><i>Perimeter Security Technology Infrastructure/Earned Revenue</i></p> <p>This action increases the Perimeter Security Technology Infrastructure appropriation and estimate for Earned Revenue by \$2,418,000. These funds will provide for technology and analytics to detect and deter unauthorized access to the Airport airfield and terminals including installation of passenger exit lane breach control measures. Federal Aviation Administration's (FAA) focus for allocation of Airport Improvement Project (AIP) grant funds in 2016 is on safety projects. FAA grant funding has been identified to install a more robust perimeter security upgrade than originally included in the Airport Capital Improvement Program. The Perimeter Security Technology Infrastructure project is a priority that will help to detect and deter unauthorized Airport access. A corresponding action in the Airport Revenue Bond Improvement Fund is recommended elsewhere in this report to fund the local share amount of \$583,000.</p>	Airport Capital Program		\$2,418,000	\$2,418,000
<p><i>Southeast Ramp Reconstruction/Earned Revenue</i></p> <p>This action establishes a Southeast Ramp Reconstruction appropriation and increases the estimate for Earned Revenue by \$3,500,000 to advance Phase I funding for reconstruction of the Airport's existing southeast cargo ramp. This project will reconstruct approximately 182,000 square feet of existing ramp concrete that is over 40 years old and in poor condition. Federal Aviation Administration's (FAA) focus for allocation of Airport Improvement Project (AIP) grant funds in 2016 is on safety projects. FAA grant funding has been identified as available in the current year to advance this multi-year ramp reconstruction project. Phase I and II project costs are anticipated to total \$8,835,000. A corresponding action in the Airport Revenue Bond Improvement Fund is recommended elsewhere in this report to fund the local share amount of \$843,000 for the Phase I project.</p>	Airport Capital Program		\$3,500,000	\$3,500,000
TOTAL AIRPORT CAPITAL IMPVT FUND (520)			\$6,776,000	\$6,776,000
AIRPORT MAINT & OPER FUND (523)				
<p><i>Operations Contingency</i></p> <p>This action decreases the Airport's Operations Contingency Reserve to offset the actions recommended in this report.</p>	Airport		(\$4,000)	

Special/Capital Funds Recommended Budget Adjustments Summary 2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT MAINT & OPER FUND (523)				
<i>Personal Services (Hiring True-Up)</i>	Planning, Bldg, & Code Enf		\$4,000	
<p>This action increases the Planning, Building and Code Enforcement Department's Personal Services appropriation by \$4,000 (from \$42,283 to \$46,283) due to higher than budgeted salary costs. During the development of the 2015-2016 Adopted Budget, vacant positions were budgeted at a mid-range salary level; however, the incumbents that filled the vacancies were hired at a higher salary level. A corresponding decrease to the Airport Operations Contingency Reserve is also recommended in this report to offset this action.</p>				
TOTAL AIRPORT MAINT & OPER FUND (523)			\$0	\$0
AIRPORT REV BOND IMP FUND (526)				
<i>Airport Rescue and Fire Fighting (ARFF) Vehicle</i>	Airport Capital Program		\$207,000	
<p>This action provides local share funding for the purchase of an ARFF Vehicle. Federal Aviation Administration (FAA) grant funding has been identified to support the purchase of a replacement Airport Rescue and Fire Fighting Truck for Airport Station 20. The replacement of the ARFF vehicle is a priority for the Airport, and the grant funding will allow the Airport to advance the purchase of this vehicle from 2016-2017 to 2015-2016. A corresponding action in the Airport Capital Improvement Fund to recognize the grant funding of \$858,000 and increase the project appropriation is recommended elsewhere in this report.</p>				
<i>Ending Fund Balance Adjustment</i>	Airport Capital Program		\$1,157,000	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>PG&E Powerline Relocation</i>	Airport Capital Program		(\$3,000,000)	
<p>This action eliminates the Airport PG&E Powerline Relocation appropriation. Negotiations to relocate an existing Pacific Gas and Electric (PG&E) powerline running through the airfield in preparation of phase II of the Terminal Area Improvement Program (TAIP) have not been successful, therefore the project is not feasible at this time. Project funds will be reallocated and used to partially offset the funding of other projects recommended in this fund.</p>				
<i>Perimeter Security Technology Infrastructure</i>	Airport Capital Program		\$583,000	
<p>This action provides local share funding for the Perimeter Security Technology Infrastructure project. This project combines technology and analytics to detect and deter unauthorized access to the airfield and terminals. Federal Aviation Administration (FAA) grant funding has been identified to install a more robust perimeter security upgrade than originally included in the Airport Capital Improvement Program. A corresponding action in the Airport Capital Improvement Fund to recognize the grant funding of \$2.4 million and increase the project appropriation is recommended elsewhere in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
AIRPORT REV BOND IMP FUND (526)				
<i>Southeast Area IT Infrastructure Relocation</i>	Airport Capital Program		\$1,110,000	
<p>This action establishes the Southeast Area IT Infrastructure Relocation appropriation in the amount of \$1,110,000. This project relocates existing IT communications infrastructure located at 1387 Airport Blvd. The building that houses the equipment and adjacent structures are scheduled for demolition in the near future. The relocation of this equipment allows the full demolition of these structures to take place, freeing up the area for better future uses. Funding for this project is available from downward adjustments to other projects recommended in this fund.</p>				
<i>Southeast Ramp Reconstruction</i>	Airport Capital Program		\$843,000	
<p>This action establishes the Southeast Ramp Reconstruction appropriation to represent the local share funding for Phase I of the reconstruction of the existing southeast cargo ramp. The project will reconstruct approximately 182,000 square feet of existing concrete that is over 40 years old and in poor condition. Federal Aviation Administration grant funding has been identified as available in the current year to advance this multi-year ramp reconstruction project. A corresponding action in the Airport Capital Improvement Fund to recognize the grant funding of \$3.5 million and increase the project appropriation is also recommended.</p>				
<i>Terminal A Ramp Lighting</i>	Airport Capital Program		(\$900,000)	
<p>This action eliminates the Terminal A Ramp Lighting appropriation. Funding for this project was intended to enhance existing ramp lighting behind Terminal A; instead, Airport staff designed an in-house solution by adding lighting on new poles. Concerns raised by Airlines for improved lighting for ground handlers and ramp workers has been successfully addressed and the current project funding is no longer needed. Project funds will be reallocated and used to partially offset the funding of other projects recommended in this fund.</p>				
TOTAL AIRPORT REV BOND IMP FUND (526)			\$0	\$0
BENEFIT FUND (160)				
<i>401(a) Defined Contribution Retirement Plan/Transfers</i>	Human Resources		\$10,000	\$10,000
<p>This action increases the 401(a) Defined Contribution Retirement Plan appropriation and corresponding revenue estimate for Transfers from various City funds by \$10,000 (from \$100,000 to \$110,000). Based on the current trend, it is anticipated that the City's contributions to the Tier 3 401(a) retirement plan will exceed the activity through December due to an increase in newly hired employees in Unit 99 opting into Tier 3 in lieu of Tier 2B.</p>				
<i>FICA-Medicare/Transfers</i>	Human Resources		\$215,000	\$215,000
<p>This action increases the FICA-Medicare appropriation and corresponding revenue estimate for Transfers from various City funds by \$215,000 (from \$7.39 million to \$7.60 million). This reflects a higher number of filled positions and higher salary costs than assumed in the development of the 2015-2016 Adopted Budget, generating additional costs that are supported by various City funds.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary 2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
BENEFIT FUND (160)				
<i>PTC 457/Transfers</i>	Human Resources		\$100,000	\$100,000
<p>This action increases the Part-Time, Temporary, and Contractual (PTC) 457 appropriation and corresponding revenue estimate for Transfers from various City funds by \$100,000 (from \$1.1 million to \$1.2 million) to reflect higher expenditures. The PTC 457 Plan is a Deferred Compensation Plan required for employees that are not covered by one of the City of San José's retirement systems (Federated or Police and Fire). Per federal regulations, the PTC 457 Plan requires employee and employer contributions. This appropriation and corresponding revenue track the employer contributions to the PTC 457 Plan, which has been tracking at higher levels than was assumed in the development of the 2015-2016 Adopted Budget.</p>				
TOTAL BENEFIT FUND (160)			\$325,000	\$325,000
BLDG & STRUCT CONST TAX FD (429)				
<i>Downing Avenue Pedestrian and Bicycle Improvements/Earned Revenue</i>	Traffic Capital Program		\$300,000	(\$275,000)
<p>This action increases the Downing Avenue Pedestrian and Bicycle Improvements project by \$300,000 (from \$500,000 to \$800,000) due to increased construction costs and staffing resource challenges and decreases the corresponding Earned Revenue estimate by \$275,000 (from \$340,000 to \$65,000) as a result of delays in the construction phase of the project. This project constructs missing sidewalks to provide a continuous sidewalk along Downing Avenue, creating a pedestrian-friendly environment and enhancing school safety in the neighborhood. Full project funding will be encumbered this fiscal year, and the final Safe Routes to School grant reimbursement will be reprogrammed to the 2016-2017 Proposed Capital Budget.</p>				
<i>Earned Revenue (Ocala Avenue Pedestrian Improvements)</i>	Traffic Capital Program			(\$780,000)
<p>This action decreases the Earned Revenue estimate for the Ocala Avenue Pedestrian Improvements project by \$780,000 (from \$941,000 to \$161,000) to reflect a delay in reimbursement from the Federal Highway Safety Improvement Program. The start of the construction phase has been rescheduled to 2016-2017 due to a delay in receiving Caltrans authorization. This project provides funding to install a traffic signal and construct sidewalk and raised medians on Ocala Avenue. The project will be encumbered this fiscal year, but construction will not begin until 2016-2017. The grant reimbursement from the Federal Highway Safety Improvement Program will be reprogrammed to the 2016-2017 Capital Budget.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary 2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
BLDG & STRUCT CONST TAX FD (429)				
<i>Earned Revenue (Transportation Incident Management Center)</i>	Traffic Capital Program			(\$525,000)
This action decreases the Earned Revenue estimate for the Transportation Incident Management Center by \$525,000 (from \$1,240,000 to \$715,000) to reflect a delay in grant reimbursement from the Federal Highway Administration's High Priority Projects' grant, resulting from the delay in awarding the contract for the Event Tracking System. The contract award is currently planned for this fiscal year, and the project funds will be encumbered. A portion of the grant reimbursement will be reprogrammed to the 2016-2017 Proposed Capital Budget based on the timing of the reimbursement for actual expenditures.				
<i>Ending Fund Balance Adjustment</i>	Traffic Capital Program		(\$1,660,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
<i>Park Avenue Bicycle Lane Improvements/Earned Revenue</i>	Traffic Capital Program		(\$700,000)	(\$655,000)
This action decreases the Park Avenue Bicycle Lane Improvements project by \$700,000 (from \$759,000 to \$59,000) and corresponding Earned Revenue estimate by \$655,000 (from \$686,000 to \$31,000) due to delays in the design phase of the project as a result of staffing resource challenges. This project improves existing bicycle lanes on Park Avenue between Newhall and S. Market Streets. Based on the project timing, it is anticipated that the Federal Highway Safety Improvement grant revenue and project budget will be reallocated to 2016-2017 as part of the 2016-2017 Proposed Capital Budget.				
<i>Park Avenue Multimodal Improvements/Earned Revenue</i>	Traffic Capital Program		(\$1,200,000)	(\$985,000)
This action decreases the Park Avenue Multimodal Improvements project by \$1,200,000 (from \$1,505,000 to \$305,000) and corresponding Earned Revenue estimate by \$985,000 (from \$1,000,000 to \$15,000) due to a delay in the design phase resulting from staffing resource challenges. This caused a subsequent delay in the construction phase of the project. This project funds pedestrian and bicycle improvements along Park Avenue between Hedding Street and Montgomery Street. Based on the project timing, it is anticipated that the Federal Community Design and Transportation grant revenue and project budget will be reallocated to 2016-2017 as part of the 2016-2017 Proposed Capital Budget.				
<i>Safety - Traffic Signal Modifications/Construction/Earned Revenue</i>	Traffic Capital Program		\$18,000	\$18,000
This action increases the Safety - Traffic Signal Modifications/Construction project and corresponding Earned Revenue estimate by \$18,000 to reflect actual traffic impact fees collected from developers through December 2015. These funds are used for traffic signal installation or improvements of existing signal facilities along major roadways to help prevent injury crashes.				

Special/Capital Funds Recommended Budget Adjustments Summary 2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
BLDG & STRUCT CONST TAX FD (429)				
<i>St. John Bike/Pedestrian Improvements (OBAG)/Earned Revenue</i>	Traffic Capital Program		(\$900,000)	(\$600,000)
This action decreases the St. John Bike/Pedestrian Improvements project by \$900,000 (from \$1.2 million to \$361,000) and corresponding Earned Revenue estimate for the One Bay Area Grant (OBAG) by \$600,000 (from \$600,000 to \$0). The design phase of the project will require additional time due to staffing resource challenges within the Department. Based on the project timing, it is anticipated that the grant revenue and majority of the project budget will be reallocated to 2016-2017 as part of the 2016-2017 Proposed Capital Budget.				
<i>St. John Multimodal Improvements Phase 1/Earned Revenue</i>	Traffic Capital Program		(\$1,400,000)	(\$750,000)
This action decreases the St. John Multimodal Improvements Phase 1 project by \$1.4 million (from \$1.75 million to \$350,000) and eliminates the corresponding Earned Revenue estimate of \$750,000 due to additional time required for the design phase of the project because of staffing resource challenges within the Department. This project provides funding to construct pedestrian-oriented improvements along St. John Street between North San Pedro Street and Montgomery Street. Based on the project timing, it is anticipated that the Federal Community Design and Transportation grant revenue and the majority of the project budget will be reallocated to 2016-2017 as part of the 2016-2017 Proposed Capital Budget.				
<i>The Alameda "Beautiful Way" Phase 2 (OBAG)/Earned Revenue</i>	Traffic Capital Program		(\$2,500,000)	(\$3,490,000)
This action decreases The Alameda "Beautiful Way" Phase 2 project by \$2,500,000 (from \$2,905,419 to \$405,419) and corresponding Earned Revenue estimate by \$3,490,000 (from \$3,500,000 to \$10,000). Project delays have pushed back the award of the construction contract to the summer of 2016. This project provides funding for the construction of pedestrian infrastructure improvements on The Alameda. Based on the project timing, it is anticipated that the grant revenue from the One Bay Area Grant (OBAG) and the majority of the project budget will be reallocated to 2016-2017 as part of the 2016-2017 Proposed Capital Budget.				
TOTAL BLDG & STRUCT CONST TAX FD (429)			(\$8,042,000)	(\$8,042,000)
BRANCH LIB BOND PROJECT FD (472)				
<i>Alviso Branch Reconfiguration</i>	Library Capital Program		(\$150,000)	
This action decreases the Alviso Branch Reconfiguration project by \$150,000 (from \$300,000 to \$150,000) due to the deferral of bond sale proceeds and project delays. This funding will instead be programmed as part of the 2017-2021 Proposed Capital Improvement Program. The following activities will occur in 2015-2016: plans for layout of the new configuration, as well as reconfiguration of the staff work room, staff breakroom, and teen room. A corresponding decrease to the estimate for Earned Revenue is recommended to offset this action in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
BRANCH LIB BOND PROJECT FD (472)				
<i>Bond Projects Services Consultant</i>	Library Capital Program		(\$5,000)	
This action eliminates the Bond Projects Services Consultant project by \$5,000 as this funding is no longer needed since the bond program is concluding. A corresponding action to the Library Bond Projects Contingency Reserve is recommended to offset this action in this report.				
<i>Branch Efficiency Projects</i>	Library Capital Program		(\$1,239,000)	
This action decreases the Branch Efficiency Projects by \$1.2 million (from \$1.9 million to \$700,000) to offset the deferral of bond sale proceeds. This funding will instead be programmed as part of the 2017-2021 Proposed Capital Improvement Program. In 2015-2016, the funded projects include installation of security cameras and the Automated Material Handling system. A corresponding decrease to the estimate for Earned Revenue is recommended to offset this action in this report.				
<i>Earned Revenue (Sale of Bonds)</i>	Library Capital Program			(\$5,905,000)
This action decreases the estimate for Earned Revenue by \$5.9 million to reflect the deferral of the sale of the remaining \$5.9 million of the \$212 million General Obligation Bonds approved by San José voters in November 2000. As the timing of certain projects included in the Library Capital Program for 2015-2016 could be modestly shifted without negatively impacting public service delivery, and to best prioritize the workload of the Finance Department and City Attorney's Office, the Administration recommends deferring the final bond sale to 2016-2017. Offsetting actions to decrease several appropriations and the Library Bond Projects Contingency Reserve as well as increase the transfer from the Library Construction and Conveyance Tax Fund are also recommended in this report.				
<i>Library Bond Projects Contingency Reserve</i>	Library Capital Program		(\$2,488,000)	
This action decreases the Library Bond Projects Contingency Reserve by \$2.5 million to offset the actions recommended in this report.				
<i>Materials Handling Technology</i>	Library Capital Program		(\$400,000)	
This action decreases the Materials Handling Technology project by \$400,000 (from \$1.4 million to \$1.0 million) as a portion of the project was not bond eligible and will be funded through the Library Construction and Conveyance Tax Fund. A corresponding action to the Library Bond Projects Contingency Reserve is recommended to offset this action in this report.				
<i>Miscellaneous Post Construction Costs</i>	Library Capital Program		(\$223,000)	
This action decreases the Miscellaneous Post Construction Costs project by \$223,000 (from \$223,000 to \$0). Only a portion of this funding (\$87,000) is needed and will instead be programmed as part of the 2017-2021 Proposed Capital Improvement Program to address any post construction costs associated with the Village Square Branch Library, which is projected to be completed in spring 2016. A corresponding action to the Library Bond Projects Contingency Reserve is recommended to offset this action in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary 2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
BRANCH LIB BOND PROJECT FD (472)				
<i>Transfer from Library Construction and Conveyance Tax Fund</i>	Library Capital Program			\$1,400,000
<p>This action increases the Transfer from Library Construction and Conveyance Tax Fund by \$1.4 million (from \$700,000 to \$2.1 million) to accelerate the reimbursement to the Bond Fund for capital expenditures that have been determined as ineligible to be reimbursed from bond proceeds. These transfers had been programmed in 2016-2017 and 2017-2018 but are being accelerated to partially offset the deferral of the sale of bond proceeds. Corresponding decreases to the estimate for Earned Revenue and the Library Bond Projects Contingency Reserve are recommended to offset this action in this report.</p>				
TOTAL BRANCH LIB BOND PROJECT FD (472)			(\$4,505,000)	(\$4,505,000)
BUSINESS IMPVT DIST FUND (351)				
<i>Ending Fund Balance Adjustment (Unrestricted - Hotel BID)</i>	Economic Development		(\$150,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Ending Fund Balance Adjustment (Unrestricted - Willow Glen CBID)</i>	Economic Development		(\$15,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Hotel Business Improvement District</i>	Finance		\$150,000	
<p>This action increases the Hotel Business Improvement District appropriation by \$150,000 (from \$4.2 million to \$4.4 million) to reflect the allocation of assessments collected from the Hotel Business Improvement District (BID). The Hotel BID will use these funds for maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities. A corresponding decrease to the Ending Fund Balance for Hotel BID is recommended to offset this action elsewhere in this report.</p>				
<i>Willow Glen Community Benefit District</i>	Public Works		\$15,000	
<p>This action increases the Willow Glen Community Benefit District appropriation by \$15,000 (from \$320,000 to \$335,000) to reflect the allocation of prior year assessments collected from the Willow Glen Community Benefit District (CBD). The Willow Glen CBD will use these funds for maintenance of parking facilities, aesthetic enhancements, and promotion of public events and general business activities. A corresponding decrease to the Ending Fund Balance for Willow Glen CBID is recommended to offset this action elsewhere in this report.</p>				
TOTAL BUSINESS IMPVT DIST FUND (351)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary 2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
COMM DEV BLOCK GRANT FUND (441)				
<i>Legal Services</i>	City Attorney		(\$15,000)	
This action decreases the Legal Services appropriation by \$15,000 (from \$20,555 to \$5,555) to reflect lower than anticipated legal services needed for Community Development Block Grant Fund activities. A corresponding increase to the Ending Fund Balance is recommended below to offset this action.				
<i>Ending Fund Balance Adjustment</i>	Housing		\$15,000	
This action increases the Ending Fund Balance to offset the action recommended above.				
TOTAL COMM DEV BLOCK GRANT FUND (441)			\$0	\$0
COMMTY FACIL REVENUE FUND (422)				
<i>Ending Fund Balance Adjustment</i>	Finance		(\$105,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
<i>Hayes Consultant Costs</i>	Finance		\$10,000	
This action increases the Hayes Consultant Costs appropriation by \$10,000 due to the increase in the contract for the asset manager fees. A corresponding decrease to the Ending Fund Balance is also recommended to offset this action in this report.				
<i>Hayes Repair and Capital Improvements</i>	Finance		\$95,000	
This action increases the Hayes Repair and Improvements appropriation by \$95,000 (from \$1.8 million to \$1.9 million). Per the agreement between the City and Dolce, 4% of gross revenues is to be used for repairs and capital improvements. Based on this distribution formula, an adjustment to the repairs and capital improvements allocation is necessary based on actual 2014-2015 revenues. Additional revenue as received in 2014-2015, including additional room and catering revenues from conference business and reimbursement from Wyndham for previous capital expenditures, as a result of the Wyndham/Dolce merger that occurred in late 2014-2015. A corresponding decrease to the Ending Fund Balance is also recommended to offset this action in this report.				
TOTAL COMMTY FACIL REVENUE FUND (422)			\$0	\$0
CONST/CONV TAX CENTRAL FD (390)				
<i>Ending Fund Balance Adjustment</i>	Parks & Comm Fac Dev Capital Program		(\$50,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX CENTRAL FD (390)				
<i>Unanticipated or Critical Repairs</i>	Parks & Comm Fac Dev Capital Program		\$50,000	
<p>This action increases the Unanticipated or Critical Repairs project by \$50,000, bringing the 2015-2016 allocation to \$300,000. Funding of \$250,000 is allocated annually from the Parks Central Construction and Conveyance Tax Fund for unanticipated or critical repair needs that may arise throughout the year at City park and recreational facilities. However, due to the excessive rain that is anticipated in winter 2016, additional funds may be necessary for flood mitigation devices and storm related repairs. Any funding not needed for mitigation devices or other critical repairs that arise may be returned to the Central Construction and Conveyance Tax Fund as part of the 2015-2016 Annual Report process. A corresponding decrease to the Ending Fund Balance is recommended to offset this action in this report.</p>				
TOTAL CONST/CONV TAX CENTRAL FD (390)			\$0	\$0
CONST/CONV TAX FIRE FUND (392)				
<i>Capital Project Management</i>	Public Safety Capital Program		\$200,000	
<p>This action increases the Capital Project Management appropriation by \$200,000, from \$407,000 to \$607,000, to primarily reflect continued support for the Public Safety Capital bond projects. When the 2015-2016 Adopted Budget was developed, this allocation was significantly reduced due to the wind down of the bond projects. However, support from a Fire Captain position has continued to be needed through the first half of the year. With the anticipated completion of the bond-funded Fire Station 21 in January 2016, the Fire Captain will be reassigned back to the line. A decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>				
<i>Ending Fund Balance Adjustment</i>	Public Safety Capital Program		(\$238,000)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Fire Data System</i>	Public Safety Capital Program		\$30,000	
<p>This action increases the Fire Data System appropriation by \$30,000 to fund the purchase of three new servers. An upgrade to the TeleStaff server is necessary as the vendor no longer support's the Fire Department's current system. In addition, an upgrade to the FireHouse production and test servers are necessary as the current system is no longer supported by the vendor and Microsoft. A decrease to the Ending Fund Balance is recommended to offset this action in this report.</p>				
<i>Mobile Testing Equipment for Fire Pumps</i>	Public Safety Capital Program		\$8,000	
<p>This action establishes the Mobile Test Equipment appropriation by \$8,000 to pay for sales tax, which was inadvertently omitted for the purchasing calculations from a recently purchases fire pump. A decrease to the Ending Fund Balance is recommended to offset this action in this report.</p>				
TOTAL CONST/CONV TAX FIRE FUND (392)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX LIBRARY FD (393)				
Ending Fund Balance Adjustment	Library Capital Program		(\$1,400,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
Transfer to the Branch Libraries Bond Projects Fund	Library Capital Program		\$1,400,000	
This action increases the Transfer to the Branch Libraries Bond Projects Fund by \$1.4 million (from \$700,000 to \$2.1 million) to transfer Library Construction and Conveyance Tax funds to reimburse the Bond Fund for capital expenditures that have been determined as ineligible to be reimbursed from bond proceeds. This action accelerates the reimbursements that had been programmed in 2016-2017 and 2017-2018 in the 2016-2020 Adopted Capital Improvement Program to partially offset the deferral of the bond sale in the Library Bond Fund. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.				
TOTAL CONST/CONV TAX LIBRARY FD (393)			\$0	\$0
CONST/CONV TAX PK CD 6 FUND (384)				
Ending Fund Balance Adjustment	Parks & Comm Fac Dev Capital Program		(\$250,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
River Glen Neighborhood Center Replacement	Parks & Comm Fac Dev Capital Program		\$250,000	
This action increases the River Glen Neighborhood Center Replacement project by \$250,000, bringing the 2015-2016 allocation to \$575,000. Project elements include demolishing the existing neighborhood center at River Glen Park and constructing a concession building, which will include a restroom. Additional project funding is necessary due to design, construction, and inspection costs being higher than initially anticipated. The new concession building is anticipated to be completed in summer 2016 and will be used by the Little League and the Parks, Recreation and Neighborhood Services Department. A corresponding decrease to the Ending Fund Balance is also recommended to offset this action in this report.				
TOTAL CONST/CONV TAX PK CD 6 FUND (384)			\$0	\$0
CONST/CONV TAX PKS CW FUND (391)				
Ending Fund Balance Adjustment	Parks & Comm Fac Dev Capital Program		\$85,000	
This action increases the Ending Fund Balance to offset the action recommended in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary 2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONST/CONV TAX PKS CW FUND (391)				
<i>Super Bowl 50 - Strategic Capital Replacement and Maintenance Needs</i>	Parks & Comm Fac Dev Capital Program		(\$85,000)	
<p>This action decreases the Strategic Capital Replacement and Maintenance Needs allocation by \$85,000, bringing the 2015-2016 funding to \$265,000. The 2014-2015 Annual Report included an allocation of \$150,000 to replace the existing turf at Plaza de César Chavez, which receives a heavy amount of foot traffic during Christmas in the Park. In previous years, the turf was re-seeded once Christmas in the Park concluded, however, this year there will not be enough time for the turf to be restored before visitors arrive for Super Bowl 50. When Christmas in the Park completed, it was determined that the entire turf did not need to be replaced, only certain sections, which resulted in project savings of \$85,000. A corresponding increase to the Ending Fund Balance is recommended to offset this action in this report.</p>				
TOTAL CONST/CONV TAX PKS CW FUND (391)			\$0	\$0
CONSTRUCTION EXCISE TAX FD (465)				
<i>Bicycle and Pedestrian Facilities/Earned Revenue</i>	Traffic Capital Program		(\$1,200,000)	(\$1,200,000)
<p>This action decreases the Bicycle and Pedestrian Facilities project by \$1.2 million (from \$2.2 million to \$1.0 million) and corresponding Earned Revenue estimate by \$1.2 million due to project implementation delays. This project is funded by a Transportation Development Act (TDA) grant. Based on project timing, it is anticipated that the grant revenue and project budget will be reallocated to 2016-2017 as part of the 2016-2017 Proposed Capital Budget.</p>				
<i>Bikeways Program (OBAG)/Earned Revenue</i>	Traffic Capital Program		(\$1,150,000)	(\$650,000)
<p>This action decreases the Bikeways Program (OBAG) appropriation by \$1.15 million (from \$1.2 million to \$82,000) and decreases the corresponding Earned Revenue estimate of \$650,000 due to rescoping the project, which has pushed out the timeline for implementation. This grant funds the installation of various bicycle facilities, including bike lanes and storage lockers. Based on project timing, it is anticipated that the One Bay Area Grant (OBAG) revenue and project budget will be reallocated to 2016-2017 as part of the 2016-2017 Proposed Capital Budget. A corresponding decrease to the Ending Fund Balance is also recommended to offset this action elsewhere in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary 2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONSTRUCTION EXCISE TAX FD (465)				
<i>Earned Revenue (Pedestrian Oriented Traffic Signals (OBAG))</i>	Traffic Capital Program			(\$1,000,000)
This action decreases the Earned Revenue estimate for One Bay Area Grant (OBAG) funded Pedestrian Oriented Traffic Signals project by \$1.0 million (from \$2.7 million to \$1.7 million) as a result of a delay in the award of the construction contracts. Only two of four contracts have been awarded, and it is anticipated that this project will be awarded in multiple contracts by summer 2016. This project provides funding to construct pedestrian-oriented improvements along St. John Street between North San Pedro Street and Montgomery Street. Based on the project timing, it is anticipated that the grant revenue will be reallocated to 2016-2017 as part of the 2016-2017 Proposed Capital Budget. A corresponding decrease to Ending Fund Balance is also recommended to offset this action elsewhere in this report.				
<i>East San José Bike/Pedestrian Transit Connection (OBAG)/Earned Revenue</i>	Traffic Capital Program		(\$2,000,000)	(\$2,000,000)
This action decreases the East San José Bike/Pedestrian Transit Connection project and corresponding Earned Revenue estimate for One Bay Area Grant (OBAG) funded East San José Bike/Pedestrian Transit Connection project by \$2,000,000 (from \$2.5 million to \$528,000) because of a revised timeline and scope for the project. The original project identified for this grant was completed by leveraging existing pavement maintenance funds. This grant provides funding for improvements to the bikeway network, including bike lanes and racks. The Department of Transportation will reach out to the community to identify a new project for the grant, which is planned to start construction in spring 2017. The OBAG revenue and project budget will be reallocated to 2016-2017 as part of the 2016-2017 Proposed Capital Budget.				
<i>Ending Fund Balance Adjustment</i>	Traffic Capital Program		(\$1,438,000)	
This action decreases the Ending Fund Balance to offset the actions recommended in this report.				
<i>Evergreen Traffic Impact Fees Reserve/Earned Revenue</i>	Traffic Capital Program		\$71,778	\$71,778
This action increases the Evergreen Traffic Impact Fees Reserve and corresponding Earned Revenue estimate by \$71,778 to reflect actual traffic impact fees collected from developers through December 2015. The use of these funds are restricted to traffic improvements within the Evergreen area and will be allocated as projects are identified.				
<i>North San José Deficiency Plan Improvements/Earned Revenue</i>	Traffic Capital Program		\$163,000	\$163,000
This action increases the North San José Deficiency Plan Improvements appropriation and corresponding estimate for Earned Revenue by \$163,000 to recognize unanticipated Deficiency Plan fees that were collected from a developer.				

Special/Capital Funds Recommended Budget Adjustments Summary 2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONSTRUCTION EXCISE TAX FD (465)				
<i>North San José Traffic Impact Fees Reserve/Earned Revenue</i>	Traffic Capital Program		\$252,940	\$252,940
This action increases the North San José Traffic Impact Fees Reserve and corresponding Earned Revenue estimate by \$252,940 to reflect actual traffic impact fees collected from developers through December 2015. The use of these funds are restricted to traffic improvements within the North San José area and will be allocated as projects are identified.				
<i>Pavement Maintenance - Measure B/Earned Revenue</i>	Traffic Capital Program		\$766,144	\$766,144
This action increases the Pavement Maintenance - Measure B appropriation by \$766,144 (from \$11,580,648 to \$10,814,504) and corresponding Earned Revenue estimate by \$766,144 (from \$5,400,000 to \$6,166,144) to recognize Measure B revenue received over the estimate. This allocation, funded by the County Measure B vehicle registration fees, provides funding to seal and resurface streets in the Priority Streets Network throughout the City.				
<i>Route 101/Oakland/Mabury Traffic Impact Fees Reserve/Earned Revenue</i>	Traffic Capital Program		\$349,130	\$349,130
This action increases the Route 101/Oakland/Mabury Traffic Impact Fees Reserve and corresponding estimate for Earned Revenue by \$349,130 to reflect actual traffic impact fees collected from developers through December 2015. The use of these funds are restricted to traffic improvements within the Route 101/Oakland/Mabury area and will be allocated as projects are identified.				
<i>Safe Access San José/Earned Revenue</i>	Traffic Capital Program		(\$200,000)	(\$100,000)
This action decreases the Safe Access San José project by \$200,000 (\$391,000 to \$191,000) and the corresponding Earned Revenue estimate by \$100,000 (from \$244,000 to \$144,000) due to delays in a companion project, Walk n' Roll San José Phase 1, which will be completed this fiscal year. Safe Access San José provides funding for traffic and pedestrian safety improvements along designated safe routes to school at approximately 35 Walk n' Roll participant schools. Based on project timing, it is anticipated that the grant revenue and project budget will be reallocated to 2016-2017 as part of the 2016-2017 Proposed Capital Budget. A corresponding increase to Ending Fund Balance is also recommended to offset this action in this report.				
<i>Safe Routes to School Program (OBAG)/Earned Revenue</i>	Traffic Capital Program		(\$800,000)	(\$1,017,000)
This action decreases the Safe Routes to School Program (OBAG) project by \$800,000 (from \$896,000 to \$96,000) and corresponding Earned Revenue estimate for the One Bay Area Grant (OBAG) by \$1.0 million (from \$1.1 million to \$130,000) because the Transportation Department has prioritized the completion of the related school and pedestrian safety project, Walk n' Roll San José, which will be completed this fiscal year. The Safe Routes to School Program OBAG grant expiration date is planned to be extended to correspond to the revised timeline for the project. Based on project timing, it is anticipated that the grant revenue and project budget will be reallocated to 2016-2017 as part of the 2016-2017 Proposed Capital Budget. A corresponding increase to Ending Fund Balance is also recommended to offset this action in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONSTRUCTION EXCISE TAX FD (465)				
<i>Traffic Forecasting and Analysis</i>	Traffic Capital Program		\$226,000	
<p>This action increases the Traffic Forecasting and Analysis appropriation by \$226,000 (from \$200,000 to \$426,000) to provide funding for an engineering services consultant, which was inadvertently omitted during the development of the 2015-2016 Adopted Capital Budget. A corresponding decrease to the Ending Fund Balance is also recommended to offset this action elsewhere in this report.</p>				
<i>Transportation Demand Management/Earned Revenue</i>	Traffic Capital Program		\$400,000	(\$200,000)
<p>This action increases the Transportation Demand Management project by \$400,000 (from \$500,000 to \$900,000) and decreases the corresponding Earned Revenue estimate by \$200,000 (from \$500,000 to \$300,000). The Department of Transportation is accelerating the timeline for the project, and the funding will allow for the award of a consultant agreement this fiscal year as opposed to 2016-2017 as originally planned. Grant eligible reimbursements have been delayed until Caltrans obligates the Climate Initiative Funds grant funding, which is anticipated by spring 2016. This project provides funding for a three-year community-based social marketing program that aims to measurably reduce driving and increase transit, walking, and biking in several neighborhoods in Central San José. It is anticipated that the grant revenue and will be reallocated to 2016-2017 as part of the 2016-2017 Proposed Capital Budget. A corresponding decrease to the Ending Fund Balance is also recommended to offset this action elsewhere in this report.</p>				
<i>Walk n' Roll San José Phase 1</i>	Traffic Capital Program		\$95,000	
<p>This action increases the Walk n' Roll San José Phase 1 project by \$95,000 (from \$12,000 to \$107,000) to provide additional traffic safety programming. Walk n' Roll San José Phase 1 is a three-year program to encourage kids to walk or bike to school to improve health, get exercise, and help reduce traffic congestion in local neighborhoods by developing and implementing a walking and bicycle education program for elementary schools. In 2013-2014, the City received a reimbursement of \$125,000 from Caltrans related to the Walk 'n Roll grant program for overhead and related soft costs that were later deemed ineligible under program guidelines. The City has the option of returning \$125,000 to Caltrans and forgoing an additional \$71,000 of grant revenue currently scheduled to be received in 2015-2016, or increasing the project scope and provide additional programming at a cost of \$95,000. As the financial impact to the City of reimbursing Caltrans for the 2013-2014 amount of \$125,000 and foregoing 2015-2016 revenue of \$71,000 is significantly greater than the cost for additional traffic safety programming, staff recommends increasing the Walk n' Roll Phase 1 project by \$95,000. Completing this additional scope will complete the City's obligation to Caltrans and will allow for the transition to the Walk 'n Roll Phase 2 project.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONSTRUCTION EXCISE TAX FD (465)				
<i>Walk n' Roll San José Phase 2/Earned Revenue</i>	Traffic Capital Program		(\$500,000)	(\$400,000)
<p>This action decreases the Walk n' Roll San José Phase 2 project by \$500,000 (from \$839,000 to \$339,000) and corresponding Earned Revenue estimate by \$400,000 (from \$650,000 to \$250,000) to align funding with the end of Phase 1 of the project, which will be completed this fiscal year. Phase 2 continues and expands the Walk n' Roll program by adding up to 20 more schools and maintaining engagement with up to 10 Walk n' Roll Phase 1 schools. Based on project timing, it is anticipated that the grant revenue and project budget will be reallocated to 2016-2017 as part of the 2016-2017 Proposed Capital Budget. A corresponding increase to the Ending Fund Balance is also recommended to offset this action elsewhere in this report.</p>				
TOTAL CONSTRUCTION EXCISE TAX FD (465)			(\$4,964,008)	(\$4,964,008)
CONV CTR FACIL DIST REV FD (791)				
<i>Convention Center Facilities District Revenue Fund Earned Revenue/Ending Fund Balance</i>	Revenue Adjustments		\$2,260,000	\$2,260,000
<p>This action increases the Convention Center Facilities District Revenue Fund Earned Revenue by \$2.3 million (from \$13.8 million to \$16.1 million) to reflect the continued strong growth of the hotel industry. Based on current collection trends, this increase would allow for revenue growth of approximately 15% from the 2014-2015 actual collection levels. When the 2015-2016 Adopted Budget was developed, growth of 5% over estimated 2014-2015 collections was anticipated. However, because 2014-2015 receipts were higher than expected, revenues can actually drop by 5% and still meet the budget. A corresponding increase to the Ending Fund Balance is also recommended. 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 \$530,000 in special hotel tax revenue resulting from Super Bowl 50 is expected above the \$2.3 million cited in this recommendation. Hotel tax 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.</p>				
TOTAL CONV CTR FACIL DIST REV FD (791)			\$2,260,000	\$2,260,000
CONV/CULTURAL AFFAIRS FUND (536)				
<i>Ending Fund Balance Adjustment</i>	Economic Development		(\$420,500)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Center for Performing Arts Elevator Rehabilitation</i>	Muni Improvements Capital Program		\$250,000	
<p>This action establishes a Center for Performing Arts (CPA) Elevator Rehabilitation appropriation in the amount of \$250,000. The elevator in the CPA has broken down on several occasions, including at times that have significantly impacted booked events. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
CONV/CULTURAL AFFAIRS FUND (536)				
<i>Convention Facilities Industry Advisor</i>	Muni Improvements Capital Program		\$20,000	
This action increases the Convention Facilities Industry Advisor appropriation by \$20,000 (from \$100,000 to \$120,000) to fund efforts to conduct additional market research on the feasibility of attracting a headquarters hotel to San José, which is a hotel with 1,000 plus rooms with space that complements the Convention Center. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.				
<i>Cultural Facilities Rehabilitation/Repair - Mechanical</i>	Muni Improvements Capital Program		\$100,000	
This action increases the Cultural Facilities Rehabilitation/Repair - Mechanical appropriation by \$100,000 (from \$390,000 to \$490,000) to purchase new food and beverage equipment to support catered events at the City's cultural facilities. This funding will purchase tables and beverage ice displays (portable bars) available for use by event promoters. Food and beverage sales drive a large part of strong revenue performance at the facilities. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.				
<i>Cultural Facilities Rehabilitation/Repair - Miscellaneous</i>	Muni Improvements Capital Program		\$50,500	
This action increases the Cultural Facilities Rehabilitation/Repair - Miscellaneous appropriation by \$50,500 (from \$100,000 to \$150,500) to install metal detectors for use at the Civic Auditorium and the Convention Center facilities. A total of eight metal detectors will be purchased to ensure patron safety at large events and to be responsive to concert promoters who have requested them. A corresponding decrease to the Ending Fund Balance is recommended to offset this action elsewhere in this report.				
TOTAL CONV/CULTURAL AFFAIRS FUND (536)			\$0	\$0
EDW BYRNE MEMORIAL JAG FD (474)				
<i>2014 Justice Assistance Grant/Earned Revenue</i>	Police		\$328	\$328
This action increases the 2014 Justice Assistance Grant appropriation and corresponding estimate for Earned Revenue to reflect previously unallocated interest earnings for the JAG 2014 grant in order to expend these funds by the spending deadline of September 30, 2017. The spending plan for this grant includes equipment, crime prevention and community education programs, and grant administration.				
TOTAL EDW BYRNE MEMORIAL JAG FD (474)			\$328	\$328
GENERAL PURPOSE PARKING FD (533)				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$425,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<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)</i>	Transportation		\$425,000	
<p>This action increases the Transportation Department Non-Personal/Equipment appropriation by \$425,000 for increased contractual costs for the operation of City parking garages and lots. This increase accounts for living wage adjustments for 2014-2015 and 2015-2016 based on information from the Office of Equality Assurance. The employee costs for the operator of the City's parking garages and lots increased for 2014-2015, effective retroactively as of July 1, 2014. In addition, the living wage determination has resulted in a subsequent increase to the contract costs for 2015-2016. Any wage increase is classified as a reimbursable expense under the existing agreement between the City and the vendor, and the additional funding will allow the City to pay this required cost to the vendor. A corresponding decrease to the Ending Fund Balance is recommended to offset this action elsewhere in this report.</p>				
TOTAL GENERAL PURPOSE PARKING FD (533)			\$0	\$0
GIFT TRUST FUND (139)				
<i>Adopt-A-Park/Earned Revenue</i>	Parks, Rec, & Neigh Svcs		\$6,480	\$6,480
<p>This action establishes the Adopt-A-Park appropriation and increases the Earned Revenue estimate to recognize and appropriate funding from the San Jose Parks Foundation (\$5,980) and Hands On Bay Area (\$500) in support of the Adopt-a-Park program. The Adopt-A-Park program aims to educate San José residents about the importance of parks and open spaces and protect and enhance San José's neighborhood parks and open spaces through ongoing volunteer support and special events.</p>				
<i>RP & CS General Gifts over \$1,000/Earned Revenue</i>	Parks, Rec, & Neigh Svcs		(\$5,000)	(\$5,000)
<p>This action decreases the RP & CS General Gifts over \$1,000 appropriation and corresponding estimate for Earned Revenue by \$5,000 to reallocate a \$5,000 grant to the General Fund that was previously recognized as a gift in the 2014-2015 Annual Report but should be treated as a grant. This funding from Kaiser Permanente is for Viva CalleSJ programming. Corresponding actions are recommended in the General Fund Recommended Budget Adjustments Summary section of this report.</p>				
TOTAL GIFT TRUST FUND (139)			\$1,480	\$1,480
HOME INVEST PART PROG FUND (445)				
<i>Personal Services (Legal Services)</i>	City Attorney		(\$40,000)	
<p>This action decreases the City Attorney's Office Personal Services appropriation by \$40,000 to reflect lower than anticipated legal services for Home Investment Partnership Program Fund activities. A corresponding increase to the Ending Fund Balance to offset this action is recommended in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
HOME INVEST PART PROG FUND (445)				
<i>Earned Revenue (NHSSV Grant Revenue Repayment)</i>	Housing			\$1,088,623
This action increases the Earned Revenue estimate by \$1.1 million to recognize funds returned to the City for loans and services that were administered by Neighborhood Housing Services Silicon Valley (NHSSV) on the City's behalf at the time of their dissolution. A corresponding increase to the Ending Fund Balance to offset this action is recommended in this report.				
<i>Ending Fund Balance Adjustment</i>	Housing		\$1,128,623	
This action increases the Ending Fund Balance to offset the actions recommended in this report.				
TOTAL HOME INVEST PART PROG FUND (445)			\$1,088,623	\$1,088,623
HOUSING TRUST FUND (440)				
<i>Personal Services (Legal Services)</i>	City Attorney		(\$25,000)	
This action decreases the City Attorney's Office Personal Services appropriation by \$25,000 to reflect lower than anticipated legal services for Housing Trust Fund activities. A corresponding increase to the Ending Fund Balance to offset this action is recommended in this report.				
<i>Ending Fund Balance Adjustment</i>	Housing		\$25,000	
This action increases the Ending Fund Balance to offset the action recommended in this report.				
TOTAL HOUSING TRUST FUND (440)			\$0	\$0
ICE CENTRE REVENUE FUND (432)				
<i>North/Center Ice Plant Replacement</i>	Finance		\$68,084	
This action establishes the North/Center Ice Plant Replacement appropriation to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs related to the replacement of the North/Center ice rink made at the Sharks Ice at San José. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.				
<i>Previously Approved Repairs Reserve</i>	Finance		(\$831,706)	
This action decreases the Previously Approved Repairs Reserve to offset the actions recommended in this report. Corresponding increases to the Repairs - Electrical, Repairs - Mechanical, Repairs - Miscellaneous, Repairs - Structures, and Repairs - Unanticipated/Emergency appropriations are included in this report to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at the Sharks Ice at San José.				
<i>Repairs - Electrical</i>	Finance		\$180,003	
This action increases the Repairs - Electrical appropriation to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs to the lighting system made at the Sharks Ice at San José. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
ICE CENTRE REVENUE FUND (432)				
<i>Repairs - Mechanical</i>	Finance		\$354,764	
<p>This action increases the Repairs - Mechanical appropriation to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at the Sharks Ice at San José. The improvements included repairs to the boiler, cooling tower, dehumidifier, and food service equipment. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>				
<i>Repairs - Miscellaneous</i>	Finance		\$100,862	
<p>This action increases the Repairs - Miscellaneous appropriation to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at the Sharks Ice at San José. The improvements included installation of graphics; repairs to goal frames, skate racks, and nets; and landscaping. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>				
<i>Repairs - Structures</i>	Finance		\$90,474	
<p>This action increases the Repairs - Structures appropriation to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at the Sharks Ice at San José. The improvements included repairs to roof, floor, and locker rooms. A corresponding decrease to the Previously Approved Repairs Reserve is also recommended in this report.</p>				
<i>Repairs - Unanticipated/Emergency</i>	Finance		\$37,519	
<p>This action increases the Repairs - Unanticipated/Emergency appropriation to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at the Sharks Ice at San José. The improvements included repairs to the keypad of an air conditioning unit, scoreboard, and water pump. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.</p>				
TOTAL ICE CENTRE REVENUE FUND (432)			\$0	\$0

INTEGRATED WASTE MGT FUND (423)

<i>Earned Revenue (Lien-Related Charges)</i>	Environmental Services			\$4,200,000
<p>This action increases the estimate for Earned Revenue by \$4.2 million due to increases in the estimate for Lien-Related Charges (from \$318,000 to \$4.5 million). This includes a \$3.3 million increase in the estimate for Recycle Plus: Garbage Collection Fee Liened and a \$900,000 increase in the estimate for Recycle Plus: Garbage Lien Administration Fees. In developing the 2015-2016 Adopted Operating Budget, there was considerable uncertainty as to how much of the outstanding Lien-Related Charges from prior fiscal years would be realized with the billing transition to the County of Santa Clara's Secured Property Tax Roll. After the adoption of the 2015-2016 Operating Budget, a strategy was developed to place all outstanding balances as a Special Assessment on the Tax Roll, resulting in significant one-time revenues for 2015-2016. A corresponding increase to the Ending Fund Balance is recommended to offset this action in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary 2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
INTEGRATED WASTE MGT FUND (423)				
<i>Earned Revenue (Recycle Plus Collection Charges)</i>	Environmental Services			\$3,400,000
<p>This action increases the estimate for Earned Revenue by \$3.4 million, due to an increase in the estimate for Recycle Plus Collection Charges from Single-Family Dwelling (SFD) accounts (from \$114.7 million to \$118.1 million). The baseline revenue estimate that was included in the 2015-2016 Adopted Operating Budget was set conservatively low due to the uncertainty in determining the correct average SFD revenue. Historically, lien-deferred revenues would be a significant component of the annual SFD revenue estimate. However, the billing transition to the County of Santa Clara's Secured Property Tax Roll made estimation of the elimination of deferred revenue quite difficult. A corresponding increase to the Ending Fund Balance to offset this action is recommended in this report.</p>				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		\$7,870,000	
<p>This action increases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Household Hazardous Waste Las Plumas Facility/Earned Revenue (EDA Grant)</i>	Environmental Services		(\$800,000)	(\$400,000)
<p>This action decreases the Environmental Services Department Household Hazardous Waste Las Plumas Facility appropriation by \$800,000 (from \$1.8 million to \$1.0 million) and corresponding estimate for Earned Revenue by \$400,000 (from \$1.5 million to \$1.1 million). In December 2011, the City accepted a grant award from the United States Economic Development Agency (EDA) for the installation of a photovoltaic system at the San José Environmental Innovation Center. The project has been extended due to non-responsive bids on two occasions; the most recent bid, however, came in lower than anticipated, following changes to the project's scope, resulting in lower project costs. Also, due to these lower costs, grant reimbursements from the EDA are anticipated to be lower. A corresponding increase to the Ending Fund Balance to offset this action is recommended in this report.</p>				
<i>Workers' Compensation Claims</i>	Human Resources		\$50,000	
<p>This action increases the Workers' Compensation Claims appropriation by \$50,000 (from \$40,000 to \$90,000) to reflect increased workers' compensation payments. This action will ensure funding is available to pay projected workers' compensation claims in 2015-2016. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
INTEGRATED WASTE MGT FUND (423)				
Personal Services (Customer Contact Center)	Information Technology		\$60,000	
<p>This action increases the Information Technology Department's Personal Services appropriation by \$60,000. A temporary Senior Office Specialist position which supports utility billing inquiries in the Customer Contact Center has been extended to continue support of the transition of the garbage and recycling billing to the County of Santa Clara's Secured property tax roll. The Customer Contact Center continues to receive a high volume of calls related to billing and service for trash collection and Recycle Plus. As a result, this position, originally set to expire at the end of December 2015, was extended through April 2016 to ensure appropriate customer service levels. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.</p>				
Personal Services (Hiring True-Up)	Planning, Bldg, & Code Enf		\$20,000	
<p>This action increases the Planning, Building and Code Enforcement Department's Personal Services appropriation by \$20,000, due to higher than budgeted salary and retirement costs. During the development of the 2015-2016 Adopted Operating Budget, new and vacant positions were budgeted at a lower salary level and at Tier 2 retirement costs. However, some positions were filled with incumbents that were hired at a higher salary level or with current City employees who are in the Tier 1 retirement system. A corresponding decrease to the Ending Fund Balance is also recommended in this report to offset this action.</p>				
TOTAL INTEGRATED WASTE MGT FUND (423)			\$7,200,000	\$7,200,000
LOW/MOD INCOME HSNB ASSET FD (346)				
Personal Services (Legal Services)	City Attorney		\$250,000	
<p>This action increases the City Attorney's Office Personal Services appropriation by \$250,000 to reflect higher than anticipated legal services in the Low and Moderate Income Housing Asset Fund. As directed by the City Council on December 8, 2015, this action funds the review of sanctioned encampments and emergency warming shelters policies for El Nino. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.</p>				
Earned Revenue (Interest and Loan Repayments)	Housing			\$2,050,000
<p>This action increases the Earned Revenue estimate by \$2.1 million (from \$39.1 million to \$41.1 million) to reflect increased loan repayments (\$1.55 million) and interest (\$500,000). The \$2.05 million increase reflects higher than anticipated loan payments for single family and multifamily loan programs.</p>				
Earned Revenue (NHSSV Grant Revenue Repayment)	Housing			\$908,821
<p>This action increases the Earned Revenue estimate by \$908,821 to recognize funds returned to the City for loans and services that were administered by Neighborhood Housing Services Silicon Valley (NHSSV) on behalf of the City at the time of their dissolution. A corresponding increase to the Ending Fund Balance to offset this action is recommended in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary 2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
LOW/MOD INCOME HSNB ASSET FD (346)				
<i>Ending Fund Balance Adjustment</i>	Housing		\$2,708,821	
This action increases the Ending Fund Balance to offset the actions recommended in this report.				
<i>Housing Predevelopment Activity</i>	Housing		\$235,000	
This action increases the Housing Predevelopment Activity appropriation by \$235,000 to retain three appraisers and one relocation consultant (\$160,000) and an environmental planning agreement for Downtown Supportive Housing pre-development activities (\$75,000). A corresponding decrease to the Housing Project Reserve to offset this action is recommended in this report.				
<i>Housing Project Reserve</i>	Housing		(\$235,000)	
This action decreases the Housing Project Reserve to offset the action recommended in this report.				
TOTAL LOW/MOD INCOME HSNB ASSET FD (346)			\$2,958,821	\$2,958,821
M.D. #11 BROKAW/JCT-OAK FD (364)				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$30,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>Non-Personal/Equipment (Murphy Rehabilitation)</i>	Transportation		\$30,000	
This action increases the Transportation Department's Non-Personal/Equipment appropriation by \$30,000 (from \$54,000 to \$84,000) for increased contract costs related to median island improvements in Maintenance Assessment District #11 (Brokaw Rd./Old Oakland Rd.). Contract bids came in higher than anticipated due to higher than estimated contractor employee costs. Median islands on Murphy Avenue are planned for renovation in response to resident concerns about landscape aesthetics on the medians. The additional funding will allow the Department to fully fund the contractual costs for the median renovation work. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.				
TOTAL M.D. #11 BROKAW/JCT-OAK FD (364)			\$0	\$0
M.D. #19 RIVER OAKS FUND (359)				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$35,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				

Special/Capital Funds Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
M.D. #19 RIVER OAKS FUND (359)				
<i>Non-Personal/Equipment (River Oaks Median Islands)</i>	Transportation		\$35,000	
<p>This action increases the Transportation Department's Non-Personal/Equipment appropriation by \$35,000 (from \$116,000 to \$151,000) for increased contract costs related to median island improvements in Maintenance Assessment District #19 (River Oaks Area Landscaping). Contract bids came in higher than anticipated due to higher than estimated contractor employee costs. Three median islands on River Oaks Parkway are planned for renovation in response to resident concerns about landscape aesthetics on the medians. The additional funding will allow the Department to fully fund the contractual costs for the median renovation work. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.</p>				
TOTAL M.D. #19 RIVER OAKS FUND (359)			\$0	\$0
M.D. #9 S TERESA/GRT OAKS FD (362)				
<i>Ending Fund Balance Adjustment</i>	Transportation		(\$45,000)	
<p>This action decreases the Ending Fund Balance to offset the action recommended in this report.</p>				
<i>Non-Personal/Equipment (Santa Teresa Renovation)</i>	Transportation		\$45,000	
<p>This action increases the Transportation Department's Non-Personal/Equipment appropriation by \$45,000 (from \$117,000 to \$162,000) for increased contract costs related to median island improvements in Maintenance Assessment District #9 (Santa Teresa-Great Oaks). Contract bids came in higher than anticipated due to higher than estimated contractor employee costs. Median islands on Santa Teresa Boulevard are planned for renovation in response to resident concerns about landscape aesthetics on the medians. The additional funding will allow the Department to fully fund the contractual costs for the median renovation work. A corresponding decrease to the Ending Fund Balance is recommended above to offset this action.</p>				
TOTAL M.D. #9 S TERESA/GRT OAKS FD (362)			\$0	\$0
MAJOR COLLECT & ARTRLS FD (421)				
<i>Earned Revenue (Developer Contributions)/Ending Fund Balance</i>	Traffic Capital Program			\$167,000
<p>This action increases the estimate for Earned Revenue by \$167,000 to recognize reimbursements from a developer for arterial street improvements along South White Road and Aborn Road. This revenue funds the construction of minor transportation infrastructure improvements along arterial and major collector streets, including pedestrian improvements, railroad crossing improvements, and minor signal modifications. These funds are not being recommended to be appropriated at this time because a project is yet to be identified; this project will be programmed as part of the 2017-2021 Proposed Capital Improvement Program. A corresponding increase to the Ending Fund Balance to offset this action is recommended in this report.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary 2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
MAJOR COLLECT & ARTRLS FD (421)				
<i>Ending Fund Balance Adjustment</i>	Traffic Capital Program		\$167,000	
This action increases the Ending Fund Balance to offset the action recommended above.				
TOTAL MAJOR COLLECT & ARTRLS FD (421)			\$167,000	\$167,000
MULTI-SOURCE HOUSING FD (448)				
<i>Personal Services (Legal Services)</i>	City Attorney		(\$120,000)	
This action decreases the City Attorney's Office Personal Services appropriation by \$120,000 to reflect lower than anticipated legal services for Multi-Source Housing Fund activities. A corresponding increase to the Ending Fund Balance to offset this action is recommended in this action.				
<i>Emergency Shelter Grants/Earned Revenue</i>	Housing		\$242,594	\$242,594
This action increases the Emergency Shelter Grant appropriation and the corresponding Earned Revenue estimate by \$242,594 for rapid re-housing and support services to recognize revenue received from the federal government's Emergency Shelter Grant program. These services are being provided by five agencies: Bill Wilson Center, InnVision Shelter Network, Family Supportive Services, Sacred Heart Community Services, and Next Door Solutions to Domestic Violence.				
<i>Ending Fund Balance Adjustment</i>	Housing		\$120,000	
This action increases the Ending Fund Balance to offset the actions recommended in this report.				
TOTAL MULTI-SOURCE HOUSING FD (448)			\$242,594	\$242,594
NEIGHBHD SECURITY BOND FD (475)				
<i>Earned Revenue (Sale of Bonds)</i>	Public Safety Capital Program			(\$3,325,000)
This action decreases the estimate for Earned Revenue by \$3.3 million to reflect the deferral of bond sale proceeds from 2015-2016 to 2016-2017, which is the last remaining bonds from the \$159.0 million General Obligation Bonds (Neighborhood Security Act Bond Measure) that was passed by San José voters in 2001. As the projects included in the Public Safety Capital Program for 2015-2016 would not be negatively impacted, and to best prioritize the workload in the Finance Department and City Attorney's Office, the Administration recommends deferring the final bond sale to 2016-2017. This action is recommended to be offset by a decrease to the Fire Station 37 (Willow Glen) Reserve and the recognition of revenue from a legal settlement as described below.				
<i>Earned Revenue (South San José Police Substation Settlement)</i>	Public Safety Capital Program			\$1,329,999
This action increases the estimate for Earned Revenue by \$1,329,999 to reflect revenues received as the result of a settlement with the contractor associated with the design of the South San José Police Substation.				

Special/Capital Funds Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
NEIGHBHD SECURITY BOND FD (475)				
<i>Fire Station 37 (Willow Glen) Reserve</i>	Public Safety Capital Program		(\$2,125,001)	
<p>This action decreases the Fire Station 37 (Willow Glen) Reserve by a net \$2.1 million (from \$3.3 to \$1.2 million) to offset the following recommended actions: decrease in revenues for the deferral of the bond sale (\$3.3 million), increase in revenues for the receipt of settlement funds (\$1.3 million), and increase to the South San José Police Substation appropriation (\$130,000). Funding to this reserve will be increased as part of the 2016-2017 Proposed Capital Budget, due to the bond sale in 2016-2017.</p> <p>Fire Station 37 is the final station scheduled for construction as part of the Public Safety Bond Program. Due primarily to the unexpectedly high cost of construction during much of the Bond program, the decision to rebuild instead of remodel Fire Station 2 (which resulted in a net cost increase of about \$4.1 million), and the higher bid prices received for Fire Station 21, only \$4.5 million (including all Mid-Year actions and the sale of bonds in 2016-2017) in bond funds remain available for the Fire Station 37 project. With construction costs of at least \$7.6 million (based on the 2014-2015 Adopted Budget), there is a construction shortfall of at least \$3.1 million. Further, funding of approximately \$460,000 for various fixtures, furniture, and equipment, and approximately, \$930,000 for a new fire engine and related equipment would be required. The total shortfall of one-time funds is estimated to be at least \$4.5 million. This amount does not include the annual ongoing expense of \$3.3 million. Given the shortfall, the Mayor's June Budget Message for Fiscal Year 2014-2015 included Manager's Budget Addendum #17 which, in part, directed staff to continue its analysis of response time performance through a comprehensive Fire Department organizational review. The Fire Station 37 project has been deferred indefinitely pending the review's completion and analysis and the identification of a funding source(s) to close the budget gap.</p>				
<i>South San José Police Substation</i>	Public Safety Capital Program		\$130,000	
<p>This action increases the South San José Police Substation project by \$130,000 (from \$254,000 to \$384,000) to provide funding for work conducted by a consultant related to the settlement of the South San José Police Substation litigation.</p>				
TOTAL NEIGHBHD SECURITY BOND FD (475)			(\$1,995,001)	(\$1,995,001)
PUBLIC WKS PRO SUPPORT FD (150)				
<i>Compensated Absence Liability Reserve</i>	Public Works		(\$236,000)	
<p>This action eliminates the Compensated Absence Liability Reserve in the amount of \$236,000. As the Compensated Absence Liability is fully funded, this reserve is no longer necessary. A corresponding increase to the Ending Fund Balance to offset this action is recommended in this report.</p>				
<i>Ending Fund Balance Adjustment</i>	Public Works		\$236,000	
<p>This action increases the Ending Fund Balance to offset the action recommended in this report.</p>				
TOTAL PUBLIC WKS PRO SUPPORT FD (150)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SEWER SVC & USE CHARGE FD (541)				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		(\$22,000)	
This action decreases the Ending Fund Balance to offset the action recommended in this report.				
<i>Personal Services (Hiring True-Up)</i>	Planning, Bldg, & Code Enf		\$22,000	
This action increases the Planning, Building and Code Enforcement Department's Personal Services appropriation by \$22,000 (from \$63,831 to \$85,831) due to higher than budgeted salary and retirement costs. During the development of the 2015-2016 Adopted Budget, new and vacant positions were budgeted at a lower salary level and at Tier 2 retirement costs. However, some positions were filled with incumbents that were hired at a higher salary level or with current City employees who are in the Tier 1 retirement system. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.				
TOTAL SEWER SVC & USE CHARGE FD (541)			\$0	\$0
SJ ARENA CAPITAL RESERVE FD (459)				
<i>Electrical Repairs</i>	Economic Development		\$698,874	
This action increases the Electrical Repairs appropriation to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at the SAP Center. The improvements included repairs to the telecommunications system and network storage. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.				
<i>Mechanical Repairs</i>	Economic Development		\$353,598	
This action increases the Mechanical Repairs appropriation to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at the SAP Center. The improvements made repairs to ice machines, air conditioning chillers, brine chillers, cooling tower, pumps, and water softener. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.				
<i>Previously Approved Repairs Reserve</i>	Economic Development		(\$1,151,091)	
This action decreases the Previously Approved Repairs Reserve to offset the actions recommended in this report. Corresponding increases to the Electrical Repairs, Mechanical Repairs, and Unanticipated/Emergency Repairs appropriations are included in this report to provide funding for reimbursements to the Sharks Sports Entertainment for capital improvement repairs made at the SAP Center.				
<i>Unanticipated/Emergency Repairs</i>	Economic Development		\$98,619	
This action increases the Unanticipated/Emergency Repairs appropriation to provide funding for reimbursements to Sharks Sports Entertainment for capital improvement repairs made at the SAP Center. The improvements included sewer repairs, replacement of motor for fan, fire main water service, restroom repairs, and landscaping. A corresponding decrease to the Previously Approved Repairs Reserve to offset this action is recommended in this report.				
TOTAL SJ ARENA CAPITAL RESERVE FD (459)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SJ-SC TRMNT PLANT OPER FUND (513)				
<p><i>Personal Services and Non-Personal/Equipment (Reallocation from Environmental Services Department Personal Services for WPCP Master Agreement Legal Services)</i></p> <p>This action increases the City Attorney's Office Personal Services appropriation by \$6,700 and establishes a Non-Personal/Equipment appropriation in the amount of \$100,000 for legal support related to negotiations on amendments to the Water Pollution Control Plant (WPCP) Master Agreement for Wastewater Treatment Between City of San Jose, City of Santa Clara and Tributary Agencies (Master Agreement). Additional information related to this action can be found in Section II, Selected Special/Capital Funds Status Report. Environmental Services Department (ESD) Personal Services savings are available to offset this cost and a corresponding decrease to the ESD Personal Services appropriation is recommended to offset this action in this report.</p>	City Attorney		\$106,700	
<p><i>Non-Personal/Equipment (Shift \$200,000 from Utilities: Electricity to Professional & Consultant Services)</i></p> <p>This action reallocates \$200,000 in anticipated 2015-2016 savings from the Utilities: Electricity line item to the Professional & Consultant Services line item in the Environmental Services Department (ESD) Non-Personal/Equipment appropriation. This reallocation would allow ESD to fund external consultant support (\$100,000) and an external financial consultant (\$100,000) for negotiations on amendments to the Water Pollution Control Plant (WPCP) Master Agreement for Wastewater Treatment Between City of San Jose, City of Santa Clara and Tributary Agencies. Additional information related to this action can be found in Section II, Selected Special/Capital Funds Status Report.</p>	Environmental Services			
<p><i>Personal Services (Reallocation to City Attorney's Office Personal Services and Non-Personal/Equipment for WPCP Master Agreement Legal Services and Human Resources Department Personal Services for Hiring True-Up)</i></p> <p>This action decreases the Environmental Services Department Personal Services appropriation by \$126,700 to provide funding to increase the City Attorney's Office (CAO) Personal Services appropriation (\$6,700) to fund staff time associated with negotiations on amendments to the Water Pollution Control Plant (WPCP) Master Agreement for Wastewater Treatment Between City of San Jose, City of Santa Clara and Tributary Agencies, establish a CAO Non-Personal/Equipment appropriation (\$100,000) for outside legal counsel for the same purpose, and increase the Human Resources Department Personal Services appropriation for a hiring true-up (\$20,000). Additional information related to this action can be found in Section II, Selected Special/Capital Funds Status Report. 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 CAO Personal Services and Non-Personal/Equipment appropriations recommended in this report.</p>	Environmental Services		(\$126,700)	

Special/Capital Funds Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SJ-SC TRMNT PLANT OPER FUND (513)				
<p><i>Personal Services (Reallocation from Environmental Services Department Personal Services for Hiring True-Up)</i></p> <p>This action increases the Human Resources Department Personal Services appropriation by \$20,000 (from \$264,000 to \$284,000) due to higher than anticipated staffing costs. Environmental Services Department (ESD) personal services savings are available to offset this cost and a corresponding decrease to the ESD Personal Services appropriation to offset this action is recommended in this report.</p>	Human Resources		\$20,000	
TOTAL SJ-SC TRMNT PLANT OPER FUND (513)			\$0	\$0
STATE DRUG FORF FUND (417)				
<p><i>Body Worn Camera Infrastructure</i></p> <p>This action establishes a Body Worn Camera Infrastructure appropriation in the amount of \$300,000 to address Police Department facility infrastructure needed to support docking stations for body worn cameras (BWC). This action provides funding for direct costs associated with running data cabling and electrical supply to the area that will house the BWC docking stations. The docking stations will recharge the BWC battery as well as upload video data from the BWC to the cloud-based Evidence Management Solution. The proposed docking stations are expected to be installed in at least five locations throughout police headquarters. While the type of docking station will be determined after of the procurement process is completed, having these infrastructure improvements in place will allow for the timely roll out of the BWC program. A corresponding decrease to the Ending Fund Balance to offset this action is also recommended in this report.</p>	Police		\$300,000	
<p><i>Ending Fund Balance Adjustment</i></p> <p>This action decreases the Ending Fund Balance to offset the action recommended above.</p>	Police		(\$300,000)	
TOTAL STATE DRUG FORF FUND (417)			\$0	\$0
STORM SEWER OPERATING FD (446)				
<p><i>Ending Fund Balance Adjustment</i></p> <p>This action decreases the Ending Fund Balance to offset the action below.</p>	Environmental Services		(\$642,000)	
<p><i>Personal Services (Hiring True-Up)</i></p> <p>This action increases the Planning, Building and Code Enforcement Department's Personal Services appropriation by \$4,000 (from \$70,841 to \$74,841) due to higher than budgeted salary costs. During the development of the 2015-2016 Adopted Budget, vacant positions were budgeted at a mid-range salary level; however, the incumbents that filled the vacancies were hired at a higher salary level. A corresponding decrease to the Ending Fund Balance to offset this action is recommended in this report.</p>	Planning, Bldg, & Code Enf		\$4,000	

Special/Capital Funds Recommended Budget Adjustments Summary

2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
STORM SEWER OPERATING FD (446)				
<p><i>Non-Personal/Equipment (Contractual Maintenance Services)</i></p> <p>This action increases the Transportation Department's Non-Personal/Equipment appropriation by \$303,000 to provide temporary contractual staffing to augment City maintenance workers for the anticipated severe winter storm season. Contractual staff will assist with storm sewer maintenance activities, such as inspecting and monitoring storm pump stations, cleaning storm wet wells, high pressure cleaning of storm sewer main lines, hand-rodding storm lateral pipes, and clearing plugged storm drain inlets. This funding will allow the Department to adequately address expanded storm preparation activities. A corresponding decrease to the Ending Fund Balance is also recommended in this report to offset this action.</p>	Transportation		\$303,000	
<p><i>Non-Personal/Equipment (Storm System Maintenance and Storm Preparation)</i></p> <p>This action increases the Transportation Department's Non-Personal/Equipment appropriation by \$185,000 (from \$2.4 million to \$2.6 million). These funds will provide for additional supplies, equipment, and materials necessary to provide enhanced storm sewer maintenance for the anticipated severe winter storm season. Examples include pump rentals, barricades, signage, and hand tools. A corresponding decrease to the Ending Fund Balance is also recommended in this report to offset this action.</p>	Transportation		\$185,000	
<p><i>Personal Services (Storm System Maintenance and Storm Preparation)</i></p> <p>This action increases the Transportation Department's Personal Services appropriation by \$150,000 (from \$6.1 million to \$6.25 million) for overtime costs resulting from storm sewer maintenance in preparation for the anticipated severe winter storm season. Increased maintenance activities have included increased frequency of catch basin cleaning, storm sewer main line and inlet cleaning in Alviso, high pressure storm sewer lateral cleaning in the Downtown area, and several other projects to help improve the storm water system flow. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p>	Transportation		\$150,000	
TOTAL STORM SEWER OPERATING FD (446)			\$0	\$0
SUBDIVISION PARK TRUST FUND (375)				
<p><i>Baypointe Park</i></p> <p>This action establishes the Baypointe Park project totaling \$300,000 for interim development of a 2.4 acre site in North San José. Project elements include limited walking paths, a gathering space, and minor park furnishings to allow the park to be functional until additional funding is available to completely develop the park. It is anticipated that design work would begin in winter 2016 and construction would be completed in winter 2017, with an estimated annual operating and maintenance impact of \$18,000. The operating and maintenance impact information will be evaluated for inclusion in the 2017-2021 Five-Year General Fund Forecast, which is scheduled to be released on February 29, 2016. A corresponding decrease to the Future PDO/PIO Projects Reserve is also recommended in this report to offset this action.</p>	Parks & Comm Fac Dev Capital Program		\$300,000	

Special/Capital Funds Recommended Budget Adjustments Summary 2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
SUBDIVISION PARK TRUST FUND (375)				
<i>Downtown Parks Activation</i>	Parks & Comm Fac Dev Capital Program		\$150,000	
<p>This action establishes the Downtown Parks Activation project totaling \$150,000. This project will provide funding for the necessary capital expenses to design and install new park uses to create dynamic and active public spaces at Plaze de Cesar Chavez and St. James Park, such as new outdoor patio furniture, decorative lighting, and stage prototyping. This allocation meets the local match requirement for receipt of a \$150,000 grant from the Knight Foundation, which, as described in Section III, the General Fund Recommended Budget Adjustments and Clean Up Actions section of this document, will provide funding for operating costs associated with this effort. A corresponding decrease to the Future PDO/PIO Projects Reserve is also recommended in this report to offset this action.</p>				
<i>Future PDO/PIO Projects Reserve</i>	Parks & Comm Fac Dev Capital Program		(\$635,000)	
<p>This action decreases the Future PDO/PIO Projects Reserve to offset the actions recommended in this report.</p>				
<i>Newbury Park</i>	Parks & Comm Fac Dev Capital Program		\$185,000	
<p>This action establishes the Newbury Park project for \$185,000 for development of construction plans and design documents for a 1.0 acre site in Council District 3. A draft master plan has already been completed for the park, and includes a tot lot, picnic tables and game tables, open turf, and plaza area. It is anticipated that design would begin in winter 2016 and be completed in winter 2017. Upon completion of the construction and design documents, funding for the construction of the facility will be identified and operating and maintenance impacts will be determined. A corresponding decrease to the Future PDO/PIO Projects Reserve is also recommended in this report to offset this action.</p>				
TOTAL SUBDIVISION PARK TRUST FUND (375)			\$0	\$0
SUPPL LAW ENF SVCES FUND (414)				
<i>SLES Grant 2014-2016/Earned Revenue</i>	Police		\$233,212	\$233,212
<p>This action recognizes and appropriates payments from the State of California's Citizen's Option for Public Safety (COPS) Program via the County of Santa Clara for the 2014-2016 Supplemental Law Enforcement Services Grant (\$233,212). Funding will be used in accordance with the spending plan that was approved by the City Council on April 28, 2015. The spending plan allocates funding for department technology upgrades, officer safety equipment and enhancements in investigative abilities, and grants administration.</p>				
TOTAL SUPPL LAW ENF SVCES FUND (414)			\$233,212	\$233,212

Special/Capital Funds Recommended Budget Adjustments Summary 2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
TRANSIENT OCCUPANCY TX FD (461)				
<i>Transient Occupancy Tax/Future Distribution Reserve</i>	Revenue Adjustments		\$3,440,000	\$3,440,000
<p>This action increases the Transient Occupancy Tax (TOT) revenue estimate by \$3.4 million, from \$22.1 million to \$25.5 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 year budgeted levels. Based on current collection trends, this increase would allow for revenue growth of approximately 15% from the 2014-2015 collection levels, compared to a budgeted estimate that approximately matches 2014-2015 actuals. By ordinance, the TOT Fund tax revenue is distributed by formula into three categories (San José Convention and Visitors Bureau, Cultural Development, and Convention Facilities Operation Subsidy through a transfer to the Convention and Cultural Affairs Fund). As is the practice in this fund when there is additional TOT revenue during the year, the additional funding is recommended to be placed into the Reserve for Future Distribution to be allocated to the three recipient organizations as part of the 2016-2017 budget process. A corresponding increase is recommended in the General Fund, which receives 40% 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 \$810,000 in TOT revenue (\$1.35 million combined in the General Fund and TOT Fund) resulting from Super Bowl 50 is expected above the \$3.4 million cited in this recommendation. Elsewhere in this report the Administration recommends recognizing \$136,000 of the \$540,000 received in the General Fund 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.</p>				
TOTAL TRANSIENT OCCUPANCY TX FD (461)			\$3,440,000	\$3,440,000
VEHICLE MAINT & OPER FUND (552)				
<i>Compensated Absence Liability Reserve</i>	Public Works		(\$121,000)	
<p>This action eliminates the Compensated Absence Liability Reserve in the amount of \$121,000. As the Compensated Absence Liability is fully funded, this reserve is no longer necessary. A corresponding increase to the Ending Fund Balance is recommended below to offset this action.</p>				
<i>Ending Fund Balance Adjustment</i>	Public Works		\$121,000	
<p>This action increases the Ending Fund Balance to offset the action recommended above.</p>				
TOTAL VEHICLE MAINT & OPER FUND (552)			\$0	\$0

Special/Capital Funds Recommended Budget Adjustments Summary 2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
WATER UTILITY CAPITAL FUND (500)				
<i>Earned Revenue (Commercial Paper Proceeds)</i>	Water Utility Sys Capital Program			(\$1,500,000)
<p>This action decreases the estimate for Earned Revenue by \$1.5 million (from \$3.6 million to \$2.1 million) to reflect a reduction in Commercial Paper Proceeds from \$3.5 million to \$2.0 million. The 2015-2016 Adopted Budget included the issuance of commercial paper to fund the Meter Replacement project. However, a recent analysis of the Water Utility Fund has shown that \$1.5 million can be transferred to the Water Utility Capital Fund without adverse impact based on actual 2014-2015 performance and activity through the first six months of 2015-2016. The commercial paper loan amount can be reduced by \$1.5 million. This action will offset an increase to the estimate for Transfers recommended below.</p>				
<i>Transfers (Transfer from the Water Utility Fund)</i>	Water Utility Sys Capital Program			\$1,500,000
<p>This action increases the estimate for Transfers by \$1.5 million (from \$5.2 million to \$6.7 million). In the 2014-2015 Annual Report, the Water Utility Fund Unrestricted Ending Fund Balance (EFB) increased by approximately \$1.5 million, due in large part to higher potable water revenues and lower potable water sales during 2014-2015. A recent analysis of potential potable water consumption has shown that \$1.5 million in Unrestricted EFB from the Water Utility Fund can be transferred, without adverse impact, to the Water Utility Capital Fund, thereby decreasing the commercial paper loan amount necessary to fund the Meter Replacement project. A corresponding decrease to the estimate for Earned Revenue is recommended to offset the action above.</p>				
TOTAL WATER UTILITY CAPITAL FUND (500)			\$0	\$0
WATER UTILITY FUND (515)				
<i>Personal Services (Legal Services)</i>	City Attorney		\$160,000	
<p>This action establishes a City Attorney Personal Services appropriation in the amount of \$160,000. This funding will provide for staff work in the City Attorney's Office that will support the Municipal Water System during the remainder of 2015-2016.</p>				
<i>Ending Fund Balance Adjustment</i>	Environmental Services		(\$1,838,396)	
<p>This action decreases the Ending Fund Balance to offset the actions recommended in this report.</p>				
<i>Personal Services (Overtime and Hiring True-Up)</i>	Environmental Services		\$200,000	
<p>This action increases the Environmental Services Department Personal Services appropriation by \$200,000 (from \$4.7 million to \$4.9 million) to address higher than anticipated personal services costs in 2015-2016, due primarily to overtime, but also higher salary and benefits costs.</p>				

Special/Capital Funds Recommended Budget Adjustments Summary 2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
WATER UTILITY FUND (515)				
<i>Transfer from the General Fund (Late Fee Reconciliation)</i>	Environmental Services			\$21,604
<p>This action establishes a Transfer from the General Fund in the amount of \$21,604 to reimburse the Water Utility 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 missed in 2014-2015.</p>				
<i>Transfer to the General Fund - Late Fees/Earned Revenue (Late Fees)</i>	Environmental Services		(\$225,000)	(\$225,000)
<p>This action decreases the Transfer to the General Fund - Late Fees and corresponding estimate for Earned Revenue by \$225,000, as late fees have not been received this year and are not expected to start being collected until March 2016. Late Fees are recorded in this fund and transferred to the General Fund as an unrestricted source of funds. 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, this revenue stream is projected to be significantly reduced in 2015-2016. Actions are recommended in Section III, General Fund Recommended Budget Adjustments and Clean Up Actions section of this report to make the corresponding adjustment to the General Fund.</p>				
<i>Transfer to the Water Utility Capital Fund</i>	Environmental Services		\$1,500,000	
<p>This action increases the Transfer to the Water Utility Capital Fund by \$1.5 million (from \$5.2 million to \$6.7 million). In the 2014-2015 Annual Report, the Unrestricted Ending Fund Balance (EFB) increased by approximately \$1.5 million, due in large part to higher potable water revenues and lower potable water sales during 2014-2015. Included in that report was a discussion of options on how best to address this higher than anticipated fund balance, such as lowering the commercial paper loan associated with the replacement of water meters, to mitigate any potable water rate increases that might have occurred at mid-year, or to serve as a cushion against higher water conservation. However, no mid-year rate adjustment occurred, and an analysis of potential potable water consumption has shown that \$1.5 million in Unrestricted EFB can be transferred to the Water Utility Capital Fund without adverse effect on the Water Utility Fund, thereby decreasing the commercial paper loan amount necessary to fund the Meter Replacement project. A corresponding decrease to the Ending Fund Balance is recommended to offset this action elsewhere in this report.</p>				
TOTAL WATER UTILITY FUND (515)			(\$203,396)	(\$203,396)

Special/Capital Funds Recommended Budget Adjustments Summary 2015-2016 Mid-Year Budget Review

<u>Action</u>	<u>Department/Program</u>	<u>Positions</u>	<u>Use</u>	<u>Source</u>
WORKFORCE DEVELOPMENT FD (290)				
<i>Adult Workers (Reallocation from Dislocated Workers)</i>	Economic Development		\$419,794	
<p>This action increases the Adult Workers appropriation by \$419,794 (from \$2.6 million to \$3.0 million). 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 State of 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>Dislocated Workers (Reallocation to Adult Workers)</i>	Economic Development		(\$419,794)	
<p>This action decreases the Dislocated Workers appropriation by \$419,794 (from \$3.5 million to \$3.1 million). 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 State of 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>				
<i>Rapid Response Grant/Earned Revenue</i>	Economic Development		(\$164,598)	(\$164,598)
<p>This action decreases the Rapid Response Grant appropriation and corresponding estimate for Earned Revenue by \$164,598 (from \$1.3 million to \$1.2 million) to reflect the reduction of the initial grant amount allocated by the State of California Employment Development Department for 2015-2016. This program provides job training services to businesses and workers impacted or at risk of being impacted by company closures or layoffs. An improvement in the economy and the job market has led to the decrease of this grant.</p>				
TOTAL WORKFORCE DEVELOPMENT FD (290)			(\$164,598)	(\$164,598)

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CAPITAL PROJECTS							
Budget Adjustments							
Police Administration Building Fencing - Employee Parking Lot Perimeter			\$43,000	\$43,000		\$0	\$43,000
Budget Adjustments Total	\$0	\$0	\$43,000	\$43,000	\$0	\$0	\$43,000
CAPITAL PROJECTS TOTAL	\$0	\$0	\$43,000	\$43,000	\$0	\$0	\$43,000
CITY ATTORNEY							
Budget Adjustments							
Personal Services (Add 1.0 Senior Deputy City Attorney III)	\$83,000			\$83,000		\$0	\$83,000
Budget Adjustments Total	\$83,000	\$0	\$0	\$83,000	\$0	\$0	\$83,000
Clean-Up Actions							
Management Pay for Performance Program	\$110,000			\$110,000		\$0	\$110,000
Retirement Contributions Reconciliation	(\$66,614)			(\$66,614)		\$0	(\$66,614)
Tech Adjust: City Attorney's Office Non-Personal/Equipment (reallocation from Personal Services for Litigation Consultants)		\$150,000		\$150,000		\$0	\$150,000
Tech Adjust: City Attorney's Office Personal Services (Reallocation to Non-Personal/Equipment for Litigation Consultants)	(\$150,000)			(\$150,000)		\$0	(\$150,000)
Clean-Up Actions Total	(\$106,614)	\$150,000	\$0	\$43,386	\$0	\$0	\$43,386
CITY ATTORNEY TOTAL	(\$23,614)	\$150,000	\$0	\$126,386	\$0	\$0	\$126,386
CITY AUDITOR							
Clean-Up Actions							
Retirement Contributions Reconciliation	(\$8,425)			(\$8,425)		\$0	(\$8,425)

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY AUDITOR							
Clean-Up Actions							
Tech Adjust: Personal Services (Reallocation to City-Wide Expenses Grant Compliance Single Audit)	(\$2,000)			(\$2,000)		\$0	(\$2,000)
Clean-Up Actions Total	(\$10,425)	\$0	\$0	(\$10,425)	\$0	\$0	(\$10,425)
CITY AUDITOR TOTAL	(\$10,425)	\$0	\$0	(\$10,425)	\$0	\$0	(\$10,425)
CITY CLERK							
Clean-Up Actions							
Retirement Contributions Reconciliation	(\$10,079)			(\$10,079)		\$0	(\$10,079)
Clean-Up Actions Total	(\$10,079)	\$0	\$0	(\$10,079)	\$0	\$0	(\$10,079)
CITY CLERK TOTAL	(\$10,079)	\$0	\$0	(\$10,079)	\$0	\$0	(\$10,079)
CITY MANAGER							
Budget Adjustments							
Non-Personal/Equipment (Actuarial Services)		\$135,000		\$135,000		\$0	\$135,000
Budget Adjustments Total	\$0	\$135,000	\$0	\$135,000	\$0	\$0	\$135,000
Clean-Up Actions							
Retirement Contributions Reconciliation	(\$67,145)			(\$67,145)		\$0	(\$67,145)
Clean-Up Actions Total	(\$67,145)	\$0	\$0	(\$67,145)	\$0	\$0	(\$67,145)
CITY MANAGER TOTAL	(\$67,145)	\$135,000	\$0	\$67,855	\$0	\$0	\$67,855
CITY-WIDE EXPENSES							
Budget Adjustments							
Banking Services			\$118,000	\$118,000		\$0	\$118,000

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Budget Adjustments							
Building Public Will for the Arts (Packard Foundation)/Other Revenue			\$41,500	\$41,500	\$41,500	\$0	\$0
Business Incentive - Business Cooperation Program			\$70,000	\$70,000		\$0	\$70,000
Business Incentive - Business Cooperation Program Administration			\$70,000	\$70,000		\$0	\$70,000
City Council District #02 Participatory Budgeting - Calpine Settlement/Other Revenue			\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$0
Economic Development Pre-Development Activities			\$50,000	\$50,000		\$0	\$50,000
Elections Commission			\$50,000	\$50,000		\$0	\$50,000
Emergency Street Tree Services/Other Revenue			\$400,000	\$400,000	\$400,000	\$0	\$0
Expedited Purified Water Program			\$50,000	\$50,000		\$0	\$50,000
Fiscal Reform Plan Outside Legal Counsel			\$250,000	\$250,000		\$0	\$250,000
Homeless Rapid Rehousing (Reallocation to City-Wide Expenses Homeless Response Team)			(\$200,000)	(\$200,000)		\$0	(\$200,000)
Homeless Response Team (Reallocation from City-Wide Expenses Homeless Rapid Rehousing)			\$200,000	\$200,000		\$0	\$200,000
National Forum Capacity-Building Grant OJJDP 2012-2016/Revenue from Federal Government			\$191,478	\$191,478	\$191,478	\$0	\$0
Northern California Regional Intelligence Center SUASI - Police/Revenue from Federal Government			\$242,308	\$242,308	\$242,308	\$0	\$0
San José End of Watch Police Memorial (Retitled from Police Memorial)			\$18,000	\$18,000		\$0	\$18,000

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
CITY-WIDE EXPENSES							
Budget Adjustments							
Sidewalk Repairs/Other Revenue			\$600,000	\$600,000	\$600,000	\$0	\$0
Budget Adjustments Total	\$0	\$0	\$3,151,286	\$3,151,286	\$2,475,286	\$0	\$676,000
Clean-Up Actions							
Tech Adjust: Employee Engagement Program Survey and Training (Reallocate from Human Resources Department to City Manager's Office)			(\$120,000)	(\$120,000)		\$0	(\$120,000)
Tech Adjust: Employee Engagement Program Survey and Training (Reallocate to City Manager's Office from Human Resources Department)			\$120,000	\$120,000		\$0	\$120,000
Tech Adjust: Grant Compliance Single Audit (Reallocation from City Auditor's Office Personal Services)			\$2,000	\$2,000		\$0	\$2,000
Tech Adjust: Workers' Compensation Claims - Fire (Reallocation from Workers' Compensation Claims)			\$800,000	\$800,000		\$0	\$800,000
Tech Adjust: Workers' Compensation Claims - PRNS (Reallocation from Workers' Compensation Claims)			\$350,000	\$350,000		\$0	\$350,000
Tech Adjust: Workers' Compensation Claims - Police (Reallocation to Workers' Compensation Claims)			(\$1,675,000)	(\$1,675,000)		\$0	(\$1,675,000)
Tech Adjust: Workers' Compensation Claims - Transportation (Reallocation from Workers' Compensation Claims)			\$525,000	\$525,000		\$0	\$525,000
Clean-Up Actions Total	\$0	\$0	\$2,000	\$2,000	\$0	\$0	\$2,000
CITY-WIDE EXPENSES TOTAL	\$0	\$0	\$3,153,286	\$3,153,286	\$2,475,286	\$0	\$678,000

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
EARMARKED RESERVES							
Budget Adjustments							
2016-2017 Police Department Overtime Reserve			\$5,000,000	\$5,000,000		\$0	\$5,000,000
Building Development Fee Program Reserve			(\$250,000)	(\$250,000)		\$0	(\$250,000)
Building Development Fee Program Reserve/Licenses and Permits (Building Permits)			\$1,500,000	\$1,500,000	\$1,500,000	\$0	\$0
Cultural Facilities Capital Maintenance Reserve			\$2,300,000	\$2,300,000		\$0	\$2,300,000
Fire Development Fee Program Reserve			(\$200,000)	(\$200,000)		\$0	(\$200,000)
Fiscal Reform Plan Implementation Reserve (Outside Legal Counsel and Actuarial Services)			(\$385,000)	(\$385,000)		\$0	(\$385,000)
Planning Development Fee Program Reserve			(\$70,000)	(\$70,000)		\$0	(\$70,000)
Planning Development Fee Program Reserve/Departmental Charges (Planning Fees)			\$900,000	\$900,000	\$900,000	\$0	\$0
Budget Adjustments Total	\$0	\$0	\$8,795,000	\$8,795,000	\$2,400,000	\$0	\$6,395,000
Clean-Up Actions							
Benefits Program - Fire Development Fee Program Reserve			(\$6,000)	(\$6,000)		\$0	(\$6,000)
Benefits Program - Public Works Development Fee Program Reserve			(\$11,000)	(\$11,000)		\$0	(\$11,000)
Benefits Program - Salaries and Benefits Reserve			(\$177,000)	(\$177,000)		\$0	(\$177,000)
Development Fee Program Reconciliation - Planning Development Fee Program Reserve			\$5,958	\$5,958		\$0	\$5,958
Management Pay for Performance Program - Building Development Fee Program Reserve			\$109,179	\$109,179		\$0	\$109,179

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
EARMARKED RESERVES							
Clean-Up Actions							
Management Pay for Performance Program - Fire Development Fee Program Reserve			\$1,194	\$1,194		\$0	\$1,194
Management Pay for Performance Program - Planning Development Fee Program Reserve			\$24,240	\$24,240		\$0	\$24,240
Management Pay for Performance Program - Public Works Development Fee Program Reserve			\$886	\$886		\$0	\$886
Management Pay for Performance Program - Salaries and Benefits Reserve			(\$1,195,094)	(\$1,195,094)		\$0	(\$1,195,094)
Retirement Contributions Reconciliation - Building Development Fee Program Reserve			\$141,109	\$141,109		\$0	\$141,109
Retirement Contributions Reconciliation - Fire Development Fee Program Reserve			\$25,732	\$25,732		\$0	\$25,732
Retirement Contributions Reconciliation - Planning Development Fee Program Reserve			\$26,481	\$26,481		\$0	\$26,481
Retirement Contributions Reconciliation - Public Works Development Fee Program Reserve			\$48,533	\$48,533		\$0	\$48,533
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$1,210,263	\$1,210,263		\$0	\$1,210,263
Clean-Up Actions Total	\$0	\$0	\$204,481	\$204,481	\$0	\$0	\$204,481
EARMARKED RESERVES TOTAL	\$0	\$0	\$8,999,481	\$8,999,481	\$2,400,000	\$0	\$6,599,481
ECONOMIC DEVELOPMENT							
Budget Adjustments							
Non-Personal/Equipment (Business Circle Lighting and Security)		\$80,000		\$80,000		\$0	\$80,000

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
ECONOMIC DEVELOPMENT							
Budget Adjustments							
Non-Personal/Equipment (Knight Foundation)/Other Revenue		\$125,000		\$125,000	\$125,000	\$0	\$0
Budget Adjustments Total	\$0	\$205,000	\$0	\$205,000	\$125,000	\$0	\$80,000
Clean-Up Actions							
Benefits Program	\$4,000			\$4,000		\$0	\$4,000
Management Pay for Performance Program	\$58,000			\$58,000		\$0	\$58,000
Management Pay for Performance Program - Building Development Fee Program - Personal Services			\$3,404	\$3,404		\$0	\$3,404
Retirement Contributions Reconciliation	(\$19,261)			(\$19,261)		\$0	(\$19,261)
Retirement Contributions Reconciliation - Building Development Fee Program - Personal Services			(\$782)	(\$782)		\$0	(\$782)
Retirement Contributions Reconciliation - Public Works Development Fee Program - Personal Services			(\$162)	(\$162)		\$0	(\$162)
Clean-Up Actions Total	\$42,739	\$0	\$2,460	\$45,199	\$0	\$0	\$45,199
ECONOMIC DEVELOPMENT TOTAL	\$42,739	\$205,000	\$2,460	\$250,199	\$125,000	\$0	\$125,199
ENVIRONMENTAL SERVICES							
Clean-Up Actions							
Retirement Contributions Reconciliation	(\$1,252)			(\$1,252)		\$0	(\$1,252)
Clean-Up Actions Total	(\$1,252)	\$0	\$0	(\$1,252)	\$0	\$0	(\$1,252)
ENVIRONMENTAL SERVICES TOTAL	(\$1,252)	\$0	\$0	(\$1,252)	\$0	\$0	(\$1,252)

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
FINANCE							
Clean-Up Actions							
Retirement Contributions Reconciliation	(\$75,800)			(\$75,800)		\$0	(\$75,800)
Retirement Contributions Reconciliation - Development Fee Program - Shared Resources Personal Services			(\$1,673)	(\$1,673)		\$0	(\$1,673)
Clean-Up Actions Total	(\$75,800)	\$0	(\$1,673)	(\$77,473)	\$0	\$0	(\$77,473)
FINANCE TOTAL	(\$75,800)	\$0	(\$1,673)	(\$77,473)	\$0	\$0	(\$77,473)
FIRE							
Budget Adjustments							
Fire Development Fee Program - Personal Services			\$200,000	\$200,000		\$0	\$200,000
Personal Services (California Taskforce 3 National Urban Search and Rescue Team)/Revenue from Federal Government	\$14,604			\$14,604	\$14,604	\$0	\$0
Personal Services (Fire Strike Team)/Revenue from State of California	\$424,731			\$424,731	\$424,731	\$0	\$0
Personal Services (Shift \$4.0 million from Salaries and Benefits to Overtime)				\$0		\$0	\$0
Personal Services (Special Operations Training)/Revenue from Local Agencies	\$12,000			\$12,000	\$12,000	\$0	\$0
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)	\$49,989	(\$71,562)		(\$21,573)	(\$21,573)	\$0	\$0
Super Bowl 50 - Personal Services (Overtime)	\$50,000			\$50,000		\$0	\$50,000
Budget Adjustments Total	\$551,324	(\$71,562)	\$200,000	\$679,762	\$429,762	\$0	\$250,000

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
FIRE							
Clean-Up Actions							
Benefits Program	\$157,000			\$157,000		\$0	\$157,000
Benefits Program - Fire Development Fee Program - Personal Services			\$6,000	\$6,000		\$0	\$6,000
Management Pay for Performance Program	\$20,000			\$20,000		\$0	\$20,000
Management Pay for Performance Program - Fire Development Fee Program - Personal Services			\$53,018	\$53,018		\$0	\$53,018
Retirement Contributions Reconciliation	(\$56,467)			(\$56,467)		\$0	(\$56,467)
Retirement Contributions Reconciliation - Fire Development Fee Program - Personal Services			(\$22,654)	(\$22,654)		\$0	(\$22,654)
Clean-Up Actions Total	\$120,533	\$0	\$36,364	\$156,897	\$0	\$0	\$156,897
FIRE TOTAL	\$671,857	(\$71,562)	\$236,364	\$836,659	\$429,762	\$0	\$406,897
HOUSING							
Clean-Up Actions							
Retirement Contributions Reconciliation	(\$1,224)			(\$1,224)		\$0	(\$1,224)
Clean-Up Actions Total	(\$1,224)	\$0	\$0	(\$1,224)	\$0	\$0	(\$1,224)
HOUSING TOTAL	(\$1,224)	\$0	\$0	(\$1,224)	\$0	\$0	(\$1,224)
HUMAN RESOURCES							
Clean-Up Actions							
Management Pay for Performance Program - Development Fee Programs - Shared Resources Personal Services			\$1,017	\$1,017		\$0	\$1,017
Retirement Contributions Reconciliation	(\$29,475)			(\$29,475)		\$0	(\$29,475)

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
HUMAN RESOURCES							
Clean-Up Actions							
Retirement Contributions Reconciliation - Development Fee Programs - Shared Resources Personal Services			(\$168)	(\$168)		\$0	(\$168)
Clean-Up Actions Total	(\$29,475)	\$0	\$849	(\$28,626)	\$0	\$0	(\$28,626)
HUMAN RESOURCES TOTAL	(\$29,475)	\$0	\$849	(\$28,626)	\$0	\$0	(\$28,626)
INDEPENDENT POLICE AUDITOR							
Clean-Up Actions							
Retirement Contributions Reconciliation	(\$4,852)			(\$4,852)		\$0	(\$4,852)
Tech Adjust: Non-Personal/Equipment (Reallocation from Personal Services for Office Move)		\$3,000		\$3,000		\$0	\$3,000
Tech Adjust: Personal Services (Reallocation to Non-Personal/Equipment for Office Move)	(\$3,000)			(\$3,000)		\$0	(\$3,000)
Clean-Up Actions Total	(\$7,852)	\$3,000	\$0	(\$4,852)	\$0	\$0	(\$4,852)
INDEPENDENT POLICE AUDITOR TOTAL	(\$7,852)	\$3,000	\$0	(\$4,852)	\$0	\$0	(\$4,852)
INFORMATION TECHNOLOGY							
Budget Adjustments							
Non-Personal/Equipment (Reallocation from Personal Services for Temporary Staffing/Contractual Services)		\$1,000,000		\$1,000,000		\$0	\$1,000,000
Personal Services (Reallocation to Non-Personal/Equipment for Temporary Staffing/Contractual Services)	(\$1,000,000)			(\$1,000,000)		\$0	(\$1,000,000)
Budget Adjustments Total	(\$1,000,000)	\$1,000,000	\$0	\$0	\$0	\$0	\$0

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
INFORMATION TECHNOLOGY							
Clean-Up Actions							
Management Pay for Performance Program - Development Fee Programs - Shared Resources Personal Services			\$1,266	\$1,266		\$0	\$1,266
Retirement Contributions Reconciliation	(\$56,083)			(\$56,083)		\$0	(\$56,083)
Retirement Contributions Reconciliation - Development Fee Programs - Shared Resources Personal Services			(\$1,969)	(\$1,969)		\$0	(\$1,969)
Clean-Up Actions Total	(\$56,083)	\$0	(\$703)	(\$56,786)	\$0	\$0	(\$56,786)
INFORMATION TECHNOLOGY TOTAL	(\$1,056,083)	\$1,000,000	(\$703)	(\$56,786)	\$0	\$0	(\$56,786)
LIBRARY							
Budget Adjustments							
Library Grants (California Library Literacy Services)/Revenue from State of California			\$71,702	\$71,702	\$71,702	\$0	\$0
Library Grants (Curiosity Creates Project)/Other Revenue			\$7,500	\$7,500	\$7,500	\$0	\$0
Library Grants (San José Public Library Works)/Other Revenue			\$75,000	\$75,000	\$75,000	\$0	\$0
Budget Adjustments Total	\$0	\$0	\$154,202	\$154,202	\$154,202	\$0	\$0
Clean-Up Actions							
Retirement Contributions Reconciliation	(\$94,506)			(\$94,506)		\$0	(\$94,506)
Clean-Up Actions Total	(\$94,506)	\$0	\$0	(\$94,506)	\$0	\$0	(\$94,506)
LIBRARY TOTAL	(\$94,506)	\$0	\$154,202	\$59,696	\$154,202	\$0	(\$94,506)

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
MAYOR & COUNCIL							
Budget Adjustments							
Council District #01 (San José End of Watch Police Memorial)			(\$1,500)	(\$1,500)		\$0	(\$1,500)
Council District #02 (San José End of Watch Police Memorial)			(\$1,000)	(\$1,000)		\$0	(\$1,000)
Council District #02 Special Event Sponsorship/Other Revenue			\$3,795	\$3,795	\$3,795	\$0	\$0
Council District #03 (San José End of Watch Police Memorial)			(\$3,000)	(\$3,000)		\$0	(\$3,000)
Council District #04 (San José End of Watch Police Memorial)			(\$500)	(\$500)		\$0	(\$500)
Council District #05 (San José End of Watch Police Memorial)			(\$1,500)	(\$1,500)		\$0	(\$1,500)
Council District #06 (San José End of Watch Police Memorial)			(\$1,000)	(\$1,000)		\$0	(\$1,000)
Council District #07 (San José End of Watch Police Memorial)			(\$500)	(\$500)		\$0	(\$500)
Council District #07 Special Event Sponsorship/Other Revenue			\$1,000	\$1,000	\$1,000	\$0	\$0
Council District #08 (San José End of Watch Police Memorial)			(\$2,000)	(\$2,000)		\$0	(\$2,000)
Council District #08 Special Event Sponsorship/Other Revenue			\$12,213	\$12,213	\$12,213	\$0	\$0
Council District #09 (San José End of Watch Police Memorial)			(\$5,000)	(\$5,000)		\$0	(\$5,000)
Council District #09 Special Event Sponsorship/Other Revenue			\$23,550	\$23,550	\$23,550	\$0	\$0
Council District #10 (San José End of Watch Police Memorial)			(\$2,000)	(\$2,000)		\$0	(\$2,000)
Office of the Mayor (Participatory Budget Process)/Other Revenue			\$50,000	\$50,000	\$50,000	\$0	\$0
Budget Adjustments Total	\$0	\$0	\$72,558	\$72,558	\$90,558	\$0	(\$18,000)

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
MAYOR & COUNCIL							
Clean-Up Actions							
Retirement Contributions Reconciliation - Council District #01			(\$1,859)	(\$1,859)		\$0	(\$1,859)
Retirement Contributions Reconciliation - Council District #02			(\$1,859)	(\$1,859)		\$0	(\$1,859)
Retirement Contributions Reconciliation - Council District #03			(\$1,859)	(\$1,859)		\$0	(\$1,859)
Retirement Contributions Reconciliation - Council District #04			(\$1,859)	(\$1,859)		\$0	(\$1,859)
Retirement Contributions Reconciliation - Council District #05			(\$1,859)	(\$1,859)		\$0	(\$1,859)
Retirement Contributions Reconciliation - Council District #06			(\$1,859)	(\$1,859)		\$0	(\$1,859)
Retirement Contributions Reconciliation - Council District #07			(\$1,859)	(\$1,859)		\$0	(\$1,859)
Retirement Contributions Reconciliation - Council District #08			(\$1,859)	(\$1,859)		\$0	(\$1,859)
Retirement Contributions Reconciliation - Council District #09			(\$1,859)	(\$1,859)		\$0	(\$1,859)
Retirement Contributions Reconciliation - Council District #10			(\$1,859)	(\$1,859)		\$0	(\$1,859)
Retirement Contributions Reconciliation - Office of the Mayor			(\$10,641)	(\$10,641)		\$0	(\$10,641)
Salary Program - Council District #01			\$11,300	\$11,300		\$0	\$11,300
Salary Program - Council District #02			\$12,800	\$12,800		\$0	\$12,800
Salary Program - Council District #03			\$11,300	\$11,300		\$0	\$11,300
Salary Program - Council District #04			\$11,300	\$11,300		\$0	\$11,300
Salary Program - Council District #05			\$11,300	\$11,300		\$0	\$11,300
Salary Program - Council District #06			\$12,800	\$12,800		\$0	\$12,800
Salary Program - Council District #07			\$11,300	\$11,300		\$0	\$11,300

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
MAYOR & COUNCIL							
Clean-Up Actions							
Salary Program - Council District #08			\$12,800	\$12,800		\$0	\$12,800
Salary Program - Council District #09			\$12,800	\$12,800		\$0	\$12,800
Salary Program - Council District #10			\$12,800	\$12,800		\$0	\$12,800
Salary Program - Office of the Mayor			\$12,600	\$12,600		\$0	\$12,600
Clean-Up Actions Total	\$0	\$0	\$103,869	\$103,869	\$0	\$0	\$103,869
MAYOR & COUNCIL TOTAL	\$0	\$0	\$176,427	\$176,427	\$90,558	\$0	\$85,869
PARKS, REC, & NEIGH SVCS							
Budget Adjustments							
Non-Personal/Equipment (Reallocation from Personal Services for Park Restrooms Contract)		\$84,000		\$84,000		\$0	\$84,000
Non-Personal/Equipment (Reallocation from Personal Services for Water Costs)		\$350,000		\$350,000		\$0	\$350,000
Non-Personal/Equipment (VivaCalleSJ)/Departmental Charges		\$9,100		\$9,100	\$9,100	\$0	\$0
Non-Personal/Equipment (VivaCalleSJ)/Other Revenue		\$5,000		\$5,000	\$5,000	\$0	\$0
PRNS Fee Activities/Departmental Charges			\$700,000	\$700,000	\$700,000	\$0	\$0
Personal Services (Reallocation to Non-Personal/Equipment for Park Restrooms Contract and Water Costs)	(\$434,000)			(\$434,000)		\$0	(\$434,000)
Personal Services (Viva Parks)/Revenue from Local Agencies	\$12,138			\$12,138	\$12,138	\$0	\$0
Personal Services and Non-Personal/Equipment (St. James Park and Plaza de Cesar Chavez Activation)/Other Revenue	\$78,000	\$72,000		\$150,000	\$150,000	\$0	\$0
Budget Adjustments Total	(\$343,862)	\$520,100	\$700,000	\$876,238	\$876,238	\$0	\$0

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
PARKS, REC, & NEIGH SVCS							
Clean-Up Actions							
Retirement Contributions Reconciliation	(\$151,233)			(\$151,233)		\$0	(\$151,233)
Retirement Contributions Reconciliation - Parks, Recreation, and Neighborhood Services Department Fee Activities			(\$9,631)	(\$9,631)		\$0	(\$9,631)
Clean-Up Actions Total	(\$151,233)	\$0	(\$9,631)	(\$160,864)	\$0	\$0	(\$160,864)
PARKS, REC, & NEIGH SVCS TOTAL	(\$495,095)	\$520,100	\$690,369	\$715,374	\$876,238	\$0	(\$160,864)
PLANNING, BLDG, & CODE ENF							
Budget Adjustments							
Building Development Fee Program - Non-Personal/Equipment (Peak Staffing)			\$250,000	\$250,000		\$0	\$250,000
Non-Personal/Equipment (Local Enforcement Agency Grant)/Revenue from State of California		\$26,725		\$26,725	\$26,725	\$0	\$0
Planning Development Fee Program - Non-Personal/Equipment (Environmental Review)/Departmental Charges (Planning Fees)			\$152,000	\$152,000	\$152,000	\$0	\$0
Planning Development Fee Program - Non-Personal/Equipment (Peak Staffing)			\$70,000	\$70,000		\$0	\$70,000
Budget Adjustments Total	\$0	\$26,725	\$472,000	\$498,725	\$178,725	\$0	\$320,000
Clean-Up Actions							
Benefits Program	\$16,000			\$16,000		\$0	\$16,000
Retirement Contributions Reconciliation	(\$63,324)			(\$63,324)		\$0	(\$63,324)

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
PLANNING, BLDG, & CODE ENF							
Clean-Up Actions							
Retirement Contributions Reconciliation - Building Development Fee Program - Personal Services			(\$137,704)	(\$137,704)		\$0	(\$137,704)
Retirement Contributions Reconciliation - Fire Development Fee Program - Personal Services			(\$2,534)	(\$2,534)		\$0	(\$2,534)
Retirement Contributions Reconciliation - Planning Development Fee Program - Personal Services			(\$26,030)	(\$26,030)		\$0	(\$26,030)
Retirement Contributions Reconciliation - Public Works Development Fee Program - Personal Services			(\$1,712)	(\$1,712)		\$0	(\$1,712)
Clean-Up Actions Total	(\$47,324)	\$0	(\$167,980)	(\$215,304)	\$0	\$0	(\$215,304)
PLANNING, BLDG, & CODE ENF TOTAL	(\$47,324)	\$26,725	\$304,020	\$283,421	\$178,725	\$0	\$104,696
POLICE							
Budget Adjustments							
Non-Personal/Equipment (Reallocation from Personal Services for Limited Detention Study)		\$41,000		\$41,000		\$0	\$41,000
Non-Personal/Equipment (Reallocation from Personal Services for Police Staffing Efficiency Study)		\$200,000		\$200,000		\$0	\$200,000
Personal Services (Operation Lazy Eye)/Revenue from Federal Government	(\$5,000)			(\$5,000)	(\$5,000)	\$0	\$0
Personal Services (Reallocation to 2016-2017 Police Department Overtime Reserve and Non-Personal/Equipment for Police Staffing Efficiency Study)	(\$5,200,000)			(\$5,200,000)		\$0	(\$5,200,000)
Personal Services (Reallocation to Non-Personal/Equipment for Limited Detention Study and Police Administration Building Fencing - Employee Parking Lot Perimeter)	(\$84,000)			(\$84,000)		\$0	(\$84,000)

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
POLICE							
Budget Adjustments							
Personal Services (Shift \$8.0 million from Salaries and Benefits to Overtime)				\$0		\$0	\$0
Super Bowl 50 - Non-Personal/Equipment (CHP Escort Services)		\$86,000		\$86,000		\$0	\$86,000
Super Bowl 50 - Personal Services (Overtime)/Other Revenue (National Football League)	\$151,000			\$151,000	\$151,000	\$0	\$0
Budget Adjustments Total	(\$5,138,000)	\$327,000	\$0	(\$4,811,000)	\$146,000	\$0	(\$4,957,000)
Clean-Up Actions							
Retirement Contributions Reconciliation	(\$294,063)			(\$294,063)		\$0	(\$294,063)
Clean-Up Actions Total	(\$294,063)	\$0	\$0	(\$294,063)	\$0	\$0	(\$294,063)
POLICE TOTAL	(\$5,432,063)	\$327,000	\$0	(\$5,105,063)	\$146,000	\$0	(\$5,251,063)
PUBLIC WORKS							
Budget Adjustments							
Non-Personal/Equipment (Custodial Services for USPTO)/Other Revenue		\$45,000		\$45,000	\$45,000	\$0	\$0
Budget Adjustments Total	\$0	\$45,000	\$0	\$45,000	\$45,000	\$0	\$0
Clean-Up Actions							
Benefits Program - Public Works Development Fee Program - Personal Services			\$11,000	\$11,000		\$0	\$11,000
Management Pay for Performance Program - Public Works Development Fee Program - Personal Services			\$55,228	\$55,228		\$0	\$55,228
Retirement Contributions Reconciliation	(\$86,013)			(\$86,013)		\$0	(\$86,013)

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
PUBLIC WORKS							
Clean-Up Actions							
Retirement Contributions Reconciliation - Building Development Fee Program - Personal Services			(\$100)	(\$100)		\$0	(\$100)
Retirement Contributions Reconciliation - Fire Development Fee Program - Personal Services			(\$16)	(\$16)		\$0	(\$16)
Retirement Contributions Reconciliation - Planning Development Fee Program - Personal Services			(\$38)	(\$38)		\$0	(\$38)
Retirement Contributions Reconciliation - Public Works Development Fee Program - Personal Services			(\$46,313)	(\$46,313)		\$0	(\$46,313)
Clean-Up Actions Total	(\$86,013)	\$0	\$19,761	(\$66,252)	\$0	\$0	(\$66,252)
PUBLIC WORKS TOTAL	(\$86,013)	\$45,000	\$19,761	(\$21,252)	\$45,000	\$0	(\$66,252)
REVENUE ADJUSTMENTS							
Budget Adjustments							
Earned Revenue - Transient Occupancy Tax				\$0	\$2,300,000	\$0	(\$2,300,000)
Super Bowl 50 - Transient Occupancy Tax				\$0	\$136,000	\$0	(\$136,000)
Transfers and Reimbursements (Transfer from the Water Utility Fund - Late Fees)				\$0	(\$225,000)	\$0	\$225,000
Budget Adjustments Total	\$0	\$0	\$0	\$0	\$2,211,000	\$0	(\$2,211,000)
Clean-Up Actions							
Tech Adjust: Other Revenue (San José Public Library Works)				\$0	\$70,000	\$0	(\$70,000)
Tech Adjust: Revenue from Federal Government (2015 California Gang Reduction, Intervention and Prevention (CALGRIP))				\$0	(\$196,222)	\$0	\$196,222

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
REVENUE ADJUSTMENTS							
Clean-Up Actions							
Tech Adjust: Revenue from Federal Government (I am San José)				\$0	\$56,015	\$0	(\$56,015)
Tech Adjust: Revenue from State of California (2015 California Gang Reduction, Intervention and Prevention (CALGRIP))				\$0	\$196,222	\$0	(\$196,222)
Tech Adjust: Revenue from State of California (I am San José)				\$0	(\$56,015)	\$0	\$56,015
Tech Adjust: Revenue from State of California (San José Public Library Works)				\$0	(\$70,000)	\$0	\$70,000
Tech Adjust: State Homeland Security Grant Program 2013-2014 (Reallocation from Revenue from Federal Government to Revenue from Local Agencies)				\$0	(\$1,035)	\$0	\$1,035
Tech Adjust: State Homeland Security Grant Program 2013-2014 (Reallocation to Revenue from Local Agencies from Revenue from Federal Government)				\$0	\$1,035	\$0	(\$1,035)
Tech Adjust: State of California Department of Justice Santa Clara County Specialized Enforcement Team (Reallocate from Revenue from State of California to Revenue from Local Agencies)				\$0	(\$60,000)	\$0	\$60,000
Tech Adjust: State of California Department of Justice Santa Clara County Specialized Enforcement Team (Reallocate to Revenue from Local Agencies from Revenue from State of California)				\$0	\$60,000	\$0	(\$60,000)
Tech Adjust: Transfers and Reimbursements (Transfer from Emergency Reserve Fund - Interest Earnings)				\$0	\$4,000	\$0	(\$4,000)
Tech Adjust: Transfers and Reimbursements (Transfer from Vehicle Operations and Maintenance Fund - Interest Earnings)				\$0	\$12,000	\$0	(\$12,000)

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
REVENUE ADJUSTMENTS							
Clean-Up Actions							
Tech Adjust: Revenue from Federal Government (National Endowment for the Arts Grant)				\$0	(\$150,000)	\$0	\$150,000
Tech Adjust: Revenue from Local Agencies (OCA VTA Bus Rapid Transit)				\$0	\$65,768	\$0	(\$65,768)
Tech Adjust: Revenue from Local Agencies (OCA VTA Bus Rapid Transit)				\$0	\$150,000	\$0	(\$150,000)
Tech Adjust: Revenue from Other Revenue (Cultural Affairs Arts Grants)				\$0	(\$65,768)	\$0	\$65,768
Tech Adjust: Transfers and Reimbursements (Transfers from Capital Funds - Interest Earnings)				\$0	\$171,000	\$0	(\$171,000)
Clean-Up Actions Total	\$0	\$0	\$0	\$0	\$187,000	\$0	(\$187,000)
REVENUE ADJUSTMENTS TOTAL	\$0	\$0	\$0	\$0	\$2,398,000	\$0	(\$2,398,000)
TRANSFERS							
Budget Adjustments							
Transfer to the Water Utility Fund (Late Fee Reconciliation)			\$21,604	\$21,604		\$0	\$21,604
Budget Adjustments Total	\$0	\$0	\$21,604	\$21,604	\$0	\$0	\$21,604
TRANSFERS TOTAL	\$0	\$0	\$21,604	\$21,604	\$0	\$0	\$21,604
TRANSPORTATION							
Budget Adjustments							
Super Bowl 50 - Non-Personal/Equipment (Turf Painting)		(\$12,000)		(\$12,000)		\$0	(\$12,000)
Budget Adjustments Total	\$0	(\$12,000)	\$0	(\$12,000)	\$0	\$0	(\$12,000)

**General Fund
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other		Revenue	Beg Fund Balance	
TRANSPORTATION							
Clean-Up Actions							
Retirement Contributions Reconciliation	(\$85,585)			(\$85,585)		\$0	(\$85,585)
Clean-Up Actions Total	(\$85,585)	\$0	\$0	(\$85,585)	\$0	\$0	(\$85,585)
TRANSPORTATION TOTAL	(\$85,585)	(\$12,000)	\$0	(\$97,585)	\$0	\$0	(\$97,585)
GENERAL FUND TOTAL	(\$6,808,939)	\$2,328,263	\$13,799,447	\$9,318,771	\$9,318,771	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT CAPITAL IMPVT FUND (520)								
Budget Adjustments								
AIRPORT CAPITAL PROGRAM								
Airport Rescue and Fire Fighting (ARFF) Vehicle/Earned Revenue			\$858,000		\$858,000	\$858,000		\$0
Perimeter Security Technology Infrastructure/Earned Revenue			\$2,418,000		\$2,418,000	\$2,418,000		\$0
Southeast Ramp Reconstruction/Earned Revenue			\$3,500,000		\$3,500,000	\$3,500,000		\$0
Budget Adjustments Total	\$0	\$0	\$6,776,000	\$0	\$6,776,000	\$6,776,000	\$0	\$0
AIRPORT CAPITAL IMPVT FUND (520) TOTAL	\$0	\$0	\$6,776,000	\$0	\$6,776,000	\$6,776,000	\$0	\$0
AIRPORT FISCAL AGENT FUND (525)								
Clean-Up Actions								
AIRPORT								
Fund Balance Reconciliation - Debt Service Reserve				(\$2,068,853)	(\$2,068,853)		(\$2,068,853)	\$0
Clean-Up Actions Total	\$0	\$0	\$0	(\$2,068,853)	(\$2,068,853)	\$0	(\$2,068,853)	\$0
AIRPORT FISCAL AGENT FUND (525) TOTAL	\$0	\$0	\$0	(\$2,068,853)	(\$2,068,853)	\$0	(\$2,068,853)	\$0
AIRPORT MAINT & OPER FUND (523)								
Budget Adjustments								
PLANNING, BLDG, & CODE ENF								
Personal Services (Hiring True-Up)	\$4,000				\$4,000			\$4,000
AIRPORT								
Operations Contingency			(\$4,000)		(\$4,000)			(\$4,000)
Budget Adjustments Total	\$4,000	\$0	(\$4,000)	\$0	\$0	\$0	\$0	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT MAINT & OPER FUND (523)								
Clean-Up Actions								
INFORMATION TECHNOLOGY								
Retirement Contributions Reconciliation	(\$411)				(\$411)			(\$411)
CITY ATTORNEY								
Management Pay for Performance Program/Operations Contingency	\$9,289		(\$9,289)		\$0			\$0
Retirement Contributions Reconciliation	(\$3,666)				(\$3,666)			(\$3,666)
POLICE								
Retirement Contributions Reconciliation	(\$431)				(\$431)			(\$431)
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$747)				(\$747)			(\$747)
PLANNING, BLDG, & CODE ENF								
Management Pay for Performance Program/Operations Contingency	\$981		(\$981)		\$0			\$0
Retirement Contributions Reconciliation	(\$307)				(\$307)			(\$307)
ECONOMIC DEVELOPMENT								
Management Pay for Performance Program/Operations Contingency	\$3,322		(\$3,322)		\$0			\$0
Retirement Contributions Reconciliation	(\$1,643)				(\$1,643)			(\$1,643)
PARKS, REC, & NEIGH SVCS								
Retirement Contributions Reconciliation	(\$215)				(\$215)			(\$215)
AIRPORT								
Fund Balance Reconciliation - Workers' Compensation Claims Reserve				\$499,168	\$499,168		\$499,168	\$0
Retirement Contributions Reconciliation	(\$133,580)				(\$133,580)			(\$133,580)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$141,000		\$141,000			\$141,000
Clean-Up Actions Total	(\$127,408)	\$0	\$127,408	\$499,168	\$499,168	\$0	\$499,168	\$0
AIRPORT MAINT & OPER FUND (523) TOTAL	(\$123,408)	\$0	\$123,408	\$499,168	\$499,168	\$0	\$499,168	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
AIRPORT REV BOND IMP FUND (526)								
Budget Adjustments								
AIRPORT CAPITAL PROGRAM								
Airport Rescue and Fire Fighting (ARFF) Vehicle			\$207,000		\$207,000			\$207,000
Ending Fund Balance Adjustment				\$1,157,000	\$1,157,000			\$1,157,000
PG&E Powerline Relocation			(\$3,000,000)		(\$3,000,000)			(\$3,000,000)
Perimeter Security Technology Infrastructure			\$583,000		\$583,000			\$583,000
Southeast Area IT Infrastructure Relocation			\$1,110,000		\$1,110,000			\$1,110,000
Southeast Ramp Reconstruction			\$843,000		\$843,000			\$843,000
Terminal A Ramp Lighting			(\$900,000)		(\$900,000)			(\$900,000)
Budget Adjustments Total	\$0	\$0	(\$1,157,000)	\$1,157,000	\$0	\$0	\$0	\$0
AIRPORT REV BOND IMP FUND (526) TOTAL	\$0	\$0	(\$1,157,000)	\$1,157,000	\$0	\$0	\$0	\$0
AIRPORT REVENUE FUND (521)								
Clean-Up Actions								
AIRPORT								
Fund Balance Reconciliation - Airline Agreement Reserve				(\$499,168)	(\$499,168)		(\$499,168)	\$0
Clean-Up Actions Total	\$0	\$0	\$0	(\$499,168)	(\$499,168)	\$0	(\$499,168)	\$0
AIRPORT REVENUE FUND (521) TOTAL	\$0	\$0	\$0	(\$499,168)	(\$499,168)	\$0	(\$499,168)	\$0
BENEFIT FUND (160)								
Budget Adjustments								
HUMAN RESOURCES								
401(a) Defined Contribution Retirement Plan/Transfers			\$10,000		\$10,000	\$10,000		\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
BENEFIT FUND (160)								
Budget Adjustments								
HUMAN RESOURCES								
FICA-Medicare/Transfers			\$215,000		\$215,000	\$215,000		\$0
PTC 457/Transfers			\$100,000		\$100,000	\$100,000		\$0
Budget Adjustments Total	\$0	\$0	\$325,000	\$0	\$325,000	\$325,000	\$0	\$0
Clean-Up Actions								
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$3,805)				(\$3,805)			(\$3,805)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$3,805		\$3,805			\$3,805
Clean-Up Actions Total	(\$3,805)	\$0	\$3,805	\$0	\$0	\$0	\$0	\$0
BENEFIT FUND (160) TOTAL	(\$3,805)	\$0	\$328,805	\$0	\$325,000	\$325,000	\$0	\$0

BLDG & STRUCT CONST TAX FD (429)

Budget Adjustments

TRAFFIC CAPITAL PROGRAM

Downing Avenue Pedestrian and Bicycle Improvements/Earned Revenue			\$300,000		\$300,000	(\$275,000)		\$575,000
Earned Revenue (Ocala Avenue Pedestrian Improvements)					\$0	(\$780,000)		\$780,000
Earned Revenue (Transportation Incident Management Center)					\$0	(\$525,000)		\$525,000
Ending Fund Balance Adjustment				(\$1,660,000)	(\$1,660,000)			(\$1,660,000)
Park Avenue Bicycle Lane Improvements/Earned Revenue			(\$700,000)		(\$700,000)	(\$655,000)		(\$45,000)
Park Avenue Multimodal Improvements/Earned Revenue			(\$1,200,000)		(\$1,200,000)	(\$985,000)		(\$215,000)
Safety - Traffic Signal Modifications/Construction/Earned Revenue			\$18,000		\$18,000	\$18,000		\$0
St. John Bike/Pedestrian Improvements (OBAG)/Earned Revenue			(\$900,000)		(\$900,000)	(\$600,000)		(\$300,000)
St. John Multimodal Improvements Phase 1/Earned Revenue			(\$1,400,000)		(\$1,400,000)	(\$750,000)		(\$650,000)

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
BLDG & STRUCT CONST TAX FD (429)								
Budget Adjustments								
TRAFFIC CAPITAL PROGRAM								
The Alameda "Beautiful Way" Phase 2 (OBAG)/Earned Revenue			(\$2,500,000)		(\$2,500,000)		(\$3,490,000)	\$990,000
Budget Adjustments Total	\$0	\$0	(\$6,382,000)	(\$1,660,000)	(\$8,042,000)	(\$8,042,000)	\$0	\$0
Clean-Up Actions								
TRAFFIC CAPITAL PROGRAM								
Fund Balance Reconciliation				(\$140,628)	(\$140,628)		(\$140,628)	\$0
Clean-Up Actions Total	\$0	\$0	\$0	(\$140,628)	(\$140,628)	\$0	(\$140,628)	\$0
BLDG & STRUCT CONST TAX FD (429) TOTAL	\$0	\$0	(\$6,382,000)	(\$1,800,628)	(\$8,182,628)	(\$8,042,000)	(\$140,628)	\$0
BRANCH LIB BOND PROJECT FD (472)								
Budget Adjustments								
LIBRARY CAPITAL PROGRAM								
Alviso Branch Reconfiguration			(\$150,000)		(\$150,000)			(\$150,000)
Bond Projects Services Consultant			(\$5,000)		(\$5,000)			(\$5,000)
Branch Efficiency Projects			(\$1,239,000)		(\$1,239,000)			(\$1,239,000)
Earned Revenue (Sale of Bonds)					\$0	(\$5,905,000)		\$5,905,000
Library Bond Projects Contingency Reserve				(\$2,488,000)	(\$2,488,000)			(\$2,488,000)
Materials Handling Technology			(\$400,000)		(\$400,000)			(\$400,000)
Miscellaneous Post Construction Costs			(\$223,000)		(\$223,000)			(\$223,000)
Transfer from Library Construction and Conveyance Tax Fund					\$0	\$1,400,000		(\$1,400,000)
Budget Adjustments Total	\$0	\$0	(\$2,017,000)	(\$2,488,000)	(\$4,505,000)	(\$4,505,000)	\$0	\$0
BRANCH LIB BOND PROJECT FD (472) TOTAL	\$0	\$0	(\$2,017,000)	(\$2,488,000)	(\$4,505,000)	(\$4,505,000)	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
BUSINESS IMPVT DIST FUND (351)								
Budget Adjustments								
FINANCE								
Hotel Business Improvement District			\$150,000		\$150,000			\$150,000
PUBLIC WORKS								
Willow Glen Community Benefit District			\$15,000		\$15,000			\$15,000
ECONOMIC DEVELOPMENT								
Ending Fund Balance Adjustment (Unrestricted - Hotel BID)				(\$150,000)	(\$150,000)			(\$150,000)
Ending Fund Balance Adjustment (Unrestricted - Willow Glen CBID)				(\$15,000)	(\$15,000)			(\$15,000)
Budget Adjustments Total	\$0	\$0	\$165,000	(\$165,000)	\$0	\$0	\$0	\$0
Clean-Up Actions								
ECONOMIC DEVELOPMENT								
Fund Balance Reconciliation - Unrestricted - Hotel BID				(\$40,414)	(\$40,414)		(\$40,414)	\$0
Clean-Up Actions Total	\$0	\$0	\$0	(\$40,414)	(\$40,414)	\$0	(\$40,414)	\$0
BUSINESS IMPVT DIST FUND (351) TOTAL	\$0	\$0	\$165,000	(\$205,414)	(\$40,414)	\$0	(\$40,414)	\$0
CFD #12 BASKING RIDGE FUND (376)								
Clean-Up Actions								
TRANSPORTATION								
Retirement Contributions Reconciliation	(\$247)				(\$247)			(\$247)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$247		\$247			\$247
Clean-Up Actions Total	(\$247)	\$0	\$247	\$0	\$0	\$0	\$0	\$0
CFD #12 BASKING RIDGE FUND (376) TOTAL	(\$247)	\$0	\$247	\$0	\$0	\$0	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CFD #2 AND CFD #3 FUND (369)								
Clean-Up Actions								
TRANSPORTATION								
Retirement Contributions Reconciliation	(\$1,361)				(\$1,361)			(\$1,361)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$1,361		\$1,361			\$1,361
Clean-Up Actions Total	(\$1,361)	\$0	\$1,361	\$0	\$0	\$0	\$0	\$0
CFD #2 AND CFD #3 FUND (369) TOTAL	(\$1,361)	\$0	\$1,361	\$0	\$0	\$0	\$0	\$0
CFD #8 COMM HILL FUND (373)								
Clean-Up Actions								
TRANSPORTATION								
Retirement Contributions Reconciliation	(\$1,207)				(\$1,207)			(\$1,207)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$1,207		\$1,207			\$1,207
Clean-Up Actions Total	(\$1,207)	\$0	\$1,207	\$0	\$0	\$0	\$0	\$0
CFD #8 COMM HILL FUND (373) TOTAL	(\$1,207)	\$0	\$1,207	\$0	\$0	\$0	\$0	\$0
COMM DEV BLOCK GRANT FUND (441)								
Budget Adjustments								
CITY ATTORNEY								
Legal Services			(\$15,000)		(\$15,000)			(\$15,000)
HOUSING								
Ending Fund Balance Adjustment				\$15,000	\$15,000			\$15,000
Budget Adjustments Total	\$0	\$0	(\$15,000)	\$15,000	\$0	\$0	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
COMM DEV BLOCK GRANT FUND (441)								
Clean-Up Actions								
HOUSING								
Benefits Program - Housing Program Development and Monitoring			\$1,685	(\$1,685)	\$0			\$0
Management Pay for Performance Program - Housing Program Development and Monitoring			\$4,268	(\$4,268)	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$5,953	(\$5,953)	\$0	\$0	\$0	\$0
COMM DEV BLOCK GRANT FUND (441) TOTAL	\$0	\$0	(\$9,047)	\$9,047	\$0	\$0	\$0	\$0
COMMTY FACIL REVENUE FUND (422)								
Budget Adjustments								
FINANCE								
Ending Fund Balance Adjustment				(\$105,000)	(\$105,000)			(\$105,000)
Hayes Consultant Costs			\$10,000		\$10,000			\$10,000
Hayes Repair and Capital Improvements			\$95,000		\$95,000			\$95,000
Budget Adjustments Total	\$0	\$0	\$105,000	(\$105,000)	\$0	\$0	\$0	\$0
Clean-Up Actions								
FINANCE								
Fund Balance Reconciliation				(\$19,981)	(\$19,981)		(\$19,981)	\$0
Rebudget: Hayes Repair and Improvements			\$162,000	(\$162,000)	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$162,000	(\$181,981)	(\$19,981)	\$0	(\$19,981)	\$0
COMMTY FACIL REVENUE FUND (422) TOTAL	\$0	\$0	\$267,000	(\$286,981)	(\$19,981)	\$0	(\$19,981)	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX CENTRAL FD (390)								
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Ending Fund Balance Adjustment				(\$50,000)	(\$50,000)			(\$50,000)
Unanticipated or Critical Repairs			\$50,000		\$50,000			\$50,000
Budget Adjustments Total	\$0	\$0	\$50,000	(\$50,000)	\$0	\$0	\$0	\$0
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Tech Adjust: Transfer to the General Fund - Interest Earnings/Earned Revenue			\$103,000		\$103,000	\$103,000		\$0
Clean-Up Actions Total	\$0	\$0	\$103,000	\$0	\$103,000	\$103,000	\$0	\$0
CONST/CONV TAX CENTRAL FD (390) TOTAL	\$0	\$0	\$153,000	(\$50,000)	\$103,000	\$103,000	\$0	\$0
CONST/CONV TAX COMM FUND (397)								
Clean-Up Actions								
COMMUNICATIONS CAPITAL PROGRAM								
Tech Adjust: Transfer to the General Fund - Interest Earnings/Earned Revenue			\$5,000		\$5,000	\$5,000		\$0
Clean-Up Actions Total	\$0	\$0	\$5,000	\$0	\$5,000	\$5,000	\$0	\$0
CONST/CONV TAX COMM FUND (397) TOTAL	\$0	\$0	\$5,000	\$0	\$5,000	\$5,000	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX FIRE FUND (392)								
Budget Adjustments								
PUBLIC SAFETY CAPITAL PROGRAM								
Capital Project Management			\$200,000		\$200,000			\$200,000
Ending Fund Balance Adjustment				(\$238,000)	(\$238,000)			(\$238,000)
Fire Data System			\$30,000		\$30,000			\$30,000
Mobile Testing Equipment for Fire Pumps			\$8,000		\$8,000			\$8,000
Budget Adjustments Total	\$0	\$0	\$238,000	(\$238,000)	\$0	\$0	\$0	\$0
Clean-Up Actions								
PUBLIC SAFETY CAPITAL PROGRAM								
Tech Adjust: Transfer to the General Fund - Interest Earnings/Earned Revenue			\$20,000		\$20,000	\$20,000		\$0
Clean-Up Actions Total	\$0	\$0	\$20,000	\$0	\$20,000	\$20,000	\$0	\$0
CONST/CONV TAX FIRE FUND (392) TOTAL	\$0	\$0	\$258,000	(\$238,000)	\$20,000	\$20,000	\$0	\$0
CONST/CONV TAX LIBRARY FD (393)								
Budget Adjustments								
LIBRARY CAPITAL PROGRAM								
Ending Fund Balance Adjustment				(\$1,400,000)	(\$1,400,000)			(\$1,400,000)
Transfer to the Branch Libraries Bond Projects Fund			\$1,400,000		\$1,400,000			\$1,400,000
Budget Adjustments Total	\$0	\$0	\$1,400,000	(\$1,400,000)	\$0	\$0	\$0	\$0
Clean-Up Actions								
LIBRARY CAPITAL PROGRAM								
Tech Adjust: Transfer to the General Fund - Interest Earnings/Earned Revenue			\$28,000		\$28,000	\$28,000		\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONST/CONV TAX PKS CW FUND (391)								
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Ending Fund Balance Adjustment				\$85,000	\$85,000			\$85,000
Super Bowl 50 - Strategic Capital Replacement and Maintenance Needs			(\$85,000)		(\$85,000)			(\$85,000)
Budget Adjustments Total	\$0	\$0	(\$85,000)	\$85,000	\$0	\$0	\$0	\$0
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				(\$329,000)	(\$329,000)		(\$329,000)	\$0
Clean-Up Actions Total	\$0	\$0	\$0	(\$329,000)	(\$329,000)	\$0	(\$329,000)	\$0
CONST/CONV TAX PKS CW FUND (391) TOTAL	\$0	\$0	(\$85,000)	(\$244,000)	(\$329,000)	\$0	(\$329,000)	\$0
CONST/CONV TAX SRVC YDS FD (395)								
Clean-Up Actions								
SERVICE YARDS CAPITAL PROGRAM								
Tech Adjust: Transfer to the General Fund - Interest Earnings/Earned Revenue			\$6,000		\$6,000	\$6,000		\$0
Clean-Up Actions Total	\$0	\$0	\$6,000	\$0	\$6,000	\$6,000	\$0	\$0
CONST/CONV TAX SRVC YDS FD (395) TOTAL	\$0	\$0	\$6,000	\$0	\$6,000	\$6,000	\$0	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	Beg Fund Balance	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue		
CONSTRUCTION EXCISE TAX FD (465)								
Budget Adjustments								
TRAFFIC CAPITAL PROGRAM								
Bicycle and Pedestrian Facilities/Earned Revenue				(\$1,200,000)	(\$1,200,000)	(\$1,200,000)		\$0
Bikeways Program (OBAG)/Earned Revenue				(\$1,150,000)	(\$1,150,000)	(\$650,000)		(\$500,000)
Earned Revenue (Pedestrian Oriented Traffic Signals (OBAG))					\$0	(\$1,000,000)		\$1,000,000
East San José Bike/Pedestrian Transit Connection (OBAG)/Earned Revenue				(\$2,000,000)	(\$2,000,000)	(\$2,000,000)		\$0
Ending Fund Balance Adjustment					(\$1,438,000)			(\$1,438,000)
Evergreen Traffic Impact Fees Reserve/Earned Revenue			\$71,778		\$71,778	\$71,778		\$0
North San José Deficiency Plan Improvements/Earned Revenue			\$163,000		\$163,000	\$163,000		\$0
North San José Traffic Impact Fees Reserve/Earned Revenue			\$252,940		\$252,940	\$252,940		\$0
Pavement Maintenance - Measure B/Earned Revenue			\$766,144		\$766,144	\$766,144		\$0
Route 101/Oakland/Mabury Traffic Impact Fees Reserve/Earned Revenue			\$349,130		\$349,130	\$349,130		\$0
Safe Access San José/Earned Revenue			(\$200,000)		(\$200,000)	(\$100,000)		(\$100,000)
Safe Routes to School Program (OBAG)/Earned Revenue			(\$800,000)		(\$800,000)	(\$1,017,000)		\$217,000
Traffic Forecasting and Analysis			\$226,000		\$226,000			\$226,000
Transportation Demand Management/Earned Revenue			\$400,000		\$400,000	(\$200,000)		\$600,000
Walk n' Roll San José Phase 1			\$95,000		\$95,000			\$95,000
Walk n' Roll San José Phase 2/Earned Revenue			(\$500,000)		(\$500,000)	(\$400,000)		(\$100,000)
Budget Adjustments Total	\$0	\$0	(\$3,526,008)	(\$1,438,000)	(\$4,964,008)	(\$4,964,008)	\$0	\$0
Clean-Up Actions								
TRAFFIC CAPITAL PROGRAM								
Fund Balance Reconciliation				\$6,539	\$6,539		\$6,539	\$0
Fund Balance Reconciliation - Pavement Maintenance - State Gas Tax			\$6,129	(\$6,129)	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$6,129	\$410	\$6,539	\$0	\$6,539	\$0
CONSTRUCTION EXCISE TAX FD (465) TOTAL	\$0	\$0	(\$3,519,879)	(\$1,437,590)	(\$4,957,469)	(\$4,964,008)	\$6,539	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
CONV CTR FACIL DIST REV FD (791)								
Budget Adjustments								
REVENUE ADJUSTMENTS								
Convention Center Facilities District Revenue Fund Earned Revenue/Ending Fund Balance				\$2,260,000	\$2,260,000	\$2,260,000		\$0
Budget Adjustments Total	\$0	\$0	\$0	\$2,260,000	\$2,260,000	\$2,260,000	\$0	\$0
CONV CTR FACIL DIST REV FD (791) TOTAL	\$0	\$0	\$0	\$2,260,000	\$2,260,000	\$2,260,000	\$0	\$0
CONV/CULTURAL AFFAIRS FUND (536)								
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Ending Fund Balance Adjustment				(\$420,500)	(\$420,500)			(\$420,500)
MUNI IMPROVEMENTS CAPITAL PROGRAM								
Center for Performing Arts Elevator Rehabilitation			\$250,000		\$250,000			\$250,000
Convention Facilities Industry Advisor			\$20,000		\$20,000			\$20,000
Cultural Facilities Rehabilitation/Repair - Mechanical			\$100,000		\$100,000			\$100,000
Cultural Facilities Rehabilitation/Repair - Miscellaneous			\$50,500		\$50,500			\$50,500
Budget Adjustments Total	\$0	\$0	\$420,500	(\$420,500)	\$0	\$0	\$0	\$0
Clean-Up Actions								
ECONOMIC DEVELOPMENT								
Tech Adjust: Civic Auditorium/Center for the Performing Arts Marketing and Capital Improvement (Reconciliation)			\$1,078	(\$1,078)	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$1,078	(\$1,078)	\$0	\$0	\$0	\$0
CONV/CULTURAL AFFAIRS FUND (536) TOTAL	\$0	\$0	\$421,578	(\$421,578)	\$0	\$0	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
DENTAL INSURANCE FUND (155)								
Clean-Up Actions								
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$1,806)				(\$1,806)			(\$1,806)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$1,806		\$1,806			\$1,806
Clean-Up Actions Total	(\$1,806)	\$0	\$1,806	\$0	\$0	\$0	\$0	\$0
DENTAL INSURANCE FUND (155) TOTAL	(\$1,806)	\$0	\$1,806	\$0	\$0	\$0	\$0	\$0
ECON DEV ADMIN LOAN FUND (444)								
Clean-Up Actions								
HOUSING								
Fund Balance Reconciliation				\$75,693	\$75,693		\$75,693	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$75,693	\$75,693	\$0	\$75,693	\$0
ECON DEV ADMIN LOAN FUND (444) TOTAL	\$0	\$0	\$0	\$75,693	\$75,693	\$0	\$75,693	\$0
EDW BYRNE MEMORIAL JAG FD (474)								
Budget Adjustments								
POLICE								
2014 Justice Assistance Grant/Earned Revenue			\$328		\$328	\$328		\$0
Budget Adjustments Total	\$0	\$0	\$328	\$0	\$328	\$328	\$0	\$0
EDW BYRNE MEMORIAL JAG FD (474) TOTAL	\$0	\$0	\$328	\$0	\$328	\$328	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	Beg Fund Balance	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue		
EMERGENCY RESERVE FUND (406)								
Clean-Up Actions								
FINANCE								
Tech Adjust: Transfer to the General Fund - Interest Earnings/Earned Revenue			\$4,000	\$4,000	\$4,000			\$0
Clean-Up Actions Total			\$0	\$0	\$4,000	\$0	\$0	\$0
EMERGENCY RESERVE FUND (406) TOTAL			\$0	\$0	\$4,000	\$4,000	\$0	\$0
FEDERAL DRUG FORFEITURE FUND (419)								
Clean-Up Actions								
POLICE								
Fund Balance Reconciliation				\$14,380	\$14,380		\$14,380	\$0
Clean-Up Actions Total			\$0	\$0	\$14,380	\$0	\$14,380	\$0
FEDERAL DRUG FORFEITURE FUND (419) TOTAL			\$0	\$0	\$14,380	\$0	\$14,380	\$0
GENERAL PURPOSE PARKING FD (533)								
Budget Adjustments								
TRANSPORTATION								
Ending Fund Balance Adjustment				(\$425,000)	(\$425,000)			(\$425,000)
Non-Personal/Equipment (Parking Garage/Lot Management)			\$425,000	\$425,000				\$425,000
Budget Adjustments Total			\$0	\$0	\$425,000	\$0	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
GENERAL PURPOSE PARKING FD (533)								
Clean-Up Actions								
INFORMATION TECHNOLOGY								
Retirement Contributions Reconciliation	(\$52)				(\$52)			(\$52)
TRANSPORTATION								
Fund Balance Reconciliation				\$555,000	\$555,000		\$555,000	\$0
Retirement Contributions Reconciliation	(\$9,106)				(\$9,106)			(\$9,106)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$9,358		\$9,358			\$9,358
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$200)				(\$200)			(\$200)
Clean-Up Actions Total	(\$9,358)	\$0	\$9,358	\$555,000	\$555,000	\$0	\$555,000	\$0
GENERAL PURPOSE PARKING FD (533) TOTAL	(\$9,358)	\$0	\$434,358	\$130,000	\$555,000	\$0	\$555,000	\$0
GIFT TRUST FUND (139)								
Budget Adjustments								
PARKS, REC, & NEIGH SVCS								
Adopt-A-Park/Earned Revenue			\$6,480		\$6,480	\$6,480		\$0
RP & CS General Gifts over \$1,000/Earned Revenue			(\$5,000)		(\$5,000)	(\$5,000)		\$0
Budget Adjustments Total	\$0	\$0	\$1,480	\$0	\$1,480	\$1,480	\$0	\$0
GIFT TRUST FUND (139) TOTAL	\$0	\$0	\$1,480	\$0	\$1,480	\$1,480	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
HOME INVEST PART PROG FUND (445)								
Budget Adjustments								
CITY ATTORNEY								
Personal Services (Legal Services)	(\$40,000)				(\$40,000)			(\$40,000)
HOUSING								
Earned Revenue (NHSSV Grant Revenue Repayment)					\$0	\$1,088,623		(\$1,088,623)
Ending Fund Balance Adjustment				\$1,128,623	\$1,128,623			\$1,128,623
Budget Adjustments Total	(\$40,000)	\$0	\$0	\$1,128,623	\$1,088,623	\$1,088,623	\$0	\$0
Clean-Up Actions								
HOUSING								
Fund Balance Reconciliation				\$2,370,000	\$2,370,000		\$2,370,000	\$0
Rebudget: Housing Loans and Grants			(\$1,000,000)	\$1,000,000	\$0			\$0
Clean-Up Actions Total	\$0	\$0	(\$1,000,000)	\$3,370,000	\$2,370,000	\$0	\$2,370,000	\$0
HOME INVEST PART PROG FUND (445) TOTAL	(\$40,000)	\$0	(\$1,000,000)	\$4,498,623	\$3,458,623	\$1,088,623	\$2,370,000	\$0
HOUSING TRUST FUND (440)								
Budget Adjustments								
CITY ATTORNEY								
Personal Services (Legal Services)	(\$25,000)				(\$25,000)			(\$25,000)
HOUSING								
Ending Fund Balance Adjustment				\$25,000	\$25,000			\$25,000
Budget Adjustments Total	(\$25,000)	\$0	\$0	\$25,000	\$0	\$0	\$0	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
HOUSING TRUST FUND (440)								
Clean-Up Actions								
HOUSING								
Fund Balance Reconciliation				(\$16,709)	(\$16,709)		(\$16,709)	\$0
Clean-Up Actions Total	\$0	\$0	\$0	(\$16,709)	(\$16,709)	\$0	(\$16,709)	\$0
HOUSING TRUST FUND (440) TOTAL	(\$25,000)	\$0	\$0	\$8,291	(\$16,709)	\$0	(\$16,709)	\$0
ICE CENTRE REVENUE FUND (432)								
Budget Adjustments								
FINANCE								
North/Center Ice Plant Replacement			\$68,084		\$68,084			\$68,084
Previously Approved Repairs Reserve			(\$831,706)		(\$831,706)			(\$831,706)
Repairs - Electrical			\$180,003		\$180,003			\$180,003
Repairs - Mechanical			\$354,764		\$354,764			\$354,764
Repairs - Miscellaneous			\$100,862		\$100,862			\$100,862
Repairs - Structures			\$90,474		\$90,474			\$90,474
Repairs - Unanticipated/Emergency			\$37,519		\$37,519			\$37,519
Budget Adjustments Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ICE CENTRE REVENUE FUND (432) TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
INTEGRATED WASTE MGT FUND (423)								
Budget Adjustments								
INFORMATION TECHNOLOGY								
Personal Services (Customer Contact Center)	\$60,000				\$60,000			\$60,000

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
INTEGRATED WASTE MGT FUND (423)								
Budget Adjustments								
HUMAN RESOURCES								
Workers' Compensation Claims			\$50,000		\$50,000			\$50,000
PLANNING, BLDG, & CODE ENF								
Personal Services (Hiring True-Up)	\$20,000				\$20,000			\$20,000
ENVIRONMENTAL SERVICES								
Earned Revenue (Lien-Related Charges)					\$0	\$4,200,000		(\$4,200,000)
Earned Revenue (Recycle Plus Collection Charges)					\$0	\$3,400,000		(\$3,400,000)
Ending Fund Balance Adjustment				\$7,870,000	\$7,870,000			\$7,870,000
Household Hazardous Waste Las Plumas Facility/Earned Revenue (EDA Grant)			(\$800,000)		(\$800,000)	(\$400,000)		(\$400,000)
Budget Adjustments Total	\$80,000	\$0	(\$750,000)	\$7,870,000	\$7,200,000	\$7,200,000	\$0	\$0
Clean-Up Actions								
INFORMATION TECHNOLOGY								
Benefits Program	\$2,232			(\$2,232)	\$0			\$0
Management Pay for Performance Program	\$2,182			(\$2,182)	\$0			\$0
Retirement Contributions Reconciliation	(\$6,571)				(\$6,571)			(\$6,571)
CITY ATTORNEY								
Management Pay for Performance Program	\$1,079			(\$1,079)	\$0			\$0
Retirement Contributions Reconciliation	(\$533)				(\$533)			(\$533)
CITY AUDITOR								
Retirement Contributions Reconciliation	(\$60)				(\$60)			(\$60)
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$102)				(\$102)			(\$102)
FINANCE								
Benefits Program	\$1,347			(\$1,347)	\$0			\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
INTEGRATED WASTE MGT FUND (423)								
Clean-Up Actions								
FINANCE								
Management Pay for Performance Program	\$9,096			(\$9,096)	\$0			\$0
Retirement Contributions Reconciliation	(\$6,281)				(\$6,281)			(\$6,281)
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$770)				(\$770)			(\$770)
PLANNING, BLDG, & CODE ENF								
Benefits Program	\$284			(\$284)	\$0			\$0
Management Pay for Performance Program	\$132			(\$132)	\$0			\$0
Retirement Contributions Reconciliation	(\$1,234)				(\$1,234)			(\$1,234)
ECONOMIC DEVELOPMENT								
Benefits Program	\$33			(\$33)	\$0			\$0
Management Pay for Performance Program	\$1,939			(\$1,939)	\$0			\$0
Retirement Contributions Reconciliation	(\$320)				(\$320)			(\$320)
ENVIRONMENTAL SERVICES								
Retirement Contributions Reconciliation	(\$34,390)				(\$34,390)			(\$34,390)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$50,261		\$50,261			\$50,261
Clean-Up Actions Total	(\$31,937)	\$0	\$50,261	(\$18,324)	\$0	\$0	\$0	\$0
INTEGRATED WASTE MGT FUND (423) TOTAL	\$48,063	\$0	(\$699,739)	\$7,851,676	\$7,200,000	\$7,200,000	\$0	\$0
LIBRARY PARCEL TAX FUND (418)								
Clean-Up Actions								
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$277)				(\$277)			(\$277)

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
LIBRARY PARCEL TAX FUND (418)								
Clean-Up Actions								
LIBRARY								
Fund Balance Reconciliation				(\$788)	(\$788)		(\$788)	\$0
Retirement Contributions Reconciliation	(\$26,419)				(\$26,419)			(\$26,419)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$26,696		\$26,696			\$26,696
Clean-Up Actions Total	(\$26,696)	\$0	\$26,696	(\$788)	(\$788)	\$0	(\$788)	\$0
LIBRARY PARCEL TAX FUND (418) TOTAL	(\$26,696)	\$0	\$26,696	(\$788)	(\$788)	\$0	(\$788)	\$0
LIFE INSURANCE FUND (156)								
Clean-Up Actions								
HUMAN RESOURCES								
Management Pay for Performance Program	\$535			(\$535)	\$0			\$0
Retirement Contributions Reconciliation	(\$441)				(\$441)			(\$441)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$441		\$441			\$441
Clean-Up Actions Total	\$94	\$0	\$441	(\$535)	\$0	\$0	\$0	\$0
LIFE INSURANCE FUND (156) TOTAL	\$94	\$0	\$441	(\$535)	\$0	\$0	\$0	\$0
LOW/MOD INCOME HSNB ASSET FD (346)								
Budget Adjustments								
CITY ATTORNEY								
Personal Services (Legal Services)	\$250,000				\$250,000			\$250,000

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
LOW/MOD INCOME HSNB ASSET FD (346)								
Budget Adjustments								
HOUSING								
Earned Revenue (Interest and Loan Repayments)						\$0	\$2,050,000	(\$2,050,000)
Earned Revenue (NHSSV Grant Revenue Repayment)						\$0	\$908,821	(\$908,821)
Ending Fund Balance Adjustment				\$2,708,821	\$2,708,821			\$2,708,821
Housing Predevelopment Activity			\$235,000		\$235,000			\$235,000
Housing Project Reserve			(\$235,000)		(\$235,000)			(\$235,000)
Budget Adjustments Total	\$250,000	\$0	\$0	\$2,708,821	\$2,958,821	\$2,958,821	\$0	\$0
Clean-Up Actions								
CITY MANAGER								
Retirement Contributions Reconciliation	(\$139)					(\$139)		(\$139)
CITY ATTORNEY								
Management Pay for Performance Program	\$2,622			(\$2,622)	\$0			\$0
Retirement Contributions Reconciliation	(\$2,826)					(\$2,826)		(\$2,826)
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$136)					(\$136)		(\$136)
FINANCE								
Retirement Contributions Reconciliation	(\$628)					(\$628)		(\$628)
HOUSING								
Benefits Program	\$6,481			(\$6,481)	\$0			\$0
Fund Balance Reconciliation				\$140,001	\$140,001		\$140,001	\$0
Non-Personal/Equipment (Temporary Agency Services)		\$20,000			\$20,000			\$20,000
Personal Services (Temporary Agency Services)	(\$20,000)				(\$20,000)			(\$20,000)
Retirement Contributions Reconciliation	(\$25,626)				(\$25,626)			(\$25,626)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$30,411		\$30,411			\$30,411

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
LOW/MOD INCOME HSNG ASSET FD (346)								
Clean-Up Actions								
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$1,056)				(\$1,056)			(\$1,056)
Clean-Up Actions Total	(\$41,308)	\$20,000	\$30,411	\$130,898	\$140,001	\$0	\$140,001	\$0
LOW/MOD INCOME HSNG ASSET FD (346) TOTAL	\$208,692	\$20,000	\$30,411	\$2,839,719	\$3,098,822	\$2,958,821	\$140,001	\$0
M.D. #1 LOS PASEOS FUND (352)								
Clean-Up Actions								
TRANSPORTATION								
Retirement Contributions Reconciliation	(\$1,043)				(\$1,043)			(\$1,043)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$1,043		\$1,043			\$1,043
Clean-Up Actions Total	(\$1,043)	\$0	\$1,043	\$0	\$0	\$0	\$0	\$0
M.D. #1 LOS PASEOS FUND (352) TOTAL	(\$1,043)	\$0	\$1,043	\$0	\$0	\$0	\$0	\$0
M.D. #11 BROKAW/JCT-OAK FD (364)								
Budget Adjustments								
TRANSPORTATION								
Ending Fund Balance Adjustment				(\$30,000)	(\$30,000)			(\$30,000)
Non-Personal/Equipment (Murphy Rehabilitation)			\$30,000		\$30,000			\$30,000
Budget Adjustments Total	\$0	\$0	\$30,000	(\$30,000)	\$0	\$0	\$0	\$0
M.D. #11 BROKAW/JCT-OAK FD (364) TOTAL	\$0	\$0	\$30,000	(\$30,000)	\$0	\$0	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #15 SILVER CREEK VALLEY FD (368)								
Clean-Up Actions								
TRANSPORTATION								
Retirement Contributions Reconciliation	(\$2,563)				(\$2,563)			(\$2,563)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$2,563		\$2,563			\$2,563
Clean-Up Actions Total	(\$2,563)	\$0	\$2,563	\$0	\$0	\$0	\$0	\$0
M.D. #15 SILVER CREEK VALLEY FD (368) TOTAL	(\$2,563)	\$0	\$2,563	\$0	\$0	\$0	\$0	\$0
M.D. #19 RIVER OAKS FUND (359)								
Budget Adjustments								
TRANSPORTATION								
Ending Fund Balance Adjustment				(\$35,000)	(\$35,000)			(\$35,000)
Non-Personal/Equipment (River Oaks Median Islands)		\$35,000			\$35,000			\$35,000
Budget Adjustments Total	\$0	\$35,000	\$0	(\$35,000)	\$0	\$0	\$0	\$0
M.D. #19 RIVER OAKS FUND (359) TOTAL	\$0	\$35,000	\$0	(\$35,000)	\$0	\$0	\$0	\$0
M.D. #9 S TERESA/GRT OAKS FD (362)								
Budget Adjustments								
TRANSPORTATION								
Ending Fund Balance Adjustment				(\$45,000)	(\$45,000)			(\$45,000)
Non-Personal/Equipment (Santa Teresa Renovation)		\$45,000			\$45,000			\$45,000
Budget Adjustments Total	\$0	\$45,000	\$0	(\$45,000)	\$0	\$0	\$0	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
M.D. #9 S TERESA/GRT OAKS FD (362)								
Clean-Up Actions								
TRANSPORTATION								
Retirement Contributions Reconciliation	(\$244)				(\$244)			(\$244)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$244		\$244			\$244
Clean-Up Actions Total	(\$244)	\$0	\$244	\$0	\$0	\$0	\$0	\$0
M.D. #9 S TERESA/GRT OAKS FD (362) TOTAL	(\$244)	\$45,000	\$244	(\$45,000)	\$0	\$0	\$0	\$0
MAJOR COLLECT & ARTRLS FD (421)								
Budget Adjustments								
TRAFFIC CAPITAL PROGRAM								
Earned Revenue (Developer Contributions)/Ending Fund Balance					\$0	\$167,000		(\$167,000)
Ending Fund Balance Adjustment				\$167,000	\$167,000			\$167,000
Budget Adjustments Total	\$0	\$0	\$0	\$167,000	\$167,000	\$167,000	\$0	\$0
MAJOR COLLECT & ARTRLS FD (421) TOTAL	\$0	\$0	\$0	\$167,000	\$167,000	\$167,000	\$0	\$0
MULTI-SOURCE HOUSING FD (448)								
Budget Adjustments								
CITY ATTORNEY								
Personal Services (Legal Services)	(\$120,000)				(\$120,000)			(\$120,000)
HOUSING								
Emergency Shelter Grants/Earned Revenue			\$242,594		\$242,594	\$242,594		\$0
Ending Fund Balance Adjustment				\$120,000	\$120,000			\$120,000

Special/Capital Funds
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST	
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance		
MULTI-SOURCE HOUSING FD (448)									
Budget Adjustments									
	Budget Adjustments Total	(\$120,000)	\$0	\$242,594	\$120,000	\$242,594	\$242,594	\$0	\$0
Clean-Up Actions									
CITY ATTORNEY									
	Retirement Contributions Reconciliation	(\$488)				(\$488)			(\$488)
HOUSING									
	Fund Balance Reconciliation			\$2,304,134	\$2,304,134		\$2,304,134		\$0
	Retirement Contributions Reconciliation	(\$3,931)				(\$3,931)			(\$3,931)
	Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$4,419		\$4,419			\$4,419
	Clean-Up Actions Total	(\$4,419)	\$0	\$4,419	\$2,304,134	\$2,304,134	\$0	\$2,304,134	\$0
	MULTI-SOURCE HOUSING FD (448) TOTAL	(\$124,419)	\$0	\$247,013	\$2,424,134	\$2,546,728	\$242,594	\$2,304,134	\$0
NEIGHBHD SECURITY BOND FD (475)									
Budget Adjustments									
PUBLIC SAFETY CAPITAL PROGRAM									
	Earned Revenue (Sale of Bonds)					\$0	(\$3,325,000)		\$3,325,000
	Earned Revenue (South San José Police Substation Settlement)					\$0	\$1,329,999		(\$1,329,999)
	Fire Station 37 (Willow Glen) Reserve			(\$2,125,001)		(\$2,125,001)			(\$2,125,001)
	South San José Police Substation			\$130,000		\$130,000			\$130,000
	Budget Adjustments Total	\$0	\$0	(\$1,995,001)	\$0	(\$1,995,001)	(\$1,995,001)	\$0	\$0
	NEIGHBHD SECURITY BOND FD (475) TOTAL	\$0	\$0	(\$1,995,001)	\$0	(\$1,995,001)	(\$1,995,001)	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
PUBLIC WKS PRO SUPPORT FD (150)								
Budget Adjustments								
PUBLIC WORKS								
Compensated Absence Liability Reserve			(\$236,000)		(\$236,000)			(\$236,000)
Ending Fund Balance Adjustment				\$236,000	\$236,000			\$236,000
Budget Adjustments Total	\$0	\$0	(\$236,000)	\$236,000	\$0	\$0	\$0	\$0
Clean-Up Actions								
INFORMATION TECHNOLOGY								
Retirement Contributions Reconciliation	(\$933)				(\$933)			(\$933)
HUMAN RESOURCES								
Benefits Program	\$107			(\$107)	\$0			\$0
Management Pay for Performance Program	\$2,557			(\$2,557)	\$0			\$0
Retirement Contributions Reconciliation	(\$651)				(\$651)			(\$651)
FINANCE								
Retirement Contributions Reconciliation	(\$213)				(\$213)			(\$213)
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$22,185)				(\$22,185)			(\$22,185)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$23,982		\$23,982			\$23,982
Clean-Up Actions Total	(\$21,318)	\$0	\$23,982	(\$2,664)	\$0	\$0	\$0	\$0
PUBLIC WKS PRO SUPPORT FD (150) TOTAL	(\$21,318)	\$0	(\$212,018)	\$233,336	\$0	\$0	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST
	Personal Services	Non-Personal/ Equipment	Other			Beg Fund Balance	
RES CONST TAX FUND (420)							
Clean-Up Actions							
DEVELOPER ASSISTED CAPITAL PROGRAM							
Tech Adjust: Transfer to the General Fund - Interest Earnings/Earned Revenue			\$5,000		\$5,000	\$5,000	\$0
Clean-Up Actions Total	\$0	\$0	\$5,000	\$0	\$5,000	\$5,000	\$0
RES CONST TAX FUND (420) TOTAL	\$0	\$0	\$5,000	\$0	\$5,000	\$5,000	\$0
SEWER SVC & USE CHARGE FD (541)							
Budget Adjustments							
PLANNING, BLDG, & CODE ENF							
Personal Services (Hiring True-Up)	\$22,000				\$22,000		\$22,000
ENVIRONMENTAL SERVICES							
Ending Fund Balance Adjustment				(\$22,000)	(\$22,000)		(\$22,000)
Budget Adjustments Total	\$22,000	\$0	\$0	(\$22,000)	\$0	\$0	\$0
Clean-Up Actions							
CITY MANAGER							
Retirement Contributions Reconciliation					(\$92)		(\$92)
INFORMATION TECHNOLOGY							
Retirement Contributions Reconciliation					(\$1,788)		(\$1,788)
CITY ATTORNEY							
Retirement Contributions Reconciliation					(\$2,700)		(\$2,700)
CITY AUDITOR							
Retirement Contributions Reconciliation					(\$44)		(\$44)

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE	NET COST	
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SEWER SVC & USE CHARGE FD (541)								
Clean-Up Actions								
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$135)				(\$135)			(\$135)
FINANCE								
Benefits Program	\$734			(\$734)	\$0			\$0
Management Pay for Performance Program	\$3,207			(\$3,207)	\$0			\$0
Retirement Contributions Reconciliation	(\$2,332)				(\$2,332)			(\$2,332)
TRANSPORTATION								
Retirement Contributions Reconciliation	(\$65,196)				(\$65,196)			(\$65,196)
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$9,756)				(\$9,756)			(\$9,756)
PLANNING, BLDG, & CODE ENF								
Benefits Program	\$79			(\$79)	\$0			\$0
Management Pay for Performance Program	\$1,455			(\$1,455)	\$0			\$0
Retirement Contributions Reconciliation	(\$543)				(\$543)			(\$543)
ENVIRONMENTAL SERVICES								
Retirement Contributions Reconciliation	(\$3,966)				(\$3,966)			(\$3,966)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$86,552		\$86,552			\$86,552
Clean-Up Actions Total	(\$81,077)	\$0	\$86,552	(\$5,475)	\$0	\$0	\$0	\$0
SEWER SVC & USE CHARGE FD (541) TOTAL	(\$59,077)	\$0	\$86,552	(\$27,475)	\$0	\$0	\$0	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SEWER SVC & USE CHG CAP FD (545)								
Clean-Up Actions								
SANITARY SEWER CAPITAL PROGRAM								
Fund Balance Reconciliation				(\$170,803)	(\$170,803)		(\$170,803)	\$0
Clean-Up Actions Total	\$0	\$0	\$0	(\$170,803)	(\$170,803)	\$0	(\$170,803)	\$0
SEWER SVC & USE CHG CAP FD (545) TOTAL	\$0	\$0	\$0	(\$170,803)	(\$170,803)	\$0	(\$170,803)	\$0
SJ ARENA CAPITAL RESERVE FD (459)								
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Electrical Repairs			\$698,874		\$698,874			\$698,874
Mechanical Repairs			\$353,598		\$353,598			\$353,598
Previously Approved Repairs Reserve			(\$1,151,091)		(\$1,151,091)			(\$1,151,091)
Unanticipated/Emergency Repairs			\$98,619		\$98,619			\$98,619
Budget Adjustments Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SJ ARENA CAPITAL RESERVE FD (459) TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SJ-SC TRMNT PLANT OPER FUND (513)								
Budget Adjustments								
CITY ATTORNEY								
Personal Services and Non-Personal/Equipment (Reallocation from Environmental Services Department Personal Services for WPCP Master Agreement Legal Services)	\$6,700	\$100,000			\$106,700			\$106,700
HUMAN RESOURCES								
Personal Services (Reallocation from Environmental Services Department Personal Services for Hiring True-Up)	\$20,000				\$20,000			\$20,000

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SJ-SC TRMNT PLANT OPER FUND (513)								
Budget Adjustments								
ENVIRONMENTAL SERVICES								
Non-Personal/Equipment (Shift \$200,000 from Utilities: Electricity to Professional & Consultant Services)						\$0		\$0
Personal Services (Reallocation to City Attorney's Office Personal Services and Non-Personal/Equipment for WPCP Master Agreement Legal Services and Human Resources Department Personal Services for Hiring True-Up)	(\$126,700)				(\$126,700)			(\$126,700)
Budget Adjustments Total	(\$100,000)	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0
Clean-Up Actions								
CITY MANAGER								
Retirement Contributions Reconciliation	(\$92)					(\$92)		(\$92)
INFORMATION TECHNOLOGY								
Benefits Program	\$109			(\$109)	\$0			\$0
Management Pay for Performance Program	\$1,486			(\$1,486)	\$0			\$0
Retirement Contributions Reconciliation	(\$344)				(\$344)			(\$344)
CITY ATTORNEY								
Benefits Program	\$140			(\$140)	\$0			\$0
Management Pay for Performance Program	\$1,420			(\$1,420)	\$0			\$0
Retirement Contributions Reconciliation	(\$535)				(\$535)			(\$535)
CITY AUDITOR								
Retirement Contributions Reconciliation	(\$354)				(\$354)			(\$354)
HUMAN RESOURCES								
Benefits Program	\$277			(\$277)	\$0			\$0
Management Pay for Performance Program	\$1,306			(\$1,306)	\$0			\$0
Retirement Contributions Reconciliation	(\$1,185)				(\$1,185)			(\$1,185)
FINANCE								
Retirement Contributions Reconciliation	(\$3,699)				(\$3,699)			(\$3,699)

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
SJ-SC TRMNT PLANT OPER FUND (513)								
Clean-Up Actions								
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$1,396)				(\$1,396)			(\$1,396)
ENVIRONMENTAL SERVICES								
Fund Balance Reconciliation				\$1	\$1		\$1	\$0
Retirement Contributions Reconciliation	(\$273,366)				(\$273,366)			(\$273,366)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$280,971		\$280,971			\$280,971
Clean-Up Actions Total	(\$276,233)	\$0	\$280,971	(\$4,737)	\$1	\$0	\$1	\$0
SJ-SC TRMNT PLANT OPER FUND (513) TOTAL	(\$376,233)	\$100,000	\$280,971	(\$4,737)	\$1	\$0	\$1	\$0
STATE DRUG FORF FUND (417)								
Budget Adjustments								
POLICE								
Body Worn Camera Infrastructure			\$300,000		\$300,000			\$300,000
Ending Fund Balance Adjustment				(\$300,000)	(\$300,000)			(\$300,000)
Budget Adjustments Total	\$0	\$0	\$300,000	(\$300,000)	\$0	\$0	\$0	\$0
STATE DRUG FORF FUND (417) TOTAL	\$0	\$0	\$300,000	(\$300,000)	\$0	\$0	\$0	\$0
STORM DRAINAGE FEE FUND (413)								
Clean-Up Actions								
STORM SEWER CAPITAL PROGRAM								
Tech Adjust: Transfer to the General Fund - Interest Earnings/Earned Revenue			\$1,000		\$1,000	\$1,000		\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
STORM SEWER OPERATING FD (446)								
Clean-Up Actions								
INFORMATION TECHNOLOGY								
Retirement Contributions Reconciliation	(\$1,137)				(\$1,137)			(\$1,137)
CITY AUDITOR								
Retirement Contributions Reconciliation	(\$55)				(\$55)			(\$55)
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$204)				(\$204)			(\$204)
FINANCE								
Retirement Contributions Reconciliation	(\$250)				(\$250)			(\$250)
TRANSPORTATION								
Benefits Program	\$10,927			(\$10,927)	\$0			\$0
Management Pay for Performance Program	\$14,123			(\$14,123)	\$0			\$0
Retirement Contributions Reconciliation	(\$30,645)				(\$30,645)			(\$30,645)
PUBLIC WORKS								
Benefits Program	\$830			(\$830)	\$0			\$0
Management Pay for Performance Program	\$9,088			(\$9,088)	\$0			\$0
Retirement Contributions Reconciliation	(\$3,437)				(\$3,437)			(\$3,437)
PLANNING, BLDG, & CODE ENF								
Benefits Program	\$67			(\$67)	\$0			\$0
Management Pay for Performance Program	\$1,402			(\$1,402)	\$0			\$0
Retirement Contributions Reconciliation	(\$463)				(\$463)			(\$463)
ENVIRONMENTAL SERVICES								
Retirement Contributions Reconciliation	(\$33,686)				(\$33,686)			(\$33,686)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$69,877		\$69,877			\$69,877
Clean-Up Actions Total	(\$33,440)	\$0	\$69,877	(\$36,437)	\$0	\$0	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
STORM SEWER OPERATING FD (446)								
STORM SEWER OPERATING FD (446) TOTAL	(\$29,440)	\$0	\$707,877	(\$678,437)	\$0	\$0	\$0	\$0
SUBDIVISION PARK TRUST FUND (375)								
Budget Adjustments								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Baypointe Park			\$300,000		\$300,000			\$300,000
Downtown Parks Activation			\$150,000		\$150,000			\$150,000
Future PDO/PIO Projects Reserve			(\$635,000)		(\$635,000)			(\$635,000)
Newbury Park			\$185,000		\$185,000			\$185,000
Budget Adjustments Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Clean-Up Actions								
PARKS & COMM FAC DEV CAPITAL PROGRAM								
Fund Balance Reconciliation				\$8,097,823	\$8,097,823		\$8,097,823	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$8,097,823	\$8,097,823	\$0	\$8,097,823	\$0
SUBDIVISION PARK TRUST FUND (375) TOTAL	\$0	\$0	\$0	\$8,097,823	\$8,097,823	\$0	\$8,097,823	\$0
SUPPL LAW ENF SVCES FUND (414)								
Budget Adjustments								
POLICE								
SLES Grant 2014-2016/Earned Revenue			\$233,212		\$233,212	\$233,212		\$0
Budget Adjustments Total	\$0	\$0	\$233,212	\$0	\$233,212	\$233,212	\$0	\$0
SUPPL LAW ENF SVCES FUND (414) TOTAL	\$0	\$0	\$233,212	\$0	\$233,212	\$233,212	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
TRANSIENT OCCUPANCY TX FD (461)								
Budget Adjustments								
REVENUE ADJUSTMENTS								
Transient Occupancy Tax/Future Distribution Reserve			\$3,440,000		\$3,440,000	\$3,440,000		\$0
Budget Adjustments Total	\$0	\$0	\$3,440,000	\$0	\$3,440,000	\$3,440,000	\$0	\$0
Clean-Up Actions								
ECONOMIC DEVELOPMENT								
Retirement Contributions Reconciliation - Cultural Grants Administration			(\$8,466)		(\$8,466)			(\$8,466)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$8,466		\$8,466			\$8,466
Clean-Up Actions Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TRANSIENT OCCUPANCY TX FD (461) TOTAL	\$0	\$0	\$3,440,000	\$0	\$3,440,000	\$3,440,000	\$0	\$0
UNEMPLOYMENT INSUR FD (157)								
Clean-Up Actions								
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$1,204)				(\$1,204)			(\$1,204)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$1,204		\$1,204			\$1,204
Clean-Up Actions Total	(\$1,204)	\$0	\$1,204	\$0	\$0	\$0	\$0	\$0
UNEMPLOYMENT INSUR FD (157) TOTAL	(\$1,204)	\$0	\$1,204	\$0	\$0	\$0	\$0	\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
VEHICLE MAINT & OPER FUND (552)								
Budget Adjustments								
PUBLIC WORKS								
Compensated Absence Liability Reserve			(\$121,000)		(\$121,000)			(\$121,000)
Ending Fund Balance Adjustment				\$121,000	\$121,000			\$121,000
Budget Adjustments Total	\$0	\$0	(\$121,000)	\$121,000	\$0	\$0	\$0	\$0
Clean-Up Actions								
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$606)				(\$606)			(\$606)
PUBLIC WORKS								
Retirement Contributions Reconciliation	(\$38,897)				(\$38,897)			(\$38,897)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$39,503		\$39,503			\$39,503
Tech Adjust: Transfer to the General Fund - Interest Earnings/Earned Revenue			\$12,000		\$12,000	\$12,000		\$0
Clean-Up Actions Total	(\$39,503)	\$0	\$51,503	\$0	\$12,000	\$12,000	\$0	\$0
VEHICLE MAINT & OPER FUND (552) TOTAL	(\$39,503)	\$0	(\$69,497)	\$121,000	\$12,000	\$12,000	\$0	\$0
WATER UTILITY CAPITAL FUND (500)								
Budget Adjustments								
WATER UTILITY SYS CAPITAL PROGRAM								
Earned Revenue (Commercial Paper Proceeds)					\$0	(\$1,500,000)		\$1,500,000
Transfers (Transfer from the Water Utility Fund)					\$0	\$1,500,000		(\$1,500,000)
Budget Adjustments Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**


Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
WATER UTILITY CAPITAL FUND (500)								
Clean-Up Actions								
WATER UTILITY SYS CAPITAL PROGRAM								
Fund Balance Reconciliation				\$30,000	\$30,000		\$30,000	\$0
Clean-Up Actions Total	\$0	\$0	\$0	\$30,000	\$30,000	\$0	\$30,000	\$0
WATER UTILITY CAPITAL FUND (500) TOTAL	\$0	\$0	\$0	\$30,000	\$30,000	\$0	\$30,000	\$0
WATER UTILITY FUND (515)								
Budget Adjustments								
CITY ATTORNEY								
Personal Services (Legal Services)	\$160,000				\$160,000			\$160,000
ENVIRONMENTAL SERVICES								
Ending Fund Balance Adjustment				(\$1,838,396)	(\$1,838,396)			(\$1,838,396)
Personal Services (Overtime and Hiring True-Up)	\$200,000				\$200,000			\$200,000
Transfer from the General Fund (Late Fee Reconciliation)					\$0	\$21,604		(\$21,604)
Transfer to the General Fund - Late Fees/Earned Revenue (Late Fees)				(\$225,000)	(\$225,000)	(\$225,000)		\$0
Transfer to the Water Utility Capital Fund				\$1,500,000	\$1,500,000			\$1,500,000
Budget Adjustments Total	\$360,000	\$0	\$1,275,000	(\$1,838,396)	(\$203,396)	(\$203,396)	\$0	\$0
Clean-Up Actions								
INFORMATION TECHNOLOGY								
Retirement Contributions Reconciliation	(\$1,124)				(\$1,124)			(\$1,124)
CITY AUDITOR								
Retirement Contributions Reconciliation	(\$32)				(\$32)			(\$32)
HUMAN RESOURCES								
Retirement Contributions Reconciliation	(\$56)				(\$56)			(\$56)

**Special/Capital Funds
Recommended Budget Adjustments and Clean-Up Actions
2015-2016 Mid-Year Budget Review**

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
WATER UTILITY FUND (515)								
Clean-Up Actions								
FINANCE								
Retirement Contributions Reconciliation	(\$1,464)				(\$1,464)			(\$1,464)
ENVIRONMENTAL SERVICES								
Benefits Program	\$6,446			(\$6,446)	\$0			\$0
Fund Balance Reconciliation				(\$21,604)	(\$21,604)		(\$21,604)	\$0
Management Pay for Performance Program	\$28,046			(\$28,046)	\$0			\$0
Retirement Contributions Reconciliation	(\$23,356)				(\$23,356)			(\$23,356)
Retirement Contributions Reconciliation - Retiree Healthcare Solutions Reserve			\$26,032		\$26,032			\$26,032
Clean-Up Actions Total	\$8,460	\$0	\$26,032	(\$56,096)	(\$21,604)	\$0	(\$21,604)	\$0
WATER UTILITY FUND (515) TOTAL	\$368,460	\$0	\$1,301,032	(\$1,894,492)	(\$225,000)	(\$203,396)	(\$21,604)	\$0
WORKFORCE DEVELOPMENT FD (290)								
Budget Adjustments								
ECONOMIC DEVELOPMENT								
Adult Workers (Reallocation from Dislocated Workers)			\$419,794		\$419,794			\$419,794
Dislocated Workers (Reallocation to Adult Workers)			(\$419,794)		(\$419,794)			(\$419,794)
Rapid Response Grant/Earned Revenue			(\$164,598)		(\$164,598)	(\$164,598)		\$0
Budget Adjustments Total	\$0	\$0	(\$164,598)	\$0	(\$164,598)	(\$164,598)	\$0	\$0
Clean-Up Actions								
CITY ATTORNEY								
Benefits Program - Administrative Costs			\$126	(\$126)	\$0			\$0
Management Pay for Performance Program - Administrative Costs			\$1,459	(\$1,459)	\$0			\$0

Special/Capital Funds
 Recommended Budget Adjustments and Clean-Up Actions
 2015-2016 Mid-Year Budget Review

Department/Proposal	USE			Ending Fund Balance	Total Use	SOURCE		NET COST
	Personal Services	Non-Personal/ Equipment	Other			Revenue	Beg Fund Balance	
WORKFORCE DEVELOPMENT FD (290)								
Clean-Up Actions								
ECONOMIC DEVELOPMENT								
Benefits Program - Administration			\$3,029	(\$3,029)	\$0			\$0
Management Pay for Performance Program - Administration			\$24,357	(\$24,357)	\$0			\$0
Clean-Up Actions Total	\$0	\$0	\$28,971	(\$28,971)	\$0	\$0	\$0	\$0
WORKFORCE DEVELOPMENT FD (290) TOTAL	\$0	\$0	(\$135,627)	(\$28,971)	(\$164,598)	(\$164,598)	\$0	\$0



2015-2016

MID-YEAR
BUDGET
REVIEW



SECTION
IV

APPENDIX





FINANCE DEPARTMENT

Monthly Financial Report

Financial Results for the Six Months Ended December 31, 2015

Fiscal Year 2015-2016

(UNAUDITED)

Finance Department, City of San José
Monthly Financial Report
Financial Results for the Six Months Ended December 31, 2015
Fiscal Year 2015-2016
(UNAUDITED)

Table of Contents

	<i>Page Reference</i>
General Fund	
Comparison of Current Year's Monthly Cash Balance vs. Prior Year's Balance.....	1
Comparison of Current Year-to-Date Revenues vs. Prior Year-to-Date Revenues.....	2
Comparison of Current Year-to-Date Expenditures vs. Prior Year-to-Date Expenditures.....	2
Comparison of Current Year-to-Date Revenues for Major Revenue Sources vs. Prior Year-to-Date Revenues.....	3
Comparison of Current Year-to-Date Expenditures by Type vs. Prior Year-to-Date Expenditures.....	3
Source and Use of Funds.....	4
Supplemental Schedule of Departmental Revenues.....	7
Other Funds	
<i>Special Funds</i>	
Comparison of Current Year-to-Date Construction & Conveyance Tax Revenues vs. Prior Year-to-Date Revenues.....	8
Comparison of Current Year-to-Date Construction & Conveyance Tax Expenditures vs. Prior Year-to-Date Expenditures.....	8
Comparison of Year-to-Date Revenues and YTD Expenditures vs. Prior Year-to-Date Revenue and Expenditures for:	
Airport Revenue Fund 521 and Airport Maintenance & Operation Fund 523.....	9
WPCP Operation Fund 513.....	10
General Purpose Parking Fund 533.....	11
Source and Use of Funds	12

Finance Department, City of San José
Monthly Financial Report
Financial Results for the Six Months Ended December 31, 2015
Fiscal Year 2015-2016
(UNAUDITED)

Table of Contents

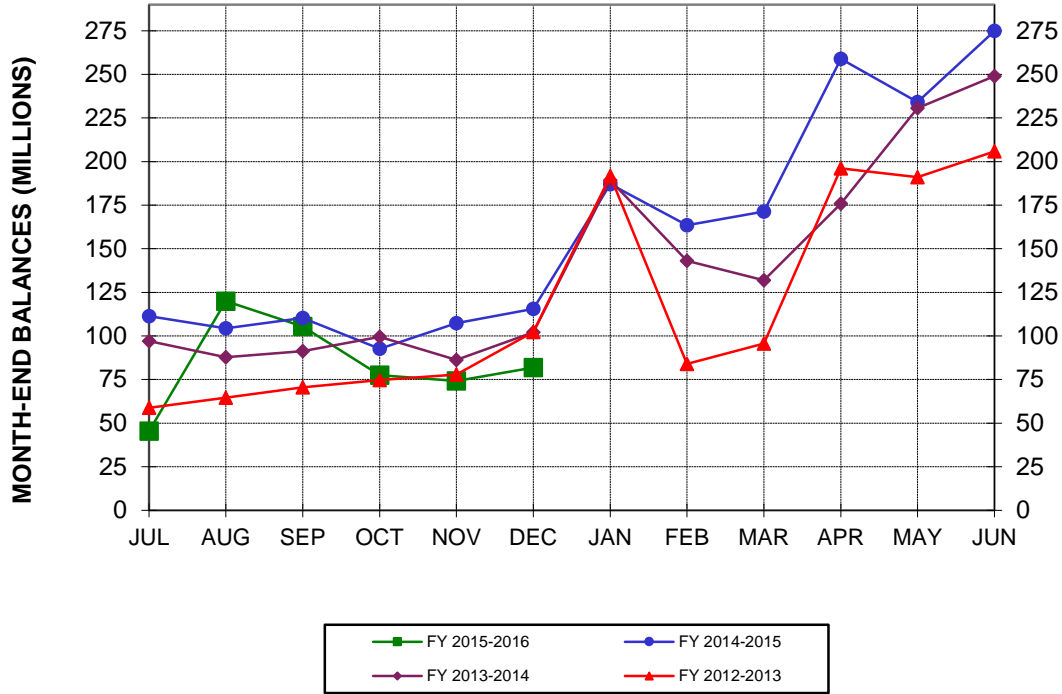
	<i>Page Reference</i>
Other Funds (Cont'd)	
<i>Capital Project Funds</i>	
Source and Use of Funds.....	15
<i>Other Fund Types</i>	
Source and Use of Funds.....	16

Submitted by:



JULIA H. COOPER
Director, Finance Department

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

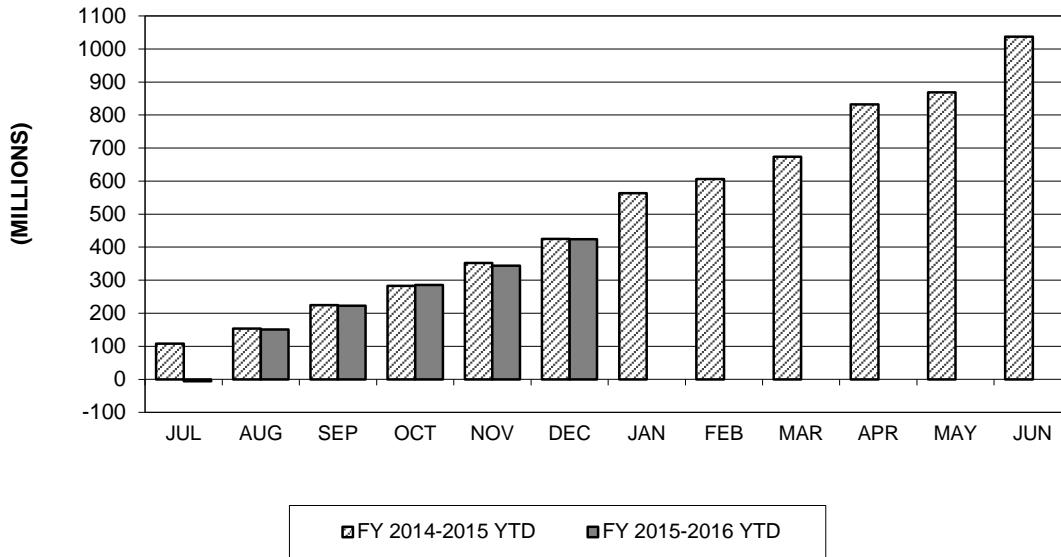


GENERAL FUND MONTHLY CASH BALANCES

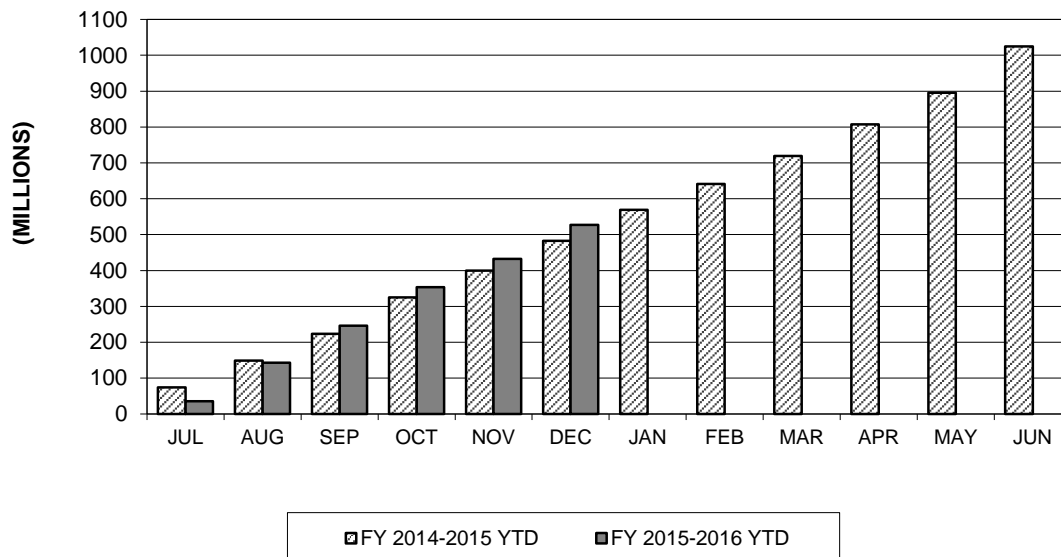
MONTH	FY 2015-2016	FY 2014-2015	FY 2013-2014	FY 2012-2013
JULY (1)	\$ 45,401,908	\$ 111,318,585	\$ 97,000,280	\$ 58,791,632
AUGUST	119,988,835	104,337,113	87,887,607	64,647,700
SEPTEMBER	105,422,447	110,248,937	91,326,643	70,484,194
OCTOBER	77,571,562	92,649,862	99,449,689	74,756,262
NOVEMBER	74,153,007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

- (1) The General Fund cash balance decreases each July mainly due to the Council's direction to annually pre-fund the employer share of retirement contributions in a lump-sum to achieve budgetary savings to the City.
- (2) The General Fund cash balance decreased in the month of February of FY 2012-2013 mainly due to the repayment of the Tax and Revenue Anticipation Notes (TRANS) in the amount of \$100 million. Starting in FY 2013-2014, the repayments of TRANS are spread over the second half of the fiscal year.
- (3) The General Fund cash balance increases in April or May of every year mainly due to the receipt of the second annual installment of property taxes from Santa Clara County.

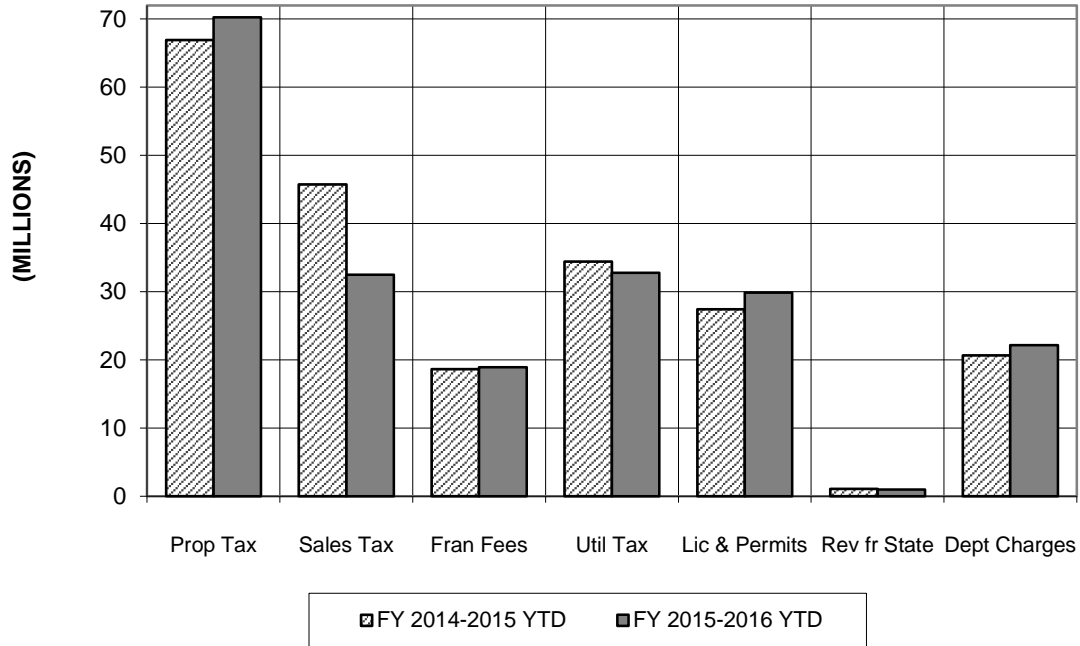
**GENERAL FUND
Comparison of YTD Revenues vs. Prior YTD Revenues
Actual**



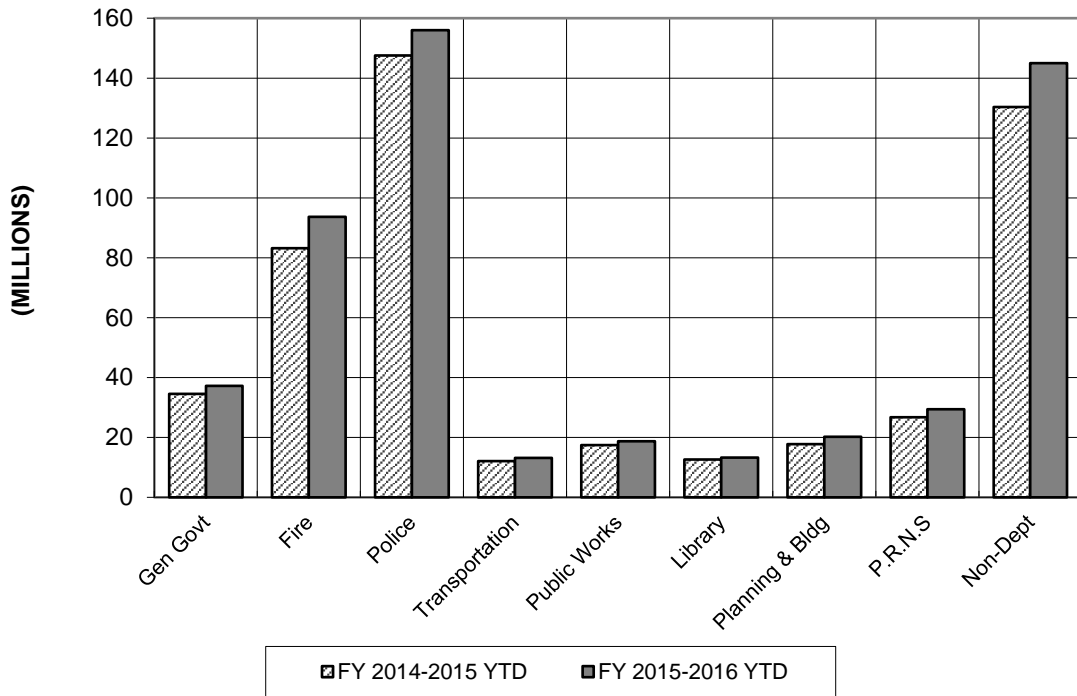
**GENERAL FUND
Comparison of YTD Expenditures vs. Prior YTD Expenditures
Actual**



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



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



CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015
(UNAUDITED)
(\$000's)

	ADOPTED FY 2015-2016 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2015-2016 BUDGET	CUR YTD ACTUAL (*)	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL (*)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END ACTUAL (*)	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Fund Balance											
Prior Year Encumbrances	-	-	44,325	44,325	44,325	100.00%	40,777	103.47%	39,409	3,548	8.70%
Liquidation of c/o Encumbrance	-	-	-	-	-	-	-	-	-	-	-
Available Balance	252,826	12,694	-	265,520	265,520	100.00%	270,627	100.00%	270,637	(5,107)	-1.89%
Total Fund Balance	252,826	12,694	44,325	309,845	309,845	100.00%	311,404	100.44%	310,046	(1,559)	-0.50%
General Revenues											
Property Tax	255,210	-	-	255,210	70,258	27.53%	66,912	27.06%	247,258	3,346	5.00%
Sales Tax (1)	190,260	-	-	190,260	32,474	17.07%	45,745	25.36%	180,407	(13,271)	29.01%
Telephone Line Tax	21,000	-	-	21,000	7,975	37.98%	7,533	35.71%	21,097	442	5.87%
Transient Occupancy Tax	14,700	-	-	14,700	6,576	44.73%	5,748	39.01%	14,735	828	14.41%
Franchise Fees	47,582	-	-	47,582	18,938	39.80%	18,641	39.74%	46,909	297	1.59%
Utility Tax	93,825	-	-	93,825	32,786	34.94%	34,404	37.58%	91,548	(1,618)	-4.70%
Business Taxes	44,425	-	-	44,425	24,509	55.17%	22,248	46.99%	47,345	2,261	10.16%
Licenses and Permits	48,721	-	-	48,721	29,880	61.33%	27,441	57.76%	47,509	2,439	8.89%
Fines, Forfeits and Penalties	15,356	-	-	15,356	3,062	19.94%	7,292	50.32%	14,491	(4,230)	-58.01%
Use of Money and Property	3,415	793	-	4,208	2,225	52.88%	2,125	59.34%	3,581	100	4.71%
Revenue from Local Agencies	23,910	(7,742)	-	16,168	4,230	26.16%	3,753	13.73%	27,332	477	-12.71%
Revenue from State of Cal.	11,371	410	-	11,781	969	8.23%	1,090	9.07%	12,024	(121)	11.10%
Revenue from Federal Government	9,084	3,624	-	12,708	6,325	49.77%	2,797	26.32%	10,627	3,528	-126.14%
Departmental Charges	40,923	-	-	40,923	22,171	54.18%	20,680	49.59%	41,705	1,491	7.21%
Other Revenues	26,260	100,576	-	126,836	111,284	87.74%	112,801	72.96%	154,599	(1,517)	-1.34%
Total General Revenues	846,042	97,661	-	943,703	373,662	39.60%	379,210	39.45%	961,167	(5,548)	-1.46%
Transfers & Reimbursements											
Overhead Reimbursements	37,799	(367)	-	37,432	28,937	77.31%	29,377	78.36%	37,492	(440)	-1.50%
Transfers from Other Funds	20,308	971	-	21,279	15,696	73.76%	8,726	45.82%	19,045	6,970	79.88%
Reimbursements for Services	17,657	-	-	17,657	5,648	31.99%	8,083	43.81%	18,450	(2,435)	-30.12%
Total Transfers & Reimburse	75,764	604	-	76,368	50,281	65.84%	46,186	61.59%	74,987	4,095	8.87%
Total Sources	1,174,632	110,959	44,325	1,329,916	733,788	55.18%	736,800	54.73%	1,346,200	(3,012)	-0.41%

(1) - State Budget Balancing actions resulted in the "Triple Flip", which suspended a portion of local governments' Sales and Use Tax and Motor Vehicle License Fee revenues and replaced them with local property tax revenues. The 2015-2016 cumulative impact through December 2015 is approximately \$16.7 million.

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

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015
(UNAUDITED)
(\$000's)

	ADOPTED FY 2015-2016 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2015-2016 BUDGET	YEAR-TO-DATE		CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL (1)(*)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END ACTUAL (1)(*)	CUR YTD LESS PRIOR YTD ACTUAL (1)	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
					ACTUAL (*)	ENCUMBR						
General Government												
Mayor and Council	12,175	426	93	12,694	4,313	103	33.98%	4,219	48.10%	8,772	94	2.23%
City Attorney	13,952	(14)	522	14,460	6,289	694	43.49%	6,213	47.88%	12,975	76	1.22%
City Auditor	2,268	(1)	13	2,280	1,085	25	47.59%	1,094	51.73%	2,115	(9)	-0.82%
City Clerk	2,608	(13)	26	2,621	980	21	37.39%	865	43.80%	1,975	115	13.29%
City Manager	12,754	(147)	667	13,274	5,655	976	42.60%	5,197	45.14%	11,512	458	8.81%
Finance	14,548	48	355	14,951	6,609	813	44.20%	6,045	45.40%	13,316	564	9.33%
Information Technology	17,897	(9)	1,817	19,705	6,685	2,095	33.93%	5,680	42.09%	13,496	1,005	17.69%
Human Resources	7,575	142	124	7,841	3,149	1,501	40.16%	2,763	46.17%	5,985	386	13.97%
Independent Police Auditor	1,284	(10)	-	1,274	451	-	35.40%	568	47.49%	1,196	(117)	-20.60%
Office of Economic Development	5,033	(3)	150	5,180	2,007	215	38.75%	1,946	51.52%	3,777	61	3.13%
Total General Government	90,094	419	3,767	94,280	37,223	6,443	39.48%	34,590	46.05%	75,119	2,633	7.61%
Public Safety												
Fire	189,342	1,335	1,298	191,975	93,651	1,837	48.78%	83,197	46.58%	178,609	10,454	12.57%
Police	336,041	9,096	1,834	346,971	155,940	4,776	44.94%	147,508	47.33%	311,643	8,432	5.72%
Total Public Safety	525,383	10,431	3,132	538,946	249,591	6,613	46.31%	230,705	47.06%	490,252	18,886	8.19%
Capital Maintenance												
Transportation	29,522	155	1,061	30,738	13,134	1,931	42.73%	12,095	44.15%	27,395	1,039	8.59%
Public Works	39,973	235	436	40,644	18,699	2,694	46.01%	17,451	46.56%	37,483	1,248	7.15%
Total Capital Maintenance	69,495	390	1,497	71,382	31,833	4,625	44.60%	29,546	45.54%	64,878	2,287	7.74%
Community Service												
Housing	254	-	4	258	118	4	45.74%	101	43.91%	230	17	16.83%
Library	29,588	321	88	29,997	13,303	700	44.35%	12,616	45.80%	27,545	687	5.45%
Planning, Bldg & Code Enf.	47,297	1,139	1,093	49,529	20,187	1,812	40.76%	17,794	46.48%	38,284	2,393	13.45%
Parks, Rec & Neigh Svcs	60,449	1,520	675	62,644	29,368	3,828	46.88%	26,782	46.76%	57,277	2,586	9.66%
Environmental Services	967	-	3	970	434	444	44.74%	292	102.46%	285	142	48.63%
Total Community Services	138,555	2,980	1,863	143,398	63,410	6,788	44.22%	57,585	46.58%	123,621	5,825	10.12%
Total Dept. Expenditures	823,527	14,220	10,259	848,006	382,057	24,469	45.05%	352,426	46.75%	753,870	29,631	8.41%

(1) Does not include encumbrance balance.

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

**CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015
(UNAUDITED)
(\$000's)**

	ADOPTED FY 2015-2016 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2015-2016 BUDGET	YEAR-TO-DATE		CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL (1)(*)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END ACTUAL (1)(*)	CUR YTD LESS PRIOR YTD ACTUAL (1)	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
					ACTUAL (*)	ENCUMBR						
Non-Dept Expenditures												
City-wide Expenditures:												
Econ & Neighborhood Develop.	31,286	394	3,685	35,365	16,274	5,028	46.02%	17,247	64.61%	26,694	(973)	-5.64%
Environmental & Utility Services	2,203	79	750	3,032	533	818	17.58%	945	78.62%	1,202	(412)	-43.60%
Public Safety	19,641	1,875	361	21,877	8,581	304	39.22%	9,055	51.97%	17,422	(474)	-5.23%
Recreation & Cultural Services	10,527	989	885	12,401	5,603	1,900	45.18%	3,013	41.19%	7,314	2,590	85.96%
Transportation Services	5,763	15	281	6,059	2,791	721	46.06%	2,616	42.95%	6,091	175	6.69%
Strategic Support	53,383	105,216	17,198	175,797	71,263	13,276	40.54%	59,660	32.72%	182,352	11,603	19.45%
Total City-wide Expenditures	122,803	108,568	23,160	254,531	105,045	22,047	41.27%	92,536	38.38%	241,075	12,509	13.52%
Other Non-Dept Expenditures:												
Capital Improvements	56,279	1,166	10,906	68,351	12,759	5,270	18.67%	1,473	7.94%	18,557	11,286	766.19%
Transfers to Other Funds	27,075	53	-	27,128	27,128	-	100.00%	36,342	98.87%	36,756	(9,214)	-25.35%
Total Non-Dept Expenditures	206,157	109,787	34,066	350,010	144,932	27,317	41.41%	130,351	43.98%	296,388	14,581	11.19%
Reserves												
Contingency Reserve	34,000	500	-	34,500	-	-	0.00%	-	0.00%	-	-	0.00%
Earmarked Reserves	110,948	(13,548)	-	97,400	40	1	0.04%	-	0.00%	-	40	0.00%
Total Reserves	144,948	(13,048)	-	131,900	40	1	0.03%	-	0.00%	-	40	0.00%
Total Uses	1,174,632	110,959	44,325	1,329,916	527,029	51,787	39.63%	482,777	45.97%	1,050,258	44,252	9.17%

(1) Does not include encumbrance balance.

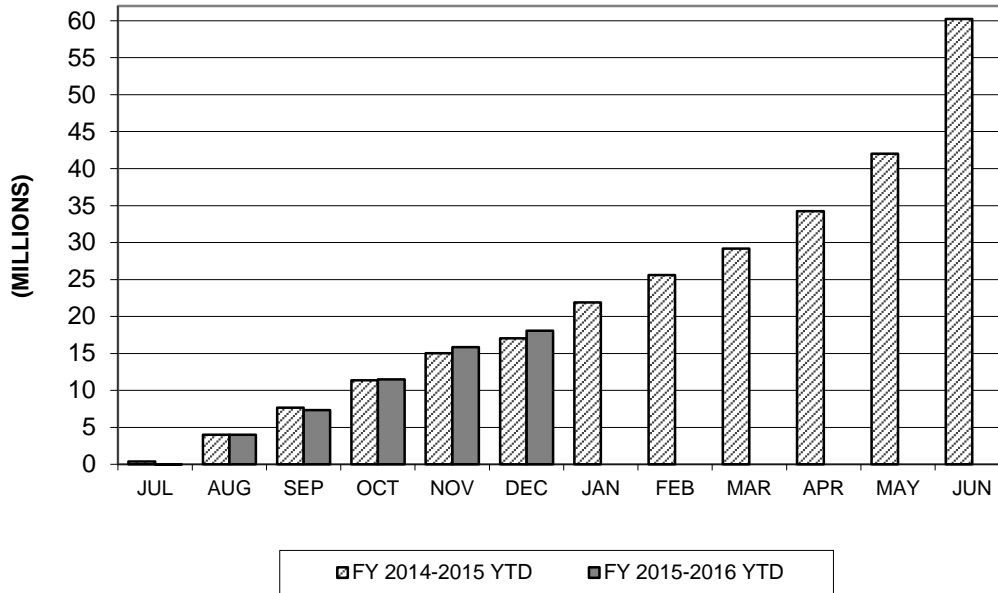
(*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis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

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES
(UNAUDITED)
(\$000's)

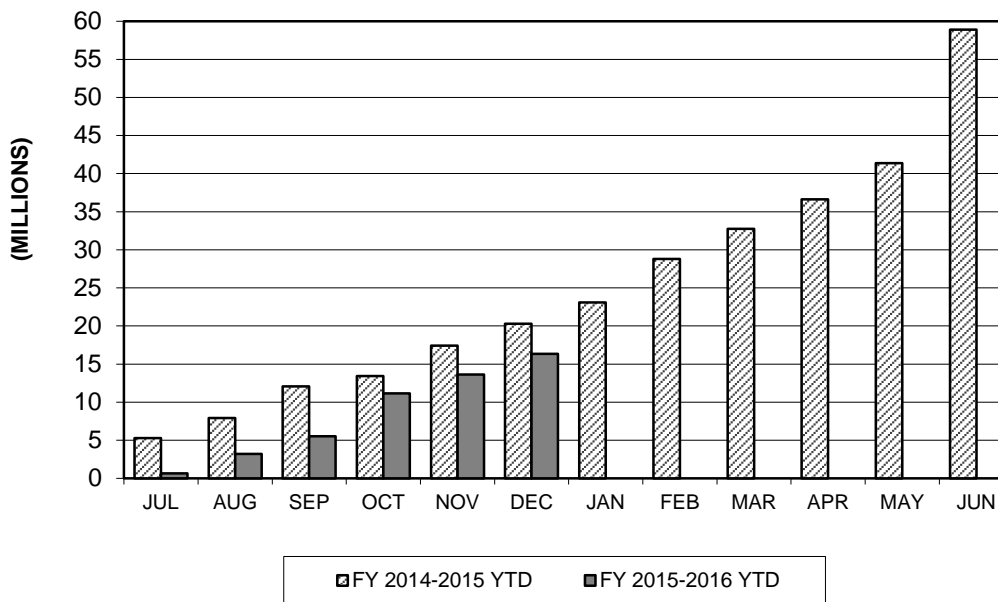
	ADOPTED FY 2015-2016 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2015-2016 BUDGET	CUR YTD ACTUAL (*)	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL (*)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END ACTUAL (*)	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Police	1,198	-	-	1,198	850	70.95%	550	49.95%	1,101	300	54.55%
Public Works	9,815	-	-	9,815	4,906	49.98%	4,543	48.68%	9,332	363	7.99%
Transportation	1,525	-	-	1,525	795	52.13%	958	89.78%	1,067	(163)	-17.01%
Library	1,321	-	-	1,321	28	2.12%	305	31.15%	979	(277)	-90.82%
Planning, Bldg & Code Enf	3,600	-	-	3,600	3,041	84.47%	2,193	44.42%	4,937	848	38.67%
Parks Rec & Neigh Svcs	17,824	-	-	17,824	10,057	56.42%	9,084	50.42%	18,015	973	10.71%
Miscellaneous Dept Charges	5,640	-	-	5,640	2,494	44.22%	3,047	48.57%	6,274	(553)	-18.15%
Total Departmental Revenues	40,923	-	-	40,923	22,171	54.18%	20,680	49.59%	41,705	1,491	7.21%

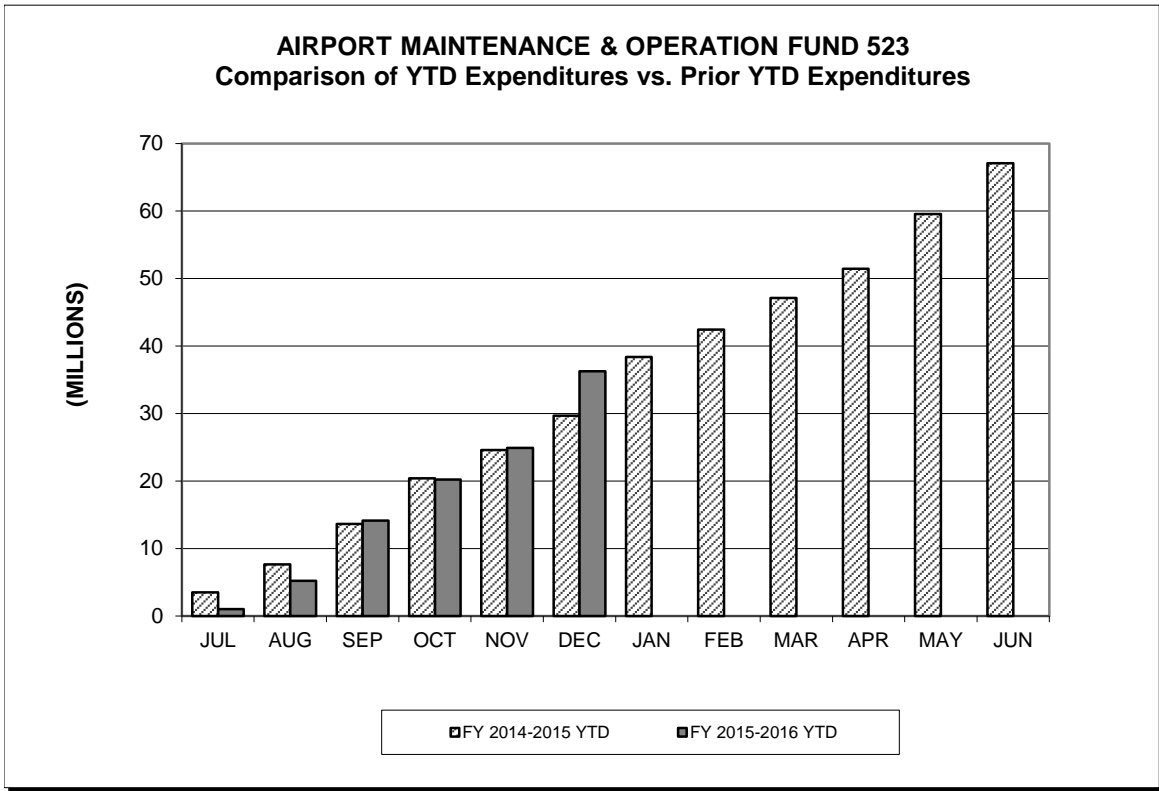
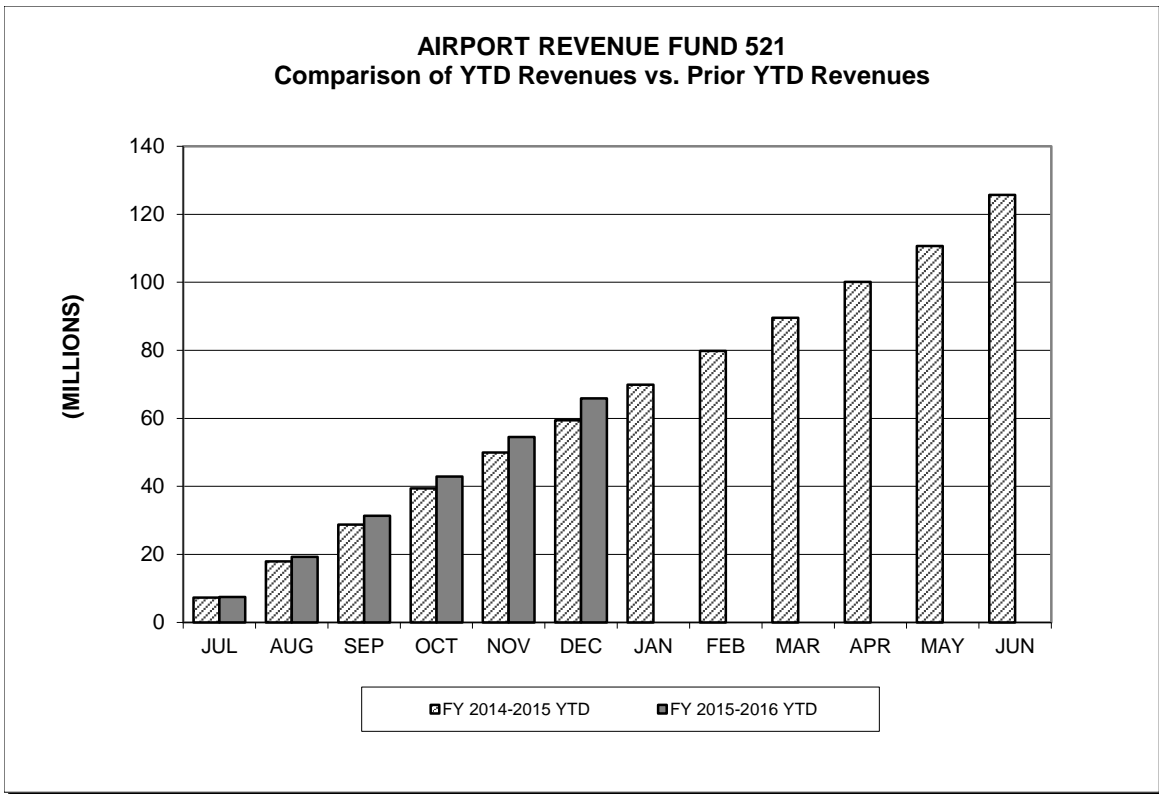
(*) - Current YTD Actual, Prior YTD Actual and Prior Year-End Actual are based on the Generally Accepted Accounting Principles (GAAP) basis in the United States. This results in some variances from the budgetary basis as certain transactions are recognized as revenues or expenditures on a budgetary basis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

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



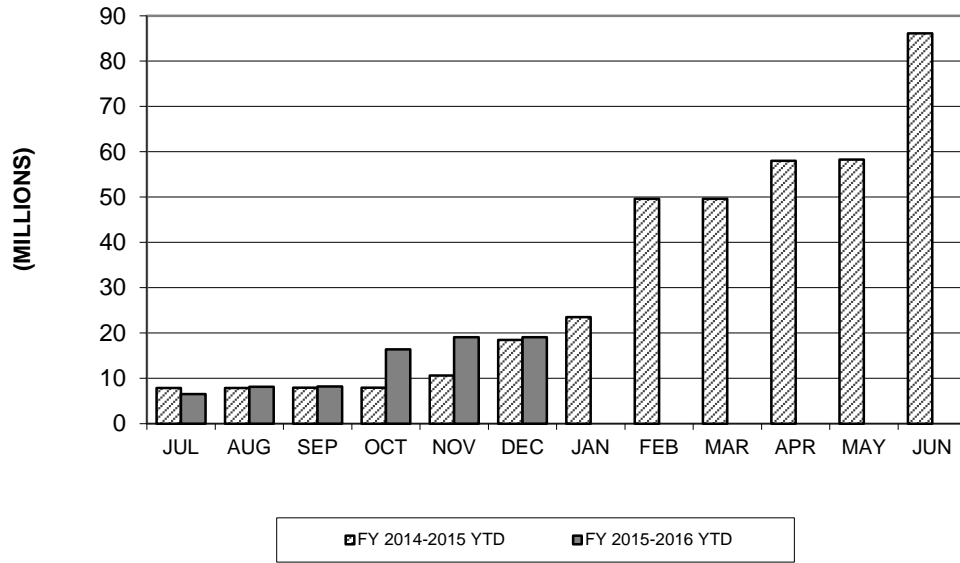
CONSTRUCTION & CONVEYANCE TAX FUNDS
Comparison of YTD Expenditures vs. Prior YTD Expenditures



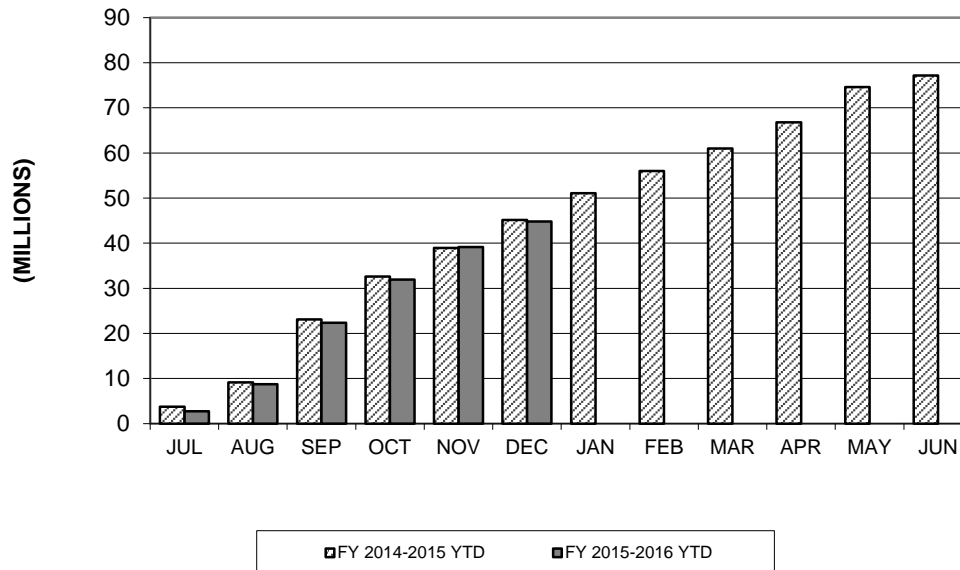


Note: The graphs above include the Airport Revenue Fund (521) and Airport Maintenance & Operation fund (523) only.

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

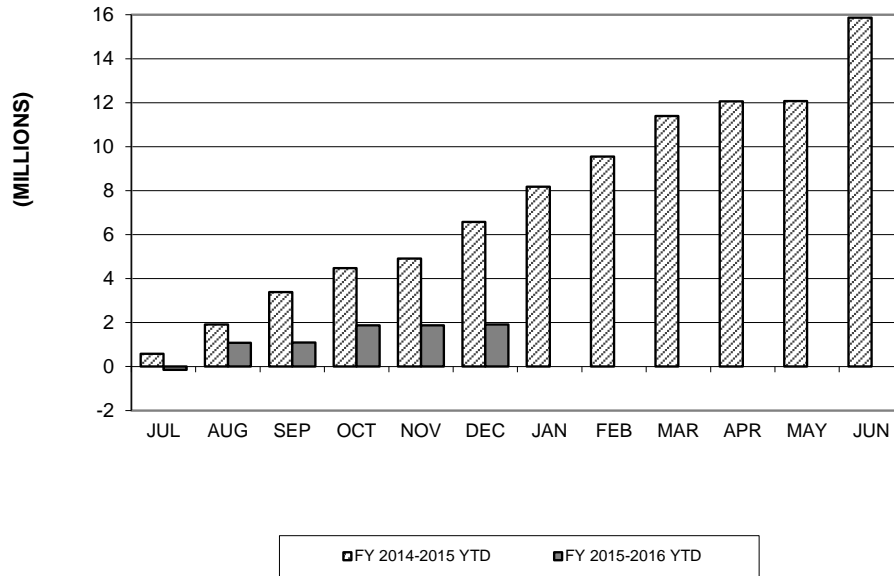


**WPCP OPERATION FUND 513
Comparison of YTD Expenditures vs. Prior YTD Expenditures**

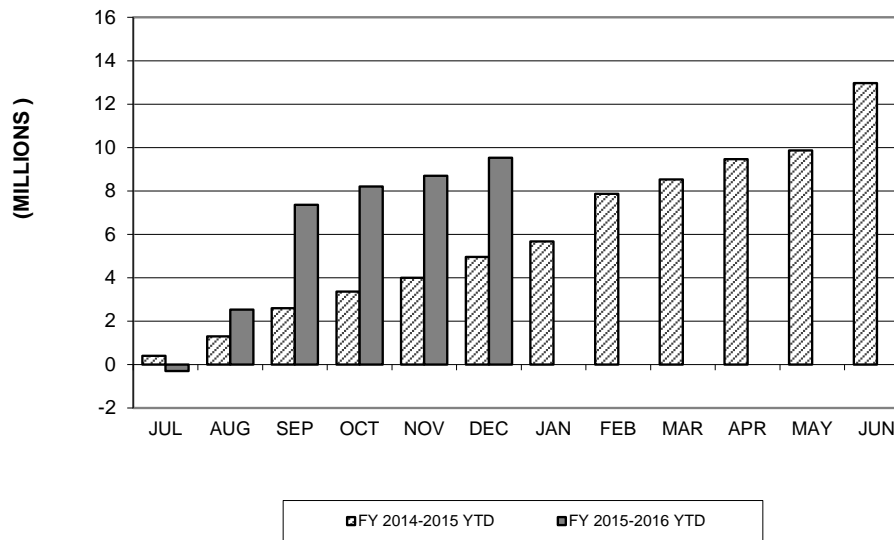


Note: The graphs above are only for the WPCP Operation Fund (513).

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



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



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

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2015-2016	BUDGET		FY 2015-2016	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
Construction/Conveyance Tax							
Prior Year Encumbrance	-	-	4,954	4,954	4,954	-	7,316
Beginning Fund Balance	72,371	10,224	-	82,595	82,595	-	78,192
Revenues	63,442	2,208	-	65,650	18,067	-	17,040
Total Sources	135,813	12,432	4,954	153,199	105,616	-	102,548
Total Uses	135,813	12,432	4,954	153,199	16,346	8,792	20,309
Airport							
Prior Year Encumbrance	-	-	7,992	7,992	7,992	-	6,778
Beginning Fund Balance	291,665	7,128	-	298,793	298,793	-	313,474
Revenues	377,709	1,255	-	378,964	166,581	-	156,367
Total Sources	669,374	8,383	7,992	685,749	473,366	-	476,619
Total Uses	669,374	8,383	7,992	685,749	134,629	21,025	127,358
Waste Water Treatment							
Prior Year Encumbrance	-	-	76,236	76,236	76,236	-	92,286
Beginning Fund Balance	276,428	43,134	-	319,562	319,562	-	299,402
Revenues	348,971	-	-	348,971	199,676	-	181,994
Total Sources	625,399	43,134	76,236	744,769	595,474	-	573,682
Total Uses	625,399	43,134	76,236	744,769	121,537	94,278	101,451
Parking							
Prior Year Encumbrance	-	-	794	794	794	-	1,163
Beginning Fund Balance	14,657	1,728	-	16,385	16,385	-	14,123
Revenues	15,440	-	-	15,440	1,912	-	6,574
Total Sources	30,097	1,728	794	32,619	19,091	-	21,860
Total Uses	30,097	1,728	794	32,619	9,524	3,334	4,959
Municipal Water							
Prior Year Encumbrance	-	-	3,106	3,106	3,106	-	2,399
Beginning Fund Balance	19,103	2,860	-	21,963	21,963	-	19,417
Revenues	50,861	(1,754)	-	49,107	22,001	-	23,004
Total Sources	69,964	1,106	3,106	74,176	47,070	-	44,820
Total Uses	69,964	1,106	3,106	74,176	20,099	6,411	19,229

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2015-2016	BUDGET		FY 2015-2016	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Gas Tax							
Revenues	16,900	-	-	16,900	6,786	-	7,943
Total Sources	16,900	-	-	16,900	6,786	-	7,943
Total Uses	16,900	-	-	16,900	5,530	-	7,943
Building and Structures							
Prior Year Encumbrance	-	-	6,966	6,966	6,966	-	4,582
Beginning Fund Balance	29,191	4,928	-	34,119	34,119	-	30,917
Revenues	28,130	1,152	-	29,282	8,826	-	9,809
Total Sources	57,321	6,080	6,966	70,367	49,911	-	45,308
Total Uses	57,321	6,080	6,966	70,367	5,161	7,084	6,888
Residential Construction							
Beginning Fund Balance	1,729	(57)	-	1,672	1,672	-	1,430
Revenues	255	-	-	255	119	-	168
Total Sources	1,984	(57)	-	1,927	1,791	-	1,598
Total Uses	1,984	(57)	-	1,927	16	-	4
Transient Occupancy Tax							
Prior Year Encumbrance	-	-	335	335	335	-	163
Beginning Fund Balance	5,305	3,479	-	8,784	8,784	-	5,547
Revenues	22,088	-	-	22,088	9,904	-	8,929
Total Sources	27,393	3,479	335	31,207	19,023	-	14,639
Total Uses	27,393	3,479	335	31,207	11,714	5,935	7,882
Conventions, Arts & Entertainment							
Prior Year Encumbrance	-	-	26	26	26	-	17
Beginning Fund Balance	5,856	1,061	-	6,917	6,917	-	5,993
Revenues	12,768	553	-	13,321	6,483	-	17,011
Total Sources	18,624	1,614	26	20,264	13,426	-	23,021
Total Uses	18,624	1,614	26	20,264	5,447	1,349	23,861

**CITY OF SAN JOSE
SPECIAL FUNDS
SOURCE AND USE OF FUNDS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2015-2016	BUDGET		FY 2015-2016	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	ACTUAL
Golf							
Beginning Fund Balance	394	28	-	422	422	-	542
Revenues	3,068	-	-	3,068	2,866	-	2,170
Total Sources	3,462	28	-	3,490	3,288	-	2,712
Total Uses	3,462	28	-	3,490	1,717	-	1,890
Other Funds							
Prior Year Encumbrance	-	-	24,095	24,095	24,095	-	18,420
Beginning Fund Balance	255,916	25,977	-	281,893	281,893	-	261,813
Revenues	350,559	48,378	-	398,937	248,725	-	220,225
Total Sources	606,475	74,355	24,095	704,925	554,713	-	500,458
Total Uses	606,475	74,355	24,095	704,925	149,939	114,128	167,141

CITY OF SAN JOSE
CAPITAL PROJECT FUNDS
SOURCE AND USE OF FUNDS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015
(UNAUDITED)
(\$000's)

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2015-2016	BUDGET		FY 2015-2016	ACTUAL	ENCUMBR	Y-T-D
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET			ACTUAL
Construction Excise							
Prior Year Encumbrance	-	-	33,010	33,010	33,010	-	27,196
Beginning Fund Balance	73,023	1,802	-	74,825	74,825	-	73,874
Revenues	55,758	10,709	-	66,467	26,272	-	31,510
Total Sources	128,781	12,511	33,010	174,302	134,107	-	132,580
Total Uses	128,781	12,511	33,010	174,302	31,381	32,773	30,228
Other							
Prior Year Encumbrance	-	-	13,138	13,138	13,138	-	17,125
Beginning Fund Balance	20,986	2,960	-	23,946	23,946	-	30,624
Revenues	10,001	-	-	10,001	748	-	1,009
Total Sources	30,987	2,960	13,138	47,085	37,832	-	48,758
Total Uses	30,987	2,960	13,138	47,085	5,129	13,028	4,380

**CITY OF SAN JOSE
OTHER FUND TYPES
SOURCE AND USE OF FUNDS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015
(UNAUDITED)
(\$000's)**

	ADOPTED	YTD	C/O	REVISED	YEAR-TO-DATE		PRIOR
	FY 2015-2016 BUDGET	BUDGET AMENDMENTS		FY 2015-2016 BUDGET	ACTUAL	ENCUMBR	Y-T-D ACTUAL
Trust and Agency							
Prior Year Encumbrance	-	-	66	66	66	-	13
Beginning Fund Balance	7,718	1,497	-	9,215	9,215	-	5,121
Revenues	3,876	349	-	4,225	4,300	-	541
Total Sources	11,594	1,846	66	13,506	13,581	-	5,675
Total Uses	11,594	1,846	66	13,506	274	81	269

PAGE IS INTENTIONALLY LEFT BLANK